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6-14 May 1992
Yaoundé, Cameroon

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

Yaoundé, Cameroon

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Opening of the Session {Item 1}

1. The Twelfth Session was opened by His Excellency Mr. Simon Achidi Achu, Prime Minister of the Republic of Cameroon.

2. The official opening was preceded by speeches from His Excellency Mr. Eugène Capito, Minister of Agriculture and Forests, Republic of Gabon, His Excellency Mr J.D. Gabor, Secretary of State for Agriculture, Nature Management, and Fisheries of the Government of The Netherlands, and the Prime Minister of Cameroon. Also in attendance at the opening ceremony were His Excellency Mr. Bava Djingoer, Minister of Forests and the Environment, Cameroon, and other Ministers of the Government of Cameroon.

3. In his speech, H.E. Mr. E. Capito referred to the economic crisis which now beset most of the developing world and to the historical significance of the present moment, only weeks before the environmental summit of UNCED.

The total forest growing stock of Gabon, about 300 million m³, was capable of sustaining a harvest of 3 mill. m³/annum but at the present time only about half of that was being achieved. Nevertheless, this supported an industry worth 55 bill. FCFA. Logging permits were rigorously controlled and recent efforts to increase regeneration were being intensified. Training policies were being adapted and the forestry sector was part of the general structural adjustment programme. The Minister concluded by referring to the deleterious effect on forest management of low prices paid by consumers and the risk to the welfare of rural populations from the effects of a possible boycott of tropical timber imports.

4. The Secretary of State for Agriculture, Nature Management, and Fisheries of the Netherlands, Mr. J.D. Gabor, called upon his audience to recognise the need for radical policy changes in the short term, as the number of tropical timber exporters decreased. Over-exploitation of forests was almost always a political problem. If possible, primary forests should remain untouched, and secondary forests should be managed sustainably.

The Minister referred to the "Forests Absorbing Carbon Dioxide Emission" (FACE) initiative, which sought to establish 6000 ha. of forest every year for 25 years and would be financed by electric companies in The Netherlands. Other work being conducted by his country included the 1995 target, akin to but more ambitious than the ITTO Year 2000 target, and studies on the feasibility of "labelling" and codes of conduct for importers, scientific research on methods of protecting individual tree species, and support for ITTO's management guidelines. The Netherlands also considered that a rise in the price paid for tropical timber would help to encourage more efficient use.

5 The Prime Minister of the Republic of Cameroon, H.E. Mr. Simon Achidi Achu, welcomed delegates on behalf of the President of the Republic, H.E. Mr. Paul Biya. The choice of Yaoundé for this Council Session gave his Government encouragement in pursuing its forest policies. One quarter of Cameroon's territory was high forest and another 4 million ha. were wooded savannah. The Minister referred to the work of a current national inventory project and to the need to find rational uses and markets for the 300 or more lesser-known species. The forestry sector employed directly over 30,000 people and accounted for 6-7% of the GNP.

Mr. Achidi Achu indicated that his Government would continue to use the welfare of the whole community as its cardinal criterion in forest policy formation. He called for consensus solutions to the problems of tropical forests rather than unilateral actions. ITTO's experience as a forum for producers and consumers was probably particularly valuable in this context.

The Prime Minister concluded by declaring the Twelfth Session open and the Chairman then proceeded to the business of the Session.

Ascertainment of the Quorum {Item 2}

6. The Executive Director reported that the quorum had been met.

Adoption of Agenda and Organization of Work {Item 3}

7. The Provisional Agenda was adopted and the Chairman reported that he intended to convene the Financial Committee in accordance with Decision 4(XI), to assist consideration of matters relating to the Administrative Budget. He also noted the submission of more Target 2000 progress reports by Members and stressed the importance of Council's consideration of the Independent Consultants' Report on Project Work and the Project Manuals (Document ITTC(XII)/6).

Report on Membership of the Council {Item 4}

8. The Executive Director reported that there had been no change in the Membership of the Council since his report to the last Session. However, he drew the Council's attention to document ITTC(XII)/11, indicating that the Russian Federation would now continue the Membership of the former Union of Soviet Socialist Republics.

Distribution of Votes {Item 5}

9. The Council confirmed the distribution of votes as detailed in the Annex to the Provisional Agenda (ITTC(XII)/1).

Admission of Observers {Item 6}

10. The Council examined the applications of organizations which had not previously attended ITTC Sessions (Doc. ITTC(XII)/Info.5) and admitted as observers all the organizations listed in Annex I of this document.

Appointment of Credentials Committee {Item 7}

11. The Council appointed a Credentials Committee under the Chairmanship of Cameroon to examine the credentials of all delegates attending the Twelfth Session of the ITTC. The Membership of the Committee comprised Australia, Brazil, Cameroon, Colombia, Japan, Papua New Guinea, The Netherlands, and the U.S.A.

Opening Session Statements

12. The Representative of the European Community, Mr. Enzo Barattini, thanked the Government of Cameroon for its invitation to hold the Twelfth Session in the capital of the country. He spoke of the need for ITTO's work to be consistent with UNCED's Agenda 21 and called upon the international donor community to contribute to the huge level of resources required to stem deforestation and ensure sustainable management. He once more requested countries who had not yet submitted their Target 2000 progress reports to do so. In future technical appraisal of project

proposals should take into account the project's contribution to meeting this target. Finally, Mr. Barattini stressed the essential nature of cooperation between ITTO and CITES.

13. Both the Spokespersons for the Producers and the Consumers, respectively Mr. Amha Buang and Mr. Milton Drucker, thanked the host Government, and Dr. Freezailah and the Secretariat for the venue and organization of the Session. Both reviewed the main items for debate at this session.

Statement by the Executive Director {Item 8}

14. The Executive Director expressed his gratitude to the new Prime Minister of Cameroon, H.E. Mr. Achidi Achu, for inaugurating the Twelfth Session of the ITTC and reviewed with admiration the long experience of forestry in Cameroon. He believed the Session would be a successful one under the wise guidance of the new Chairman.

Dr. Freezailah drew a parallel between the crucial importance of resources for UNCED's global agenda for sustainable development and ITTO's Target 2000 objective. ITTO's experience taught neither utopianism nor despair in this respect but cautious optimism. The Executive Director had consistently emphasised the importance of financial resources in promoting sustainable development not only at successive Council Sessions but also in other fora such as the Second Ministerial Conference of Developing Countries on Environment and Development (Kuala Lumpur, 26-29 April 1992). The same core concern had motivated the private initiative of former Japanese Prime Minister Noboru Takeshita in convening his Eminent Persons' Meeting on Financing Global Environment and Development (Tokyo, 15-17 April 1992).

The Takeshita initiative made recommendations for the restructuring and expansion of the Global Environment Facility. At the Ministerial Conference Dr. Freezailah had called for a special window in the GEF to fund sustainable tropical forest development, since only the conservation of biological diversity now has this position within the GEF. Because of the scope of its mandate, this would bring ITTO within the ambit of the Facility, and he urged donors to the GEF to explore this opportunity.

The Executive Director noted that he was able to respond to the question of whether ITTO **deserved** to receive further funds with some pride by citing not only Sarawak's commitment to the recommendations of the ITTO mission, but also to other evidence of ITTO's achievement through its projects in Brazil, Indonesia, Bolivia, Cameroon, Papua New Guinea, and Malaysia. Furthermore, the launching and subsequent development of ITTO's Target 2000 in 1990 had gained momentum and substance with the Organization's work on defining the criteria for and measurement of sustainable tropical forest management, and on examining the question of incentives to promote it. The issues are complex, and have been addressed through workshops, expert panel meetings, and commissioned studies.

Dr. Freezailah then turned to the vexed question of the serious imbalance between the increased project-based workload of the Organization and the insufficient human resources complement of the Secretariat. He did not wish to understate the importance of budgetary frugality, but the worsening economic situation of many Member countries was feeding through to lower receipts in the Administrative Account. He hoped that the Finance Committee would advise Council

to give him authority to address the staffing problem in other ways. In support of his argument, the Executive Director stated that the series of assignments made in the Decisions at the last (Tenth) Session simply could not be executed in the short time-frame between one session and the next.

The Executive Director referred to the important report of the Independent Consultants on the Project Manuals and Project Work, stressing the need for more open debate on the criteria to guide the Expert Panel on Technical Appraisal of Project Proposals.

He reminded Council that the Organization had now embarked on the final extension of the ITTA, 1983. He requested the Chairman to use his authority to conduct informal discussions with Members to determine the preferred shape and schedule of the Preparatory Committee meetings. Once the results and plans of the UNCED were clear, firm action was needed to strengthen the future institutional basis of ITTO. Recently there had been an upsurge of interest in joining the Organization on the part of potential producing Members with significant forest resources.

Dr. Freezailah concluded by re-emphasising the importance of defining ITTO's role in the forthcoming UNCED process, and of recalling, amidst the practical logistics of deliberations, the moral spirit which had inspired the creation of international organizations such as ITTO.

Projects: a) Report of the Tenth Sessions of the Permanent Committees {Item 9a}

15. The reports of the Permanent Committees were presented by their respective Chairmen and approved by Council. These reports are recorded in this document in Annexes V (Docs. PCM(X)/11 Rev.1, PCF(X)/18 Rev.1, and PCI(X)/9 Rev.1).

Projects: b) Consideration of Project and Pre-Project Proposals {Item 9b}

16. Council adopted the proposals made by the Permanent Committees when adopting their respective reports.

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

17. The Report (Doc. ITTC(XII)/6) was presented by the authors, Mr. J.C.F. Buist and Dr. M. Paula de Fernandes.

The consultants noted that the document was long and detailed; therefore they had prepared a summary (Doc. ITTC(XII)/6/Add.3). They also reminded Council that one year had already passed since its decision to establish the consultancy, and the need for action in some areas of the Organization's endeavours had become very urgent.

Both consultants had a wide acquaintance with the operations of other aid agencies, both bilateral and multilateral, and yet ITTO was in some respects unique. Although the Organization was proud of this uniqueness, nevertheless some differences could be disadvantageous. In particular, the governing arm (the ITTC) retained close control over the project appraisal segment of the cycle, whereas the executive arm (the Secretariat), was a small entity without the strong field presence characteristic of other agencies. In most cases, project appraisal was undertaken largely by the executive arm in cooperation with other agencies in the field. But in ITTO, there were insufficient Headquarters staff, and no field staff, to cooperate with countries preparing projects to minimise

approval obstacles for projects. The absence of this intermediate layer left a burden on the country submitting the project proposal, and on the Permanent Committees, and Council.

The Consultants had taken this situation into account not by recommending a complete reform of the ITTO structure, but by writing a project preparation manual which would materially assist submitting countries to benefit from external assistance. The approach, concepts, and design tools recommended in the provisional ITTO project manual are more or less common to all multilateral and most bilateral aid agencies. The manual, and the instructions for monitoring, review, and evaluation emphasise how to perform these activities, in the urgent context of the recent rapid increase in project proposals, approvals, and implementation.

18. The Chairman noted that informal discussions would be conducted on this agenda item, in view of the fact that the report was so comprehensive.

Report of the Expert Panel to Assess Resources Needed by Producer Countries to Attain Sustainable Management of Tropical Forests by the Year 2000 - Decision 7(XI) {Item 11}

19. The Report (Doc. ITTC(XII)/7 Rev.1) was presented by the Expert Panel Chairman, Prof. Nils-Erik Nilsson (Sweden), who informed Council that the Expert Panel convened in Yokohama on 7-11 April, 1992 together with the two consultants, Prof. Ian S. Ferguson and Mr. Jaime Muñoz-Reyes Navarro, who had prepared the background paper (ITTC(XII)/7). The Panel noted that the scope of their work covered only forest management and not downstream investments; during discussion, one Panel Member presented estimates of resources needed which were much greater than those prepared by the consultants.

The Panel recognised that the resources needed could also vary greatly by country, and agreed to include in their report an appendix with estimates intended to show how wide the differences might be. A wise subsequent measure would be to request countries to prepare estimates for their own situations, at the same time as they report progress to the "Year 2000" target. The Panel recognised that some countries would need assistance with this work.

Finally, the Panel stressed the necessity in removing the ambiguity inherent in the term "resources needed" - specifically, did this mean total resources, or simply additional resources? If the latter were the case, how could the Panel know what resources were already available? Although the consultants addressed this issue, the Panel restricted itself to examining the total resources needed.

Annual Review and Assessment of the World Tropical Timber Situation {Item 12}

20. The Council took note of the report of the Permanent Committees which had, in their joint session, discussed the Annual Review in conjunction with the Market Discussions. The Review (Doc. ITTC(XII)/3) was presented by the Secretariat. Results of the 1991 Forecasting and Statistical Enquiry (Doc. ITTC(XII)/4) also considered in the same context. The Secretariat noted that this year's review was different in a number of respects from its predecessors; among the changes was better information from producers, more detailed tables on industrial structure and employment, and a clearer picture of trade flows between Member countries.

Thirty-seven Members provided responses to the Forecasting Enquiry, the highest rate achieved to date. But unfortunately some major producers were among those which did not respond in time. Cooperating organisations also had later publication dates for 1991 data. Gaps had to be filled from other sources.

Areas and removals by different categories of forests were reported in two tables, and clearly such information was a first step to reporting on Progress towards Target 2000. Five countries reported significant areas and removals therefrom in forests classified as under sustainable management. The Decision 6(XI) benchmark will we used in future to ensure that countries respond with consistency.

The Organization receives many queries for statistics on industrial structure, capacity, and employment (especially the last) in the forest sectors of Members. From this preliminary analysis, it appears that at least 6 million people are employed in the primary segment of the forestry sectors of ITTO producing countries, and much of their production is internationally traded. Therefore the international trade in tropical timber provides about 3 million direct jobs in ITTO member countries.

In reviewing data on trade flows, the speaker addressed the problem of discrepancies between producers' and consumers' statistics. The reasons varied from different conversion factors to unrecorded activities. FAO recently published another edition of this type of table, and it too suffers from discrepancies between the FAO Yearbook and the U.N. Statistical Office data.

The Annual Review is approaching the ideals set out in Article 28 of the ITTA, 1983. Forty of the forty-seven ITTO Member Countries had now nominated official correspondents for ITTO's Forecasting Exercise.

Delegates and NGO representatives attending the Market Discussions (where the Annual Review was presented) then queried a number of detailed issues relating to various tables in the Annual Review, which were clarified by the Secretariat. It was agreed the Annual Review was a provisional draft and the Secretariat, in response to questions about certain apparent contradictions, recorded the difficulties experienced in trying to remove inconsistencies. Often figures were checked several times, and the Secretariat reminded the audience that the tables gave only figures which Members had supplied; there was no means to mount statistical missions to examine the validity of the figures received.

The Secretariat stated that there were also different definitions of "sustainably managed" in use in each country, and that the data on "stock changes" had been omitted because so few Members had provided data on this item, even though this information was relayed to the ECE Timber Committee. Several NGO speakers and Delegates requested checks on the figures for various countries. It was proposed that all sources be listed, even where several sources were used. However, the meeting concluded that the whole exercise was a commendable effort, and if work proceeded on the correction of errors and improvement of the quality of data submitted the Annual Review and Forecasting Enquiry would become increasingly valuable. Some issues could be resolved by the Secretariat, but most of the onus lay with the Member States, to ensure data were reliable and

promptly submitted. After corrections were made, the 1991 Annual Review would be reconsidered at the ITTC Thirteenth Session.

Sustainable Management of Tropical Forests: a) Reports by Members on their Proposed Progress towards the Year 2000 Target - Decision 3(X) {Item 13a}

21. Several reports were submitted as written documents which were briefly presented before Council by Member Country Delegates. These are recorded in the Appendix to this report.

Sustainable Management of Tropical Forests: b) Report of the Consultative Panel to Refine Criteria for Sustainability and Other Relevant Issues - Decision 6(XI) {Item 13b}

22. This Consultative Group was chaired by the ITTC Chairman, but the report was presented at the Chairman's request by the Rapporteur, Mr. Michael Martin (U.S.A.). On the basis of comments received from delegations, the Consultative Panel concluded there would be more utility to be gained in refining the text of the criteria on the basis of operational experience and field application.

Report on Preparations for the 1992 United Nations Conference on Environment and Development (UNCED '92) {Item 14}

23. The Executive Director presented this report (Doc. ITTC(XII)/8 & /8 Add.1). The report was structured in the same manner as previous reports on this subject, providing Members with a basic insight into matters of interest to ITTO to be discussed at UNCED.

The main issues were the Convention, the Rio Declaration on Environment and Development (formerly called the "Earth Charter"), principles for global conservation and sustainable development of all forests, Agenda 21 (Chapters on Biological Diversity and Environmentally Sound Biotechnology), financial resources, transfer of environmentally sound technology, and finally institutions and legal instruments.

As an observer, ITTO has been invited to make a brief contribution at each stage of the preliminary discussions. Dr. Freezailah was pleased to report on the assent of Agenda 21 to major objectives of ITTO. Support is also given for the renegotiation of the ITTA, 1983. He stressed the awareness that the UNCED strategy would not succeed unless additional resources were made available. It was imperative that this matter be immediately resolved to avoid impairing the outcome of the UNCED Summit.

Dr. Freezailah disassociated himself from the pessimist school and argued that the world leaders gathering at the summit would achieve a consensus which would generate progress. He believed the ITTO had a duty to join the UNCED endeavour by examining how to provide the necessary resources to its producing country Members, and asked the Council to focus on this issue, in the spirit of the "Takeshita initiative" to which he had drawn Council's attention in his opening speech. With the correct political will, and the technical work of the Panel on quantification of resources, consensus could be achieved and subsequent action ensue.

Review of Contributions to the Administrative Budgets {Item 15}

24. The Council moved into closed session to consider Document ITTC(XII)/GRP/2, prepared by the Secretariat as a basis for discussion on this agenda item. On this occasion, the Chairman

called upon the Chairman of the newly convened Finance Committee, Mr. S.K. Appiah, to report on the Finance Committee's consideration of these documents.

Mr. Appiah reported that the two main issues of concern to the Finance Committee were the shortfall in the 1992 budget and the question of how to finance the First Preparatory Committee meeting on renegotiation of the ITTA, 1983.

The Chairman called upon all Members to fulfil their obligations in respect of their contributions to the Administrative Account. The Executive Director thereupon reported that Cameroon had made a payment of all contributions due up to and including 1991 and part of 1992. He also informed Council of Egypt's intention to regularise her annual contributions to the Organization.

Financial Resources of the Special Account:

a) Review of the Pre-Project Sub-Account

b) Review of the Project Sub-Account {Item 16a) & b)}

25. In closed session, the Council heard a presentation on the background documents ITTC(XII)/CRP/1 & /CRP/2. Following the innovation of the Finance Committee at this Session, the presentation was made by the Finance Committee Chairman, Mr. S.K. Appiah.

Mr. Appiah reported an anticipated shortfall between contributions and expenditure in the 1992 Administrative Budget of about \$350,000, and a discussion on the method of financing the first Preparatory Committee on the Renegotiation of the ITTA, 1983 in November in Yokohama. The Committee met three times to resolve these and other problems relating to the two Official ITTO Accounts.

Financial Resources of the Special Account:

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

26. The Council heard Member's pledges of new contributions to the Special Account.

27. The Representative of Switzerland, Mr. Ivan Pellegrinelli, reported that Switzerland had been one of the major voluntary contributors to the Special Account to the extent of \$3 million. His Government intended to continue supporting ITTO to an amount not yet determined. The Swiss Government and people believed strongly in the need for conservation and protection of tropical forests, laying great stress on the achievement of the Target 2000 objective. Pressure for direct boycotts of tropical timber imports on consumer countries such as Switzerland was still strong; consequently the Target 2000 objective needed strong support.

However, the speaker reiterated his Government's policy that only nations who were fully financial in respect of their contributions to the ITTO Administrative Budget would enjoy the benefits of Switzerland's contributions to the Special Account.

28. The Representative of Denmark, Mr. Bo Lidegaard, recalled that Denmark had in the past experienced problems with implementation, monitoring, and reporting of ITTO projects it had supported. Signs of improvement were now appearing, however, but since the Secretariat had limited resources for monitoring, it fell to Member countries to promote this essential activity. Denmark hoped that the Programme Support Charge (Decision 5(XI)) would assist.

Denmark was developing a comprehensive policy document on tropical forests which would describe how Denmark proposed to consolidate her contribution to ITTO, especially in respect of Target 2000. Denmark expected to be able to provide a voluntary contribution to the Special Account of up to \$400,000 in the course of this year.

29. The Representative of France, Mme. Elisabeth Laurin, reported that her Government had decided to make a voluntary contribution of 1.6 million francs (FF). The first instalment of 600,000 had been paid already, and the remainder would follow shortly.

30. The Representative of Norway, Mr. Eric Bjørnebye, reported that his country would make a voluntary contribution of an amount to be disclosed after discussions on the recipient projects proposed.

31. The Representative of the U.S.A., Mr. Milton Drucker, firstly commended the work of the Project Cycle and the Project Manual Consultants, whose work, he believed, would help to increase the level and frequency of voluntary contributions, because donor confidence in project quality and project cycle management would be enhanced.

Mr. Drucker said the U.S. Government would provide a voluntary contribution of just under \$1 million in this fiscal year.

32. The Representative of Japan, H.E. Mr. Tadashi Suzuki, Ambassador to the Republic of Cameroon, thanked the Government of Cameroon, the Chairman of the ITTC, and Executive Director and his Secretariat for their work in organising this session.

The Ambassador recalled that forests played an important protective role against global warming and air pollution among other risks. Sustainable management was a very important concept to address, and he believed in the important task of ITTO in promoting this objective in the UNCED process. ITTO was an major forum not only for producers and consumers, but also for environmental NGOs and trade organizations.

The Ambassador was pleased to inform the Council that his Government would pledge a total voluntary contribution for fiscal year 1992 of 1,454,767,000 yen (approximately \$11.3 million), a 17% increase over the previous year. This contribution was made for projects, pre-projects, and activities which would make a substantial contribution to global environmental improvement and to the ITTO's Year 2000 Target.

He concluded by arguing for a balance between conservation and development and for cooperation among Members towards this ideal, not in the distant future, but now, for the benefit of all life on Earth.

Auditors' Report for 1991 {Item 17}

33. The Auditor's report for the preceding financial year (1991) was presented by the Secretariat in closed Session.

The Auditors, Arthur Andersen & Co., worked on the 1991 Accounts from January to March 1992. The Audit was done in accordance with Rules 7 & 16 of the ITTO Financial Rules and Rules relating to Projects, which also gave the terms of reference for the independent auditors. The

Report of Auditors (Doc. ITTC(XII)/5) deals with the Administrative Account (Part A) and with the Special Account (Part B). The Secretariat explained the layout and arrangement of the report.

Annual Report for 1991 {Item 18}

34. The Secretariat presented a brief resumé of the Annual Report for 1991 (Docs. ITTC(XII)/2 & /2 Add.1), which described the activities of the Council, the three Permanent Committees, and the Organization's general development.

Mr. Ernesto Sanvictores (Philippines) and Mr. David W.K. Boulter (Canada) served as Chairman and Vice-Chairman respectively of Council during the year.

The Tenth Session of the Council, held in Quito, Ecuador, was notable for being the first to consider project proposals which had already been scrutinised by the new Expert Panel for Technical Appraisal. This session also encompassed the Round Table on 'The Agenda for Trade in Tropical Timber from Sustainably Managed Forests by the Year 2000'. The Eleventh Session in Yokohama devoted much attention to sustainable management, especially the question of criteria. In September 1991, ITTO also held a successful satellite meeting at the Tenth World Forestry Congress in Paris.

Operations increased dramatically during 1991 and by the close of the year the Organization had financed projects, pre-projects, and activities, worth over \$50 million. 57 of the total 161 had already been completed, at a cost of \$6 million. During 1991, 49 projects pre-projects, and activities with a total budget of \$17 million were approved and funded. This year also witnessed a sharp increase in the number of Expert Panels, Working Groups, Seminars, and Conferences established either by Council Decision or as parts of projects. The Conference of Senior Foresters was a notable example.

In August the Secretariat moved to new offices with virtually no break in the continuity of operations. As before, the Organization enjoyed the generous support of the Government of Japan and the City of Yokohama, thanks to whom it was simultaneously possible to upgrade and expand the computer network with modern hardware and a better configuration. There were several staff changes during the year, at the close of which the actual complement stood at eighteen.

The Annual Report also held details on the status of the Membership, the General Tropical Timber Market Statement for the year, details of official travel, and statements of the administrative budget and of voluntary contributions received in the Special Account.

Report of the Credentials Committee {Item 19}

35. The Chairman of the Credentials Committee presented their Report (Doc. ITTC(XII)/10) in which the Committee recommended that Council approve the credentials and attendance of 37 countries. As noted in the document, certain countries were requested to submit their credentials for appropriate action by the Secretariat.

Dates of the Fourteenth Session of the Council and the Twelfth Sessions of the Permanent Committees {Item 20}

36. After receiving an invitation from the Government of Malaysia, conveyed to Council by its Representative, the Council decided that its Fourteenth Session would be held in Kuala Lumpur,

Malaysia, 11-19 May, 1993. This venue and these dates also apply to the Twelfth Sessions of the Permanent Committees.

Other Business {Item 21}

37. The Chairman of the Permanent Committee on Forest Industry, Prof. Nils-Erik Nilsson, requested Council's permission to have a preliminary report presented by one of the consultants employed to undertake the feasibility study on a programme to support sustainable management of the African forests producing industrial timber in order to better enhance their potentiality (PPD 49/91 (I)). This was granted.

38. The Consultant, Mr. P. Montaignac, reported that four experts had been enlisted, two financed by ITTO and two by Sweden and France. The mission visited Côte d'Ivoire, Ghana, Togo, Republique Centrafricaine, Cameroon, Congo, and Gabon. Their work concluded with a session at the African Timber Organisation headquarters in Libreville.

Mr. Montaignac outlined the pre-project's terms of reference and noted that in each country the mission had sought to meet Government personnel in charge of forest management, the concessionaires and other forest industrialists, business people, bankers, and international organizations, including bilateral aid agencies, educationalists, researchers, and NGO representatives.

The mission formulated several major proposals among which was the need to address laws and regulations which could not be enforced for lack of resources, laws which were often framed without any consultation with actual commercial operators in the forest. Land tenure was another serious issue, because the legal ownership of land by the State often conflicted with traditional communal ownership by "right-of-use"; locally, people still resorted to customary law rather than the complex mix of national and state laws to resolve land-use issues.

Another area of intervention would be institutional strengthening. In every country visited the forestry departments were weak and lacked human and other resources. The World Bank had stressed the need to bring such organizations closer to the field to make them more operationally oriented. Attention to this problem would take ITTO into the area of structural adjustment. Higher education and in-service training for foresters at the regional level were also important, provided they had a high field-work component.

Mr. Montaignac spoke of the essential need for extension work to local people. Local resources should be used for project implementation. Country coordinators should be thoroughly familiar with ITTO rules. The mission considered agroforestry a research priority, and finally, concessionaires should be taught to carry out for themselves many essential forestry activities such as inventory and regeneration surveys.

The ATO had the necessary understanding to assist the ITTO in implementation of certain African projects. Projects relating to legislation, institutions, training, secondary processing, and agroforestry were priority objects for ITTO attention.

39. The Representative of the Convention on International Trade in Endangered Species (CITES), Mr. Ger van Vliet, reported that at the Eighth Meeting of the Parties to CITES in Kyoto (March 1992), a number of countries, including Denmark, The Netherlands, and Australia, called for closer

cooperation between CITES and ITTO. Most ITTO Member states were among the 115 Parties to CITES. An objective common to both organizations was the sustainable management of natural resources to ensure the conservation of those resources for the benefit of generations to come.

CITES has been working on population studies to discover the acceptable level of exploitation of certain animal species. Examples from Africa included the great parrot and the Nile crocodile, and, for plants, trade in orchids and succulents from the Malagasy Republic. Sustainable utilisation, however, depended much more on local than international markets, and the tropical bushmeat and firewood markets were good cases in point. The exact value of domestic trade was still unknown.

Conservation of species was wholly dependent on conservation of habitat. Listing of tree species in the Appendices would continue to be important where this was important for their conservation or that of other fauna and flora dependent on the living environment they created. Or, they may decide to de-list tree species, as also happened at the Kyoto meeting.

Mr. van Vliet adduced Articles 1(h) and 40(1) of the ITTA, 1983, to support his contention for ITTO and CITES co-operation.

40. The representative of Liberia, Mr. Alfred F. Kotio, reported to the Council that owing to the civil war his organization, the Forest Development Authority, had been out of contact with all international organizations. He felt that his attendance at the ITTC, and that of his colleague, was an indication that their country was on the way to lasting recovery and peace.

In 1967, a figure of 4.8 mill.ha. or just under 50% of the total area of the country, was reported as being under forest. This figure was confirmed by the 1978 study of a German consultancy firm and the annual timber potential of merchantable trees was estimated at 3.4 mill.³ based on a felling cycle of 25 years. However, the highest harvest on record was 1.2 mill.m³ in 1979.

Liberia began its steps towards sustainable management with a new forest policy and concession agreements, but these efforts were seriously impaired by the war. During the war, the outflow to the countryside resulted in heavy farming pressure on the forest, professional forestry manpower was reduced by war fatalities, starvation, and illness, and survivors often became refugees, ultimately finding employment outside Liberia.

Mr. Kotio appealed to the international community for support to help Liberia in her attempts to make up lost ground and move back towards the ITTO Year 2000 Target.

41. The Representative of the Non-Government Organizations, Mr. Theo Anderson, speaking on behalf of all the NGOs attending the Session, recorded their disappointment at the perceived lack of progress towards achieving Target 2000. He further criticised the lack of a strategy for achieving the goal, the absence of agreement on reporting progress, and the ambiguity on a definition of the Target. He went on to describe the focus of Members on the CITES agreement as narrow, and noted that action on reform of the project cycle had again been postponed.

NGOs had supported the Organization's ideals because they too shared the common objective recorded in Article 1(h) of the ITTA, 1983. ITTO had consistently both presented itself as a unique forum for producers and consumers, and proclaimed itself a political success, but in the NGOs

opinion there was a disparity between the objectives and priorities of the ITTC and the reality of its achievements. Too much time was devoted to projects and not enough to policy, notwithstanding more discernment on the part of donors visible at this session.

Mr. Anderson concluded by criticising what the NGOs considered to be ITTO's refusal to allow an independent review of its activities, ITTO's lack of commitment to the Agreement, and its reluctance to listen to the NGOs' point of view during formal sessions. NGOs were closely watching the renegotiation exercise and considered that it was not the only option to advance their ideals, or to reflect the concern inherent in their several criticisms of the Organization.

42. The Representative of the Trade Organizations, Mr. Arthur Morrell, re-affirmed the tropical timber trade's commitment to ITTO's sustainability objectives. Each Council Session was an opportunity to advance this ideal, and although some progress had been made this time, in the trade's view it was insufficient. National delegations should, for their own benefit, include more trade representatives. These representatives themselves could see at first hand the work of ITTO.

The trade had established its own network of contacts and bilateral discussion arrangements to promote the sustainability objective. It believed strongly in cooperation, but that partnership required a similar willingness on the part of other groups.

Mr. Morrell reiterated his firm belief that tropical timber was one of the world's most valuable resources and with proper management, could be infinitely renewable. It was the duty of all to take the correct actions to promote sustainability and specifically to ensure the sound conduct of the renegotiations.

The speaker concluded by expressing appreciation for the secretarial staff working behind the scenes who shouldered a heavy workload, often under difficult circumstances.

Decisions and Report of the Session {Item 22}

43. The Chairman presented the draft texts of the seven decisions and after minor amendments these were adopted by Council. They are reproduced in Annex IV of this document.

Closing Session

44. The Representative of the European Community, Mr. Enzo Barattini, thanked the Chairman and the Host Government. He expressed pleasure that so many African producer member states could attend the session on their own continent, and hoped that national strategies in the spirit of Decision 3(X) would evolve to help the realisation of Target 2000. He applauded the decision at this session to work for closer cooperation with CITES, as it would bring the commercial sector within the ambit of ITTO's ideals. Also, the work of the new Finance Committee was very important in ensuring resources were made available for ITTO's objectives.

Mr. Barattini concluded by thanking the Secretariat and the interpreters for their work during the session.

45. The Minister for Environment and Forests of Cameroon, His Excellency Dr. Bava Djingoer, on behalf of his Government and the people of Cameroon, congratulated the Council on the quality of its work during the session. He hoped that Delegates would take home good memories of Cameroon as the country which was working hard to achieve ITTO's Target 2000. Furthermore, the

Minister's wish was for the results of this Council Session's labours to make some contribution towards the UNCED process.

The Minister concluded by thanking participants for their understanding, assuring them that their hosts had tried their best, and wished them a safe return home.

46. The Spokesperson for the Consumers, Mr. Milton Drucker, thanked the host Government not only for hosting the session but also for the interesting field trip and seminar, the Executive Director and his Secretariat, the interpreters, and the Chairman of the Council.

Mr. Drucker welcomed the intervention from Liberia, and expressed his hope that the ITTC would continue to render assistance to countries in need of such aid for sustainable tropical forest management. He also informed Council that the Consumers' nominee for Chairman of the First Prepcomm on Renegotiation of the ITTA, 1983 was Mr. Andrew Bennett (U.K.).

Mr. Drucker turned his attention to ITTO's Target 2000, and called for greater effort on the part of Members. The world community would rightly be impatient if progress was not visible and real. At this session spirited debates had taken place in both the consumer and producer groups and between the two groups on the central issue of reporting the real situation.

The decisions made at this (ITTC (XII) session did enhance the chances of success in meeting the Target 2000. Mr. Drucker requested the Chairman to convene an open panel of Delegates at the ITTC (XIII) to discuss this matter in depth, and to ensure that the members of this panel had the requisite **technical** expertise to improve the programme. ITTO's best work originated from **technical** panels, and this was a good opportunity to strike out in the same successful direction.

Mr. Drucker expressed satisfaction that some progress had been achieved on the project manual consultancy, despite the fact that time had not allowed French and Spanish translations to be produced. However, funding continued to increase, itself evidence in favour of increasing acceptance of ITTO as an effective organization. He then spoke of the achievement of the Finance Committee in developing the concept of the Working Capital Account and having Council institute this innovation; it was a financial structure recommended by the U.N. Secretary-General for all international organizations.

47. The Spokesman for the Producers, Mr. Amha Buang, thanked the Chairman and the Host Government for their efforts during the Session. He further expressed his gratitude to the Executive Director and Secretariat, and to the interpreters and translators. The Producer Group Caucus expressed appreciation of the consultants' report on the Project Cycle and Manuals, which they regarded as one of the most important parts of Council's work.

Finally, Mr. Amha recorded the gratitude of his caucus to the Government of Japan and the City of Yokohama for their continued support for Council Sessions and many activities. He thanked his consumer counterpart for his cooperative approach to producer-consumer relations, which had greatly lightened his task.

48. The Representative of the African Timber Organization (ATO), Mr. Mohamed Lawal Garba, recorded his feeling of privilege at being requested to chair the seminar on land-use planning (PD 148/91 (F), although his status was that of Permanent Observer at the Council Session.

He recalled his earlier participation in ITTO activities such as the Quito Round Table on the Agenda for Trade (towards Target 2000) and the workshop on incentives to promote sustainable forest management in Melbourne (PD 82/90 (M)). These experiences had confirmed the common objectives of ITTO and ATO. Seven out of the nine ITTO African Member states are also members of the African Timber Organization.

He therefore thanked the French Government and ITTO for initiating the feasibility study on a programme to support the sustainable management of the African forests producing industrial timber in order to better enhance their potentiality (PPD48/91 (I)). The consultant undertaking this study had visited the ATO Secretariat and the Member States.

Mr. Garba reminded Delegates that African tropical timber still occupied a marginal position in the world timber market, despite its high quality. In his view, the reasons for this poor performance included:

- i) Lack of sufficient market information on final consumer uses.
- ii) Use of old and out-moded machinery which impaired timber quality.
- iii) Use of high-cost expatriate labour to supervise unskilled labour, rather than training local labour.
- iv) Lack of capital investment to develop local industry.

Overcoming these disadvantages through regional cooperation was a vital ingredient in the recipe for sustainable management of the forests. Mr. Garba reiterated the right of sovereign nations to exploit their forests to aid development and service foreign debt. He appealed to donors to increase the rate of financial and technical assistance. Environment was a global and not a regional matter. Unnecessary confrontation would not help either the tropical forest or the global environment.

In this context, Mr. Garba listed a number of project-types whose execution he believed ATO could undertake. These were in the areas of human resource development, institutional strengthening, forest sector policy and planning, forest inventory, industrial surveys, development of geographical and statistical data banks, promotion of intra-regional timber trade, development of land-use planning, and promotion of sustainable management of lesser-known species.

Mr. Garba concluded by thanking the Host Government for their work in preparing for this Session.

49. The Representative of the United Nations Environment Programme (UNEP), Mr. Bai-Mass M. Taal, recorded the close association of ITTO and UNEP, a Permanent Observer at Council Sessions. As the environmental arm of the U.N., UNEP had been closely following the ITTC deliberations, and the Organization's progress towards Target 2000.

UNEP had participated directly in several ITTO activities, jointly funded the Bangkok Technical Workshop on Exploration of Global Forestry Options, and participating in the Senior Foresters' Conference.

UNEP was of course one of the driving forces behind the Biodiversity Convention currently being negotiated in Nairobi for finalization before UNCED, and of the Climate Change

Convention (with the World Meteorological Organization). Both conventions if ratified would have a major effect on national policies.

The speaker continued by highlighting another area of interest to both UNEP and ITTO, namely the Global Environmental Facility. UNEP, together with the IBRD and the UNDP were the co-sponsors of this programme. It was anticipated that the four main areas of the GEF would be expanded to include conservation of forests, and prevention of desertification and soil loss.

Mr. Taal concluded by expressing UNEP's commitment to close cooperation with ITTO, including where appropriate co-sponsoring programmes of common interest, such as the sustainable management of tropical forests and the establishment of pilot areas.

50. In his concluding speech, the Executive Director, Dr. B.C.Y. Freezailah, thanked the Host Government for its support of ITTO, in particular recalling the work done by the Minister of Environment and Forests, and the Director-General and officials of ONADEF. Once again, a scene of intensive discussions between national delegations, bureau members, consultative groups, working groups, national delegations and NGOs had been re-created. There was order and transparency in these meetings, and this was the essence of ITTO.

It was time for a move away from pessimism and even cynicism towards an optimistic acceptance of the challenges facing the Organization. The international community, with its rising expectations, demanded much of ITTO. The partnerships to be forged should cover everyone from Government Departments to the communities who lived in the tropical forest.

Dr. Freezailah responded to sharp criticisms of the Organization by stressing the difficulties of harmonising the various levels of interest, political, economic, and social. A refusal to take into account other points of view would greatly erode the consensus basis of the ITTO forum.

The Organization continued to grow despite the limitations of finance and staffing levels, but Dr. Freezailah confidently believed that in the near future the Organization's resources would be transformed by a new era of donor support. Improved conditions would enable the Secretariat to fulfil its functions even more effectively under the revitalised mandate. In this context, the Executive Director recorded the great debt of gratitude owed to the Government of Japan for its continuous and increasing support.

Dr. Freezailah thanked the Chairman for his capable conduct of the Session and wished all Delegates a safe journey home to their families.

51. The Chairman, indicating that he would prefer to leave his major closing address until the close of the Thirteenth Session, reminded Delegates that he had opened the present session with the recommendation that the debate not be distracted by the proximity of the UNCED meeting. Attention should be paid to the Organization's steady progress from an agency of marginal interest to becoming the object of serious world attention. This change was wrought by the human resources of the ITTO.

The ITTC had been honoured by the presence of H.E. the Prime Minister of Cameroon to open the session, and also graced by the presence of H.E. the Minister of Environment and Forests.

The Chairman then addressed himself to the Bureau, and informed the Council of its composition, in particular the recent valuable addition of the Spokespersons for the Producer and Consumer Members. He welcomed the proposal by the Spokesman for the Consumer Members to have an open panel at the next session for discussion of the renegotiation issue, and recorded his respect for the firm positions taken by the Spokesperson for the Producer Members.

The Chairman concluded by thanking those who worked for the success of the session in a mostly unseen capacity, namely the Secretariat, the interpreters, and the translators. He then formally closed the Twelfth Session of the International Tropical Timber Council.

APPENDIX

**COUNTRY REPORTS ON PROGRESS ACHIEVED TOWARDS TARGET 2000
(THE ORIGIN OF ALL INTERNATIONALLY TRADED TROPICAL TIMBER SHALL
BE SUSTAINABLY MANAGED FORESTS BY THE YEAR 2000)**

United Kingdom

The Representative of the United Kingdom, Mr. Andrew Bennett, informed Council that the U.K. Report, first presented at the ITTC(XI), had been up-dated. The level of ODA commitment to its global forestry aid programme had been increased by 20-25%, but the organization remained concerned at the difficulty of disbursing existing commitments i.e. projects were proving slow to start. The up-dated version also included an expanded treatment of CITES and a review of cooperative endeavours between NGOs and the trade. Finally, Mr. Bennett urged Council to standardise reporting requirements to ensure that unnecessary material was excluded.

Portugal

The Representative of Portugal, Mr. Jorge Cosquilho, presented his country's first report. The report was divided into three parts - domestic forestry, and Portugal's contribution to sustainable management of temperate forests in Europe, and of tropical forests.

At present, Portugal has one of the highest afforestation rates in the European Community. Domestic forest policy encompasses maintenance and expansion of the existing forest estate, and conservation of natural ecosystems. At the First Ministerial Conference for protection of forests in Europe (Strasbourg, December 1990) Finland, France, Poland, and Portugal were entrusted with follow-up activities. At the next Conference in Helsinki, Portugal expects to be contributing strongly in the field of conservation of biological diversity.

Portugal's five century-long colonial past has given her a long history of tropical timber imports; presently Portugal's forestry aid for sustainable management of tropical forests is based in former colonies such as Angola, Cape Verde Islands, Guinea-Bissau, Mozambique, and San Tomé e Príncipe, none of which are ITTO Members, however. Projects in these countries aim to improve silviculture, and to improve levels of training and knowledge in forestry.

Canada

The Representative of Canada, Mr. Frederick Johnson, presented a document describing "The Role of the Canadian International Development Agency (CIDA)". He noted that Canada was among the top three bilateral donors to forestry over the past decade. Priorities are poverty reduction, structural adjustment, increased participation by women, food security, energy availability, and the environment. The principles of sustainable development are based on environmental, social, political, economic, and cultural considerations.

On the domestic scene, there has recently been considerable discussion on how to achieve sustainable management of forests. A national strategy has been developed through a consensus, the Canada Forests Accord, signed in March this year by the Canadian Council of Forest Ministers, forestry associations, industry, and environmental groups. The traditional commitment of the Canadian forest industry to sustained yield practices had now been expanded to include wildlife, watershed protection, and gene pools to ensure that the use of forests today did not damage the forest for the future.

Additional funding of about \$1 million had been provided for forestry research under Canada's national environmental plan (the "Green" Plan). A major component in this programme was

the establishment of a network of large-scale, multiple-use model forests across the country in which much of the additional research would be located, with the objective of developing new techniques in forest management.

Recent legislative changes in Canada require the production of a comprehensive annual report to Parliament on the state of forestry in Canada. The first report was produced in 1991 and the 1992 edition will contain a section describing Canada's progress towards implementation of sustainable forestry. The relevant extract of this report will be tabled at the Thirteenth Session of the ITTC.

The Netherlands

The Representative of The Netherlands, Dr. Hans Obdeyn, recorded that his country had already submitted its main report at the last Council Session and therefore his country had submitted only a small progress report. The Netherlands welcomed the reports of other countries and called on those remaining countries to submit their reports. Dr. Obdeyn once more called upon the Organization to supply guidelines and a suitable format for reporting to make its easier for countries to supply the necessary information in the best form for international comparison.

Ghana

The Delegate of Ghana, Mr. E.O. Nsenkyire, highlighted the items he considered of most importance in his country's report. A fourfold approach had been taken to achieve sustainable management in Ghana. Firstly, new regulations had been introduced to control harvesting through improve pre- and post-harvest inventory and subsequent management of areas outside reserves. Secondly, through collective forest management with local communities. Thirdly, through an increase in the plantation programme. Fourthly, growth modelling with a network of some six hundred permanent sample plots currently being established would give more precise estimates of growth, mortality, and yield.

Since 1989, the felling cycle has been increased from 25 to 40 years to allow satisfactory forest regeneration. Since this date, all tree species have been re-classified on the basis of diameter size, frequency of occurrence, and their export record to prevent over-exploitation of a small number of species. A 100% pre-felling inventory of all class 1 tree species of more than 50cm. dbh is used to produce a 2-D map of species distribution and diameter class. This map is used in the selection of concessionaires' harvests together with a formula whose parameters include the abundance of species both immediately above and below the minimum diameter felling limit, a 40% retention of trees above this limit, and an estimate 20% natural mortality during the 40-year cycle. The harvest is then evenly distributed across the compartment to minimise the effect of logging on the forest environment and to maximise regeneration of favoured species.

A logging manual has been introduced to ensure sound techniques to minimise damage to the residual forest and reduce waste during extraction. The manual provides for full protection of trees on slopes exceeding 30%, on higher altitude plateaux, in riparian strips, in religious groves, and areas of scientific or archaeological importance. Furthermore, the manual set restricted felling standards on slopes of less than 30%, described methods of reducing of logging waste, and approved harvesting equipment of certain types. Individual stems are marked on the log butt and the stump with details such as reserve code, compartment number, stock survey number, the concessionaire's mark and log number, locality mark, species name, diameter and volume. the coding system identifies trees harvested from managed forest.

A review of the collection and marketing of non-timber forest products had also been undertaken with a view to sustainable management through cooperative schemes with local communities. To arrest deforestation and to promote domestic processing, the export of logs from 14 species was banned a decade ago; an additional 4 species were recently added to the list, and a universal ban is planned for 1994. Low royalty trees encourage wasteful logging and resource

depletion and contribute inadequately to Government revenue and to the costs of resource management. A new royalty structure introduced in 1989 provides for an increase in real terms (proportionately lower for LKS) and for more frequent (annual) reviews which consider f.o.b. values, exchange rates, and local logging, transporting, and processing costs.

A new forest policy (February 1992) set the forest resource in the context of its contribution to the national economy, social benefits, industry, and environmental protection through protection and expansion of the estate, encouragement of private and social forestry, and conservation of biodiverse ecosystems. The policy aims to achieve these objectives by improving policy, funding, and institutional capacity, particularly in relation to research, liaison, and human resources development. Ghana avowed her intention to work towards ITTO's Target 2000.

Japan

The Delegate of Japan, Mr. Takashi Saito, recalled the concrete measures reported by Japan at the last Session for achieving the Year 2000 Target, measures which were now being implemented through trade policy, multilateral and bilateral cooperation, and other means.

Japan adduced Decision 3(X) para.2b) to assert her position on free, orderly, and transparent trade. The tropical timber trade is continuously monitored and recently the Japan Lumber Importers Association introduced voluntary guidelines for its member companies. On usage, Mr. Saito reported that plywood used for concreted shuttering in Japan was now coated to enable it to be used several times over to reduce consumption. In 1991, about 0.91 mill.m³ or 9% of total consumption was in non-wood materials, whereas the latter figure was 0.5 mill. m³ or 5% in 1990.

Total Japanese imports of tropical timber decreased by 12% in 1990 and by 9% in 1991. Added value through processing enabled producers to earn more export income per unit of log harvested, and to this end bilateral cooperation had been increased. A recent Japanese mission to Sarawak examined this issue and also the marketability of lesser-known species. A project proposal involving a seminar and study tour had been submitted to this Session to facilitate technology transfer.

Finally, Japan had been strengthening its support for ITTO through the supply of technical expertise and through increasing voluntary contributions to the Special Account. Japan called upon other donors to do likewise, as only such efforts would ensure the success of the ITTO's Target 2000 programme.

Italy

The Representative of Italy, Mr. Fabrizio Romano, referred Delegates to his country's paper on Italian progress towards Target 2000.

The Chairman reported that papers had also been received from the Congo, Philippines, and Austria, and that the U.S.A proposed to give an audio-visual statement of her position on Target 2000.

Annex I

LIST OF PARTICIPANTS

{ Document: ITTC(XII)/Info.4 Rev.1 }

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TWELFTH SESSION
6-14 May 1992
Yaoundé, Cameroon

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Yaoundé, Cameroon, 6-14 May 1992

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TRADE RECORDS ANALYSIS OF FLORA AND FAUNA IN COMMERCE (TRAFFIC OCEANIA)

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Annex II

AGENDA

{ Document: ITTC(XII)/1 }

Distr.
GENERAL

ITTC(XII)/1
15 March 1992

Original: ENGLISH

TWELFTH SESSION
6-14 May 1992
Yaoundé, Cameroon

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 Tenth Sessions of the Permanent Committees
 - b) Consideration of Project and Pre-Project Proposals
10. Report of the independent consultants on Project Work and Project Cycle Manuals - Decision 2(X)
11. Report of the Expert Panel to assess resources needed by producer countries to attain sustainable management of tropical forests by the Year 2000 - Decision 7(XI)
12. Annual Review and Assessment of the World Tropical Timber Situation
13. Sustainable Management of Tropical Forests
 - a) Reports by Members on their proposed progress towards the Year 2000 Target - Decision 3(X)
 - b) Report of the Consultative Panel to refine criteria for sustainability and other relevant issues - Decision 6(XI)
14. Report on preparations for the 1992 United Nations Conference on Environment and Development (UNCED '92)
15. Review of Contributions to the Administrative Budgets

16. Financial Resources of the Special Account
 - a) Review of the Pre-Project Sub-Account
 - b) Review of the Project Sub-Account
 - c) New Contributions to the Special Account
 17. Auditors' Report for 1991
 18. Annual Report for 1991
 19. Report of the Credentials Committee
 20. Dates of the Fourteenth Session of the Council and the Twelfth Sessions of the Permanent Committees
 21. Other Business
 22. Decisions and Report of the Session
-

Annex III

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

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

DISTRIBUTION OF VOTES

	<u>No. of Votes</u>	
	<u>1991</u>	<u>1992</u>
<u>PRODUCERS</u>		
Africa		
Cameroon	28	28
Congo	28	28
Côte d'Ivoire	28	28
Gabon	28	28
Ghana	28	28
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	30
Brazil	155	155
Colombia	33	33
Ecuador	22	22
Honduras	17	17
Panama	18	18
Peru	35	35
Trinidad and Tobago	17	17
Total:		1,000
		1,000
<u>CONSUMERS</u>		
Australia	19	20
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	14
Ireland	12	13
Italy	39	39
Netherlands	45	44
Portugal	17	18
Spain	25	26
United Kingdom	56	51
Finland	10	11
Japan	335	350
Nepal	10	10
Norway	11	11
Republic of Korea	89	96
Russian Federation	13	14
Sweden	11	11
Switzerland	11	11
United States of America	87	71
Total:		1,000
		1,000

Annex IV

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

{ Documents: ITTC(XII)/12 Rev.1
ITTC(XII)/13
ITTC(XII)/14
ITTC(XII)/15
ITTC(XII)/16
ITTC(XII)/17
ITTC(XII)/18 }

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14 May 1992

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TWELFTH SESSION
6-14 May 1992
Yaoundé, Cameroon

DECISION 1(XII)

PROJECTS AND PRE-PROJECTS

The International Tropical Timber Council,

Having considered, at its Twelfth Session, the recommendations of the three Permanent Committees on Projects as contained in documents PCM(X)/8 Rev.1, PCF(X)/19 Rev.1 and PCI(X)/11 Rev.1,

1. Decides:

(i) To approve the following Projects:

- | | |
|-----------------------|--|
| PD 12/92 Rev.2 (M) | Seminar and Study Tour on Technology Transfer in Tropical Forest Management and Utilization (\$233,029.00) |
| PD 52/89 Rev.4 (F) | Forestry Treatment by Thinning-Out in the Context of a Pilot Forest Development Scheme in the Reserve Forest of Sud-Bakundu (\$1,166,900.00) |
| PD 120/91 Rev.4 (F,I) | Development of Operational Model for Sustainable Management of Natural Tropical Forest (\$464,161.00) |
| PD 174/91 Rev.2 (F,I) | Rehabilitation of the Forest in the South-Central Region of Côte d'Ivoire around the Tene Forest (\$631,500.00) |
| PD 186/91 Rev.2 (F) | Tree Flora of Sabah and Sarawak (\$712,800.00) |
| PD 10/92 Rev.1 (F) | Books and a Data-base on the Major and Minor Commercial Timbers of South-East Asia Volume 5(1) and Volume 5(2) within the Prosea Programme (\$1,068,041.00) |
| PD 11/92 Rev.1 (F) | Development and Dissemination of Re-afforestation Techniques of Mangrove Forests (\$815,850.00) |
| PD 14/92 Rev.1 (F) | A Demonstration Programme of Sustainable Utilization of Tropical Forests by Means of Differentiated Management in Hainan Island, China (\$3,000,000.00) |
| 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 (\$598,558.00) |

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- PD 109/90 Rev.4 (F,I) Assistance to Modernization, Restructuring and Development of Wood-Based Industries in Côte d'Ivoire (\$680,400.00)
- PD 179/91 Rev.2 (M,I) Industrial Utilization and Improved Marketing of some Ghanaian Lesser-Used Timber Species from Sustainably Managed Forests (\$985,273.00)
- PD 209/91 Rev.2 (I) Study of Zairian Timber with a View to Promoting Certain Species (\$695,116.00)
- PD 4/92 (I) Development of Eucalyptus Timber in the West and North-West Regions of Cameroon (\$345,000.00)
- PD 6/92 (M,I) Reduction of Waste During Utilization and Processing of Timber in Cameroon (\$315,600.00)
- PD 13/92 (I) First Timber Industrialists Meeting in Central America (\$21,000.00)
- PD 20/92 Rev.1 (I) The Identification, Properties and Uses of the Tropical Timber Imported to China from Africa (\$86,700.00)

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

- PD 12/92 Rev.2 (M)
- PD 52/89 Rev.4 (F)
- PD 120/91 Rev.4 (F,I)
- PD 186/91 Rev.2 (F)
- PD 10/92 Rev.1 (F)
- PD 11/92 Rev.1 (F)
- PD 109/90 Rev.4 (F,I)
- PD 179/91 Rev.2 (M,I)
- PD 209/91 Rev.2 (I)
- PD 13/92 (I)
- PD 20/92 Rev.1 (I)

(iii) To authorize financing for immediate implementation of the following Projects approved at earlier Sessions:

- PD 204/91 Rev.1 (F)
- PD 15/87 (F)

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

- PD 174/91 Rev.2 (F,I)
- PD 14/92 Rev.1 (F)
- PD 18/92 Rev.1 (F)
- PD 4/92 (I)
- PD 6/92 (M,I)

(v) To authorize additional funding of \$100,000.00 to fully implement Project PD 82/90 (M).

(vi) To authorize additional funding of \$150,000.00 to fully implement Project PD 173/91 Rev.2 (M).

(vii) To authorize the release of a further amount of \$125,800.00 to allow the continued implementation of Project PD 86/90 (F) until the end of 1992.

- (viii) To authorize the revision of the budget for Project PD 149/91 Rev.3 (F) to \$250,000.00.
- (ix) To authorize additional funding of \$87,007.00 for the implementation of Project PD 157/91 Rev.1 (F).
- (x) To authorize a revised budget of \$469,500.00 for the implementation of Project PD 15/87 (F).

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

- | | |
|---------------------|--|
| PPD 45/91 Rev.2 (M) | Feasibility Study on the Compilation of a Multi-lingual Dictionary of Forestry and the Environment (\$128,100.00) |
| PPD 1/92 Rev.1 (F) | Impact of the Rural Population on Forest Development: Protection and Reconstitution of the Tropical Closed Forest in the Si-Kop (Ndom) Region, Coastal Province, Cameroon (\$138,600.00) |
| PPD 3/92 Rev.1 (F) | Integrated Forest Project for the Production of Seedling in Pará State - Feasibility Study (\$107,625.00) |
| PPD 2/92 Rev.1 (I) | Sustainable Development of the Plywood Industry in Latin America (\$115,500.00) |
| PPD 5/91 (I) | Pre-Feasibility Study on Harmonization of Tropical Plywood Standards (\$50,325.00). |

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

- PPD 1/92 Rev.1 (F)
- PPD 5/91 (I)

4. Authorizes financing for immediate implementation the following Pre-Project which was approved at the Eleventh Session:

- | | |
|---------------------|--|
| PPD 43/91 Rev.1 (F) | Rehabilitation of Degraded Forest Land in the Amazon - A Case Study in the Carajas Mineral Province (\$228,900.00) |
|---------------------|--|

5. Urges Members to consider financing those approved Projects for which funds are not immediately available.

6. Appeals to Members to consider making unearmarked contributions to the Special Account and decides that such contributions shall not be allocated for any approved Projects without the prior authorization of the Council.

7. 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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GENERAL

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14 May 1992

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TWELFTH SESSION
6-14 May 1992
Yaoundé, Cameroon

DECISION 2(XII)

SUSTAINABLE FOREST MANAGEMENT III

The International Tropical Timber Council,

Reiterating the sovereign rights of all Members over the management and development of their natural resources;

Recalling its Decision 7(XI) to convene a panel composed of six producing members and six consuming members to estimate the resources needed by producing members to attain sustainable management of tropical forests by the year 2000, consistent with its Decision 3(X);

Taking note of the findings of the panel as contained in its report circulated under cover of document ITTC(XII)/7 Rev.1;

Reemphasizing the importance of ascertaining the resources required by producing members to attain sustainable management of tropical forests;

Recognizing the need to refine the findings of the panel and to arrive at estimates for each of the producing members;

Decides:

1. To invite producing members to undertake the assessments of resources needed to implement programmes to attain sustainable management of tropical forests in their respective countries consistent with Decision 3(X);
2. To invite consuming members and the donor community to continue providing technical and financial support to producing members who are in need of assistance in assessing the necessary resources to attain sustainable management of tropical forests;
3. To urge producing members to submit their respective estimates to the Executive Director;
4. To convene a Panel of at least six producers and six consumers on Assessment of Resources Needed by Producing Countries to Attain Sustainable Management of Tropical Forests by the Year 2000 to appraise the assessment of producing members at the next Session.

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14 May 1992

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TWELFTH SESSION
6-14 May 1992
Yaoundé, Cameroon

DECISION 3(XII)

CRITERIA FOR AND MEASUREMENT OF SUSTAINABLE TROPICAL FOREST MANAGEMENT

Recalling Decision 6(XI) of the Council which recognizes the importance of defining general criteria for and measurement of sustainable tropical forest management;

Noting that the Executive Director published and disseminated the definition, criteria and examples of indicators of sustainable management adopted in that Decision through the Publication of ITTO Policy Development Series, Publication Number 3 in accordance with Decision 6(XI);

Noting further views expressed by some producer and consumer delegations during the Consultative Panel of Producer and Consumer Members convened during the Twelfth Session of the Council that more utility would be gained by refining the text of the criteria on the basis of operational experience and field application;

The Council decides to:

1. Adopt the definition and criteria for sustainable forest management in the above publication and the text of the Annex to Decision 6(XI) as the basis for testing and demonstration of sustainable tropical forest management.
2. Request the Executive Director to disseminate as widely as practicable ITTO Policy Development Series, Publication No. 3.
3. Invite Member countries to encourage, at the national and management unit levels, the application of the criteria in the field, and to share information on their experience with Members of ITTO at the Thirteenth Session of the Council.
4. Request the Executive Director to report by 1995 on the results obtained from items above and other ITTO activities and to elaborate suggestions for the further adaptation of the criteria and indicators, if necessary, with the assistance of one or more international consultants, and provided that funds are available.
5. Invite consumer member countries to make funds available for the activities referred to above, in particular the establishment of demonstration areas for testing and demonstration of sustainable tropical forest management.

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ITTC(XII)/15
14 May 1992

Original: ENGLISH

TWELFTH SESSION
6-14 May 1992
Yaoundé, Cameroon

DECISION 4(XII)

IDENTIFYING PROGRESS

The International Tropical Timber Council,

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

Further recalling the Workshop on Issues Related to Incentives to Promote Sustainable Development of Tropical Forests through Trade;

Considering that the attainment of this Target depends on appropriate efforts and measures to be taken not only by producing countries but also by consuming countries in the spirit of global partnership;

Taking note of the criteria for measurement of sustainable tropical forest management;

Recognizing the need for a reporting format which will facilitate preparation of reports and the assessment of information by the Council;

Decides to consider the format for both producing and consuming countries reports at ITTC(XIII) to guide Members in the preparation of these reports;

Recommends, in the meantime, that reports include information on:

1. the forest resource base, the continuity of flow of forest products, the level of environmental control, socio-economic effects, and the institutional framework;
2. international financial co-operation, technology and technical co-operation, trade related incentives and other measures, research, and measures taken to increase the efficiency of tropical timber utilization;

Invites the Executive Director to encourage and coordinate assistance to Member countries, upon their request, and finance via the Special Account, to facilitate the preparation of their annual reports.

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ITTC(XII)/16
14 May 1992

Original: ENGLISH

TWELFTH SESSION
6-14 May 1992
Yaoundé, Cameroon

DECISION 5(XII)

FURTHER IMPROVEMENT OF THE PROJECT CYCLE

The International Tropical Timber Council,

Recalling Decision 2(X), which temporarily continued the Expert Panel for the Technical Appraisal of ITTO Project Proposals and introduced important adjustments to the Project Cycle;

Further recalling Decision 2(XI) which rationalised aspects of the Project Cycle and urged Members to submit project proposals which conform with ITTO Member Countries' strategic plans and the Council's established priority areas for achieving trade in tropical timber from sustainably managed resources by the Year 2000;

Reaffirming its continuing commitment to improve the Project Cycle;

Noting the excellent work of the Independent Consultants on project work and project cycle manuals as contained in ITTC(XII)/6;

Further noting the recommendations of the Expert Panel on Project Appraisal;

Recognising that additional decisions and actions will be required to address the recommendations of the Independent Consultants and to further improve the project cycle;

Invites Member Governments to submit written comments to the Secretariat on the "Report of the Independent Consultants on Project Work and the Project Cycle Manuals" to facilitate further discussion by the Council at its next Session;

Decides to introduce modifications to the Project Cycle as indicated in the Annex for a trial period of one year, subject to review at ITTC(XIV), to reduce the growing workload on Committees and the Council, to encourage Members to refine project proposals as appropriate, to improve financing procedures, to improve the present timetable for project approval and to strengthen the capacity of the Secretariat;

Also decides, in view of the time required to make the full report of the Independent Consultants available to Members in all working languages of the ITTO, to consider remaining elements of the final report at the Thirteenth Session of the ITTC related to the manual for project formulation, procedures for project monitoring, and review, guidelines for project evaluation, procedures and related timetable for appraisal and approval, guidelines for local community participation in the project cycle, guidelines to take account of the environmental impact of projects, and strengthening the Secretariat;

Further decides to request Member Governments to consider the benefits of unearmarked pledges to the Special Account for high priority projects and pre-projects that contribute directly to progress towards Target 2000.

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ANNEX TO DECISION ITTC(XII)/16
FURTHER IMPROVEMENTS OF THE PROJECT CYCLE

Reduction of workload on Committees and the Council:

1. The expedited procedures of Annex 2 of Decision 2(X) is hereby revised as follows: Pre-Projects and Projects of \$75,000 or less can be approved by the Executive Director with the proviso that these projects are submitted to the Expert Panel and via the Permanent Committees are reported on at the next available Council session.
2. The delegated authority given to the Executive Director to modify pre-projects and project budgets, with the formal consent of donors for earmarked funds, is changed from \$20,000 to \$50,000 per year, or 5% of the project budget, whichever is less.

Modification of project proposals:

3. The Executive Director is requested to observe rigorously Decision 2(X).
4. Project Appraisal Expert Panels will recommend for circulation all those project and pre-project proposals which in their opinion meet project document requirements. For those project and pre-project proposals that do not meet project document requirements, and for which additional documentation is not received by the Secretariat in time for circulation prior to the next Council Session, the project and pre-project documents will only be circulated at the following Council Session or Sessions.
5. Project proposals which have been revised in response to recommendations of the Expert Panel will be considered by the Committees before other project proposals, followed by project proposals which stem from approved pre-projects.

Urgent and unexpected proposals:

6. Those urgent ITTO proposals which arise unexpectedly and therefore cannot follow the full project cycle will be considered by the Council/Committees only if they are sponsored by at least three producers and three consumers, are justified by a written proposal conforming to the project document format, and are accompanied by reasons why the proposal cannot await scrutiny by the next Expert Panel meeting.

Timetable for project approval and venue:

7. The deadline for submission of project documents, including those approved under paragraph 1 above, will be twenty (20) weeks prior to the next Council session.
8. Twelve (12) weeks will be allowed for the work of the Secretariat and the Expert Panel, including time for transmission of documents.
9. The Executive Director should take into account Decision 2(X) regarding the venue of future Panel meetings which provided for the rotation of venue between Yokohama and the three producing regions.

Strengthening Secretariat capacity:

10. As financial resources permit, the Executive Director is authorised to:
 - a. develop and install a management and financial information system drawing on the recommendations of the Report of the Independent Consultants and provide appropriate training in the use and maintenance of the system;
 - b. recruit project support staff to be financed from the Special Account;

- c. fund the costs of the Expert Panel on Project Appraisal from the Special Account;
- d. debit a 5% allocation [or such higher percentage up to 10%, as provided for in Decision 5(XI), where ITTO is the Executing Agency] for administrative costs for new projects and pre-projects with the first tranche of expenditure, with any unspent part carried forward with interest for use in subsequent years.

This provision is effective for all disbursements from the date of adoption.

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DECISION 6(XII)

ACTIONS TO IMPROVE COOPERATION BETWEEN THE ITTO AND CITES

The International Tropical Timber Council,

Reaffirming the broad aims of Article 1 of the ITTA and, in particular, Articles 1(b) and 1(h);

Noting that the conservation of forest genetic resources will be an integral part of achieving sustainable forest management and hence Target 2000;

Appreciating that a number of measures is available at the national level to ITTO Members to promote the conservation and sustainable management of tropical timber species but that these can be complemented by appropriate multilateral efforts;

Recalling that the recently proposed listing of several tropical timber species in the Appendices of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) has highlighted the need for any such listings to be based on the most comprehensive information and fullest cooperation between ITTO and CITES;

Recognizing that the ITTO and CITES are separate international entities with distinct mandates and separate membership;

Also recognizing that the roles of the two entities are potentially complementary in some areas related to internationally traded tropical timber;

Further recognizing the benefits of facilitating improved cooperation and consultation between ITTO and CITES;

Decides to:

1. Encourage Member Governments to coordinate their actions within ITTO and CITES;
2. Encourage Member Governments to inform the ITTO Secretariat at an early stage of any proposed listings of internationally traded tropical timber species in the Appendices of CITES and to provide relevant information;
3. Call upon the ITTO Secretariat to notify Members of any proposal to list internationally traded tropical timber species under CITES Appendices for discussion at the earliest opportunity;
4. Call upon the ITTO Secretariat, when an internationally traded tropical timber species is proposed for listing in a CITES Appendix, to provide all relevant information it has available on that species to ITTO members;

5. Request the ITTO Executive Director to liaise, as appropriate, on relevant topics with international organizations, such as CITES;
6. Invite Members to submit to ITTO relevant projects and activities to improve the information base regarding the conservation status of internationally traded tropical timber species.

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Yaoundé, Cameroon

DECISION 7(XII)

**MEASURES TO PROVIDE 1992 BUDGET RESOURCES
AND FINANCE THE FIRST PREPARATORY COMMITTEE**

The International Tropical Timber Council,

Recalling Decision 3(X) on arrangements for the renegotiation of ITTA, 1983;

Having considered the current serious budgetary situation and the need to finance the first Preparatory Committee meeting in Yokohama in November 1992;

Appeals to all member states to expedite their outstanding contributions to the Administrative Budget for 1992 and to endeavour to remit any arrears to a Working Capital Account as soon as possible;

Requests the Executive Director to avoid any new financial commitments in FY 1992;

Encourages member states to contribute to the Special Account to provide funds to allow the participation of all States in the Preparatory Committee;

Decides:

1. to create a Working Capital Account and to place arrears when received in this account except where a Council decision has specified otherwise;
2. to place previously paid arrears in the Working Capital Account;
3. to request the Executive Director to use \$350,000 of the Working Capital Account to make up the 1992 budget shortfall;
4. to authorize a further withdrawal from the Working Capital Account of \$325,000 to meet the expenses of the first preparatory committee meeting;
5. to request the Executive Director to fund the equivalent salary of one ITTO Secretariat Officer fully engaged in project related activity, and project related communications from funds in the Special Account with the concurrence of relevant donors;
6. to further request the Executive Director to prepare the 1993 budget and subsequent budgets in accordance with paragraph 5 above provided that the Special Account is sufficient for this purpose;
7. to change the dates of the First Preparatory Committee Meeting to 11 to 13 November 1992 and to resume from 23 to 24 November 1992;
8. to change the dates of the XIII Session of the Council to 16 to 21 November 1992.

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Annex V

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

{ Documents: PCM(X)/8 Rev.1
 PCF(X)/19 Rev.1
 PCI(X)/11 Rev.1 }

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

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Appendix B Report on Market Discussions

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

Appendix D Tropical Timber Market Forecast Worksheets 1990 - 1992

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REPORT

1. Opening of the Session

The Tenth Session of the Committee was opened on 6 May 1992 at a Joint Session of all three Permanent Committees under the Chairmanship of Prof. Nils-Erik Nilsson (Sweden). The List of Participants is reproduced in document ITTC(XII)/Info.4 Rev.1.

2. Adoption of Agenda and Organization of Work

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

3. Admission of Observers

The List of Observers admitted by the Committee is reproduced in documents ITTC(XII)/Info.5 and ITTC(XII)/Info.5 Add.1.

4. Market Review and Outlook (Market Discussions)

The 1992 Market Review took place for two days (7 and 8 May 1992). The schedule of the Market Discussions is attached to this Report as Appendix A. As part of the background documentation requested for the review, only 16 members submitted Country Market Statements. Worksheets were compiled from responses to the Annual Forecasting Enquiry. For this year responses to the Enquiry were more encouraging and had been received from 37 consumer and producer members. The Committee had before it the background document "Elements for the 1991 Annual Review and Assessment of the World Tropical Timber Situation" prepared by the Secretariat.

The main theme of the discussions was: "Lesser Known Species and Sustainable Forest Management and Trade in Tropical Timber Products". The discussions focused mainly on this theme as seen from various regional geographical perspectives. A fuller account of the discussion is reproduced as Appendix B to the Report, with Summary Tables of the Tropical Timber Market Forecast Worksheets from 1990-1992 as Appendix D to this Report. Before the Market Discussions a host country presentation was made on "The Forest Resources Situation, the Developments on the Timber Trade and Industry of Cameroon".

5. Annual Review and Assessment of the World Tropical Timber Situation

This item has direct relevance to the Market Discussions and was therefore considered concurrently. The document prepared by the Secretariat on this item, "Elements for the 1991 Annual Review and Assessment of the World Tropical Timber Situation" [ITTC(XII)/3] was presented by the Statistician. He reported that 37 of ITTO's member states had provided data in response to the Annual Forecasting and Statistical Enquiry. Unfortunately, much of this data was still deficient in terms of both quality and timeliness. Following the presentation of the document a wide-ranging discussion ensued which highlighted participants' concerns with the contents of the document and the quality of the data used to prepare it. The Secretariat and other participants pointed out that the quality of the document was ultimately a reflection of members' willingness to provide timely and reliable data.

A major concern was with the data used to prepare the tables on Forest Areas and Removals. A number of participants referred to the potential danger of publishing data on areas under sustainable management when such data could not be verified. The working definition of sustainable management formulated and reported in Council Decision 6(XI) would be used in future enquiries to ensure that all countries had a common benchmark.

Several other specific queries were raised by participants. A request that data sources be explicitly referenced was agreed to by the Secretariat. A request that a section on secondary products be included in the 1992 Review was also made. It was pointed out that this information had been incorporated in the 1990 Review, but data could not be obtained in time for the 1991 Review. It was recommended by the delegate from Finland that ITTO should collaborate closely with ITC in this regard.

The delegate of Malaysia requested revision of the log production figure for his country, from 41 000 000 m³ to 39 100 000 m³. The Malaysian delegation also requested the deletion of the first and third paragraphs of the Country Notes on Malaysia. The delegate of Thailand requested the deletion of the last sentence of the first paragraph in the Country Notes of Thailand, as well as the amendment of the third paragraph to indicate that secondary and further processed products made from imported wood can be exported from Thailand.

In view of the need for revision to the text of the Secretariat document the Committee considered that approval of ITTC(XII)/3 should be deferred until the Thirteenth Council Session. This would allow members time to propose amendments or additions to their country data and the text which would be incorporated in the final revision of the document. The Council should request members to forward in writing to the Secretariat by 30 June 1992 any further suggestions or amendments. The Committee would also recommend that Council urge those countries which had not yet nominated their ITTO Statistical Correspondents to do so immediately.

6. Report on Completed Projects

The Committee had for consideration a Report [document PCM(X)/6] prepared by the Secretariat on two completed projects:

- (i) PD 7c/87 Rev.1 (M) Market News Service for Tropical Timber and Timber Products

The Committee took note of the report by the Secretariat indicating the end of this phase and the continuation under a second phase PD 173/91 Rev.1 with a revised budget of \$750,000 for a further period of two years (January 1992 - December 1993).

- (ii) PD 82/90 (M) Incentives to Promote the Sustainable Development of Tropical Forests through Trade

The Committee took note of the report of the Workshop organized in Melbourne (17-21 February 1992). The committee noted that the cost of organizing the Workshop had exceeded the original budget by some \$115,000.

This was to be defrayed from the contribution of Australia (A\$21,000, approx. \$15,000), and additional contribution from Japan (\$100,000). The Committee recommends that Council authorised retroactively additional financing in the amount of \$100,000 from the Japanese earmarked funds in the Special Account.

The Committee recommended that the Council adopt the report of the Workshop entitled "Issues Related to Incentives to Promote Sustainable Development of Tropical Forests through Trade".

7. Review of 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

This study is being conducted by the London Environmental Economics Centre of the IIED. The report on the activity was presented by Dr. E. Barbier of the LEEC. He indicated that a draft of the study would be ready for consideration at the next Session of the Committee. The final version incorporating any relevant comments and revisions would be ready by February 1993.

- (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, Mr. E.O. Nsenkyere presented a progress report to the Committee. The study is being conducted by the IIED in cooperation with the Government of Ghana.

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

The study is being conducted by the IIED and the World Conservation Monitoring Centre. The target countries are Cameroon and Ecuador. Mr. Stephen Bass of the IIED presented the progress report on this study.

8. Review of Projects in Progress

The Committee considered a report [document PCM(X)/5] 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 five 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 |
| (ii) | PD 66/89 (M) | Study of the Trade and Markets for Tropical Hardwoods and Derived Manufacturers in North America |
| (iii) | PD 118/90 (M) | Training Workshop on Tropical Forestry and Timber Trade Statistics |
| (iv) | PD 124/91 Rev.1 (M) | Study of the Substitution of Bamboo for Tropical Timber as Raw Material in China |
| (v) | PD 158/91 Rev.1 (M) | Market Intelligence: Analysis of the Wood Flow as a Basis for an Early Warning System for the Tropical Timber Market - Phase II: Testing the System |

The Committee further considered arrangements for the implementation of the following other three projects:

- (vi) PD 167/91 (M) Diagnosis and Evaluation of the Brazilian Forestry Sector

The Committee noted that prospective donors were yet to release funds for the start-up of the project. The representative of Japan indicated that consultation would be held with any other prospective donors to ensure implementation soon. Nonetheless

if there were no indications of other co-financing governments, Japan would be ready to co-finance the project with Norway.

- (vii) PD 173/91 Rev.2 (M) Market News Service for Tropical Timber and Timber Products, Phase II

The Committee took note of the revised budget (\$750,000). It noted that through the increased contribution of Sweden (\$300,000) and Switzerland (\$300,000) and Japan's indicated pledge of \$150,000, the project would now have full financing to continue the publication of the MNS for a further period of two years (January 1992 - December 1993). The Committee recommended that the remainder of \$150,000 be authorised for financing from Japanese earmarked funds in the Special Account.

- (viii) 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

The Committee was informed that the study would be commissioned from an international consultancy. The appropriate tender notices had been sent out by the Secretariat.

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:

- (i) PD 3/92 (M) Implementation of the Integrated Forest Statistic System

The Committee could not proceed to assess the project because the amendments and revisions requested by the Expert Panel had not yet been made by the Government of Honduras, the submitting Government. The Committee therefore decided to defer its consideration of the project.

- (ii) PD 12/92 Rev.2 (M,F,I) Seminar and Study Tour on Technology Transfer in Tropical Forest Management Utilization

The Committee took note of the recommendations of the Expert Panel and the amendments made to the project document in response to the Panel's request.

The Committee however, requested further amendments to the text of the project document in order to clarify the objectives of the Seminar and Study Tour, the level of participation and the facilities needed to ensure participation especially by the ITTO producing and developing country members.

After satisfactory clarifications given by Japan the Committee approved the project and recommended it for implementation.

The statement of Technical Assessment of the two projects is attached to this report as Appendix C.

- (iii) PD 173/91 Rev.2 (M) Market News Service for Tropical Timber and Timber Products, Phase II

The Committee took note of the revised budget of \$750,000 for this project. The Governments of Sweden and Switzerland had already agreed to contribute \$300,000 each; Japan indicated its willingness to contribute \$150,000 to ensure full funding of the project. The Committee therefore recommended that Council authorise the amount of \$150,000 from Japanese earmarked funds in the Special Account to

ensure full funding of the project for the two-year period (January 1992 to December 1993).

10. Decision on Pre-Project Work

The Committee considered a Pre-Project Activity contained in document PPD 45/91 Rev.2 (M): "Feasibility Study on the Compilation of a Multilingual Dictionary of Forestry and the Environment". This document had been reviewed by the Expert Panel twice in the past. The Committee assessed the revisions made to the pre-project document in response to the recommendations of the Expert Panel.

The Committee decided to implement the pre-project activity. The text of the Expert Panel's and Committee's assessments figure in Appendix C to this Report.

11. Non-Project Work

Under this item the Committee exchanged views on determining the subject of the 1993 Market Discussions. There was a consensus on a theme related to Trade Linkages for Sustainable Forest Management. It was felt that this subject would provide the opportunity to take up a discussion of some of the issues which might emerge from the current study being prepared for the ITTO by the London Environmental Economics Centre, entitled "The Economic Linkages between the International Trade in Tropical Timber and the Sustainable Management of Tropical Forest". The final version of the study is scheduled to be completed by February 1993. The study could then serve as one of the background documents for the Market Discussions.

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

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

13. Dates and Venue of the Twelfth Session

The decisions on this item would be taken by the Council.

14. Other Business

No matters were raised under this item.

15. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations:

- (i) That PD 12/92 Rev.2 (M) be approved for immediate implementation;
- (ii) That funds be authorised to fully implement PD 167/91 Rev.1 (M);
- (iii) That additional funds (\$150,000) be allocated to implement fully PD 173/91 Rev.2 (M);
- (iv) That funds (\$122,000) be allocated to implement the pre-project activity PPD 45/91 Rev.2 (M);

- (v) That additional funds (\$100,000) be allocated to cover the increased expenditure in organising the workshop under PD 82/90 (M);
- (vi) That Council defer to its Thirteenth Session consideration of the item: "Annual Review an Assessment of the World Tropical Timber Market Situation", and request members to submit to the Secretariat by 30 June 1992 any amendments and revisions to the document ITTC(XII)/3: Elements for the 1991 Annual Review and Assessment of the World Tropical Timber Situation;
- (vii) That council take note of the report of the Workshop entitled: "Issues Related to Incentives to Promote Sustainable Development of Tropical Forests through Trade".

APPENDIX A

SCHEDULE OF 1992 MARKET DISCUSSIONS

Thursday, 7 - Friday, 8 May 1992

Yaoundé, Cameroon

- Theme** : Lesser Known Species and Sustainable Forest Management and Trade in Tropical Timber Products
- Chairman** : Dr. Silitonga Toga (Indonesia), Chairman of the Permanent Committee on Economic Information and Market Intelligence
- Rapporteur** : Mr. Arthur V. Morrell (U.K.), Timber Trade Advisor, U.K. Delegation, Vice-Chairman of the Permanent Committee on Economic Information and Market Intelligence

Schedule of Activities for the Market Discussion:

Wednesday, 6 May 1992

- 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.

Thursday, 7 May 1992

- 09:00 - 09:15 - Introductory Statement by the Executive Director.
- 09:15 - 09:30 - Brief Presentation of Country Market Statements (additions and updatings only).
- 09:30 - 10:15 - Host Country Presentation: The Forest Resources Situation, the Developments in the Timber Trade and Industry of Cameroon.
Speaker: Mr. Engelbert Temgoua
Director General, Office National de
Developpement des Forêts (ONADEF), Yaoundé,
Cameroon.
- 10:15 - 10:45 - Coffee break
- 10:45 - 12:30 - The African Perspective:
Introductory Statements by two Discussion Leaders, followed by open discussion.
Two Discussion Leaders:
Mr. S.K. Appiah (Ghana), Ag. Managing Director, Ghana Timber Export Development Board, Takoradi, Ghana
Gabon:
- 12:30 - 14:30 - Lunch break

- 14:30 - 15:50 - The Asian/Pacific Perspective:
(procedure as for African Perspective)
Two Discussion Leaders:
Dr. Silitonga Toga, (Indonesia) Senior Adviser to the Minister
of Forestry, Jakarta
Mr. Shigeru Takagi (Japan), Assistant Director, Wood
Distribution Division, Forestry Agency, Tokyo
- 15:50 - 16:10 - Coffee Break
- 16:10 - 17:10 - Latin American/Caribbean Perspective:
(procedure as for Asian/Pacific Perspective)
Two Discussion Leaders:
Dr. Ivan Tomaselli, (Brazil) Consultant and Adviser, Brazilian
Association of Plywood Industries, Curitiba
Ing. Enrique Toledo GP. (Peru), Principal Technical Adviser,
Cámara Nacional Forestal, Lima
- 17:10 - 18:00 - European Perspective:
(procedure as for Latin American/Caribbean Perspective)
Two Discussion Leaders
Dr. Hinrich Stoll, (Germany) Hinrich Feldmeyer Ltd, Bremen
Mr. Kees Bosdijk, (Netherlands), Secretary, Products Affairs,
Netherlands Timber Trade Association, Amsterdam
- Evening - Drafting Committee Meeting

Friday, 8 May 1992

- 09:00 - 10:00 - North American Perspective:
(procedure as for European Perspective)
Two Discussion Leaders
U.S.A. (IHPA):
U.S.A. (Official):
- 10:00 - 11:00 - Lesser Known Species and Sustainable Forest Management
and Trade in Tropical Timber Products - A Commentary and a
Synthesis
Speaker: Dr. Duncan Poore, Senior Consultant, IIED, London
- 11:00 - 13:00 - Drafting Committee Meeting
- 12:00 - 14:30 - Lunch Break
- 14:00 - 15:30 - Discussion of "Elements for the 1991 Annual Review"
(Introductory presentation by the ITTO Statistician).
- General Discussions
- 15:30 - 15:50 - Coffee Break
- 15:50 - 18:00 - Consideration and Adoption of the Market Statement
prepared by the Drafting Committee

APPENDIX B

REPORT OF 1992 MARKET DISCUSSIONS

On this occasion the Market Discussions returned to the format of focussing on a general theme over a period of two days. The theme was "Lesser Known" or as some would say, "Lesser Used Species and Sustainable Forest Management for Trade in Tropical Timber Products".

In his opening address, the Executive Director pointed out that for these discussions to be beneficial to all it was important that local or regional representatives who are involved in forest resources, timber trade and industry should participate to the full.

For the discussions to be effective they also depend on the response of all members to provide information as required by the ITTA. A revised forecasting and statistical enquiry was sent to all member countries in 1991. The revised data in this enquiry and the country market statements are an essential part of the work of the ITTO. Whilst the response has been better than in previous years many countries still do not reply. All country correspondents were urged to ensure that a prompt response was forthcoming.

The Executive Director reported that the Market News Service continued and studies of the markets in Japan, China and North America were completed.

From the 1991 Forecasting and Statistical Enquiry, the figures obtained showed that in 1990 the value of exports had fallen by 8.5% to \$7.32 billion, caused primarily by a large drop in sawn wood exports and a smaller decrease in log exports. Veneer exports increased as did plywood exports, particularly those from Indonesia.

These changes showed how important it was to endeavour to regain higher values for producer countries to enable them to finance satisfactory sustainable forest management. To that end the discussions over the two days on Lesser Used Species (or L.U.S.) were particularly important. In conclusion the Executive Director discussed briefly the question of reporting which now covered more than one aspect of the organization's work and in some cases caused duplication. He said that some members felt that one report only should be prepared covering not only the review of the market but also progress towards Target 2000. It would be necessary for the Council and the Permanent Committees to take this matter into consideration.

The host country presentation was given by Mr. Engelbert Temgoua (Director General, Office National de Developpement des Forêts). He gave details of the forest inventory of Cameroon. This covered the number of commercial species, the area covered by forest and the use of the secondary forest products for housing, food, handicraft and energy. Forest exports had risen by over a third from 1.8 million m³ in 1981 to 2.45 million m³ in 1991.

Of over 350 species only 30 covered 50% of the total industrial wood production whilst over 10 million m³ was needed for fuelwood. Foreign capital financed most of the Cameroonian sawmills but 5 were owned by Cameroon nationals, with over 2 million m³ being exported. There was a vital need for training in all aspects of the forest industry but particularly in machinery and use of tools. There was also a desperate need for management training to not only improve the efficiency of the industry in Cameroon but also to become proficient in knowledge of specific end uses to assist marketing. The speaker also mentioned the problems connected with shipping in Douala which restricted the size of ships. He concluded by saying that whilst timber was the main natural wealth of the country it in fact took second place behind engineering and mining in the country's present perception.

The speaker from Ghana, Mr. S.K. Appiah, in presenting the African perspective on Lesser Used Species, gave a very wide ranging review of the subject. In his opinion, whilst it had been discussed over many years, there had not yet emerged a satisfactory programme. Among the major items connected with this aspect of the forest situation those of primary concern were the

preservation of biodiversity and sustained yield. With an export value of one billion dollars from 8 million m³ the industry was vital to financial stability. In Ghana a similar situation applied as in Cameroon with 15 species out of over 300 providing 80% of the export with only 3 species providing 90% of that figure. He then gave figures of a similar nature for Gabon, C.A.F., Zaire, Congo and Liberia. He stressed the importance of widening the range sold to allow more intensive harvesting and at the same time protecting other species from extinction. He was adamant that the future security of the wood source depends on Lesser Used Species. Whilst there may be marketing and forest management problems a main issue to be settled was price as in general consumer countries were not prepared to pay prices to cover all costs.

Solutions could include a much higher proportion of added value products and a relocation of industrial applications from consumer to producer countries against which the consumers could be provided with incentives by sharing in the revenue raised. Producers were also urged to create the enabling environment as a further incentive to attract prospective investors.

To make it practical, collective action was needed with a regional centre to conduct a regional strategy and it was believed that the A.T.O. could have a special role to play covering all aspects of the situation covering all countries of the region. The paper provoked an interesting discussion. A delegate from a producer country suggesting that a transfer to added value products could in the short term be detrimental due to an immediate fall in earnings which the country could not face. Other producers stated that there was an enormous resistance by some importers to new species. They were pressing obligations for sustainability on to the producer with insufficient responsibility on their part. Others again raised the prices and costs question and considered this was the most serious problem.

There was resistance from consumers on the price question with the view that whilst producers may have not been able to collect stumpage and taxes they did at least collect revenue. This view was resisted because it could not possibly cover forest management costs. There was also a suggestion that guidelines for technical industries were needed. A forest manager's view was that the whole subject needs careful handling as more intensive harvesting might be counter productive to biodiversity conservation and to the ecological balance of the forest unless adequate precautions are taken in the first instance. Properly applied harvesting could also contribute to the range of options for sustainable forest management and conservation.

The afternoon session was opened by Dr. Toga Silitonga of Indonesia, Chairman of the Permanent Committee on Economic Information and Market Intelligence. He discussed the Asia/Pacific perspective covering India, Indonesia, Malaysia, PNG, Philippines and Thailand. Out of a total of 131 m³ produced by ITTO Members in 1990, of that 92 million or 70% came from this area.

At present Malaysia, PNG and Philippines are the main net log exporting areas mainly to Japan and Korea. The speaker presented the situation as it applied to his own country - Indonesia - with 60 million hectares of Permanent Production Forest Area (43% of total forest area). He was confident that the present production target of 31 million m³ was well within the annual allowable cut. In addition, more plantation forest were coming on stream. The export of logs is banned and his country leads the area in plywood and veneer production. It is clear that in view of the above figures annual allowable cut at a very conservative growth rate of 0.5 m³/ha/year is more than well covered.

A prohibitive export tax on sawn lumber has been introduced to encourage further processing with the country leading to an export value of over 4 billion US\$ and with an annual anticipated growth of 7%.

In other countries in the area log exports showed a marked decline whilst log production increases overall. This is due to most countries curtailing production by some 3% per annum.

Although the economic performance of most major markets declined during 1990-1991 Indonesia in particular enjoyed a high growth rate. This enables manufacturing technology to be updated and quality continually improved. It is hoped to expand the export of fancy and overlaid plywood leading to a decline in standard grades.

Indonesia is a net pulp and paper exporter with tropical wood chips exported mainly to Japan and Taiwan. It is projected that within 5 years the country will have a capacity of over 3 million tons per year compared with 1.8 million at present.

Dr. Silitonga stated that his country was firmly committed to the Bali Declaration, ITTO Guidelines and the Indonesian Forestry Action Programme is clearly orientated to these goals. Indonesia is absolutely committed to selling sustainably managed products to friendly consumers.

The questions following the discussion made it clear that in Indonesia and Malaysia in particular the L.U.S. did not present a problem. At least 80% were from traditional species and that the 20% balance could be used as block board, plywood cores, for domestic markets and exported for low cost construction in Middle East and Thailand.

The delegate from Australia with a wide experience in this field was of the strong opinion that the main aid in marketing was to manufacture the Lesser Used Species into saleable products.

The delegate from Brazil, Mr. Ivan Tomaselli, in leading the Latin American perspective, said that sustainable confidence in future markets was a pre-requisite to sustainable management. It was essential that all in the wood chain have an equal chance to benefit. Sustainable production concepts have been adopted in the area but the terms to achieve this are not yet fully accepted.

The region is only a minor player on the international market and is concentrated on only a few species. As in other areas consumers expected to pay less for the so called new species. This was not acceptable. It was essential that increased revenue was obtained from that source to enable acceptable forest management techniques to be maintained. Barriers to the introduction of new species were not found at industrial level but they were being created by the consumer dominated sector. Technology is available to transform most of the L.U.S. into quality wood products. It appears more and more that tradition is the major obstacle.

The initial reaction is that by increasing species, operating costs are reduced to allow the funds generated to be used to finance reforestation. It should be pointed out that to create a gap in prices between the L.U.S. might lead to a reduced market in the species at present being sold leading to a reduction in revenue being returned to forest management. This would not be acceptable.

The delegate from France maintained that forest resurgence does not depend on the actual number of species in the forest. Unless some L.U.S. are extracted and used these could, depending on the number, be an obstacle. If a small number are taken it allows the younger trees to grow more rapidly and allows a young balanced forest. If however L.U.S. are only few it is uneconomic. If there is only small volume in forest they may become extinct. Therefore time must be spent on reasonable statistics on volume.

It was considered by a delegate from the Netherlands that more time should have been spent on the report prepared on this subject from previous discussions.

Questions were asked about variation of species in Latin America particularly in the heavier density. The speaker claimed that since Latin America sold a comparatively small volume on the international market, if only 50% of the lower density species now available could be used it would provide a vast volume for sale. He repeated 80% of sales at present were in only 3 species. Bolivia was experimenting with high quality decorative species mainly for plywood. But color was the main problem not density. That country needed a clear list of characteristics that would make a species acceptable and the consumer must become less narrow minded in his attitudes.

Mr. Enrique Toledo from Peru presented an additional view from the Latin American perspective and presented what was considered by some to be a model program for promoting the use of L.U.S. He maintained that the integration of new species required deep and detailed analysis. Frequent doubts had been raised on the ecological effect. It was clear from their experience that a long term plan was essential, taking into account land use planning, environmental considerations, government policy, trade reactions and finally an international marketing effort. All

these displayed a joint effort towards Target 2000. New models of action from forest to consumer were developed.

Out of a total of 72 species, 42 were selected as worthy of consideration - over a period of 18 months various tests were carried out and 12 in international market and 16 in the local market were acceptable. Industry and trade set up projects for use in construction and joinery.

The ecological situation was then examined and the 12 chosen from 42 showed environmental satisfaction. The others are still being examined. The increased number of species provides a productivity rate of 40/50 m³ per ha compared with a normal low of 10/15 m³ per ha. It is hoped that the forest inventory for this programme could be increased to cover more species. Most of these were selected from areas with a volume of 0.7 m³ or more of each of the species per ha.

The unit cost is most important with 40/50 m³ per ha; there is a guarantee of forest restoration. With 10/15 m³ per ha, the higher break-even cost made the project uneconomic. One particular species was *Calycophyllum* which had a high acceptability coupled with a high growth rate in flooded areas. All the technical problems were solved and overall gave good results.

The species research was followed by a trade mission to 6 countries in Europe. The consumers agreed that 16 species were very attractive for a variety of uses. The Peruvian suppliers also provided between one and three sample containers of various products including lumber as S4S, flooring and other joinery products. These were of immense value in promoting the products. Finally, research is being carried out in conjunction with a university in the Netherlands to continue with this activity.

The speaker warned that one must be aware of the limitations of some species and recommended that species available should be checked against the 22 parameters laid down in the research project. It should also be integrated within ITTO objectives. If after a cost study of any species provided the potential then together with a high added value content it gave new horizons in the forest and a strong boost to sustainability.

The first speaker from a consumer country was Mr. Shigeru Takagi from Japan.

With a consumption overall of 111 million m³, nearly three quarters of which was imported, this country is the most vital segment in the whole of international trade. Of the 111 million m³ about 17% came from tropical sources (mainly from S.E. Asia).

It was the opinion in Japan that L.U.S. contributes to the efficient use of forest resources in many different ways. Among them would be the efficient use of wood from areas clear cut for agriculture; with wood from permanent forest estate (with selective cutting) and promoting timber from planted forests. Timber used in this way assisted to decrease the pressure on natural forests.

Generally speaking already many of the so-called L.U.S. have found a ready market in Japan. In an annex presented with the paper 180 species were listed as being used in Japan within recent years. Many could be used in almost any sector of the manufacturing industry. Since 1964 the Government Forest Experimental Station has conducted tests on these species. Data has been tabulated for effective utilization.

The results of this evaluation enabled suitable end uses to be found for each species. One such species is *Albizia falcata* which is used in plywood manufacturing and is superior to many other species in veneering due to its excellent adhesive qualities. It is also used as material for thin and lumber core plywood.

The Forest Agency is continuing the development survey for example with rubberwood for furniture. Since the Government of Japan is keen to promote L.U.S., research is continuing into such likely products as fibre and particle board and laminated sections.

These facts presented are given as an example of finding appropriate end uses against the properties on many species.

The first of the European speakers was Dr. H. Stoll from Germany, who explained he was a producer and an importer. He gave figures produced by C.T.F.T. in France showing that only about 120 species out of many hundreds are in common use. He was convinced that an increase in L.U.S. and sustainable management was firmly linked and is economically and ecologically sound.

The more possibilities forest management has in selecting species for harvesting, the better it can ecologically orientate the felling plan. The more species which can be sold, the higher the economic value of the forest for sustainable management. The intensity of natural regeneration and the success of enrichment planting varies from species to species and location. The best management of tropical natural forest therefore needs sound market conditions and good sales possibilities for the whole spectrum of existing species. Fashion and the difference in quality and specification varies all over Europe in a very conservative market. The further North the slower was the acceptance of L.U.S. and quality standards were unnecessarily high. He did not believe Europe would provide a steady increase in demand for these species and it would be necessary to look elsewhere, in industrial and developing countries and in local markets for house building and other constructions.

He believed it was necessary for price incentives to be introduced to open up a new market and suspected that some markets in developing countries could be attracted in this manner. In setting prices it had to be borne in mind that strong competition was evident from softwood and non-wood materials. It is also essential that the right species with the correct technological data on working qualities, etc. was provided for the correct end use. In conclusion, he said it was most important that to open up the market producer governments should be flexible on fixing forest stumpage fees and export taxes.

Dr. Stoll was followed by Mr. Kees Bosdyk of the Netherlands Timber Trade Association. He took a different stance to a very similar view. He thought L.U.S. was the better term. If they were at first unknown to the market and they needed more details on their characteristics. The Dutch project mentioned by the Peruvian delegate was recommended as providing these details. In addition there had to be positive incentives. If these could be provided it would assist towards Targe 2000.

There was obviously two different kind of forest with the heterogenous forests having the greater variety. There had to be continuity of supply, stable prices and concentrated promotion to achieve positive efforts. Timbers of a similar kind needed to be dried together and capable of gluing. Sound forest management was a major incentive in itself.

In introducing L.U.S. they must have a special price and sold through existing trade channels. Attempts to by-pass this had not been successful. The European market perspective must be examined and combined with local markets. In this way the combination would be capable of exploiting the full range of quality and quantity available.

The question of price differential with primary species was raised by the Finnish delegate. Both speakers agreed that in general prices were too low for tropical timbers. They were kept at too low a level due to the oversupply situation and competition from other wood and non-wood products.

The delegate from France contended that too much concentration on international markets was wrong and we should not go along that avenue. With internal consumption being so high the exporters should be selective. There should be specific timbers sold externally and all other used locally. Markets should be developed and he mentioned specifically the case of maritime pine where a market had been created. He also suggested that in instances of the local market begin too small then regional markets should be developed.

The second day's discussions were opened by Mr. Frank Sheridan from the United States, who presented the perspective from North America. He said the subject of L.U.S. and sustainability was fast becoming inseparable in the tropical forest issue.

He believed the rapidly increasing populations would take up much of the available reserves, which the lessons of the past had provided. He instanced lauan being replaced by merante and now that species with other Far Eastern woods.

The potential in the American market for L.U.S. is segmented to include rotary veneer and plywood, sliced veneer, decorative and specialty lumber and other lumber products. Details were given of species which had been used in combination with local American species. He contended that a complete market study was not essential. Although there may be a problem with smaller diameter logs he maintained there now was machinery able to cope.

In specialty lumber and other lumber products there was a wide variety of use - including decking and piling, truck floors knife and tool handles, drawer guides and many others. In the decorative field it was more difficult as architectural acceptance was difficult and furniture designers had to be persuaded to include L.U.S. in their projects. Timber importers are also reluctant to offer a wood with a similar look to these already in their range.

Once the problems are solved (and to solve them both lumber and sliced veneer was needed) then public acceptance had to be sought in areas ranging from door jams to picture frames, with both ends of the market both high and low being satisfied. The supplier must be willing to listen to the importer as to specification and quality to satisfy these markets with one essential being speedy and reliable delivery with continuity essential.

He then proceeded to outline ways the market could be developed and suggested an importer of group of importers could be selected to develop the market for one or more species. Promotion by the producer and assistance by ITTO should be available to develop this idea. This assistance to importers and trade associations would be beneficial since no new channels need be established. An area of difficulty might be sliced veneer but this could be overcome by promoting a L.U.S. which complemented the better known timbers. The environmental aspects of L.U.S. could be used to help promote acceptance and could combat some of the pressures of boycotts which are appearing in various areas.

In conclusion Mr. Sheridan said:

1. The American potential for L.U.S. is there and growing.
2. Marketing of L.U.S. is important to overall sustainability.
3. Only by co-ordinated effort by ITTO and its members could success be obtained.

A workshop should be convened of all interested in the resource together with those who know the market and persuade them to work together in prioritizing those areas for promotion. In the U.S. the IHPA encouraged suppliers to attend their annual convention and extended an invitation to all suppliers to attend in 1993 and slots would be provided by individual promotions and plenty of time given to show importers what is available. This approach will be expanded the following year with a wide ranging world of wood exposition. The opportunity is there, producers should accept it.

In answer to questions it was stated that the U.S.A. was in tight timber situation and already seeing more mouldings and other products in L.U.S. One of the fastest growing market in the U.S.A. was composite lumber and panels. There was ample scope for expansion in this sector. It was mentioned that although the economy had not yet fully recovered from the recession the U.S.A. was still one of the largest market in the world. The opportunity was there for those who wished to take it. In reply to questions about further processed products the speaker referred delegates to the I.T.C. publication "Secondary Processed Wood Products". Dr. Duncan Poore from the International Institute of Environment and Development presented some reflections on the subject of L.U.S., not as a trader but as one who had been involved in various ITTO projects particularly on sustainability. He maintained there will always be species change especially given

the results of last 50 years. His terminology was "commercially less acceptable" or better still "less used".

He did not intend to discuss sustainability as this was laid down in the ITTO criteria which all might use.

International trade is not an island - part of the larger pressure to extract from the forest is both local and international. We must also consider other economic projects from the forests. With trade always evolving and great uncertainty one never knows that the world will be like when the present young trees grow up. Those we now call L.U.S. could be quite common in the market.

The L.U.S. can and will enter the market and provide greater opportunity and incentive as well as income to forest managers. This could give greater feasibility in silvicultural planning but also greater responsibility to avoid risk of higher damage.

Conditioning of both markets and forest is fundamental: they must be optimised and not maximized. Taking a factory as an analogy one pays attention to machines and people. They must be looked after correctly; so must the forest.

He made the point strongly there is no one "tropical forest", but many and varied types of tropical forests. The health therefore must be site specific and flexibly designed. Those concerned should know their forests and know them well. Good planning needs to cover:

- (1) future productivity;
- (2) erosion;
- (3) water quality; and
- (4) biodiversity.

Management plans must show the detailed planning to cover all these. He confirmed all this meant greater responsibility with a need for much more advanced information, on inventory, species and markets.

It was stressed that there was no need to take immediate advantage of the market or the supply but it might be sometimes better to wait. This meant a continuity of responsibility for the owner or manager to profit in the long run. The degree of opportunity must be extended to be successful.

The comments and queries were on various issues and covered amongst other Environmental Impact Assessments (EIA). Dr. Poore thought it important for managers to maintain high standards and EIA might be useful in principle as long as they did not become a bureaucratic hurdle.

Regarding questions on biodiversity he agreed that in harvesting there was bound to be change. National policies must define the change they are prepared to accept. Dr. Poore agreed with Professor Nilsson that there was a large diversity even in areas in the same country and better knowledge was required on species composition.

The delegate from Peru agreed there could exist incompatibility between biodiversity and managed forests - we should have productive and protective forests - with new use for different soils to generate other products. Whilst we may lose some biodiversity, forests which are under permanent sustainable management, with natural regeneration controlled correctly, will have better forests than at present.

The F.A.O. delegate brought the discussion back to the general theme and considered that the marketing side was no different to the marketing of any new or reasonably unknown product - know your market and develop strategies accordingly.

Finally Dr. Poore agreed that in the ITTO booklet "Criteria for the Measurement of Sustainable Forest Management" the term "should use" was better than "might use" and one additional essential criterion for sustainability was the continuity of a sound market for timber and forests products.

CONCLUSIONS

This subject is not new. For many years timber men have discussed with varying degrees of interest methods of increasing the range of species in the market. However in view of the ready availability of the more common timbers interest has always fallen away.

It was clear from the presentations that there is no one easy solution. The three supplying areas with different forest pattern of resources need to follow different paths. In most of S.E. Asia with its homogeneous forest the small percentage of lesser used species is readily absorbed by local markets and in the construction markets of the Middle East. In Africa and South America with their heterogeneous forests and a declining source of the better known timbers, action was required to maintain the trade within the concept of sustainable management.

Motivation

Governments, foresters and the timber trade can see various merits in increasing the number of species extracted. Within well managed permanent forest there will be an upper limit to the number of stems which should be extracted per hectare, in order to preserve a desirable level of tree cover and species mix for future harvests. In some tropical forests the number of species in commercial use may be few and the number of stems per hectare low, which would allow more species to be taken. Where there is conversion forest destined for complete clearance, then maximising the utilisation of species has merit. Where there has been undue pressure on commercial species, there will be reason to control extraction of these and encourage extraction of others.

Governments will also sense the possibility of increasing revenue from the forest products industry. Foresters may see a need to extract more species, but they do not always appreciate the technical and commercial problems. Where forest communities have agreed to logging, they too will note the possibility of additional income.

The timber industry itself will be motivated by its *raison d'être* to be profitable and to seek opportunities to remain profitable or increase profitability. The easiest and least risky route is to sell products which are already accepted in the market. The industry will extend this view to consideration of timbers now known in the market if (a) it believes that maintainable profitable business can eventually be added to its existing activities, (b) because its existing business, for one reason or another, will be unable to maintain marketing of its existing species, (c) where it is able to adopt dynamic philosophies to utilise the maximum number of species and recover the maximum amount of wood from each log in a variety of complementary processes, or where (d) at substantial pioneering risk it considers and entire forest resource with species unknown in the market place.

Presentation of data and information are only part of the process of pioneering, introducing and promoting lesser utilised species. Nevertheless the information should be provided in a form most likely to be attractive to the end user. This means identifying end uses and concentrating on realistically showing how the new timber meets specific technical needs. Comparisons with species already in the market should be carefully handled and realistic.

It has been the case that what is regarded as "lesser known" in one producer country and its traditional market is already being regularly extracted by a neighboring nation.

There are, despite some comments made, ample nomenclature (include ITTO publications) in the various areas giving technical details of many species. Before considering more deep research the vast amount of information available should be reached.

Evaluation

Commercial prospects for a species have to be assessed in a realistic and practical manner. Adequate precautions should be taken to ensure that intensive harvesting does not damage the forest.

Inventories

Accurate forest inventories provide the foundation for assessing a resource base. It is important to know species, diameters, volumes, distribution, scarcity and abundance, and accessibility.

In addition, the form of the tree and the quality of wood content influence its commercial potential. Standing trees may suffer from inherent defects which will adversely affect conversion rates, utilisation and saleability.

Transport

Heavy species cost more to transport than lighter weight woods. Haulage over long distance incurs higher costs and can render lower value species non competitive.

Processing

If utilisation of a species involves lower conversion rates, slower production and lower volume output; if there are difficulties over wild grain, mineral deposits, tension wood, poor surfaces; if drying is a problem; and if a company is under-resourced to undertake measures to combat risk of stain, fungal and insect attack, then there is disincentive to continue with a species.

Market Development

The supply chain for exports is long and has a number of links. Everyone in the chain has to be committed to the pioneering activity. Everyone must see potential reward. Everyone must believe that once business is started it can be maintained.

We have to avoid the mistake of endeavouring to direct promotional work at the final user in a distant market before being sure that the trade production and distribution system is able to back up promotion and sales with commercial volumes of the right form and quality.

If a species is only available in small volumes, then over-stimulation of the market can be counterproductive.

Buyers can usually only cope with a limited number of species at a time.

There must be a good understanding of the market. Is it a growth market? The prospects of selling new species into a recession hit country are likely to take second place to trying to sell the well established woods.

In a difficult market importers under pressure from their accountants tend to reduce the number of species held in stock to those where there is a record of repeat orders.

Are there species in the market which are becoming scarcer or pricing themselves out? What are the competitive species/materials? How can they be displaced?

To be competitive means more than technical comparisons: maintained quality, good presentation, shipment on time, follow up volumes, shipping costs.

MORE POSITIVE APPROACHES
The Value of the Local Market

Depending upon its size and sophistication, the market within the producer nation can be important in enhancing opportunities for the forest industries sector. It is customary in the developed world to evolve products and establish profitability in the home market before launching into exports. In the tropical timber sector it does not always work this way. Nevertheless there is plenty of scope to encourage producer Government departments to extend the range of species listed in their requirements and even to promote wider use of wood to save on imports.

It is by no means discriminatory or downgrading to improve sales prospects of low value woods in local markets because they cannot compete overseas.

The foregoing are just some of the considerations but they serve to show that a great deal of planning, co-ordinating effort and above all patience and persistence are needed to achieve the important stage of trial shipments on a commercial basis which is a critical step in getting business going.

Single isolated attempts are likely to be unsuccessful except in the case of those relatively few timber companies and associations which have the international linkages and can afford to devote time and resources to seeking outlets. Even they meet with many failures and their motivation to do work depends very much on how important it is for them to find homes for new timbers.

Efforts of this kind require full time attention by those who are well versed in commercial problems as well as timber technology, and who are prepared to patiently achieve success through continual effort and imagination.

To endeavour to force producers to fell more species without recognising the limited ability of most of them to influence exports is more likely to harm a nation's timber business than aid it. At the extreme, lesser known species in themselves are not the best incentive for high investment in tropical forests, unless they can become better known and more acceptable.

The trend towards processing at source will enable more species to be used in products like plywood, and shortages will no doubt develop in the availability of some major commercial species so that changes will occur in relation to national economic development and levels of resource utilisation.

The foregoing are just some aspects of the problem. Exactly how a nation might organise and fund major continual timber development will depend on many factors, but however it is done, it must involve the thinking and experience of people at all stages of the business, from the forest to the market.

The report given by the delegate from Peru considered by all as an excellent paper and a model which could be followed. This was based on the ITTO project 37/88 Rev.3, executive summary 1991 and entitled "Industrial Utilization of New Forest Species in Peru, Phase I".

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APPENDIX C

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

PD 3/92 (M) IMPLEMENTATION OF THE INTEGRATED FOREST STATISTICS
SYSTEM

Summary

This project proposes to undertake further development of an Integrated Statistics System (SIEF) in Honduras which was installed as part of an information system set up under an earlier FAO/UNDP funded project on "Institutional Support for the Improvement of Forest Activities".

The development will cover statistical data, information and census of the forestry sector in the economy, in particular forest resources, and other macroeconomic information.

Data will be collected and entered into a data base for dissemination. It is envisaged that the system will be integrated with other compatible forest information system world wide where possible.

Comments of the Expert Panel

The Panel examined the objectives of the project which is a follow-up to a FAO/UNDP funded project. It appeared that the present project aimed at designing a computer model to assist in collecting, collating and analyzing reliable data on forest resources and the economy. However, it was the Panel view that there was not a clear statement of objectives and meaningful correlation between objectives and outputs. There was need to provide more detailed and relevant information on the previous FAO/UNDP funded project to enable meaningful appraisal of the present project proposal. Nor was there enough information on the kind of simulation model to be designed and the practicalities and activities involved in the data-gathering and economic analysis to be undertaken. There should also be greater emphasis placed on data collection and policy analysis.

Recommendations of the Expert Panel

For these reasons the Committee felt that a number of clarifications should be made and further specific elements should be included to improve the content of the proposals. The Committee made the following recommendations:

1. The statement of objectives relating to macro-economic information should be made more specific and should not relate merely to collection of statistical data but even more appropriately to the analysis of the data.
2. There should be greater emphasis given to data collection and policy analysis. This must be clearly set out in the activities envisaged under the Project.
3. There must be clarification on the functions of the administrative support staff; and also in particular on the job description of the "compilers" who, in the view of the Panel, should be more appropriately designated as "programmers" if the intended functions were to be performed.
4. The Budget might need revision to reduce the high cost of administrative support staff and maintenance of equipment under the relevant items of the project budget.
5. Since the Project budget exceeds \$400,000, the project document should fulfil the requirements of the revised ITTO Project Cycle. It should, therefore, include provisions for a Project Steering Committee and the necessary ITTO Project support costs.

Conclusion

The Panel concluded that it was essential to reformulate the Proposal, incorporating the general thrust of the queries raised, before the Project could be commended to the Committee for appraisal.

Assessment by the Committee

The Committee decided to defer consideration of this Project since the amendments and revisions called for by the Expert Panel had not yet been submitted by the Government of Honduras.

PD 12/92 (M,F,I) SEMINAR AND STUDY TOUR ON TECHNOLOGY TRANSFER IN TROPICAL FOREST MANAGEMENT AND UTILIZATION

Comments of the Expert Panel

The Panel welcomed the intent of the Project to give concrete expression to ITTO's Action Plan on technology transfer. The Panel viewed the activities of the Project against the general perspective of ITTO's activities and work under several other Projects. While such series of seminars and Study tours were useful ingredients in moving ITTO's objectives forward there was need at some stage to ensure the effective impact of such activities after due assessment of their correlation and coordination. The Panel expressed its firm conviction that such activities needed careful structuring and planning as regards their timing, scope and content if the outputs were to promote the specific objectives of the ITTO. In this regard, it expressed some concern over the timing of the Seminar and Study tour, over their scope which appeared too broad, and the lack of clarity in the statement of objectives in relation to outputs.

Recommendations of the Expert Panel

The panel made the following recommendations:

1. The Project should specify more clearly the objectives of the Seminar, and how they relate to the outputs.
2. The scope of the discussions at the Seminar should be more focussed. The discussion should focus on appropriate technology such as medium and small - scale units, indicating how technology transfer is to be effected, and what type.
3. The timing of the activities should be carefully reviewed in the light of ITTO's commitments and load of work.
4. The Study tour and sites for visits should be specified.
5. The duration of the Study tour should be so structured as to ensure adequate opportunity for a critical evaluation of the activities undertaken and the conclusions and observations made.
6. There must be the right selection of participants for the Study tour in order to achieve the intended outputs of the Project.
7. The budget should make adequate provisions to finance the participation of professional participants from the developing and producing countries.

Conclusion

The Panel concluded that the project proposal should be revised to address the above concerns. Subject to the essential modifications to be made to the text of the Proposals the Panel

concluded that the Project should be commended to the Committee for final appraisal and approval.

Assessment by the Committee

The Committee requested Japan to make further revisions in addition to those made in response to the comments of the Expert Panel, especially the cost and level of participation in the Seminar and Study Tour. Following the revisions and clarifications provided by Japan, the Committee decided to recommend that this project be approved for immediate implementation.

PPD 45/91 Rev.2 (M)

FEASIBILITY STUDY ON THE COMPILATION OF A MULTI-LINGUAL DICTIONARY OF FORESTRY AND THE ENVIRONMENT

Comments of the Expert Panel

The Expert Panel considered the Pre-Project proposals in the light of the revisions requested previously by it and by the Permanent Committee at its Ninth Session.

The Panel noted that the Permanent Committee had considered the activity to be useful and appropriate to be financed by the ITTO. The Panel considered that the revisions made to the scope and content of the feasibility study responded in the main to the needs and concerns previously expressed. There were, however, slight revisions which were further recommended to improve the usefulness of the final output.

Recommendations of the Expert Panel

The Panel made the following recommendations to the Committee:

1. The study should additionally envisage the possibility not only of compiling the usual hard-bound text of a dictionary but also of making the data available on diskette in order to widen circulation and user access.
2. It would be useful to associate the IUFRO also as a joint executing agency since the latter has a recognized network of institutions to ensure an efficient conduct of the study.

Conclusion

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

Assessment by the Committee

The Committee considered the revisions made to the Pre-Project document and noted that the implementing agencies will be IUFRO and the Association Française des Eaux et Forêts (AFEF). The Committee decided to implement the Pre-Project Activity.

APPENDIX C

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 12/92 Rev.1 (M,F,I)	a,c,f		a,b,c,d,e	a,b,c,d,e	318,679	6 months	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.

APPENDIX D

TROPICAL TIMBER MARKET FORECAST WORKSHEETS 1990-1992

Prepared by the ITTO Secretariat

NOTES:

1. This document summarizes the actual responses of member countries to the 1991 Forecasting and Statistical Enquiry. No attempt has been made by the Secretariat to provide incomplete data or to correct errors. Only standard volume and currency conversions have been made to ensure consistency of units. No attempt has been made to provide overall or regional totals due to the large amount of missing data.
2. Blanks imply data not provided; zeros imply quantities less than half of the specified unit.
3. Domestic requirements = production + imports - exports. Stock changes were not reported by most countries; as such actual domestic requirements may be higher or lower than those shown. Domestic requirements have also been calculated with partial data in some cases, leading to occasional negative values for domestic requirements.
4. m³ = cubic meter; ha = hectare

Worksheet 1a. Production, Trade and Consumption of Forest Products by ITTO Producing Member Countries (x 1000 m ³)																										
Country	Product	Coniferous Total												Non-Coniferous Total												
		Production			Imports			Exports			Domestic Requirements			Production			Imports			Exports			Domestic Requirements			
		1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	
ASIA																										
INDIA	Logs																									
	Sawnwood																									
	Veneer																									
	Plywood																									
INDONESIA	Logs																									
	Sawnwood																									
	Veneer																									
	Plywood																									
MALAYSIA	Logs																									
	Sawnwood																									
	Veneer																									
	Plywood																									
PAPUA NEW GUINEA	Logs																									
	Sawnwood																									
	Veneer																									
	Plywood																									
PHUPPINES	Logs	1																								
	Sawnwood																									
	Veneer																									
	Plywood																									
THAILAND	Logs																									
	Sawnwood																									
	Veneer																									
	Plywood																									

Worksheet 2a.		Value of Imports and Exports of Tropical Timber by ITTO Producing Members					
Country	Product	Imports (\$1000 CIF)			Exports (\$1000 FOB)		
		1990	1991	1992	1990	1991	1992
AFRICA							
CAMEROON	Logs						
	Sawnwood						
	Veneer						
	Plywood						
CONGO	Logs						
	Sawnwood						
	Veneer						
	Plywood						
COTE D'IVOIRE	Logs				5018735		
	Sawnwood				15554711		
	Veneer						
	Plywood						
GABON	Logs						
	Sawnwood						
	Veneer						
	Plywood						
GHANA	Logs	0	0	0	29492	26914	28094
	Sawnwood	0	0	0	75071	51858	57632
	Veneer	0	0	0	13090	11353	12338
	Plywood	0	0	0	661	520	558
LIBERIA	Logs				98487	108356	119171
	Sawnwood				6094	7700	8471
	Veneer				1304	1434	1577
	Plywood				426	469	516
TOGO	Logs						
	Sawnwood						
	Veneer						
	Plywood						
ZAIRE	Logs						
	Sawnwood						
	Veneer						
	Plywood						

Worksheet 2a.		Value of Imports and Exports of Tropical Timber by ITTO Producing Members					
Country	Product	Imports (\$1000 CIF)			Exports (\$1000 FOB)		
		1990	1991	1992	1990	1991	1992
ASIA							
INDIA	Logs						
	Sawnwood						
	Veneer						
	Plywood						
INDONESIA	Logs						
	Sawnwood						
	Veneer						
	Plywood						
MALAYSIA	Logs	1417	954	1186	996849	1281754	1372770
	Sawnwood	6375	5280	5759	1089955	928648	1009760
	Veneer	2179	1983	1981	74868	96901	85842
	Plywood	1169	815	991	293386	312914	301111
PAPUA NEW GUINEA	Logs				71074	95509	100926
	Sawnwood	14	15	16	1229	440	444
	Veneer				1395	443	842
	Plywood				2	7	8
PHILIPPINES	Logs	29976	28704	27445	2856	2185	1512
	Sawnwood	103	165	248	19424	16663	13886
	Veneer	4	4	4	13080	12491	11936
	Plywood	935	1197	1496	60226	59914	59571
THAILAND	Logs	219221	263410		30	15	
	Sawnwood	313239	364421		47471	54221	
	Veneer	1400	1983		14737	12489	
	Plywood	12019	15446		1828	1656	

Worksheet 2a.		Value of Imports and Exports of Tropical Timber by ITTO Producing Members					
Country	Product	Imports (\$1000 CIF)			Exports (\$1000 FOB)		
		1990	1991	1992	1990	1991	1992
LATIN AMERICA AND CARIBBEAN							
BOLIVIA	Logs						
	Sawnwood						
	Veneer						
	Plywood						
BRAZIL	Logs	3025			0		
	Sawnwood	22947			132323		
	Veneer	13931			33055		
	Plywood	568			63158		
COLOMBIA	Logs						
	Sawnwood						
	Veneer						
	Plywood						
ECUADOR	Logs	0	0	0			
	Sawnwood	0	0	0			
	Veneer	0	0	0			
	Plywood	0	0	0			
HONDURAS	Logs						
	Sawnwood						
	Veneer						
	Plywood						
PANAMA	Logs	9	9	9	0	0	0
	Sawnwood	277	285	293	223	230	237
	Veneer	0	0	0	0	0	0
	Plywood	273	281	289	321	331	341
PERU	Logs	4	4	5	0	0	0
	Sawnwood	0	0	0	249	549	604
	Veneer	171	171	189	25	25	28
	Plywood	142	142	156	63	63	69
TRINIDAD AND TOBAGO	Logs						
	Sawnwood						
	Veneer						
	Plywood						

Worksheet 2a.		Value of Imports and Exports of Tropical Timber by ITTO Producing Members					
Country	Product	Imports (\$1000 CIF)			Exports (\$1000 FOB)		
		1990	1991	1992	1990	1991	1992
AFRICA							
CAMEROON	Logs						
	Sawnwood						
	Veneer						
	Plywood						
CONGO	Logs						
	Sawnwood						
	Veneer						
	Plywood						
COTE D'IVOIRE	Logs				5018735		
	Sawnwood				15554711		
	Veneer						
	Plywood						
GABON	Logs						
	Sawnwood						
	Veneer						
	Plywood						
GHANA	Logs	0	0	0	29492	26914	28094
	Sawnwood	0	0	0	75071	51858	57632
	Veneer	0	0	0	13090	11353	12338
	Plywood	0	0	0	661	520	558
LIBERIA	Logs				98487	108356	119171
	Sawnwood				6094	7700	8471
	Veneer				1304	1434	1577
	Plywood				426	469	516
TOGO	Logs						
	Sawnwood						
	Veneer						
	Plywood						
ZAIRE	Logs						
	Sawnwood						
	Veneer						
	Plywood						

Worksheet 2a.		Value of Imports and Exports of Tropical Timber by ITTO Producing Members					
Country	Product	Imports (\$1000 CIF)			Exports (\$1000 FOB)		
		1990	1991	1992	1990	1991	1992
ASIA							
INDIA	Logs						
	Sawnwood						
	Veneer						
	Plywood						
INDONESIA	Logs						
	Sawnwood						
	Veneer						
	Plywood						
MALAYSIA	Logs	1417	954	1186	996849	1281754	1372770
	Sawnwood	6375	5280	5759	1089955	928648	1009760
	Veneer	2179	1983	1981	74868	96901	85842
	Plywood	1169	815	991	293386	312914	301111
PAPUA NEW GUINEA	Logs				71074	95509	100926
	Sawnwood	14	15	16	1229	440	444
	Veneer				1395	443	842
	Plywood				2	7	8
PHILIPPINES	Logs	29976	28704	27445	2856	2185	1512
	Sawnwood	103	165	248	19424	16663	13886
	Veneer	4	4	4	13080	12491	11936
	Plywood	935	1197	1496	60226	59914	59571
THAILAND	Logs	219221	263410		30	15	
	Sawnwood	313239	364421		47471	54221	
	Veneer	1400	1983		14737	12489	
	Plywood	12019	15446		1828	1656	

Worksheet 2a.		Value of Imports and Exports of Tropical Timber by ITTO Producing Members					
Country	Product	Imports (\$1000 CIF)			Exports (\$1000 FOB)		
		1990	1991	1992	1990	1991	1992
LATIN AMERICA AND CARIBBEAN							
BOLIVIA	Logs						
	Sawnwood						
	Veneer						
	Plywood						
BRAZIL	Logs	3025			0		
	Sawnwood	22947			132323		
	Veneer	13931			33055		
	Plywood	568			63158		
COLOMBIA	Logs						
	Sawnwood						
	Veneer						
	Plywood						
ECUADOR	Logs	0	0	0			
	Sawnwood	0	0	0			
	Veneer	0	0	0			
	Plywood	0	0	0			
HONDURAS	Logs						
	Sawnwood						
	Veneer						
	Plywood						
PANAMA	Logs	9	9	9	0	0	0
	Sawnwood	277	285	293	223	230	237
	Veneer	0	0	0	0	0	0
	Plywood	273	281	289	321	331	341
PERU	Logs	4	4	5	0	0	0
	Sawnwood	0	0	0	249	549	604
	Veneer	171	171	189	25	25	28
	Plywood	142	142	156	63	63	69
TRINIDAD AND TOBAGO	Logs						
	Sawnwood						
	Veneer						
	Plywood						

Worksheet 2b.		Value of Imports and Exports of Tropical Timber by ITTO Consuming Members					
Country	Product	Imports (\$1000 CIF)			Exports (\$1000 FOB)		
		1990	1991	1992	1990	1991	1992
AUSTRALIA	Logs						
	Sawnwood	74011	51999				
	Veneer	5799	6104				
	Plywood	19847	1973				
AUSTRIA	Logs	1481	1428				
	Sawnwood	14825	10634				
	Veneer	1844	1871				
	Plywood	1240	1043				
CANADA	Logs	81			2		
	Sawnwood	7003			384		
	Veneer	745			384		
	Plywood	20788			2798		
CHINA	Logs	27884					
	Sawnwood	9422					
	Veneer	1816					
	Plywood	272250					
EGYPT	Logs						
	Sawnwood						
	Veneer						
	Plywood						
FINLAND	Logs	0	0	0			
	Sawnwood	1841	1587	1587			
	Veneer	213	171	171			
	Plywood	297	228	228			
JAPAN	Logs	1434031	1316891	1171968	28	4	4
	Sawnwood	281487	184539	189798	174	88	90
	Veneer	54557	68165	58818	332	238	242
	Plywood	884045	795927	708822	3599	4690	4803
NEPAL	Logs						
	Sawnwood						
	Veneer						
	Plywood						
NORWAY	Logs	78	60				
	Sawnwood	2798	1784				
	Veneer	663	228				
	Plywood	3269	2304				
REPUBLIC OF KOREA	Logs						
	Sawnwood	4384	888	5830			
	Veneer	40	35	30			
	Plywood	28109	20590	22590			
SWEDEN	Logs	1347					
	Sawnwood	8284					
	Veneer	1847					
	Plywood	4879					
SWITZERLAND	Logs	4114					
	Sawnwood	970					
	Veneer	3225					
	Plywood	713					
USSR (CIS)	Logs						
	Sawnwood						
	Veneer						
	Plywood						
USA	Logs	5008	3001				
	Sawnwood	88331	86986				
	Veneer	21928	18448				
	Plywood	410453	347737				

Worksheet 2b.		Value of Imports and Exports of Tropical Timber by ITTO Consuming Members					
Country	Product	Imports (\$1000 CIF)			Exports (\$1000 FOB)		
		1990	1991	1992	1990	1991	1992
EEC							
BELGIUM - LUXEMBURG	Logs						
	Sawnwood						
	Veneer						
	Plywood						
DENMARK	Logs		1230	224			
	Sawnwood		18342	5077			
	Veneer		5576	2378			
	Plywood		9635	7751			
FRANCE	Logs						
	Sawnwood						
	Veneer						
	Plywood						
GERMANY (FRG)	Logs		70345				INSIGNIFICANT
	Sawnwood		137823				INSIGNIFICANT
	Veneer		34872				INSIGNIFICANT
	Plywood		51700				INSIGNIFICANT
GREECE	Logs						
	Sawnwood						
	Veneer						
	Plywood						
IRELAND	Logs		0				
	Sawnwood		46359				
	Veneer		0				
	Plywood		8119				
ITALY	Logs						
	Sawnwood						
	Veneer						
	Plywood						
NETHERLANDS	Logs		25718			4979	
	Sawnwood		293034			99647	
	Veneer		4977			7558	
	Plywood		60399			28194	
PORTUGAL	Logs		106	110			
	Sawnwood		13	10			
	Veneer		0	0			
	Plywood		0	0			
SPAIN	Logs						
	Sawnwood						
	Veneer						
	Plywood						
UNITED KINGDOM	Logs			13280			
	Sawnwood			249038			
	Veneer			11449			
	Plywood			227692			

Worksheet 3. Forest and Logging Areas by Forest Type (x 1000 ha)																											
Country	Forest Type	Total Forest Area			Area Reserved for Environment Protection			Area Allocated for Timber Production			Area Sustainably Managed for Timber Production			Area Logged:						Area Reforested							
														Selection		Clearcut		Other (specify)									
		1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992					
AFRICA																											
CAMEROON	Primary	21984	21964	21964	1804	1804		1881	1881		300	300															
	Secondary																										
	Plantation fast	13	13	13																							
	Plantation other	23	23	23																							
	Total	22000	22000	22000	1804	1804		1881	1881	0	300	300		0	0											38	
CONGO	Primary	20000	20000		1314	1314		13000	13000		4820																
	Secondary																									48	5
	Plantation fast	48	5																								
	Plantation other																									48	5
	Total	20048	20005		1314	1314		13000	13000		4820																48
COTE D'IVOIRE	Primary	400	400		350	350		50	50		10	10		5000	5000												
	Secondary	6800	6800		1800	1800		5000	5000																		
	Plantation fast	70	70					70	70																		
	Plantation other	10	10					10	10		10	10		5000	5000		0		0						2433	1000	
	Total	7080	7080		1850	1850		5130	5130																		2433
GABON	Primary																										
	Secondary																										
	Plantation fast																										
	Plantation other																										
	Total																										
GHANA	Primary																										
	Secondary																										
	Plantation fast																										
	Plantation other																										
	Total																										
LIBERIA	Primary	2500	2500	2500				2500	2500	2500	2500	2500	2500														
	Secondary	2300	2300	2300				2300	2300	2300																	
	Plantation fast																										
	Plantation other																										
	Total	4800	4800	4800				4800	4800	4800	2500	2500	2500														
TOGO	Primary	140	140																								
	Secondary	23	23								8	8		8													
	Plantation fast																										
	Plantation other																										
	Total	163	163		789	757	757	23				8	8		8												
ZAIRE	Primary																										
	Secondary																										
	Plantation fast																										
	Plantation other																										
	Total																										

Worksheet 3. Forest and Logging Areas by Forest Type (x 1000 ha)																									
Country	Forest Type	Total Forest Area			Area Reserved for Environment Protection			Area Allocated for Timber Production			Area Sustainably Managed for Timber Production			Area Logged:						Area Reforested					
														Selection			Clearcut			Other (specify)					
		1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992
LATIN AMERICA AND CARIBBEAN																									
BOLIVIA	Primary	48607			8131			20517						200											
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total	48607			8131			20517						200									1		
BRAZIL	Primary																								
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total																								
COLOMBIA	Primary																								
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total	48418			8150			472															18 18		
ECUADOR	Primary	11095	10542		2489	2489		4190	4743													1	2		
	Secondary	523	408		371	371		1752	1814													70	73		
	Plantation fast	70	70		5	5		50	50	5	5											8	10		
	Plantation other	8	8					8	8													79	85		
	Total	11696	11029		2865	2865		6000	6815	5	5														
HONDURAS	Primary																								
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total				715																				
PANAMA	Primary	3030	2980	2890	1528	1513	1498	1502	1447	1392				36	36	36				34	34	34			
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total	3030	2980	2890	1528	1513	1498	1502	1447	1392				36	36	36				34	34	34	0	0	1
PERU	Primary	71743	71743	71483	5753	5753	5753	65990	65990	65740							250	250	250				1	1	1
	Secondary	1257	1250	1250				1257	1250	1250												8	8	10	
	Plantation fast	254	260	280				254	260	280															
	Plantation other																								
	Total	73254	73253	73023	5753	5753	5753	67501	67500	67270							250	250	250				9	9	11
TRINIDAD AND TOBAGO	Primary																								
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total																								

Worksheet 4. Roundwood Removals by Forest Type (x 1000 m3)																									
Country	Forest Type	Total Removals			Removals from Forest Conversion Activities			Removals from Sustainably Managed Forests			Breakdown of Total Removals by Roundwood Category:														
											Non-coniferous veneer/sawlogs			Coniferous veneer/sawlogs			Pulpwood (all species)			Other industrial wood (all species)			Fuelwood (all species)		
		1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992			
AFRICA																									
CAMEROON	Primary																								
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total																								
CONGO	Primary	833	675	736				739	418	681	833	675	736												
	Secondary																								
	Plantation fast	477	511	537										477	511	537	8500 (poles)					11			
	Plantation other																								
	Total	1310	1186	1273				739	418	681	833	675	736	477	511	537						11			
COTE D'IVOIRE	Primary										2800	1221										8000			
	Secondary	11800																							
	Plantation fast																								
	Plantation other																								
	Total	11800									2800	1221										8000			
GABON	Primary																								
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total																								
GHANA	Primary																								
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total																								
LIBERIA	Primary	1350	1485	1634																					
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total	1350	1485	1634																					
TOGO	Primary										1843														
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total										1843														
ZAIRE	Primary																								
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total																								

Worksheet 4. Roundwood Removals by Forest Type (x 1000 m3)																									
Country	Forest Type	Total Removals			Removals from Forest Conversion Activities			Removals from Sustainably Managed Forests			Breakdown of Total Removals by Roundwood Category:														
											Non-coniferous veneer/sawlogs			Coniferous veneer/sawlogs			Pulpwood (all species)			Other Industrial wood (all species)			Fuelwood (all species)		
		1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992			
ASIA																									
INDIA	Primary																								
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total																								
INDONESIA	Primary																								
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total																								
MALAYSIA	Primary	40100	37963	35183	19991	19019	18019	20409	18944	17144	39129	36863	34083				971	1100	1100						
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total	40100	37963	35183	19991	19019	18019	20409	18944	17144	39129	36863	34083				971	1100	1100						
PAPUA NEW GUINEA	Primary	1450	1550	1600																					
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total	1450	1550	1600																					
PHILIPPINES	Primary	2570	2283	2018				2570	2283	2018	2155	1829	1495				335	358	397	12	10	25	67	80	99
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total	2570	2283	2018				2570	2283	2018	2155	1829	1495				335	358	397	12	10	25	67	80	99
THAILAND	Primary	881	707		0	0		0	0		491	309		0	0		0	0		0	0		390	398	
	Secondary																								
	Plantation fast																								
	Plantation other																								
	Total	881	707		0	0		0	0		491	309		0	0		0	0		0	0		390	398	

Worksheet 4. Roundwood Removals by Forest Type (x 1000 m3)

Country	Forest Type	Total Removals			Removals from Forest Conversion Activities			Removals from Sustainably Managed Forests			Breakdown of Total Removals by Roundwood Category:																	
											Non-coniferous veneer/sawlogs			Coniferous veneer/sawlogs			Pulpwood (all species)			Other industrial wood (all species)			Fuelwood (all species)					
		1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992	1990	1991	1992			
LATIN AMERICA AND CARIBBEAN																												
BOLIVIA	Primary	251			80						251			0			0								3			
	Secondary																											
	Plantation fast																											
	Plantation other																											
	Total	251			80						251			0			0								3			
BRAZIL	Primary	43100	39700								22900	19500		200	200											20000	20000	
	Secondary	199000	199000											6200	6900										53000	53000	143000	143000
	Plantation fast	98200	101900																									
	Plantation other																											
	Total	337300	337600									22900	19500		6400	7100										89000	89000	184000
COLOMBIA	Primary																101											
	Secondary	840									598																	
	Plantation fast	202												202														
	Plantation other																											
	Total	1042									598			202			101										82	9
ECUADOR	Primary	3985	4511		0	0		0	0		1585	1794														783	898	
	Secondary	1993	2258								783	898														397	449	
	Plantation fast	70	70								50	50		17	17											10	10	
	Plantation other	8	8								8	8																
	Total	6056	6845		0	0		0	0		2436	2750		17	17												1200	1357
HONDURAS	Primary	750								750				44			707											
	Secondary																											
	Plantation fast	1																										
	Plantation other																											
	Total	751								750				44			707										5600	
PANAMA	Primary	158	181	168	158	181	168				158	181	168															
	Secondary																											
	Plantation fast																											
	Plantation other																											
	Total	158	181	168	158	181	168				158	181	168															
PERU	Primary	847	847	890							727	727	750													95	95	110
	Secondary	100	100	110							95	95	100													5	5	10
	Plantation fast	132	132	132							130	130	130															
	Plantation other	6491	6491	6555																								
	Total	7570	7570	7687							952	952	980													100	100	120
TRINIDAD AND TOBAGO	Primary																											
	Secondary																											
	Plantation fast																											
	Plantation other																											
	Total																											

Worksheet 5		Industry Structure, Capacity and Employment								
Country	Enterprise	Number of Enterprises			Installed Capacity (specify units)			Number of Employees		
		1990	1991	1992	1990	1991	1992	1990	1991	1992
ASIA										
INDIA	Logging									
	Sawmill									
	Veneer									
	Plywood									
	Others									
INDONESIA	Logging									
	Sawmill									
	Veneer									
	Plywood									
	Others									
MALAYSIA	Logging							71300		
	Sawmill	1083						51067		
	Veneer	80						22800		
	Plywood	* incl. above						* incl. above		
	Others	854						8500		
PAPUA NEW GUINEA	Logging	34	39	40						
	Sawmill	30	30	30						
	Veneer	1	2							
	Plywood	1	1	1						
	Others	400	400	430						
PHILIPPINES	Logging	98	60	30	5049189 m3	4181285 m3	800000 m3	19184	11990	5915
	Sawmill	152	139	125	1704250 m3	1558500 m3	1401500 m3	18427	16849	15152
	Veneer	15	13	13	138250 m3	119750 m3	119750 m3	5829	4880	4880
	Plywood	45	43	43	1888750 m3	1830250 m3	1830250 m3	17319	18549	18549
	Others	30	30	30	357000 m3	357000 m3	357000 m3	5159	5159	5159
THAILAND	Logging	0	0	0				0	0	0
	Sawmill	658	662682		5500000 m3	5500000 m3		14580	14580	
	Veneer	15	15		289000 m3	289000 m3		3849	3849	
	Plywood	23	23		188000 m3	188000 m3		8285	8285	
	Others	4	4		86000 m3	86000 m3		430	430	

Worksheet 5 Industry Structure, Capacity and Employment										
Country	Enterprise	Number of Enterprises			Installed Capacity (specify units)			Number of Employees		
		1990	1991	1992	1990	1991	1992	1990	1991	1992
LATIN AMERICA AND CARIBBEAN										
BOLIVIA	Logging									
	Sawmill	217			2170000 m3			28210		
	Veneer	7								
	Plywood	2								
	Others	37								
BRAZIL	Logging							265000	230000	
	Sawmill	4200	3900					105000	90000	
	Veneer	150	130					6000	5300	
	Plywood	350	340					30000	25000	
	Others									
COLOMBIA	Logging									
	Sawmill	137			1135400 m3					
	Veneer	8			12900 m3					
	Plywood	7			86790 m3					
	Others									
ECUADOR	Logging	80	88					800	880	
	Sawmill	435	478					2200	2390	
	Veneer	6	7					120	140	
	Plywood	8	9					3400	3825	
	Others	11018	12120					47180	51900	
HONDURAS	Logging	304						8864		
	Sawmill	81			546700 m3			5802		
	Veneer									
	Plywood	2			15800 m3			1100		
	Others									
PANAMA	Logging	18	18	18				1373	1414	1456
	Sawmill	44	44	44	194000 m3	194000 m3	194000 m3	528	541	557
	Veneer									
	Plywood	3	3	3	24000 m3	24000 m3	24000 m3	150	154	158
	Others							5598	5785	5937
PERU	Logging	1112	1000	1100	4200000 m3	3800000 m3	4100000 m3	74800	70000	73500
	Sawmill	458	400	440	892000 m3	892000 m3	910000 m3	9120	8000	8800
	Veneer	7	7	7	55000 m3	55000 m3	60000 m3	490	490	490
	Plywood	7	7	7	105000 m3	105000 m3	105000 m3	980	980	980
	Others	152	123	133	3699000 m2*	3699000 m2*	3699000 m2*	568	480	504
				842000 units**	842000 units**	842000 units**	380	300	315	
TRINIDAD AND TOBAGO	Logging									
	Sawmill									
	Veneer									
	Plywood									
	Others									

* parquet
** truck boxes

TENTH SESSION
6 - 14 May 1992
Yaoundé, Cameroon

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL
TENTH SESSION OF THE PERMANENT COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT
6 - 14 MAY 1992

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1. Introduction

The Tenth Session of the Committee was opened, on 6 May 1992, by the Chairman of Reforestation and Forest Management, Dr. Amantino Ramos de Freitas (Brazil).

2. Adoption of Agenda and Organization of Work

At the first meeting on 6 May 1992, the Committee adopted the Agenda of its Tenth Session as contained in document PCF(X)/1.

3. Admission of Observers

A list of observers admitted by the Committee to attend its Tenth Session is contained in document ITTC(XII)/Info.5 Add 1.

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

The Market Review was held on Thursday May 7, 1992 and the Committee noted that a report of this Session will be presented to Council by the Permanent Committee on Economic Information and Market Intelligence.

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

The Annual review was held on Friday May 8, 1992 and the Committee noted that a report of this Session will be presented to Council by the Permanent Committee on Economic Information and Market Intelligence.

6. Review of Activities in Progress

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

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

The Committee noted the preliminary discussions held between the Secretariat and the representatives of private concessionaires in both Brazil and the Philippines and expressed the hope that the publication of the ITTO Criteria for Sustainable Forest Management would help to accelerate progress in this important activity area.

- (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 with this activity since its last session and noted that a joint ITTO/FRIM mid-term review would be held after the Twelfth Session of the Council and that a full report would be presented to the Eleventh Session of the Committee in November, 1992.

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

The Committee noted that the pressure of other work had prevented the Secretariat from taking specific action in this field since the last Session. However, it also noted the active work in this field under PD 86/90 (F) [International Network for developing Human Resources for Tropical Forest Management] and looked forward to expanded activity under this Project.

- (iv) The Council decided, at its Ninth Session in Yokohama in November 1990, to establish a temporary Working Group, which should develop recommendations and principles for the preparation of Guidelines for Management of Tropical Forests Plantations. The Committee refined the report of the Working Group into document PCF (VIII)/4 Rev.1 and the Council endorsed its recommendation that the Executive Director publish the this document as the ITTO Guidelines on the Establishment and Sustainable Management for Planted Tropical Forests and promote its use throughout the international community and that \$30,000 be made available from the Administrative Account for this purpose.

The Committee noted that final editing of this document was completed and that it was ready for printing. It also noted that printing had been further delayed by uncertainties surrounding the Administrative Budget for 1992. The Committee urged the publication of this document as a matter of urgency and encouraged members to consider making contributions to the Special Account for this purpose.

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

The Committee noted the successful conduct of this Workshop in April 1991 and the subsequent publication of its proceedings. The Committee also noted the report of the Secretariat that as much as \$50,000 of the ITTO component of the funding for this activity was still remaining, and recommended that this money be made available to support the follow-up workshop approved under PD 149/91 Rev.3 with the concurrence of donors.

- (vi) In response to decision 6(X) of the Council, a Working group was convened to prepare Guideline Proposals on the "Conservation of Biodiversity in Production Tropical Forests" to complement previously approved "Guidelines on the Sustainable Management of Natural Tropical Forests". The Report of this Working Group was presented to Council in Document ITTC (XI)/7. This report was reviewed by the Committee and following considerable discussion, a revised document (ITTC(XI)/7 Rev.1) was accepted by the Committee as a basis for further discussion on the subject. The Council considered the Committee's deliberations and in Decision 9(XI) requested the Executive Director to submit the above revised document to member countries to act as a working paper for possible consideration at the 13th Session of the ITTC.

The Committee noted that copies of the revised document [PCF(IX)/7 Rev.3] were distributed on 13 March, 1992 to all members in the official language appropriate to that member. The Committee encouraged all members to consider this document closely before the 13th Session of the Council so that the document can be further refined by the Committee during that Session and considered as a basis for ITTO Guidelines in this area.

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

A report on the results of the consultative visit has been presented in document PCF(X)/6 and the Committee noted that this report contained both suggested fields of activity for integrated forest fire management in Indonesia and draft terms of reference for an ITTO Expert Panel on the Protection of tropical Forests Against Fires.

The Committee noted that the Government of Indonesia was reviewing the suggested activity fields and the apparent wide international donor interest in supporting fire management activities in Indonesia. The Committee therefore indicated that it looked forward to receiving any future proposals from the Government of Indonesia that might help complement Indonesia's efforts in this area and the efforts of other donors.

The Committee also noted the draft terms of reference for the ITTO Expert Panel on the Protection of Tropical Forests Against Fire and recommended that the suggested consultancy report be commissioned and that following the receipt of that Report that such a Panel be constituted, provided that voluntary contributions are available in the special account to support this activity.

7. Review of Project Work in Progress

The Committee took note of a status report by the Secretariat on the sixty-seven Projects, in the field of Reforestation and Forest Management, which have been approved by the Council but still not completed, contained in document PCF(X)/5.

- 1) PD 2/87 (F) Rehabilitation of Logged-over Forests in Asia/Pacific Region
- 2) PD 10/97 (F) Forest Management of Natural Forests in Malaysia
- 3) PD 15/87 (F) The Biology of Okoume in Gabon
- 4) PD 24/88 (F,I) Integration of Forest Based Development in the Western Amazon - Phase I - Forest Management to Promote Policies for Sustainable Production
- 5) PD 34/88 Rev.1 (F,I) Conservation, Management, Utilization and Integrated and Sustained Use of the Forests in the Chimanes Region, Beni Department, Bolivia
- 6) PD 53/89 (F) Preparation of a Master Land-Use Plan for Forest Areas, Cameroon
- 7) PD 55/89 (F) Research and Development Activities in the Framework of Forest Management Operations in Côte d'Ivoire's Closed Forests: Establishment of a Typological Classification of Forests on the Basis of Silvicultural Operations
- 8) PD 58/89 (F) Tropical Forestry Internship

- 9) PD 68/89 Rev.1 (F) Management of the Tapajós National Forest for Sustainable Production of Industrial Timber
- 10) PD 69/90 (F) Workshop on Sustainable Tropical Forest Management with Special Reference to the Atlantic Forest
- 11) PD 71/89 Rev.1 (F) The Economic and Environmental Value of Mangrove Forests and Present State of Conservation
- 12) PD 74/90 (F,I) Better Utilization of Tropical Timber Resources in Order to Improve Sustainability and Reduce Negative Ecological Impacts
- 13) PD 75/90 (F) Development of Genetic Resistance in the Tropical Hardwood Iroko to the Damaging Insect Pest: Phytolyma lata
- 14) PD 77/90 (F) Establishment of A Pilot Area for Silviculture in Closed Forests in Congo
- 15) PD 76/90 (F) Project Formulation Workshop for Establishing a Network of Genetic Resource Centres for Adapting to Sea Level Rise
- 16) PD 81/90 (F) Investigation and Application of Forest Management Systems in Tropical and Sub-tropical Rain Forests in the Choré and Bajo Paragua Forest Production Reserves
- 17) PD 83/90 (F,I) Research and Development in Logging
- 18) PD 84/90 (F) The Establishment of A Demonstration Plot for Rehabilitation of Forests Affected by Fire in East Kalimantan [Phase II of PD 17/87 (F)]
- 19) PD 85/90 (F) Technical Assistance for the Master Plan for Forest Plantations
- 20) PD 86/90 (F) International Network for Developing Human Resources in Tropical Forest Management (Phase I)
- 21) PD 88/90 (F) Sustainable Selective Harvesting of Mahogany in Bolivia
- 22) PD 89/90 (F) Sustainable Forest Management and Human Resources Development in Indonesia
- 23) PD 95/90 (F) Forest Management in the Alexander von Humboldt National Forest, Phase I, II, III
- 24) PD 97/90 Rev.1 (F) Multi Stage Survey of Tapajós National Forest
- 25) PD 98/90 Rev.1 (F) Establishment of the Tefé National Forest (Amazonas State)
- 26) PD 99/90 Rev.1 (F) Establishment of the Rio Preto National Forest (Espírito Santo State)
- 27) PD 100/90 Rev.1 (F) Establishment of the Ibirama National Forest (Santa Catarina State)
- 28) PD 101/90 Rev.1 (F) Case Studies on the Sustainable Forest Management
- 29) PD 103/90 Rev.1 (F) Training and Manpower Development in Community Forest Management

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| 30) | PD 104/90 Rev.2 (F) | Studies of the Management Standards of Hill Dipterocarp Forests in Sarawak from Watershed Management Points of View |
| 31) | PD 105/90 Rev.1 (F) | Model Forest Management Areas |
| 32) | PD 106/90 Rev.1 (F) | Development of the Lanjak-Entimau Wildlife Sanctuary as A Totally Protected Area, Phase I |
| 33) | PD 110/90 Rev.1 (F) | Forest Increment and Yield Studies for Sustainable Management -Phase I, II |
| 34) | PD 111/90 Rev.1 (F) | Assessment of the Biological Potential for Timber Growth, Increment and Yield in the Forests in the State Of Sarawak |
| 35) | PD 112/90 Rev.1 (F) | System Analysis, Modeling and Hierarchic Geographic Information System (GIS) for Research, Management and Development in Sarawak |
| 36) | PD 114/90 (F) | Workshop on Conservation and Sustainable Utilization of Mangrove Forests in the Latin American/Caribbean and African Regions |
| 37) | PD 115/90 Rev.1 (F) | Rehabilitation of Natural Forest |
| 38) | PD 116/90 (F) | Appropriate Forest Technologies |
| 39) | PD 117/90 (M,F,I) | Conference of Senior Foresters and Related Experts to Promote the Application of Sustainable Management of Tropical Forests |
| 40) | PD 119/91 Rev.1 (F) | Workshop on Women and Forestry - A Look at African Experiences |
| 41) | PD 128/91 Rev.1 (F) | Management, Conservation and Development of the Mangrove Forests in Panama |
| 42) | PD 130/91 Rev.1 (F) | Plantation Establishment Methods (First Phase) |
| 43) | PD 131/91 Rev.1 (F) | Pilot Project for the Sustained Management of the So'olala Forest |
| 44) | PD 132/91 Rev.1 (F) | Training Forestry Workers in Carrying Certain Tasks Related to Forestry |
| 45) | PD 138/91 Rev.1 (F) | Program for Sustainable Forest Management in the Ecuadorian Forest Institute |
| 46) | PD 139/91 Rev.2 (F) | Management Plan for the Sustained Production of Orey Forests in the Bocas del Toro Province |
| 47) | PD 140/91 Rev.1 (F) | Management Plan for the Cativo Forests of Darien |
| 48) | PD 147/91 (F) | "El Telegrafo" Reforestation Project |
| 49) | PD 148/91 Rev.1
(M,F,I) | Seminar on Economic Case of Sustainable Tropical Forest Management |
| 50) | PD 149/91 Rev.3 (F) | Technical Workshop to Explore Options for Global Forest Management |

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|-----|----------------------------|--|
| 51) | PD 156/91 (F) | Establishment of Two Model Forest Nurseries and Forest Management Project |
| 52) | PD 157/91 Rev.1 (F) | The Establishment of an International Network for the Conservation and Sustainable Utilization of Mangrove Forest Genetic Resources |
| 53) | PD 159/91 Rev.1 (F) | Studies for the Regulation and Sustained Management of the Tropical Rainforests of the Provinces of Napo and Sucumbios |
| 54) | PD 162/91 Rev.1 (F) | Intensification of Growth and Yield Studies in Previously Logged Forest |
| 55) | PD 164/91 (F) | Native Species Reforestation as an Alternative for Conserving the Panama Canal Watershed |
| 56) | PD 170/91 Rev.1 (F) | Modernization and Development of Egyptian Forest Nurseries |
| 57) | PD 171/91 Rev.1 (F) | Conservation and Management for Multiple Use and Development of Colombian Mangrove Swamps |
| 58) | PD 172/91 Rev.1 (F) | The Recovery of Natural systems of the Hillsides of Caqueta |
| 59) | PD 176/91 Rev.1 (F) | Sustainable Management for Production, Conservation Demonstration, Diffusion and Promotion Activities in Moist Tropical Forests in Ecuador's Northwest |
| 60) | PD 184/91 Rev.1 (F) | Multipurpose Tree Planting in Egypt |
| 61) | PD 185/91 Rev.1 (F) | Sustainable Forest Management and Development in Peninsular Malaysia |
| 62) | PD 188/91 Rev.1 (F) | Reforestation of Rioja |
| 63) | PD 189/91 Rev.1
(M,F,I) | Publication of an Andean Forestry Journal |
| 64) | PD 194/91 Rev.1 (F) | Recuperation and Demonstration Management of Secondary Forests in the Peruvian Amazon |
| 65) | PD 202/91 Rev.1 (F) | Sustainable Forest Management through Collaborative Efforts |
| 66) | PD 203/91 Rev.1 (F) | Study Relating to Forest Management in the Fazao-Sud Region |
| 67) | 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) |

The Committee noted the reports on progress with these projects in Document PCF(X)/5 and further discussed the substantive issues associated with a number of Projects in depth. Details of these discussions are as follows:

- | | | |
|----|---------------------|---|
| 1) | 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 |
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In addition to the report contained in Document PCF(X)/5, the Committee heard a presentation by the Project Director Ing. Luis Goitia and the Secretary of the Council of the Chiman People Sr. Jorge Anez. The Committee also considered a written report by Ing. Goitia and

an interim report by the independent consultant hired under the December 1 1991 Yokohama Memorandum of Understanding on the future conduct of the Project. Amongst other things, both reports contained proposals for revisions to the budget agreed to in the MOU.

The Committee expressed its appreciation to the Director of the project and the Secretary of the Council of the Chiman people and welcomed the progress that had been made in various aspects of the Project and the close cooperation that had developed between the project and the local peoples. The Committee hoped that similar close involvement of other local communities living in or near the forest could be achieved through the expanded participatory structures of the Project Consultative Committee and the Project Steering Committee and the community forestry/extension programme that were outlined in the Yokohama MOU.

Considerable debate ensued with regard to progress with the project. It was noted that the Government of Bolivia had submitted both the detailed accounts of expenditure of project accounts from all sources in January 1992, and that an audited report (in Spanish) had been presented to the Secretariat during the Council Session and was therefore still awaiting translation and assessment. In addition, the Committee noted that unavoidable delays with securing a consultant's services meant that the Consultant's report and the results of the April Round Table foreshadowed in the Yokohama MOU could not be made available to the Yaounde Session of the Committee, and that the Round Table was now scheduled to be held at the Project Headquarters in San Borja on June 15, 1992.

Debate then centered on the budget proposals presented by the project director. Concern was expressed that these proposals deviated in substance and detail from those agreed to in the Yokohama MOU and that the proposal to meet the costs of the Project Director's salary from ITTO funds was not in accord with the original project document in relation to relative cost sharing between the ITTO, the Government of Bolivia and other parties and could therefore not be endorsed.

Despite these and other difficulties surrounding the Project, the Committee reaffirmed both the importance of the Project and its continued support for the Project. The Committee recommended that continued funding be maintained in accord with the Yokohama MOU, and transition to Phase 2 be immediately approved subject to the Secretariat being satisfied that the detailed workplan and budget from all sources substantially conforms with the priorities of the Yokohama MOU and that the strength of financial commitment to the Project from the Government of Bolivia is not substantially different to that in the original Project Document that formed the basis for the initial approval for the Project and donor support.

With regard to the above, the Committee noted the comprehensive Terms of Reference for the Short-Term Consultancy Envisaged Under the Yokohama MOU prepared by the Secretariat and presented in Annex 3 of document PCF(X)/5. The Committee considered that these Terms of Reference were both realistic and achievable within the context of the two month/\$30,000 consultancy designed to work with existing project staff. The Committee therefore viewed with concern the statement in paragraph 1 of Section 2 of the consultant's interim report that while the above Terms of Reference formed the basis for the consultant's work, they "have not been followed in detail, of reasons that should be obvious to anybody with practical knowledge of the subject field". The Committee therefore urged the Secretariat to immediately contact the consultant to stress the necessity for his final report to substantially conform with the detail required in the terms of reference.

Lastly, the Committee noted with regret the statement of one of the original Project Donors, WWF, that it could no longer support the Project. This statement was conveyed to the Committee during the above discussions and the Committee noted the Statement by the Representative of WWF that the decision was taken more in sadness than in anger and that in the opinion of WWF a number of elements which they considered essential to the implementation of Phase 1 of the Yokohama MOU have not been implemented satisfactorily. The WWF representative indicated that they felt that there was no real indication that some areas will be dealt with as a matter of urgency and that the Project had continued for too long without dealing with the central issues.

The Committee was, however, pleased to note that WWF also indicated in their statement that they were still committed to the objectives of the Project and expressed a hope that WWF might review their decision pending a positive outcome from the San Borja Round Table in June.

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

The Committee noted the report on workshops held to review the conduct of PD 86/90 (F) presented in PCF(X)/7 and commented favourably on the implementation of the initial trial in the Asia-Pacific Region under the co-ordination of Dr. Frans Arentz of ANUTECH Pty. Ltd. The Committee recommended that:

- a. Approval be given for the budget proposed in Appendix 1 of the above report to allow the continuation of the Project until the end of 1992, including the provision for the production and translation of special summary editions of the ITTO Tropical Forest Management Update Newsletter in French and Spanish for Africa and Latin America respectively.
- b. The proposals for extension of the network during the Period 1993-1995 outlined in the above report and in the budget presented in its Appendix 2 should be formulated into a Phase 11 Project proposal and presented for consideration in the next Project Cycle leading to the November 1992 Session of the Council.

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

The Committee noted the minutes of the Project Steering Committee for PD 114/90 (F) that were presented in Annex 5 of PCF(X)/5, and gave its approval for the conduct of the Third Workshop in Okinawa in associated with the VII Pacific Science Inter-Congress, within the limits of current budget approvals.

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

The Committee noted that the proposed workshop had to be postponed from the original proposed date due to clashes with other forestry meetings associated with the lead up to the UNCED meeting. The Committee endorsed the conduct of the workshop in October 1992 provided the implementing agency can issue invitations to participants at least three months ahead of the scheduled date. The Committee also recommended that the Council approve a amended budget for US \$250,000 to meet the revised estimate of \$246,142 for the conduct of the workshop submitted by the implementing agency and a component for ITTO monitoring and evaluation that was not included in the original proposal. The Committee also recommended that, with the concurrence of donors, that the residual funds from the Bangkok workshop outlined item 6(v) above be reallocated for the purposes of conducting the follow-up workshop.

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

The Committee noted both the substantial Progress with the implementation of this project and the budgetary problems being experienced by the implementing agency because of the substantial devaluation of the Indian currency and the legal restriction on the Implementing agency holding non-rupee funds in India. The Committee therefore recommended to the Council that it approve the increase in budget of \$83,007 requested by the implementing agency.

6) PD 15/87 (F) The Biology of Okoume in Gabon,

The Committee noted the long history of this project and welcomed the advice of the Secretariat that the revision presented by the Government of Gabon to its last Session was fully consistent with the original objectives of the approved project. The Committee also noted the further refinement of the revision with the assistance of the TROPENBOS Foundation and recommended that the revised budget of US\$469,500 be approved by the Council. The Committee also noted the difficulties faced by the Government of the Netherlands in providing the finance it had pledged for this project at previous Council Sessions and its particular appreciation to the Government of Japan for its provision of financial support for the revised proposal.

In accord with recommendation 27 of the Report of the Committee to the Eleventh Session of the Council (PCF(IX)/18 Rev.1), the Secretariat has also prepared a catalogue of the Reforestation and Forest Management Projects that have been approved by the Council to date. This catalogue was presented to the Committee in document PCF(X)/8. The Committee noted the contents of the catalogue and recommended that the Secretariat maintain the catalogue as a regularly updated computerized information system on the Division's Project and non-Project activities.

8. Report on Completed Pre-projects

The Committee noted the Reports of the following pre-project work which has been completed since previous Session.

- (i) The Pre-project on "Silvicultural Treatment through Selective Felling as Part of A Pilot Forest Development Project in the South Bakundu Forest Reserve, Cameroon" was completed in March 1991. A Report on the Pre-project is presented in document PCF(X)/10. The Committee noted that a project proposal based on the Pre-project study has been presented for its consideration as PD 52/89 Rev. 4 (F).
- (ii) The Pre-project on "Manmade Forests of Indigenous Species - A Systematic Preparation to Industrial Tree Plantations, Ghana" was completed in 1991. A report on the Pre-project was presented in document PCF(X)/9 for the consideration of the Committee.

The Committee also noted the brief review of the Pre-project work completed since the Seventh Session was presented in document PCF(X)/4.

9 Review Pre-project Work in Progress

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

- (i) Management of Natural Tropical Moist Forests to Obtain a Sustainable Production of Wood and Other Forest Products and Maintain the Ecological Balance in Ecuador,
- (ii) Coordinated Natural Forest Management and Sustainable Rural Development in Areas Adjoining Sapo National Park, Liberia,
- (iii) Sustainable Development in the Amazon Region,
- (iv) Realistic Strategies for the Conservation of Biological Diversity in Tropical Moist Forest,
- (v) Sustainable Multiple Use,

- (vi) PPD 43/91 Rev.1 (F) Rehabilitation of Degraded Forest Land in the Amazon - A Case Study in the Carajas Mineral Province,
- (vii) PPD 44/91 Rev.1 (F) Review of the National Forest Situation so as to Establish a National Policy for this Sector in Colombia,
- (viii) PPD 47/91 (F) Survey of Progress on Technology Generation Regarding Dipterocarp Vegetative Propagation,

The Committee took note of a status report by the Secretariat contained in document PCF(X)/4, and noted the concern of the Delegation of Brazil that PPD 43/91 Rev.1 (F) had still not been financed. The Committee therefore commended both PPD 43/91 Rev.1 (F) and PPD 47/91 (F) to the attention of donors to the special account should it not be possible to automatically finance these Pre-projects from the Pre-project account at this Session.

10. Consideration of Project Proposals

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

Project List

Project No.	Project Title	Submitting Government
52/89 Rev.4 (F)	Forestry Treatment by Thinning Out in the Context of a Pilot Forest Development Scheme in the Reserve of Sud-Bukundu	Cameroon
81/90 Rev.2 (F)	Forest Management Research and Application in the Tropical and Sub-Tropical Moist Forests of the "Chore" Production forest Reserve	Bolivia
120/91 Rev.4 (F,I)	Development of Operational Model for Sustainable Management of Natural Tropical Forest	Malaysia
174/91 Rev.1 (F)	Rehabilitation of the Forest in the South-Central Region of Cote d'Ivoire	Cote d'Ivoire
175/91 Rev.1 (F)	Sustainable Forest Management in the "Bajo paragua" Production Forest Reserve	Bolivia
186/91 Rev.2 (F)	Tree Flora of Sabah and Sarawak	Malaysia
197/91 Rev.1 (F)	Development and Management of Lesser-Used Timber Species in the Philippines	Philippines
200/91 Rev.1 (F)	Evaluation and Impact Assessment of Community Forestry Projects in the Philippines	Philippines
201/91 Rev.1 (F)	Community-Based Timber Stand Improvement	Philippines
206/91 Rev.1 (F)	Research in the Auto-Ecology of the Main Forest Species Utilized	Zaire

208/91 Rev.1 (F)	National Center of Forest Tree Seeds	Zaire
210/91 Rev.1 (F)	Monitoring and Assessing the Impact of Logging in the Central Basin	Zaire
8/92 Rev.1 (F)	Growth and Increment of Fifty Commercially Viable Forest Species in Honduras	Honduras
9/92 Rev.1 (F)	Forest Management in Islas de la Bahia, Honduras, Central America	Honduras
10/92 Rev.1 (M,F)	Books and a Data-Base on the Major and Minor Commercial Timbers of South-East Asia Volume 5(1) and Volume 5(2) within the PROSEA Programme	Indonesia
11/92 Rev.1 (F)	Development and Dissemination of Re-Afforestation Techniques of Mangrove Forests	Japan
14/92 Rev.1 (F)	A Demonstrative Program of Sustainable Utilization by Category Management of Tropical Forests in Hainan Island, China	China
15/92 Rev.1 (F)	Establishment of a Germ Plasm Bank and Pilot Reforestation Units	Brazil
16/92 Rev.1 (F)	Timber Logging in Rondonia - Phase I: Socio-Economic Land Environmental Diagnosis	Brazil
18/92 Rev.1 (F)	Research-Development Associated with Management Operations in the Closed Forest of Cote d'Ivoire: Determination of a Forest Typology Related to Silvicultural Systems	Cote d'Ivoire
19/92 Rev.1 (F)	Contribution to Setting up New Industrial Plantations as Part of the Sectoral Forestry Project (1990-1994)	Cote d'Ivoire

Details of the technical evaluation of the Projects are given in Appendix I of this Report.

A Project Idea on "The Establishment of a Demonstration Area for Sustainable Forest Use in the Wood Resource Base of the Forest Enterprise" was prepared by the Russian State Association "Lesproeket" and submitted by the Government of Cameroon. After the presentation by the representative of "Lesproeket", the Committee considered that the proposal was much more developed than a usual Project Idea. The Committee also noted that the Proposal was consistent with ITTA objectives, the ITTO Action Plan and priorities and could therefore be further developed into a full Project proposal.

The Delegation from Congo submitted 12 Project Ideas for the consideration of the Permanent Committee. However, only 6 of them were directly related to the responsibilities of the Committee viz,

1. Integrated Pilot Management;
2. Conservation and Management of Bangou Forest Area;

3. Study on possibilities of using some natural forest tree species for plantation;
4. Inventory and Management of forests located in the north-west region of Congo;
5. Inventory and planning of the utilization of Limbe (Terminalia superba) plantations of the Mayombe dense forest in the South of Congo;
6. Improvement of Loudima Pins and Eucalyptus planted forests.

In his presentation, the Congo delegate indicated that these Project ideas had been identified during the TFAP process in the Congo and that Government of the Congo had already requested the ITTO Secretariat to send a project formulation mission to the Congo to help in refining these projects ideas into appropriate projects proposals. The Committee considered that projects 1,2 and 4 particularly met ITTO priorities, as defined in ITTO plan of action and particularly with regard to target 2000.

1. Decision on Pre-project Work

The following two Pre-project Proposals were submitted to the Committee for consideration.

Pre-Project List		
Pre-Project No.	Pre-Project Title	Submitting Government
PPD 1/92 (F)	Impact of the Rural Populations on Forest Development: Protection and Reconstitution of the Tropical Closed Forest in the SI-KOP (NDOM) Region, Coastal Province, Cameroon	Cameroon
PPD 3/92 (F)	Integrated Forest Project for the Production of Seedlings in Para State - Feasibility Study	Brazil

The Committee decided to approve PPD 3/92 (F) and to approve PPD 1/92 Rev. 1 (F) subject to any release of funds being dependent on the implementing agency, submitting a detailed workplan to the Secretariat that meets the requirement of the Secretariat with regard to detailed outputs from the Pre-project.

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

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

13. Dates and Venue of the Fourteenth Session

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

14. Other Business

The Committee did not consider any other business.

15. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations:

1. The Committee noted that the final editing of document PCF (VIII)/4 Rev. 1 was complete and that this document was now ready for printing as the ITTO Guidelines on the Establishment and Sustainable Management for Planted Tropical Forest. Furthermore, while the Council had previously approved that a sum of US\$ 30,000 from the Administrative Account be used for publishing these guidelines, the Committee noted with concern that uncertainties surrounding the Administrative Account may prevent publication during 1992. The Committee therefore urged members to consider making contributions to the Special Account to allow publication of this document as a matter of urgency.
2. The Committee urged all delegates to note that copies of the revised document PCF (IX)/7 Rev. 3 were distributed on 13 March 1992 to all members in the official language appropriate to that member. The Committee therefore wishes to encourage all members to consider this document closely so that it can be further refined during the 13th Session of Council as a basis for ITTO Guidelines on the Conservation of Biodiversity in Production Tropical Forests in accordance with Decision 6(X) of the Council.
3. That Council note the report of the consultative visit to Indonesia on the Protection of Tropical Forests Against Fire presented in document PCF (X)/6 and that it accept the draft terms of reference for the ITTO Expert Panel on the Protection of Tropical Forest Against Fire.
4. That the Council commission the recommended consultancy report and that following the receipt of that Report, an expert Panel be constituted in the manner recommended by the Consultative Visit referred to in 4 above, provided that voluntary contributions are available in the Special Account for this purpose.
5. The committee recommended to Council that in regard to PD 34/88 Rev. 1 (F) it note:
 - a. That the Committee reaffirmed both the importance of this Project and its continued support for the Project.
 - b. That continued funding be maintained in accord with the Yokohama MOU approved by the 11th Session of the Council, and that the transition to Phase 2 be immediately approved subject to the Secretariat being satisfied that the detailed workplan and budget from all sources developed from the consultant's final report and the Round Table of June 15 substantially conforms with the priorities of the Yokohama MOU and that the strength of financial commitment to the Project from the Government of Bolivia is not substantially different to that in the original Project Document that formed the basis for the initial approval for the Project and donor support.
 - c. With regard to the above, the Committee noted the comprehensive Terms of Reference for the Short-Term Consultancy Envisaged Under the Yokohama MOU prepared by the Secretariat and presented in Annex 3 of document PCF(X)/5. The Committee considered that these Terms of Reference were both realistic and achievable within the context of the two month/\$30,000 consultancy designed to work with existing Project staff. The Committee therefore viewed with concern the statement in paragraph 1 of Section 2 of the consultant's interim report that while the above Terms of Reference formed the basis for the consultant's work, they "have not been followed in detail, of reasons that should be obvious to anybody with practical knowledge of the subject field". The Committee therefore urged the Secretariat to immediately contact the consultant to stress the necessity for his final report to substantially conform with the detail required in the terms of reference.
6. With regard to PD 86/90 (F) that Council note the report on the workshop held to review the conduct of their project that was presented in document PCF (X)/7 and that:

- a. Approval be given for the budget proposed in Appendix 1 of the above report to allow the continuation of the Project until the end of 1992, including the provision for the production and translation of special summary editions of the ITTO Tropical Forest Management Update Newsletter in French and Spanish for Africa and Latin America respectively.
 - b. The proposals for extension of the network during the Period 1993-1995 outlined in the above report and in the budget presented in its Appendix 2 should be formulated into a Phase 2 Project proposal and presented for consideration in the next Project Cycle leading to the November 1992 Session of the Council.
7. That with regard to the conduct of PD 114/90 (F) that the Committee gave its approval for the conduct of a Third Workshop in Okinawa in association with the VII Pacific Science Inter-Congress within the limits of current budget approvals.
 8. That with regard to the conduct of PD 149/91 Rev.3 that the Committee endorsed:
 - a. The conduct of the Workshop in October 1992 provided the implementing agency issued invitations to participants at least three months ahead of the scheduled date;
 - b. That the revised budget of US\$ 250,000 be authorized against the current approved budget of US\$ 200,000;
 - c. That with the concurrence of donors, that residual Funds from the ITTO Activity sponsoring the Bangkok Technical Workshop to Explore the Feasibility of Forest Options for the follow-up workshop under PD 149/91 Rev. 3;
 - d. That the Asian Development Bank Contribution of US\$ 100,000 be administered through the ITTO Special Account rather than direct grant to the implementing agency;
 9. That with the regard to the conduct of PD 157/91 Rev. 1 (F), the approved budget be increased by US \$87,007 by the Council.
 10. That with the regard to the conduct of PD 15/87 (F) that the revised budget of US\$ 469,500 be approved by the Council, and that the Council note that the donor for this Project has changed from the Government of Netherlands to the Government of Japan..
 11. That the ITTO Secretariat maintain the Reforestation and Forest Management Catalogue presented in document PCF(X)/8 as a regularly updated computerized information system, and that the Council request the Secretariat to arrange for similar publication for the other Divisions in a format that will allow the easy production of an overall ITTO catalogue
 12. That the Council note the concern of the Committee with regard to the unfunded Pre-projects which were approved at the 11th Session of the Council - PPD 43/91 Rev.1 (F) and PPD 47/91 (F)
 13. That the Council note the Committee's commendation of PPD 43/91 Rev. 1 (F) and PPD 47/91 (F) to the attention of donors to the Special Account should it not be possible to automatically finance these Pre-projects from the Pre-project Account at this Session.
 14. That the Council approve PD 52/89 Rev.4 (F) and allocate US \$1,166,900 for its implementation on condition that no substantial release of funds take place until a detailed workplan that meets the requirements of the Secretariat is received by the Secretariat. Amongst other things, this workplan should include:

- a. A Consultative Committee to act as an official communication channel between the Project and all interested parties including any indigenous people living in the area or affected by the Project's activities;
 - b. A Steering Committee to guide the technical conduct of the project;
 - c. A time schedule and a detailed budget for all activities within the approved Project document;
 - d. An indication of how environmental and social impact assessment will be taken into account during the implementation of the Project.
15. That the Council approve PD 120/91 Rev.4 (F,I) and that US \$464,161 for its implementation subject to any substantive release of funds being conditional on the secretariat receiving a detailed workplan that includes amongst other things:
- a. A Consultative Committee to act as an official communication channel between the Project and all interested parties including any indigenous people living in the area or affected by the Project's activities;
 - b. A Steering Committee to guide the technical conduct of the project;
 - c. A time schedule and a detailed budget for all activities within the approved Project document;
 - d. An indication of how environmental and social impact assessment will be taken into account during the implementation of the Project.
16. That the Council approve PD 174 Rev.2 (F,I) and that US \$631,500 be made available for its implementation subject to:
- a. A Consultative Committee to act as an official communication channel between the Project and all interested parties including any indigenous people living in the area or affected by the Project's activities;
 - b. A Steering Committee to guide the technical conduct of the Project;
 - c. A time schedule and detailed budget for all activities within the approved Project document.
 - d. An indication of how environmental and social impact assessment will be taken into account during the implementation of the Project.
17. That the Council approve PD 186/91 Rev.2 (F) and allocate US \$712,800 for its implementation.
18. That the Council approve PD 10/92 Rev.1 (F) and allocate US \$1,068,041 for its implementation.
19. That the Council approve PD 11/92 Rev.1 (F) and allocate US \$815,850 for its implementation subject to the Secretariat receiving a detailed workplan that satisfactorily outlines an appropriate institutional structure for the conduct of the Project in thailand and other Asian pacific countries.
20. That the Council approve PD 14/92 Rev.1 (F) and allocate US\$3,000,000 for its implementation, on condition that no substantial release of funds is made until a detailed workplan for the implementation of the Project that meets the requirements of the Secretariat is received by the Secretariat.

21. That the Council approve PD 18/92 Rev.1 (F) and allocate 199.5 Million CFA (US \$598,558) for its implementation, on condition that no substantial release of funds is made until a detailed workplan for the implementation of the Project that meets the requirements of the Secretariat is received by the Secretariat.
22. That the Council consider approving PD 19/92 Rev.1 (F) with 147,000,000 CFA (US \$441,004) allocated for its implementation. However as the proposal was in essence seeking international funding to provide part of the national counterpart component for an investment loan, the Committee sought the guidance of the Council on whether such action was appropriate for ITTO.
23. That PPD 1/92 Rev.1 (F) be approved and US \$138,600 allocated for its implementation, subject to any release of funds being conditional on the Secretariat receiving a detailed workplan that meets the requirements of the Secretariat.
24. That PPD 3/92 Rev.1 (F) be approved and US \$107,625 allocated for its implementation.

16. Report of the Session

The Committee accepted this Report for submission to the Council.

Appendix I

TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

1. PD 52/89 Rev. 4 (F) Forestry treatment by Thinning Out in the Context of a Pilot Forest Development Scheme in the reserve of Sud-Bukundu.

The Sud-Bukundu Forest is typical of the moist forests in the south-east of Cameroon that have had a long history of both planned and unplanned logging, with much of the unplanned logging being due to small scale encroachment by local people seeking materials and cash to supplement their incomes from subsistence farming or day labour in nearby oil palm plantations. Sud-Bukundu will form part of the 20% of the total land area that the Government of Cameroon has decided will be retained as part of the permanent forest estate. While degraded to some extent by past activities, the forest still contains valuable timber and other forest resources that will need to be brought under more intensive management if their long-term sustainability is to be secured so that Cameroon can continue to be a long-term supplier to the international timber trade.

The current proposal is to develop and begin to implement an integrated management plan for the area, so that it can act as a regional demonstration model for the development of management techniques and practices for extension to other similar forests in the region.

The proposal was first presented to the Quito Session of the Committee and subsequently revised and reviewed by the Second Expert panel. At this review, further revisions were suggested to cover four major components:

1. The extent of the total Project area and areas where different Project activities will be carried out, and mapping,
2. Clarifying the Project objectives to indicate whether the project covered both the preparation and the implementation of a management plan for the reserve,
3. Clarifying the role of local people in the Project,
4. Providing more details on post-Project extension activities.

The revised proposal for the Yokohama Session addressed some of the above issues. However, a number of concerns still remained. In particular, no detailed response was given with regard to social and environmental impact procedures that would be used in the Project and the precise mechanisms for involving the local people in the planning and the execution of the Project were not clearly defined.

The subsequent revision presented to this session has addressed many of the concerns of the previous Panel. In particular, it indicates that the first year of the project will concentrate on the development of the management plan and the identification and mapping of the areas where specific project activities will subsequently take place. During this phase, it is proposed to develop mechanisms to secure the involvement of local people and communities and research institutions with a view to facilitating the project appropriate activities.

This phase will be followed by an implementation phase for the management plan. Proposed activities include forest protection activities, silvicultural activities, controlled logging, forest protection activities and activities aimed at improving the standard of living for local people. details of the expected outputs and a time schedule for their achievement have been provided in the revised proposal.

With regard to the mechanisms to secure the involvement of the local population, the revised proposal has made a number of proposals including:

- * Promotion of the constitution of a production cooperative and the development of local organizations to allow effective communication and dialogue with the Project.
- * Support for agricultural product sales.
- * Development of agro-forestry activities, including the distribution of plantation materials free of charge.
- * Conducting meeting with local people to discuss and refine project activities and review project outputs and achievements.
- * Involvement of the local people in the labour force for timber harvesting, silvicultural activities etc.

It is also proposed to conduct a socio-economic impact assessment of the project 47 months after the project becomes operational. The Projects future extension will be supported by the Government of cameroon and the income generated from the reserve.

Conclusions of the Committee

The Committee considered that the reformulation of the above proposal had substantially met the Panel's requirements, though some precise details still had to be resolved. The Committee therefore recommended that the Council approve the Project and allocate US\$1,166,900 for its implementation on condition that no substantial release of funds take place until a detailed workplan that meets the requirements of the Secretariat is received by the Secretariat. Amongst other things, this workplan should include:

- a. A Consultative Committee to act as an official communication channel between the Project and all interested parties including any indigenous people living in the area or affected by the Project's activities;
 - b. A Steering Committee to guide the technical conduct of the project;
 - c. A time schedule and a detailed budget for all activities within the approved Project document;
 - d. An indication of how environmental and social impact assessment will be taken into account during the implementation of the Project.
2. **PD 81/90 Rev.2 (F) Forest Management Research and Application in the Tropical and Sub-Tropical Moist Forests of the "Chore" Production Forest Reserve**

This is a revision of a Project approved the Eighth Session of the ITTC in May 1990. Funds for its implementation were not made available at that time. However, the Council did authorize the Executive Director to start implementation of the project as soon as earmarked funds became available in the special account. To date, such funds have still not become available.

The original project was quite general and covered an enormous geographic area in the spatially separate "Chore" and "Bajo Paraqua" regions. Thus, in addition to the funding availability problems mentioned previously, the Permanent Committee recommended that the implementation of the Project be conditioned by Bolivia presenting a plan for Project execution and engaging a reputable consultant to report to the ITTO Secretariat on arrangements for the Project. The revised

document has been prepared by Ing. Lincoln Quevera in response to the comments of the Committee at its Sixth Session.

The revised Project Document is a much more detailed document than that approved by the Eighth Session of the Council, and has focused all investigations and activities into the Chore Production Forest, an area of some 900,000 ha. This area is readily accessible by a variety of transport mechanisms and is located some 150km north-west of Santa Cruz, the location of the Gabriel Rene Moreno Autonomous University, well established timber industry facilities and an international airport that provides a useful transport hub for regional training purposes. The objectives of the 5 year Project include:

- a) Development of ecologically sustainable, economically viable, technically appropriate and easy-to-use forest management techniques.
- b) Implementation of a Pilot Forest Management Plan for demonstration purposes.
- c) Introduction of new species into the timber market.
- d) Participation of timber companies in forest research activities.
- e) Promotion of the use of forest management practices by the timber sector.
- f) Training in the field of forestry and forest management.
- g) Transfer of forestry technologies to timber companies, institutions, forest projects, rural communities, native groups, etc.
- h) Establishment of an efficient coordination network between the Project and other Latin American projects in the field of tropical forest management.

The revised Project Proposal substantially provides the additional information requested previously by the Committee. With its focus on the linkage between improvements in forest management to both timber concession management and human resources development in forest management and its convenient geographic location, the project has considerable potential to act as a region demonstration site.

Appraisal by the Panel of Experts

The Panel noted the project's previous history of approval subject to the Committee's requirement that a detailed plan of execution be prepared and considered that the project's development objective of promoting rational utilization through the implementation of sustained yield forest management systems was relevant to ITTO's objectives, Action Plan, Target 2000 and special area of expertise. However, the Panel felt that the bulk of the activities of the Project focused on silvicultural trials that would be important for the longer term development of sustainable management, but which did little to bring about any immediate improvements in practice.

The panel noted that the development of a "demonstration management plan" was listed as one of the specific objectives of the project but that the development and implementation of a such a plan did not appear to have primary priority in either the statement of objectives or the proposed activities. Furthermore the panel could not ascertain from the project document whether this plan would simply be for a small sub-area of the Chore Forest or for the whole forest.

In this context, Panel members expressed concern about the relative priority given to research and action, particularly in the light of the existing harvesting concessions operating unsustainably in the area and the pressure from colonists for forest conversion. Panel members stated that ITTO should not countenance a situation of its funding long-term trials without addressing the more immediate problem of bringing forest destruction and exploitation under control. The Panel felt that such research activities in the absence of immediate commitment and action to halt unsustainable forest use would not be consistent with the priorities of achieving

target 2000. Furthermore, the panel felt that the results of such longer-term research could prove to be meaningless as forest resource values and future forest resource use options were under immediate threat due to the continuation of unsustainable practices.

Recommendations by the Panel of Experts

In the light of the above concerns, the Panel recommended that the current five year project be reformulated into two phases, with Phase I operating from Years 1-2 and Phase II from years 3-5.

The Phase I Project should aim to produce an interim sustainable management plan for the "Chore" Forest Production reserve that is consistent with ITTO Guidelines and will:

1. Determine an appropriate cutting cycle and annual harvesting limit on the basis of the available inventory data. Alternatively, if current inventory data is inadequate, interim annual area allocations should be made on the basis of the net productive area divided by a defensible cutting cycle length.
2. Outline a commitment of the Government of Bolivia to an institutional framework that will ensure that sustained yield allocations are not exceeded and that the different arms of government do not frustrate the implementation of the plans for sustainable management through the encouragement of colonist activities or the issuing of land occupation or land clearing permits. The framework should also include provisions for rationalizing the present number of concession holders if this is necessary to bring resource exploitation in balance with the sustainable capacity of the "Chore" forests.
3. Identify complementary social and rural development activities that might be needed to equitably respond to pressures on the forest from rural populations.
4. Outline the procedures that would be used to secure the participation of local people in the development of a management plan for the area.
5. Determine the exact management, research and monitoring activities that will require detailed study in the second Phase of the Project.

In the final stage of the first Phase of the project, the currently proposed research activities should be re-evaluated in the light of the management research and monitoring needs determined in the evaluation outlined in 4 above. An appropriately modified research Plan should then be prepared for implementation in the second Phase of the Project.

Conclusion

The Panel concluded that complete reformulation of the proposal would be essential to achieve the stated objectives, before it could be commended to the Committee for proper appraisal.

The Committee noted the comments of the Panel of Experts and the history of approval for the project. The Committee was also advised by the Delegation of Bolivia that they accepted the comments of the Panel of Experts and that they be revising the Project for consideration at the next Session of the Council.

Response to the Panel's Comments

The Project proposal has been systematically reformulated meeting many of the requirements of the Second Panel. In summary, the revised proposal will seek to clearly establish sustainable management over an area of some 1 million ha, and, as defined on page 2 of the Rev. 2 document, now has the following expected outputs:

- * Forest management plans for each forest concession in the Reserve.

- * Monitoring of the implementation of each management plan.
- * Monitoring logging activities.
- * Development of silvicultural systems and practices.
- * Training of forestry engineers, technicians and labourers.
- * Transfer of technology.
- * Intra-institutional and inter-institutional coordination.

Responses to the specific recommendations of the Second Panel were as follows:

1. The proposals for achieving demonstratable control over logging and harvesting levels are outlined on page 13 of the Rev 2 (English version) document, and fully meet the recommendations of the Panel. Management plans for harvesting will be developed by the individual concessionaires under the technical guidance of Project staff using specific local guidelines developed in accordance with ITTO Guidelines. Tight supervision of these guidelines is specified and it is stated that the Concessionaires who do not comply with these plans and guidelines will lose their resource use rights and that their concessions will be returned to the State - see page 14.
2. The commitment of the Government of Bolivia re violations of sustained yield allocations or activities by various government agencies that might frustrate actions to achieve sustainable management are outlined in item (f) on pages 14 and 15 of the Rev.2. document. In addition, the proposal includes a Ministerial Legal Resolution that provides the legal basis to ensure that further encroachment is not officially or unofficially encouraged by other arms of government - see the discussion on page 12 of the Rev. 2 document.
3. Item c of page 12 also outlines the proposed Rural and Social Development Program component of the Revised proposal. In addition, the planning and implementation of rural and social development activities are featured in both Phase I and Phase II of the schedule of activities on page 20 of the document. However, despite these provisions, no specific provision for social scientists or community planners is made in the personnel list on page 21, though this may be implied under the allocation for consultants on page 22. In addition, while a range of rural and social development activities are outlined for Phase II of the project in item (b) on page 16, no specific budget allocation for these activities appears to have been made, other than the allocation for moneys for some 1200 person days per year for temporary labour - see page 26. However, as there are some 1500 families occupying some 7% of the land in the reserve, this does not on first sight appear to offer great scope for removing some of the socio-economic pressures leading to encroachment and deforestation and may therefore need further elaboration.
4. Mention is made of the participation of local communities in a number of places in the Rev.2 document eg, in item (c) on page 12 and item (b) on page 16. However, no outline of the procedures that will be used to secure such participation are given other than the last paragraph of page 12 which says that such procedures will be developed. However, as no explicit provision for social science or community planning expertise has been made in the budget or proposed staffing allocations, the Committee may wish to seek further clarification on these matters.
5. Item (e) and page 14 and item (c) on page 16 outline the procedures that will be used to determine research priorities for the second phase of the project as

suggested by the Panel. However, how these priorities will be determined (eg workshops etc) is not clear, and in relation to the points raised in 3 and 4 above, it may be relevant to note that no social research topics are mentioned as possible research topics in item (c) on page 16.

Other aspects of the revised proposal that the Committee may wish to consider include the following:

- * The overall budget has been reduced from \$2,890,000 with an ITTO component of \$2,290,000 to \$2,850,000 with an ITTO component of \$1,995,500.
- * On page 27, mention is made of some 30 man/months per year for international consultants. However, this does not seem to be consistent with the proposed total budget allocation of \$75,000 for this purpose on page 22 of the Rev.1 document.
- * Item 12 on page 17, mention is made of the annual external evaluation for the project and the fact that ITTO could choose to be represented on the project Steering Committee. However, no explicit allowance has been made in the budget for this purpose nor has any allowance been made for the 5% ITTO Program Service Charge. In this regard, the Committee may wish to note that a minimum of \$15,000 per year would be required for ITTO to mount an annual evaluation of the Project and participate in the project Steering Committee meetings. This would add \$75,000 and \$103,525 to the project budget respectively, increasing the total ITTO contribution to \$2,174,025.

Conclusions of the Committee

The Committee concluded that further revision to address the above points was desirable.

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

The proposal outlines a 2 year project with the overall objective of developing a management plan designed to achieve sustainable management of the natural tropical forest resources of problem areas in Sabah. The immediate objective of the project is to identify the critical factors contributing to or affecting sustainable tropical resource management in these problem areas.

Appraisal by the Panel of Experts

In its examination of PD 120/91 Rev.2, the Second Expert Panel felt that this revision of the project needed clarification with regard to the basic objectives of the project. In particular, the panel had difficulty determining what the balance of project activities would be between training people in forest planning/plan implementation skills on the one hand, and actually developing and implementing forest management plans on the other. The panel therefore concluded that a complete reformulation of the project proposal would be necessary to achieve its stated objectives and that such a reformulation was also essential before the proposal could be commended to the Committee for proper appraisal. The panel further recommended that this reformulation should:

1. Clarify whether the overall objective of the project was to produce management plans for particular areas or simply to develop the capacity to produce such plans through training.
2. Provide full details of any proposed management planning study area or areas.
3. Provide information on the planning methodologies being proposed including details of procedures that would be used to obtain or promote community consultation and involvement in the planning process.

4. Provide details of the specific skills that the training courses would seek to impart.
5. Provide detailed terms of reference for all national staff, international staff and consultants who would be employed on the project.
6. Provide more details of the proposed fellowship training courses.
7. Provide more explicit details and cost estimates of both field equipment and training material purchases.

In its examination of the third revision of the proposal, the Panel found that the objectives of the project were much more clearly specified in that the training component of the Rev.2 proposal had been dropped and the Rev.3 proposal focused exclusively on the development of a management plan for the Lingkabau Forest Reserve. With this new focus, the Second Panel's requests for more information on training under points 4, 6 and 7 above were no longer relevant.

However, despite this clearer statement of objectives, the Panel felt that most of the additional information sought by the Second Expert Panel had not been provided. In particular, the Panel expressed concern with regard to the distinction made in the proposal between management plans for "problem" and "non-problem" areas, as the nature of the problems in the proposed study area was not defined. As a consequence, the adequacy of the proposed planning approach could not be judged. In addition, the Panel felt that insufficient information was given on how specific staff and financial resources would be used on various project activities, i.e. the panel felt that the linkage between key inputs, activities and expected outcomes in the current proposal is not clearly defined.

Recommendations by the Panel of Experts

That the ITTO Secretariat should assist the Department of Forestry in Sabah to further revise the current proposal giving particular attention to:

1. Providing full details on the proposed study area in relation to forest type, forest management history, social context with regard to forest dwellers, shifting cultivators or other local communities and the availability of inventory data and other resource management information.
2. Clarifying the nature of the particular forest management problems in the area and how these differ from the problems in the areas where GTZ is providing assistance with the development of planning methodologies.
3. Providing information on the planning methodologies being proposed including details of the procedures that will be used to obtain or promote community consultation and involvement in the planning process. The timing of all the major steps in the planning process should be included in the project work plan. Criteria for activities such as site selection should also be specified together with key data needs and details of proposed data collection, analysis and review methodologies.
4. Providing detailed terms of reference for all national and international staff and consultants who will be employed on the project together with explicit statements of how these staff members will be used in the various phases of the planning process.
5. Providing more explicit justification for all items of field equipment proposed for purchase under the project, including details of the number proposed and their unit costs.
6. Making allowance for a Project Steering Committee and the 5% ITTO administrative service charge as mandated by Decisions of the Eleventh and Twelfth Sessions of the ITTC respectively.

Conclusions

The Panel recognized the importance of the project to the development of sustainable forest management in Sabah and the achievement of Target 2000, and felt that subject to the incorporation of the above essential information, the project could be commended to the Committee for final appraisal and approval. Given the long delays in satisfactorily reformulating the project proposal to date, the Panel also felt that assistance to revise the proposal should be given by ITTO as a matter of urgency.

Response to the Panel's Comments

The Rev.4 document has met most of the recommendation of the Panel with details of their responses being as follows:

1. In relation to the Panel's first comment, Section 3 describing the project site has been expanded considerably on page 4 of the Rev.4 document. This expanded information provides details of the management problems being experienced in the reserve principally with encroachment following logging and forest fires.
2. The revision referred to in 1 above indicates that the GTZ Deramakot Forest Reserve Planning Project is focussed on routine forest resource planning in an area without the social complications of settlement pressures. Thus, the proposal differs from the GTZ Project in that major emphasis will need to be given to social planning and fire protection measures in addition to routine resource planning considerations.
3. in response to the Panel's third recommendation, Section 5 of the proposal has been expanded with Sections 5.2, 5.3 and 5.4 of the Rev.4 proposal essentially being new additions. In these sections, mention is made of the need for a holistic approach to address the social issues associated with shifting cultivators and forest dwellers.

The major emphasis on social planning is in Section 5.2.2 where it is stated that an assessment will be conducted on local peoples which will include investigation economic aspects associated with these communities. However, no detailed methodology is specified beyond this and no explicit allowance for social science, community planning and economic expertise appears to have been made in the staffing provisions, though provision is made for unspecified short-term consultancies.

4. Summary terms of reference for both national and international staff are given in item (b) of section 5.1 on pages 5 and 6 of the Rev.4 document.
5. Detailed justifications and unit costs for all items of field equipment are given in Appendix 1 on page 18 of the revised document.
6. Provision for the administrative costs of a Project Steering Committee are made in item J of the budget on page 13 of the Rev.4 document. In item K an allocation of \$20,000 for the ITTO Program Support Charge has been made. However, on summing all other items and rounding to the nearest \$1000, this figure should be some \$22,100 not \$200,000 as stated bringing the ITTO contribution to \$464,161. In addition, the Committee may wish to note that the sub-total quoted for item J-N on page 13 has been taken directly from the Rev.3 document and should read \$117,100 (with the above adjustment to the Program Support Charge) not \$80,000.

Conclusions of the Committee

The Committee noted that the latest revision of the Project Proposal had met many of the recommendations of the Panel but in still required strengthening in the area of social planning

processes, given the particular nature of the forest situation in the area concerned. The Committee therefore recommended to the Council that the Project be approved and that US\$ 464,161 to be made available for its implementation subject to any substantive release of funds being conditional on the secretariat receiving a detailed workplan that includes amongst other things:

- a. A Consultative Committee to act as an official communication channel between the Project and all interested parties including any indigenous people living in the area or affected by the Project's activities;
- b. A Steering Committee to guide the technical conduct of the project;
- c. A time schedule and a detailed budget for all activities within the approved Project document;
- d. An indication of how environmental and social impact assessment will be taken into account during the implementation of the Project.

4. PD 174/91 Rev.2 (F) Rehabilitation of the Forest in the South-Central Region of Cote d'Ivoire

The remaining closed forests in Côte d'Ivoire is estimated at 2.5 million ha. These forests are usually state forests of different sizes. Intensive forest management activities are to be undertaken in these forests to upgrade their quality and avoid encroachment by farmers looking for fertile soils.

The objective of the project is to restore and protect the gazetted forest concerned with the view to achieving a sustained timber production in the area, to protect and further develop viable permanent agriculture production and in general to safeguard the economic, social and environmental conditions of the area. The forest development of this area will serve as a demonstration model for future forest management systems throughout the country.

To meet these objectives the project will contribute to both the development of the Tene Centre for administration and to training and the reinforcement of its activities in the following domains:

- the design of a forest management system for the South Central region with both natural and plantation forests trials,
- the establishment of an organization for fire management in the South Central Region,
- the development of a nursery capable of producing one million seedlings/year,
- the establishment of 3,400 ha of Teak Plantation and 1,600 hectares of Teak Taungya agro-forestry plantings,
- the smooth transfer of illegal settlers and development of 2,000 ha of land for permanent agriculture,
- demonstration, training and extension activities.

The proposal is a revised version of PD 174/91 (F) assessed by the last Panel of Experts and by the Permanent Committee on Reforestation and Forest Management during its Ninth Session.

The comments made by the Panel of Experts concerned the following points:

- the objectives of the plantation,

/...

- detail of proposed training activities,
- mechanisms involving local populations,
- potential problems of land tenure,
- the application of ITTO Guidelines,
- details on providing for the project's monitoring and evaluation.

The Panel of Experts concluded that a complete reformulation of the project was necessary before the proposal could be commended to the Committee for proper appraisal. The Panel also pointed out that it would be desirable to take advantage of the Project Formulation Mission suggested for PD 109/90 Rev.2 to aid in this purpose.

The Committee did not go beyond these comments since no reaction to the Panel's comments and recommendations was received from the Government of Côte d'Ivoire at that time.

This proposal, reformulated with the help of an ITTO projects formulation mission sent to Côte d'Ivoire, is the response of the Government of Côte d'Ivoire, and in regard of the Panel's comments and recommendations the following comments could be made:

- The plantations to be established are industrial Teak plantations.
- Training activities will be carried out within project activities for SODEFOR field staff. The area will be a demonstration area and will contribute, by field visits, to develop the forest management skills of Côte d'Ivoire forestry staff and local farmers. Written documentation will support these training and extension activities.
- The mechanisms involving local population have been outlined in the proposal: 1,400 ha of Teak plantations will be established involving local farmers. Consultative bodies, at central and local levels will be set up and involved in the whole process of forest development activities in each of the state forest.
- Plantations will be established on state forests. However problems resulting in the encroachment of these forests by farmers and other groups will be addressed by the consultative bodies mentioned above.
- The ITTO Guidelines will be used in developing the forest management systems and the area will also be offered as study area for international visitors under ITTO's network of demonstration areas.
- Clarifications on project's monitoring and evaluation have been given.

Comparison between the current proposal and former PD 174/91 (F) indicates the following differences:

- PD 174/91 (F) was mainly focussed on equipment and building, whereas the current Proposal gives emphasis on field activities, such as seedlings production, establishment of plantation, development of rural forestry activities, fight against fire, etc. The proposal is initiating integrated forest management activities in the area.
- There was no budget presented with PD 174/91 (F), whereas the total budget for the current proposal is US\$ 2,811,000 with an ITTO contribution of US\$ 631,500.

Appraisal by the Panel of Experts

The Panel found that the formulation of this revised project is now more concise and clear, though some aspects still needed further clarification. In particular, clarification was still needed on the training activities proposed for the project. The Panel further noted that the contribution of ITTO in the implementation of this project is by far less than the commitment of the Government of Côte d'Ivoire. It also noted that, apart from those aspects concerning training

activities and the explicit reference to ITTO Guidelines, the revised proposal provided a thorough response to all the comments of the last Panel on this proposal.

Intensive discussions arose among the Panel Experts concerning the relevance of the project to ITTO and the need for ITTO to fund the operational aspects of its reforestation component. Indeed some members of the Panel suggested that this project could be more appropriately addressed to other international donor agencies. However, it was noted that the ITTO Plan of Action in the area of Reforestation and Forest Management specifically included the encouragement of plantation establishment to reduce the dependency on natural forests for timber supply as one of its basic strategies (strategy i). The action plan also suggests that the Committee should organize its activities by undertaking four classes of action viz promotion, diagnosis, demonstration and facilitation with the latter group of actions being designed to *"provide for more rapid and more effective expansion of successful management practices on a large scale"*. In the Panel's discussions, it was also pointed out that reforestation is only one component of this project which aims to develop a model of integrated forest management activities.

The Panel also felt that additional clarification was needed on the duration of the project and assignment duration for the various personnel that would be involved in the project.

Recommendations by the Panel of Experts

- The Panel recommended that the Proposal should be revised to provide:
1. Greater clarification of the training activities which would be carried out in the framework of this project.
 2. Information on how the project would be developed in accordance with the ITTO Guidelines on the Sustainable Management of both Natural and Planted Tropical Forests. In this regard, the Panel felt that explicit reference should therefore be made to these guidelines in the revision of the proposal.
 3. Clarification on the proposed project duration. All project activities in the proposal should then be consistent with this period.
 4. Clarification on the duration of the assignment of all the personnel involved in the project.

Conclusion

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

Response to the Panel's Comments

1. With regard to the panel's comments re the need for greater clarification of Project objectives, the topics for the various training programmes have now been defined to focus on silvicultural techniques, nursery and plant propagation techniques and different approaches towards resettlement for farmers whose activities are incompatible with the management of the forest. However, the specific target groups for these activities need to be more clearly defined as does the scheduling of the activities.
2. Reference has been made to the use of the of the ITTO Guidelines on the Establishment and Sustainable Management for Planted Tropical Forests.
3. The Project duration is for three years and all the project documents have been modified accordingly.

4. The duration of the appointments for staff will also be for 3 years. Most of the personnel will retain their positions after the project is finished.

Conclusion of the Committee

The Committee noted that this proposal met many of the recommendations of the Panel but that caution was needed because of the need for sensitive planning wherever any resettlement or relocation of people living in or near the forest. The Committee therefore recommended to the Council that the Project be approved and that US\$ 631,500 be made available for its implementation subject to:

- a. A Consultative Committee to act as an official communication channel between the Project and all interested parties including any indigenous people living in the area or affected by the Project's activities;
 - b. A Steering Committee to guide the technical conduct of the Project;
 - c. A time schedule and detailed budget for all activities within the approved Project document.
 - d. An indication of how environmental and social impact assessment will be taken into account during the implementation of the Project.
5. **PD 175/91 Rev.1 (F) Sustainable Forest Management in the "Bajo Paragua" Production Forest Reserve**

This is in part a revision of the original PD 81/90 (F) Project which was approved by the Eighth Session of the ITTC in May 1990. Funds for its implementation were not made available at that time. However, the Council did authorize the Executive Director to start implementation of the project as soon as earmarked funds became available in the special account. To date, such funds have still not become available.

The original project was quite general and covered an enormous geographic area in the spatially separate "Chore" and "Bajo Paragua" regions. Thus, in addition to the funding availability problems mentioned previously, the Permanent Committee recommended that the implementation of the Project be conditioned by Bolivia presenting a plan for Project execution and engaging a reputable consultant to report to the ITTC Secretariat on arrangements for the Project. As noted in the Project Brief prepared for PD 81/90 Rev.1 (F), the revised document has been prepared for PD 81/90 by Ing. Lincoln Quevera in response to the comments of the Committee at its Sixth Session, and concentrates its efforts exclusively on the "Chore" Production Forest Reserve. PD 175/91 (F) is a new proposal submitted by the Government of Bolivia to cover the "Bajo Paragua" Production Forest Reserve. It has a separate implementing agency to the revised "Chore" Project and is spatially separate unit to the "Chore" Production Forest area.

The Bajo Paragua Permanent Forest Reserve is located some 400km north-east of Santa Cruz and covers an area in excess of 3.3 million ha. It is located immediately adjacent to the Noel Kempff Mercado Biological Reserve and its buffer zone which together cover an additional 914,000ha extending up to the Brazilian border. Commercial logging started in the area in 1974 but has been highly selective with utilization largely limited to the high grading of two species Mara (*Swietenia macrophylla*) and Oak (*Amburana caerensis*). Supplies of these two favoured species have been significantly depleted and to date no post-logging silviculture has been practiced. Areas within the forest are now under pressure from colonists who have gained ready access to the forest from logging roads etc.

The aim of the Project is to introduce sustainable forest management into the Bajo Paragua Production Forest Reserve by a forest management development programme that includes:

- * The development and implementation of a pilot management plan in the reserve and the integration of existing forest concessions into this new forest management system.
- * Undertaking the necessary research to ensure that management techniques are specifically adapted to local conditions.
- * The optimizing of timber utilization processes to promote industrialization and higher value added production.
- * Improving the welfare of rural people living in and near the project area to reduce social pressures for forest encroachment.
- * Exchanging experiences with similar forest management projects in Bolivia and elsewhere in the Amazon Region so as to promote joint actions to promote sustainable forest utilization in the region.

Appraisal by the Panel of Experts

The Panel noted the project's derivation from a previously approved Project [PD 81/90(F)] which referred to the Chore and Bajo Paragua" production forests and the fact that this was now a separate project proposal in its own right. Furthermore, the Panel considered that the project's objectives were relevant to ITTO, its Action Plan, Target 2000 and special area of expertise. However, while the production of a management plan for sustainable management and the proper management of renewable natural resources were listed as project outputs on Page 18 of the proposal, the Panel felt that the bulk of the activities in the Project focused on silvicultural research trials that would be important for the longer-term development of sustainable management. However, the Panel felt that this focus would do little to bring about any immediate improvements in practice.

In this context, Panel members expressed concern about the relative priority given to research and action, particularly in the light of the existing harvesting concessions which are apparently operating unsustainably in the area, the presence of indigenous forests dwellers in the area and the potential pressure from colonists for forest conversion. Panel members felt that ITTO should not fund long-term trials without addressing the more immediate problem of bringing forest destruction and exploitation under control. The Panel felt that such research activities in the absence of immediate commitment and action to halt unsustainable forest use would not be consistent with the priorities of achieving target 2000. Furthermore, the panel felt that the results of such longer-term research could prove to be meaningless as forest resource values and future forest resource use options were under immediate threat due to the continuation of unsustainable practices.

The Panel therefore felt that a re-orientation of the Project to forest planning and implementing immediate control was a necessary pre-cursor to the establishment of extensive research trials. Other specific concerns of the Panel included:

1. The lack of information on the Institutional framework that would guarantee the physical integrity of the area as outlined in paragraph 2 of page 5.
2. The lack of any explicit details of the specific steps that would be taken to consult with local people and secure their participation in the planning and execution of management systems for the reserve.
3. The lack of reference to the use of ITTO Guidelines in producing a plan of management for the reserve.
4. The level of information provided about current land use activities and pressures that might affect the future viability of the plans for the area.

Recommendations by the Panel of Experts

In the light of the above concerns, the Panel recommended that the current five year project be reformulated into two phases, with Phase I operating from Years 1-2 and Phase II from years 3-5.

The Phase I Project should aim to produce an interim sustainable management plan for the "Bajo Paragua" Forest Production Reserve that is consistent with ITTO Guidelines and will:

1. Provide a total land use context for this extensive reserve and its immediate surrounds including the provision of supporting totally protected areas within the Production Reserve to link with the Noel Kempff Mercado National Park and its surrounding buffer, and the appropriate agricultural development of lands surrounding the total forest reserve so as to facilitate both the present and the future protection of the forest reserve complex.
2. Determine an appropriate cutting cycle and annual harvesting limit on the basis of the available inventory data. Alternatively, if current inventory data is inadequate, interim annual area allocations should be made on the basis of the net productive area divided by a defensible cutting cycle length, with appropriate provision for the proper regeneration of key species.
3. Outline a commitment of the Government of Bolivia to an institutional framework that will ensure that sustained yield allocations are not exceeded and that the different arms of government do not frustrate the implementation of the plans for sustainable management through the encouragement of colonist activities or the issuing of land occupation or land clearing permits. The framework should also include provisions for rationalizing the present number of concession holders if this is necessary to bring resource exploitation in balance with the sustainable capacity of the "Chore" forests.
4. Identify complementary social and rural development activities that might be needed to equitably respond to needs and aspirations of the indigenous forest peoples and the pressures or potential pressures on the forest from rural populations.
5. Determine the exact management, research and monitoring activities that will require detailed study in the second Phase of the Project.

In the final stage of the first Phase of the project, the currently proposed research activities should be re-evaluated in the light of the management research and monitoring needs determined in the evaluation outlined in 4 above. An appropriately modified research Plan should then be prepared for implementation in the second Phase of the Project. This research plan should aim to provide a better silvicultural basis for management of the area in the future, in the context of an integrated forest industry model based on utilization of a broader range of species than at present.

Conclusion

The Panel concluded that complete reformulation of the proposal would be essential to achieve the stated objectives and to maximize the opportunities for making a significant contribution to sustainable forest management in harmony with the environment and with the needs of the local population. This should be undertaken before the proposal could be commended to the Committee for proper appraisal.

The Committee noted the comments of the Panel of Experts and the history of approval for the related project PD 81/90 Rev. 1. The Committee was also advised by the Delegation of Bolivia that they accepted the comments of the Panel of Experts and that they be revising the Project for consideration at the next Session of the Council.

Response to the Third Panel's Comments

Following the Comments of the 2nd Panel of Experts, project proposal has been totally reformulated with a re-orientation to forest planning and controlled forest management with a relatively minor forest research component whose priorities will be determined from experience gained in implementing the forest management aspects of the project. Specific responses to the recommendation of the Panel are as follows:

1. The land use contract of the project - briefly described in section 4 of Rev. 2 proposal. The Baco Paragua Production Reserve covers some 3.4 million ha though the project itself will focus on a 2.2 million ha area between Noel Kempff Mercado National Park and the Negro River.

Little information was given on actual land use conditions. A list of 22 timber companies and their concession areas is given on page 8 but no details were given on their current harvesting levels. In addition, the total area of the concessions seemed to be 4.4 million ha while the area of the reserve was given as 3.4 million ha. A brief description of human settlements is given in section 4.7 but unlike the previous proposal which by the comment of the Panel apparently emphasized the potential problem with colonists, the Rev. 2 proposal states due to the areas remote location away from population centers.

2. The development and implementation of forest management plans are described in Sections 5.1.2 and 5.1.3 respectively. Further details are given in item e of the work of page 16. This states that concessions management plan will feature:
 - updated forest inventories
 - annual allowable cuts on sustainable yield principles
 - demarcation of forest sectors according to available timber stocks
 - identification of the felling cycle
3. In section (c) on page 16, it is stated that non-compliance with project guidelines will result in the loss of concession rights.
4. The provision of assistance in the implementation of agro-forestry activities by the local population is listed as an activity in both statements of objectives (Section 5.1.3) and the broad workplan (item e page 16). However the scale of these activities and the procedures for involving local people are not described in detail. No provision is made on representation of local communities on the Project Steering Committee (item 8).
5. Possible research topics are described in section 5.2 and item d of the workplan (page 16). The strongest emphasis is on investigation of the silvicultural and wood property characteristics of species in the areas.

Conclusions of the Committee

The Committee noted that the Project had been substantially reformulated to meet the basic requirements of the Panel. However, a number of issues still remained as indicated above and the Committee recommended that the project be revised in these areas for consideration at a future Session.

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

The objective of the project is to publish a complete document (4 volumes) on the flora of Sabah and Sarawak. The document will cover all families of flowering plants and conifers which contain tree species reaching timber-size (90 cm. girth). The document will serve as a reference for the identification of tree species when developing forest projects, specially in the field of timber exploitation, forest and biodiversity conservation and forest by-products exploitation development. The survey of the existing information in the country and outside the country and the collection of information and data from the field will help to achieve the objective.

Appraisal by the Panel of Experts

In its examination of the original draft of this proposal, the Second Expert Panel recognized the overall value of the project but some members questioned its immediate relevance to achieving Target 2000. Furthermore, the panel concluded that consideration of the proposal needed to be deferred until the nature of possible ODA assistance to the project could be clarified. The Panel also felt that ITTO should support the initiative already taken to by Malaysia to approach ODA for assistance and might subsequently consider a possible ITTO contribution for some specific relevant items of the project, if needed.

In its review of the revised project, the Third Expert Panel noted that the relationship of the proposed ITTO funding component to the wider ODA and FRIM financing was very clearly specified and the revised proposal was a well structured, practical approach with sound proven methodologies. Furthermore, the Third Panel of Experts gave much stronger support to the project noting that the output was urgently needed by both the trade and forest managers as a necessary resource for both sustainable forest management and related discussions such as the conservation status of species in trade and their relation to the CITES convention. The Panel did, however, make a number of recommendations (listed below) to further improve the project for the consideration of the Committee.

Recommendations by the Panel of Experts

That the format of the current proposal be amended to:

1. Conform fully with the ITTO Project Format including a full statement of the legal context of the project under the ITTA.
2. Providing for a Project Steering Committee with ITTO representation (n.b. this is a Council requirement for all ITTO Projects that either extend beyond 2 years or have an budget exceeding US\$400,000).
3. Standardize all budget estimates in the proposal in US\$ units.
4. Include provision for ITTO monitoring and evaluation (suggested US\$15,000) and the 5% ITTO administrative service charge for the ITTO funding component as mandated by Decision of the Twelfth Session of the ITTC.
5. Increase the number of Junior Botanists from 3 to 6 to increase the local training benefits of the project with marginal additional cost.
6. Consider expanding the coverage to include all species that grow to a diameter of 20cm or more (n.b., in making this recommendation the panel noted that the usefulness of many studies in tropical forestry had been limited by setting cut-off sizes for consideration that were too high).
7. State explicitly when the proposed tree identification field manual would be produced (n.b., the Panel felt that this should be given high priority to ensure early benefits for sustainable forest management).

Conclusion

While the above amendments and clarifications were considered both necessary and desirable for both the consideration of the Committee and the execution of the project, the Panel concluded that the project should be commended to the Committee for final appraisal and approval.

Response to the Panel's Comments

Following the positive response given by the Third Panel to the revisions to the proposal that were made in response to the Second Panel's comments, the proposal was further revised in response to the comments of the third Panel. In this regard, the Secretariat would like to note its appreciation of the style of reformulation that the submitting agency used with a completely revised document in which additions or changes were underlined together with a statement attached to this document explaining the response given to the Panel's comments. The comments presented in this review are therefore additional to the comments made by the Forest Research Institute of Malaysia in their resubmission.

With regard to the specific recommendations of the Third Panel, the following revisions were made:

1. The project proposal now conforms to the required ITTO format.
2. Provision has been made for a Project Steering Committee with ITTO representation as detailed in Section 3.1 of the Rev.2 proposal.
3. All budget units are now in US\$.
4. The requested ITTO monitoring and evaluation costs and the 5% ITTO Program Support Charge have been incorporated. However, the Committee may wish to note that there appears to have been a slight rounding off error and that the Program Support Charge should be \$33,990 rather than \$33,000, bringing the total ITTO contribution to \$713,790 rather than \$712,800.
5. The Panel's suggestion of increasing the number of junior botanists from 3-6 has been adopted in Para 3.3, 9.1 and 9.3.3 item 1(c). as stated in the amendment letter from FRIM.
6. Coverage will now be for all trees that grow to a diameter of 20cm or more.
7. Publications will be in 1994 and 1995 as advised in accompanying statement prepared by FRIM.

Conclusions of the Committee

The Committee considered that the revised proposal had fully met all the requirements of the Panel and recommended that the Council approve the Project and allocate US \$ 712,800 for its implementation.

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

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

The aim of the project is to gather basic information about these LUS species and to develop propagation, plantation establishment, management and regeneration methods and models.

Appraisal by the Panel of Experts

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

Recommendations by the Panel of Experts

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

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

Conclusions

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

Comments of the Committee

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

8. PD 200/91 Rev.1 (F) Evaluation and Impact Assessment of Community Forestry Projects in the Philippines

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

- * Documenting and assessing the different community forestry projects operating in the Philippines.
- * Investigating the production and cost standards in the implementation of major activities in community forestry projects in selected regions of the country.
- * Developing and testing methodologies for impact assessment in community forestry management.
- * Assessing the socio-economic, financial, environmental, institutional, political and biological impacts of community forestry projects.
- * Conducting policy analyses for community-forestry projects.

Appraisal by the Panel of Experts

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

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

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

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

Recommendations by the Panel of Experts

That the project proposal be further reformulated to:

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

to indicate specifically where the proposed studies will provide additional policy relevant information.

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

Comments

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

Comments of the Committee

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

9. PD 201/91 Rev.1 (F) Community-Based Timber Stand Improvement

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

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

Appraisal by the Panel of Experts

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

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

However, while these substantial changes to the proposal were noted, the Panel still felt that much stronger emphasis needed to be placed on the development and promotion of operational models and implementation strategies based on existing knowledge of the silvicultural response of the forest rather than research trials to document such responses. In addition, the Panel felt that some budget items still needed more detailed justification. Furthermore the Panel felt that particular attention needed to be given to the development of markets and marketing strategies for the products of community forest Timber Stand Improvement works so as to provide

direct and sustainable financial incentive for communities to conserve and manage their forest resources.

Recommendations by the Panel of Experts

The Panel recommended that the proposal be further reformulated to:

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

Conclusions

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

Comments of the Committee

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

10. PD 206/91 Rev.1 (F) Research on the Ecology of the Main Commercial Forest Species

The TFAP for Zaire includes a number of priority activities in the areas of reforestation and forest management. These actions would greatly benefit from a more thorough understanding of the ecology of the main forest species in the country including in particular the more economically valuable ones. The project aims to increase the understanding of the ecology and dynamics of the main species sought for logging with a view to developing a more appropriate basis for

silviculture within the context of sustainable management. The main project output will be a data base on silviculture in Zaire.

The proposal tends to address comments and recommendations made by the Panel of Experts during its last meeting concerning PD 206/91 (F). With regard to this, the proposal has been put into format using as reference the annex of the document ITTC(III)/17 on the ITTO financial rules. But details have been given only for the budget statement, the project's personnel and equipment needs, the institutional framework and the time table of activities. More information is still needed in regard to the methodology, the design of field activities and the integration of projects' result in the forest development in Zaire in the framework of TFAP/Zaire.

Details and costs of the Government of Zaire contribution to the project, if any, are also needed.

Appraisal by the Panel of Experts

The Panel noted that the proposal is a revised version of the project appraised by the Panel of Experts during its last session in October 1991. However, the Panel also noted the advice of the Secretariat that the revisions were made without officials in Zaire having access to the previous comments of the Panel due to communication problems with Zaire. While the panel continued to recognize the consistency of the project objectives with those of the ITTA and ITTO Plan of Action, it felt that the project concept needed to be further developed into a full ITTO format project proposal to allow proper appraisal by the Panel and the Permanent Committee. The Panel also noted that by convention it was better to use the term "aut-ecology" rather than "auto-ecology" for the study of individual species.

The Panel noted that only very minor changes have been made and the actual proposal provides only little information on the project budget, project's needs in personnel and equipment, the institutional framework and a time table of activities, and much more details are still needed with regard to the methodology, the design of field activities, the location of these activities, the contribution of the Government of Zaire to the project, the integration of project results in the forest development in Zaire in the framework of TFAP/Zaire, etc.

Recommendation by the Panel of Experts

That ITTO should assist the Government of Zaire in improving the formulation of this project for resubmission.

Conclusion

The panel concluded that a complete reformulation of the project would be essential before the Project could be commended to the Committee for proper appraisal. Given the long delays in satisfactorily reformulating the project to date, the Panel also felt that assistance to reformulate the proposal should be given by ITTO as a matter of urgency, and that such assistance should be co-ordinated with assistance to reformulate related proposals from Zaire [PD 208/91 Rev.2 (F) and PD 210/91 Rev. 2 (F)].

Comments of the Committee

The Committee noted the communication problems in getting the Panel's comments to the Government of Zaire and awaited the advice of the Government of Zaire on the future of the proposals.

11. PD 208/91 Rev.1 (F) National Forest Seeds Centre

The project aims at creating a national Seed Centre with regional branches to support the harvest and conservation of seeds and the dissemination of afforestation techniques. These proposed Centre will support reforestation extension programmes for fuel wood, as well as for

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reforestation programmes for industrial purposes. The project includes such activities as the selection of seeds stands, studies on genetic improvement, studies on forest tree phenology, establishment of seed orchards and providing for training of scientific and technical staff.

The proposal tends to address comments and recommendations made by the Panel of Experts during its last meeting concerning the project. With regard to this, the project has been put into format, using as reference the annex of the document ITTC(III)/17 on the ITTO financial rules. But details have been given only for the budget statement, the project's needs in personnel and equipment and the institutional framework. More information is still needed in regard to the methodology and design of project's activities, the time table of activities, the terms of reference of senior local staff and international consultants involved in the project, mechanisms of disseminating the results, training and extension activities, and the integration of project's results in the forest development in Zaire in the framework of TFAP/Zaire.

Appraisal by the Panel of Experts

The Panel noted that the proposal is not complete, since pages 1 and 2 are missing. Note was also taken of the fact that while the proposal was a revised version of the project appraised by the Panel of Experts during its last session in October 1991, the revisions were made without access to the Panel's previous comments due to communication problems with Zaire. During that session, the Panel concluded that a full project proposal is needed before a proper technical appraisal can be made.

The actual proposal does not provide more information and the design of the project still needs to be improved. Therefore the Panel confirmed its comments and conclusions made on this project during its last session. In addition, the Panel expressed its concern about the project duration (5 years) which does not seem long enough to develop the proposed Seeds Center. The Panel is also of the opinion that the seed orchard should be left out, and that much more information are needed to improve the formulation of this project, specially with regard to the site, the forest species to be propagated, training and extension activities, etc.

Recommendation by the Panel of Experts

That ITTO should assist the Government of Zaire in improving the formulation of this project for resubmission.

Conclusion

The panel concluded that a complete reformulation of the project would be essential before the Project could be commended to the Committee for proper appraisal. Given the long delays in satisfactorily reformulating the project to date, the Panel also felt that assistance from ITTO in reformulation should be given as a matter of urgency, and that such assistance should be co-ordinated with assistance to reformulate related proposals from Zaire [PD 206/91 Rev.2 (F) and PD 210/91 Rev. 2 (F)].

Comments of the Committee

The Committee noted the communication problems in getting the Panel's comments to the Government of Zaire and awaited the advice of the Government of Zaire on the future of the proposals.

12. PD 210/91 Rev.1 (F) Monitoring and Assessment of the Impact of the Forest Exploitations in the Central Basin

The aim of the project is to collect objective data and information on the development of forest ecosystems following logging using various methods of utilization. This has considerable national importance, since Zaire aims to increase timber production from 500,000 m³ to 1,200,000 m³/year by the year 2000. In addition, with concern about tropical forest exploitation growing in

consuming countries, there are growing pressures for boycotts of tropical wood products, and the Government of Zaire feels that insufficient relevant information in this domain is hindering an effective response to these moves.

The main activities of the project are:

- selection of monitoring sites,
- biological survey of such sites, before and after exploitation, and every 5 years,
- selection of control plots,
- periodical photography and cartography of the sites and the plots,
- initiating the application of management standards for logged over forests.

The revised proposal partially addresses some of the comments and recommendations made by the Panel of Experts during its last meeting concerning the project. In this regard, the project has been put into format, using as reference the annex of the document ITTC(III)/17 on the ITTO financial rules. Details have also been given for the budget's heading, project needs in personnel and equipment, and the institutional framework. However, the individual costings for these items have not been presented.

More information is therefore still needed with regard to the costs of budget items, together with details on the methodology and design of field activities, terms of reference of senior local staff and international consultants involved in the project, training activities and the integration of projects' results in the forest development in Zaire in the framework of TFAP/Zaire. Details and costs of the Government of Zaire contribution to the project, if any, are also needed.

Appraisal by the Panel of Experts

The Panel noted that the proposal is a revised version of the project appraised by the Panel of Experts during its last session in October 1991. However, the Panel noted the advice of the Secretariat that the revisions were made without officials in Zaire having access to the previous comments of the Panel due to communication problems with Zaire. While the panel continued to recognize the consistency of the project objectives with those of the ITTA and ITTO Plan of Action, it felt that the project concept needed to be further developed into a full ITTO format project proposal to allow proper appraisal by the Panel and the Permanent Committee.

The actual proposal provided very little additional information and the Panel concluded that the design and the formulation of the project still need to be improved and urged the ITTO Secretariat to help the Government of Zaire to that end.

Recommendation by the Panel of Experts

The Panel has strongly recommend that ITTO should endeavour and help the Government of Zaire in improving the formulation of his projects.

Conclusion

The panel concluded that a complete reformulation of the project would be essential before the Project could be commended to the Committee for proper appraisal. Given the long delays in satisfactorily reformulating the project to date, the Panel also felt that assistance from ITTO in reformulation should be given as a matter of urgency, and that such assistance should be co-ordinated with assistance to reformulate related proposals from Zaire [PD 206/91 Rev.2 (F) and PD 210/91 Rev. 2 (F)].

Comments of the Committee

The Committee noted the communication problems in getting the Panel's comments to the Government of Zaire and awaited the advice of the Government of Zaire on the future of the proposals.

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

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

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

Appraisal by the Panel of Experts

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

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

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

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

Recommendation by the Panel of Experts

The project proposal should be reformulated to:

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

Conclusion

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

Comments of the Committee

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

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

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

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

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

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

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

- The design and implementation of 3 management plans for the three main islands of the department,
- The establishment of 3 nurseries and reforestation of 500 ha,
- Training and extension involving school and local communities,
- Support for 100 small scale industrialists in wood processing and marketing.

Appraisal by the Panel of Experts

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

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

Recommendations by the Panel of Experts

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

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

Conclusions

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

Response to the Panel's Comments

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

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

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

Taking the above together this implies a total request for ITTO support of \$1,037,659. However, the 5% ITTO Program Support Charge adds an additional \$51,883 to this figure. In addition, while some 65,000 lempiras or \$12,000 per year is allocated for monitoring and evaluation, it is thought that a minimum figure of \$15,000 per year would be required to allow

ITTO to fully participate in these activities and the work of the Project Steering Committee. This would add a further \$9,000 to ITTO component budget bringing the total to \$1,098,542.

Comments of the Committee

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

15. PD 10/92 Rev.1 (F) Books and a Data-Base on the Major and Minor Commercial Timbers of South-East Asia Volume 5(1) and Volume 5(2) within the PROSEA Programme

The objective of the project is to produce books and a Data-Base on the Major and Minor Commercial Timbers of South-East Asia Volume 5(1) and Volume 5(2) within the PROSEA Programme. These outputs aim to:

- * Document and make available the existing wealth of information on the plant resources, in particular, the timbers of South-east Asia for education, extension work, research and industry.
- * Operationalize a computerized data-bank on these plant resources.
- * Publish the results in a form of an illustrated, multi-volume handbook (three volumes for timber trees) in English.

In addition, the project aims to promote the dissemination of the information gathered.

Appraisal by the Panel of Experts

The Panel considered that the proposal was well drafted and logically presented and that the programme outputs were relevant to the objectives and priorities of ITTO. Furthermore, the Panel considered that the PROSEA proposal would complement PD 186/91 Rev.2 (F) in a fully integrated way that would avoid unnecessary duplication and that the commodity focus of the output was significantly different to that of the proposed Tree Flora Publication for Sabah and Sarawak. The Panel's major misgivings were the lack of details on the specific ITTO budget presented in sections 63 and 64 of the proposal and the lack of information on the proposed sale price and target user-groups for the publication. The Panel also noted that the project format did not fully conform with ITTO requirements. In particular, it noted that the legal context of the project under the ITTA was not defined, and that no provision was made for a Project Steering Committee with ITTO representation or ITTO monitoring and evaluation costs.

Recommendation by the Panel of Experts

The Panel recommended that the proposal be revised to:

1. Provide more detailed justification for the elements in Timber Tree Commodity Group Budget presented in Section 6.3 of the proposal. In particular, the Panel sought clarification on the statement that elements a, b, c, e, f were infrastructure costs while only item d was an operational cost. The relationship of all these budget items to the General PROSEA Project Budget presented in Table 1 should be made explicit so that it is clear to the Committee that overhead type costs are being shared equally with the other PROSEA Plant Commodity publications planned for 1992 and 1993.
2. Include information providing details on the target user groups for the publications and their proposed sale prices.

3. Conform fully with the ITTO Project Submission format.
4. Make allowance for a Project Steering Committee with ITTO Representation as mandated by Decision of the Eleventh Session of the ITTC.
5. Include provision for ITTO monitoring and evaluation costs (suggested US\$10,000) and the 5% ITTO administrative service charge for the ITTO funding component as mandated by Decision of the Twelfth Session of the ITTC.

Conclusion

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

Response to the Panel's Comments

The Project proposal has been comprehensively revised in relation to the comments of the panel of Experts and an explanation of these revisions is given by the submitting agency in Annex iv of the revised proposal. Details of these responses are as follows:

1. As stated in Annex iv, a much more detailed budget proposal has been presented in Part IV of the Rev.1 proposal, with the break-up of cost sharing between the timber volumes and the other PROSEA publications clearly defined. For the two-year period for which ITTO support is being sought, an ITTO component of \$1,068,041 (\$1,007,182 activities, \$60,859 ITTO monitoring, evaluation and program support charges) is being sought. This compares for the total budget of \$2,663,750 for the full set of timber volumes and a total PROSEA 1992-95 budget of \$5,355,000 - see Annex III of the Rev.1 proposal. The details of the overhead sharing between the timber and other volumes is clearly shown in Annex III.
2. Target groups for the PROSEA outputs are clearly defined in Section 3.2 (page 10) of the rev.1 proposal and are primarily the co-operating regional training and research institutes and the plant resource professional working in the South-East Asia region. It is also proposed to use the materials to produce simpler brochure type extension materials targeted at farmers and other potential user groups.

The dissemination strategy for PROSEA publication is outlined in Section 4.2.3 on page 12 of the rev.1 proposal. The unit cost for the timber volumes will be some US\$200 with a special paperback edition that will be made available for sale in S.E Asia at a cost of US \$10. This edition will also be available in selected national languages (Bahasa Indonesia and Thai) where English is not commonly used by target groups.

3. The Rev 1. proposal has been presented in the ITTO project submission format.
4. Allowance for a project steering committee with ITTO representation has been made in Item 3 of Part IV on page 21.
5. Appropriate provisions for ITTO monitoring, evaluation and the program support charge has been made in the revised budget.

Conclusions of the Committee

The Committee considered the revised proposal had fully met all the requirements of the Panel and recommended that the Council approve the Project and allocate US\$ 1,068,041 for its implementation.

16. PD 11/92 Rev.1 (F) Development and Dissemination of Reafforestation Techniques of Mangrove Forests

Globally, mangrove forests account for about 20 million ha and are situated in heavily populated coastal areas. These forests are intensively used for many purposes ranging from industrial utilization to the protection fishery resources. Many are being rapidly depleted. Some are already completely exhausted in some countries. This is resulting in serious environmental problems in coastal areas and is creating difficulties in terms of maintaining standards of life for people living in these areas.

The objective of this project is to promote large scale reforestation for the restoration of mangrove forests that have been degraded or destroyed and afforestation for the purpose of expanding mangrove resources.

To meet these objectives the main activities proposed for the project include:

- the survey of existing information on mangrove forests, mangrove species and mangrove afforestation techniques;
- the valuation of the current state of denuded mangrove forest lands in ITTO Member Countries;
- the development of mangrove afforestation methodology and technology and testing in 3 selected sites in Thailand;
- training and extension and the dissemination of projects results.

Appraisal by the Panel of Experts

The Panel thought that the basic intention and objectives of the Project were good, though the direct relevance to ITTO priorities such as Target 2000 was questioned by some panel members given the small proportion of mangrove timber that enters the international trade. Also, given the large amount of work in this area by other agencies such as FAO, UNDP and UNESCO, the panel thought that particular care was needed to avoid unnecessary duplication. The Panel therefore thought that the relationship of the project to this other work needed to be explicitly defined, and that considerable emphasis should also be given to natural forest management as well as purely reforestation techniques.

The Panel also noted that no detailed institutional framework was presented in the proposal and that the relationship with co-operating governments was not defined. The Panel also felt that more detailed justification for individual budget items was required and that the time-frame for the demonstration site aspects of the proposal was too short to have any effective value. The Panel also felt that for maximum development benefits, consideration should be given to having the whole proposal implemented by a research institute in a developing country, and noted that the proposal needed to make allowance for the ITTO Program Support charge of 5%.

Recommendations by the Panel of Experts

That the Project be revised to:

1. Include a rigorous literature review that demonstrates how the project could usefully extend the work of other ITTO Mangrove projects and avoid duplication of the work of other agencies.
2. Provide specific details of the working relationships with third countries including provisions for networking between the various regional research institutes, particularly if any on-site demonstration aspects are maintained in the revised proposal.

3. Provide details of how any demonstration sites would be maintained, monitored and used for demonstration purposes after the project period is completed.
4. Provide detailed justification for all budget items and include provisions for the 5% ITTO Program Support charge.

Conclusion

Subject to the provision of the above essential information, the Panel concluded that the Project could be commended to the Committee for appraisal and determination of its relevance in relation to ITTO priorities.

Response to the Panel's Comments

The Project has been revised in response to the comments of the panel of experts as follows:

1. A new section (Section 4 on page 4 of the Rev.1 proposal) has been added to describe the relationship of the proposal to other mangrove forest projects. This addition notes the primary fields of activities in previous activities undertaken by agencies such as UNDP, UNESCO, FAO and IUCN and suggests that the particular niche for the project is in the development and dissemination of information about afforestation techniques aimed at rehabilitation of previously denuded areas. However, no summary of the direct research outputs from these previous projects is given and no direct citations were made from published reports.
2. A brief description of the working relationships for the implementation of the project is given in item 6(iv) on page 5 of the Rev 1 proposal where it is stated that the study will be conducted by Japanese and Thai experts with assistance given by the National Mangrove Committees in Indonesia, the Philippines, Malaysia, Thailand and Bangladesh.
3. The proposed approach to site selection is described in item 6(v) on page 6 which in the Rev.1 proposal provides some additional information on the proposed responsibilities for the Thai and the Japanese partners in the Project.
4. A number of modifications have been made to the budget which has been increased from \$700,000 to \$800,000 in the revised project concomitant with an increase in project duration from 36 to 42 months. No specific allocation seems to have been made for the 5% ITTO Program Support Charge. However, the ITTO monitoring and evaluation allowance (item h on page 9) has been increased from \$10,000 to \$38,000.

With regard to the last item, the Secretariat would suggest that given the nature and the proposed location of the project proposal, an allocation of \$5,000 per year would be adequate for monitoring and evaluation purposes. This would imply a total budget of \$815,850 including \$15,000 for monitoring and evaluation and \$38,850 for the Program Support Charge.

Conclusions of the Committee

The Committee noted the responses to the Panel's comments and concern was expressed that the relationship between Thai, Japanese and Third Country Institutions was still not clearly defined. The Committee therefore recommended to the Council that it approve the project and allocate US\$ 815,850 for its implementation subject to the Secretariat receiving a detailed workplan that satisfactorily outlines an appropriate institutional structure for the conduct of the Project in Thailand and other Asian Pacific countries.

17. PD 14/92 Rev.1 A Demonstrative Program of Sustainable Utilization by Category Management of Tropical Forests in Hainan Island, China

The proposal involves a 5 year Project which aims to establish a demonstration model of integrated and sustainable utilization and management of the tropical resources of Hainan. The proposal includes:

- * The survey and analysis of both market demands and the forest resource capabilities to allow the development of a plan to govern the continuous utilization of forest resources.
- * Comparative studies of forest management practices in the tropical areas of China and other tropical producer countries.
- * The establishment of a demonstration model area for plantation lignoculture.
- * The establishment of a demonstration area for multi-purpose natural forest management.
- * The establishment of a demonstration model for protected conservation forests.

Appraisal by the Panel of Experts

The Panel welcomed this proposal and felt that it was highly relevant to Target 2000 as it presented a valuable opportunity for developing a regional demonstration model of integrated forest management in the spirit of the ITTO Guidelines on sustainability for both natural and planted tropical Forests. However, in order to allow proper appraisal, the panel also felt that more detail needed to be provided in relation to other projects in the area such as the WWF/CF Project 6779 on Forest development policy in Hainan which was mentioned on page 3 of the proposal. The Panel also felt that more details should have been provided on the proposed methodologies for the various components of the plan and that more detailed justification was required for all line items in the budget.

The Panel also felt that the staffing of the project should have greater emphasis on operation planners and managers vis-a vis researchers to maximize the demonstration value of the proposal and its link to operational scale integrated forest management in Hainan. It should also be noted that the Panel had some difficulty in distinguishing between the proposed "Conservation Demonstration Area" and the proposed demonstration area for "Multi-function Tropic Forest Management" as both seemed to imply a mix of both production and conservation oriented objectives.

Recommendations by the Panel of Experts

That the proposal be revised to:

1. Outline clearly the resource situation on Hainan Island giving details of the current area of forest and its condition, and the likely areas needed for conservation, environmental protection, multiple use and industrial plantations in the future. This outline should also clearly indicate current land-use pressures and likely obstacle to achieving integrated forest management.
2. Define more clearly the relationship of the Project to other existing or proposed projects on Hainan, together with details of the likely frameworks and time-scales for the extension of the results of the demonstration areas in the proposal to operational scale forest management on Hainan. In this regard, the scale of any current reforestation programmes should be outlined together with an indication of local resources that are either available or likely to become available for operational reforestation activities on Hainan.
3. Make specific reference to the use of ITTO Guidelines on Sustainable Management of both Natural and Planted Tropical Forests in the proposed demonstration areas and the development of forest policies for the island.

4. Clarify the specific objectives and emphases for management in all demonstration areas.
5. Outline in more detail the specific methodologies to be used in the various component studies in the proposals.
6. Provide more detailed justification for all budget items and include an allowance of some \$ US 40,000 for ITTO Monitoring and Evaluation of the Project and allowance for the ITTO 5% Programme Management charge.
7. Define the target groups for all aspects of training and extension.
8. Outline the procedures that will be used to secure the active involvement of local communities in both the project and its later operational scale extension.

Conclusions

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

Response to the Panel's comments

Following the comments of the Panel, the project proposal has been significantly revised providing considerable additional reformation. Responses to the specific comments of the Panel were as follows:

1. A comprehensive summary of the resource situation on Hainan Island is presented on pages 2-5 of the Rev. 1 Document. This indicates that the total area of the island is some 1,190,000 ha of which 300,000 ha are natural tropical forests. In addition some 530,000 ha are planned for development of fast growing plantations using eucalyptus and other species (page 4). Past exploitation has led to deterioration in the forest resource and continued pressures from population growth and economic development will lead to increased pressure on the resource which will require more rigorous and comprehensive science based management to ensure conservation and sustainable management of forest resources,
2. The relationship to other projects on the island are outlined in a number of places in the review from pages 2-5. Specific reference is made to the WWF CAF Project G229 "Research on the forest Development Policies in Hainan Province" on page 5. The scale of proposed reforestation projects was outlined in one of the above, though current annual rates of establishment are not described,
3. Reference to ITTO Guidelines for the Establishment and Sustainable Management of Planted Tropical Forest in the legal context of the Project on Page 1. The integrated nature of the project with components of biodiversity conservation through reserves, natural forest management, agro-forestry, extension and research conform well to the demonstration area priorities for sustainable management outlined in the ITTO Action Plan,
4. A general statement of objectives is given in item III on page 5 or 6 of the Rev. 1 document. More specific objectives and outputs are outlined in the activity statements for the activity areas in Section IV from pages 6-14 and the output statements on pages 15 in the Rev. 1 document.
5. Brief methodological statements are included in the activity statements outlined in 4 above,
6. A detailed budget has been provided on pages 22-25 for both the ITTO Component and the National Budget Component Allowances for ITTO monitoring and evaluation (item 17 page 25) and Program Support change (item 18 page 25). The revised National Budget

Component is \$1 million. While the proposed ITTO component of \$3 million is phased over 6 years with disbursements of \$1.5 million, \$1.0 million and \$0.5 million for the first, second and third phases respectively,

7. Training priorities are outlined in Section 5 (page 11) and section 7 (from pages 13-14). Targets include both technical and professional staffs and the general rural communities through extension program,
8. No specific descriptions of procedures for local participation other than the provisions for training and extension mentioned in the above. The forestry structure to the village level is however outlined in paragraph 4 of page 14.1

Conclusions of the Committee

The Committee considered that the revised proposal substantially met all the requirements of the Panel and recommended that the council approve the project and allocate US\$3,000,000 for its implementation, on condition that no substantial release of funds is made until a detailed workplan for the implementation of the Project that meets the requirements of the Secretariat is received by the Secretariat.

18. PD 15/92 Rev.1 (F) Establishment of a Germ Plasm Bank and Pilot Reforestation Units

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

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

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

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

Appraisal by the Panel of Experts

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

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

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

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

Recommendations by the Panel of Experts

The Panel recommended that the project should be reformulated to

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

Conclusion

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

Comments of the Committee

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

19. PD 16/92 Rev.1 (F) Timber Logging in Rondonia - Phase I: Socio-Economic and Environmental Diagnosis

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

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

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

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

Appraisal by the Panel of Experts

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

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

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

Recommendations by the Panel of Experts

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

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

Conclusions

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

Comments of the Committee

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

20. PD 18/92 Rev.1 (F) Research and Development in Management Activities in the Framework of Forest Management Operations in Côte d'Ivoire

At the beginning of the century the closed forests in Côte d'Ivoire accounted for about 15 million ha. This figure has been reduced to somewhere in the range of 2.5 to 3 million ha due to uncontrolled deforestation by farmers for agricultural purposes and the selective forest exploitation which has left the forest impoverished in valuable species.

The remaining forest range from the pristine closed forests to forests in different stages of degradation and agricultural fallow-lands. Its management calls for the application of appropriate and specific silvicultural treatments for each stand.

The objectives of this R and D project are:

- to develop a comprehensive and practical methodology to characterize forests stands requiring specific silvicultural treatment,
- to define for each of these specific situations and the corresponding silvicultural operations to be carried out,
- to train forest management staff in field operations.

To achieve these objectives, an area of above 100,000 ha, where different forest degradation stages are encountered will be chosen as a demonstration site. Activities such as aerial photography, cartography, forest inventory, other field data collecting and data processing leading to the definition of silvicultural units will be carried out by this initial project. The experimentation of silvicultural techniques in each of the define silvicultural units will be carried out in a subsequent project. It is also hoped that the project's results will be replicated throughout the country and the neighbouring countries in the future.

The actual proposal is a revised version of PD 55/89 (F) which was approved during the 6th Session of the ITTC. However, funding (US\$ 1,464,000) was not been secured and at the

Eleventh Session of the ITTC the original project came under the sunset provision of Decision 2(X) Annex 2 para.2.

The differences between the two proposals are:

1. The Institution in charge of monitoring the project in Côte d'Ivoire was the Major Projects Management and Monitoring Bureau (DCGTx) in the case of PD 55/89 (F), whereas it is now the Ministry of Agriculture and Animal Livestock.
2. The total project budget and the headings of this budget are the same in both cases. However the project has now been divided in 2 phases and for some budget items only one fraction of the item cost will be supported by this phase I. In addition the project will make use of existing technical assistance and equipment available in other projects to minimize the costs.

Taking these two elements into consideration, the situation is as follows:

Item	ITTO Contribution (FCFA)	
	PD 55/89 (F)	PD 18/92 (F)
Cartography	34.8	27.8
Support Missions	38	
Personnel Costs	283.2	53
Operating Expenditures	123.2	60
Capital Expenditures	36.5	29
Computer Equip. and Services	100	-
ITTO Monitoring and Evaluation	12	13.2
TOTAL	627.7	190

Apart from these changes, objectives, methodologies, activities and expected outputs are the same for both proposals, taking into consideration that PD 18/92 (F) is just phase I of the whole project.

Appraisal by the Panel of Experts

The Panel felt that this project proposal was consistent with the objectives of the ITTA and that it was potentially a highly relevant project in terms of the ITTO Action Plan and priorities such as Target 2000. In this regard, the Panel noted that the project could draw upon the very comprehensive research results on natural regeneration and general forest management that had been developed in Cote d'Ivoire over the past 15 years and translated into models that had been tested in limited areas such as the Yapo Forest.

The Panel thought that the project could usefully draw upon this previous work and help to translate these research models into operational models for large areas involving forest stands of various qualities and characteristics. Because of this potential, the Panel was disappointed to note that the proposal was not supported by a comprehensive review of past silvicultural research in Cote d'Ivoire.

The Panel also found the current statement of objectives somewhat confusing, as only activities associated with the first objective appeared in the project proposal. The Panel therefore concluded that the latter two objectives (on the development and demonstration of silvicultural treatments and training) would be covered in later phases of the project or in related projects.

The Panel also felt that the design of the project could have been improved if provision for a management information system had been incorporated into the proposal, and if the proposal had allowed for the possibility of liaison with other tropical countries where similar systems are being developed. The Panel also raised a number of specific concerns including:

1. The methodological approach to inventory. In particular the Panel felt that more information could have been provided on the intensity of the inventories which will be carried out, the description of the practical utilization of the different levels of inventory and the capacity available for processing the data collected.
2. Inconsistencies in the project document with regard to the operational timetable vis, the project duration is stated as 3 years while the operational timetable is 5 years which implies that project activities will not be completed upon project completion.
3. The need to exercise extreme caution in directly applying work from temperate forests areas such as that by Schutz, Engref and Leibundgut which was referred to in the project document. The Panel felt that far greater utility could be gained from rigorous consideration of the experience in other tropical countries.
4. The need for greater justification for any ITTO support for the purchase of field equipment, given that SODEFOR is already a well established forest development institution.

Recommendations by the Panel of Experts

The Panel recommended that the proposal be revised to:

1. Provide more background information on the project, in terms of a brief description of past experiences and research both in Cote d'Ivoire and other tropical countries.
2. Clarify project objective in relation to proposed project activities.
3. Provide more details on the specific methodologies that would be used to carry out the project activities.
4. Ensure that the design of the project is internally consistent in relation to operational timetables etc.
5. Provide more detailed justification and unit cost data for key budget line items such as personnel and equipment.

Conclusion

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

Response to the Panel's Comments

The responses of the Government of Cote d'Ivoire to the recommendations of the Panel of Experts are presented in document PCF(X)/12 and the following summary is given for the information of the Committee:

1. No actual summary of past silvicultural experience and research results was given. However, a number of past research reports and workshop documents were listed and it was stated that the Project would take into consideration the results of such work as a matter of course. It was also stated that a state-of-the-art summary for African closed forests was currently being edited by IDEFOR in Cote d'Ivoire.

2. The overall objectives of the project were stated as being the same as for the previously approved Project PD 55/89 with the specific objectives of:
 - * determining a working methodology
 - * establishing detailed mapping of the forest selected for the study
 - * collecting inventory data
3. No specific details of methodology were given as the production of a detailed inventory methodology was the first stated objective of the revised project.
4. No explanation was given for the internal inconsistency perceived by the panel. However, it appears that the calendar of operations that was presented in the proposal was for the full programme under PD 55/89 with the three year PD 18/92 being the first stage of implementation for this wider programme.
5. Some additional details and unit cost data were given in relation to recommendation 5 of the Panel. However, justification for the need for specific items equipment in relation to the current institutional capacity of SODEFOR to provide such equipment itself (as requested in Item 4 of the Panel's comments rather than its recommendations) was not provided.

The Committee may wish to note that the proposal as it stands does not include allowance for the 5% ITTO Program Support Charge, and that this would increase the ITTO budget requirement from 190 million FCFA (\$570,000) as stated in the proposal to 199.5 million FCFA (\$598,558). The Committee may also wish to discuss the conversion rate of 1\$ = 333.3 FCFA and the impact on any changes in that rate on project budget needs.

Conclusions of the Committee

The Committee considered that the revised proposal substantially met all the requirements of the Panel and recommended that the Council approve the project and allocate CFA 199.5 Million (US\$ 598,558) for its implementation, on condition that no substantial release of funds is made until a detailed workplan for the implementation of the Project that meets the requirements of the Secretariat is received by the Secretariat.

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

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

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

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

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

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

Item	ITTO Contribution (FCFA)	
	PD 62/89 (F)	PD 19/52 (F)
Establishment of Plant.	605	100
Personnel costs	93	30
Operation of Motorcycles	-	-
Upkeep of Plantations	9	10
SODEFOR's Headquarter Costs	125	-
	832	140
TOTAL	832	140

Appraisal by the Panel of Experts

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

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

Recommendations by the Panel of Experts

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

Conclusion

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

Response to the Panel's Comments

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

Conclusion of the Committee

The Committee felt that the project was technically sound and that on this basis, it could recommend to the Council that the Project be approved and CFA 147,500,000 (US\$ 441,004) be allocated for its implementation. However as the proposal was in essence seeking international

funding to provide part of the national counterpart component for an investment loan, the Committee sought the guidance of the Council on whether such action was appropriate for ITTO.

**PPD 1/92 (F) IMPACT OF THE RURAL POPULATIONS ON FOREST DEVELOPMENT:
PROTECTION AND RECONSTITUTION OF THE TROPICAL CLOSED FOREST IN
THE SI-KOP (NDOM) REGION, COASTAL PROVINCE, CAMEROON**

Comments

The Panel considered that this pre-project proposal was relevant to ITTO and consistent with Target 2000. In this regard the Panel noted that sustainable management of tropical forests would be unlikely to be achieved if strong steps are not taken to promote forest conservation activities and to reduce deforestation induced by agriculture development and misuse of forest resources. The Panel also considered that the pre-Project proposal was firmly focused on these key issues.

However, the Panel also felt that these issues which involve land use competition and conflict could only be properly addressed through concerted and cooperative efforts involving forestry and agricultural aspects. The Panel therefore felt that it would be advisable to include staff with both agricultural and forestry expertise in the Pre-Project study team. Furthermore, the Panel felt that the current proposal would be more effective if it was approached with the perspective of developing a model approach for other humid forest areas in Cameroon and surrounding countries.

In this regard, the Panel noted that FAO had long been involved with community forestry in the dry zones in Africa through its Forest, Trees and People programme. The panel therefore felt that a liaison with other projects under the FAO and other community forestry programmes should be developed during the conduct of the Pre-Project. It also felt that ITTO sponsored projects could usefully complement this existing work by focusing on the humid tropical zones where comparatively little community forestry work had been undertaken to date. With regard to the details of the proposal that had been submitted, the Panel noted that the expected outcomes of this pre-project needed to be much more explicitly defined in terms of the specific outputs from the individual preliminary studies and how these outputs would be used in the production of the ultimate project proposal.

The Panel also felt that considerable emphasis needed to be given to the assessment of the socio-economic conditions of the local population concerned, together with an assessment of their perceptions about the relevance of community forestry in general and any specific actions that might be considered in the ultimate project. The Panel felt that the perceptions of communities living in closed forests, like the targeted area, were likely to be considerably different from those of the communities living in dry zones where most community forestry activity had taken place in the past. In these later areas, immediate shortages of forest resources meant that local populations had high levels of awareness about the importance of trees and the protection of forests. As a result, there was a considerable basis of understanding for the establishment of effective agroforestry systems, that might not be immediately available in the more humid zones.

The Panel also felt that the proposed budget seemed too high for such a pre-project, and that it would be possible, for instance, to shorten the duration of the international expertise to reduce the cost of the proposal. In addition, the Panel felt that more background information on the targeted area was necessary in order to make a proper appraisal of the proposal.

Recommendations

The Panel recommended that the proposal be revised to:

1. Provide more detailed information on the biological, physical and social background to the targeted area so that the relevance of the proposal and its specific methodologies can be more easily appraised.

2. Define more explicitly both the outputs from the preliminary studies and how these outputs will be used in the production of the ultimate project proposal. In this regard, it would be useful for the Pre-Project proposal to include an outline of the specific research questions that the various preliminary studies will seek to address.
3. Ensure that the socio-economic studies include investigation of the perceptions of the target communities about forest resources and the desirability of an agroforestry programme. These investigations should aim to identify factors which may either help to facilitate a successful agroforestry strategy, or alternatively, the factors that are likely to become obstacles to such a strategy.
4. Consider reducing the input of international expertise to a single person for 2 person months to reduce budget demands. This international expert should have skills in integrated planning for rural development with experience in both the forestry and agricultural sectors or even more desirably the interface between the two sectors.
5. Ensure that the two national consultants assigned to the study team bring both agricultural and forestry expertise, ie, one should be an agriculturalist while the other should be a forester.

Conclusion

Subject to the inclusion of the above essential information, the Panel concluded that the Pre-Project proposal could be commended to the Committee for final appraisal and approval.

Response to the panel's Comments

A revised text responding to some of the Panel's recommendations was presented in PPD 1/92 Rev.1 (F). With regard to the above recommendations, the following response have been given:

1. The Rev.1 documents states that detailing the areas biophysical resources is one of the objectives of the Pre-project.
2. The statement of objectives is still not clearly defined and as a result it is not possible to clearly define specific study outputs or how the information generated by the pre-project will be used to generate Project proposals.
3. Study 3 proposes to address the environmental and development perceptions of the people currently in the area.
4. The staffing adjustments suggested by the panel have been incorporated.
5. Provision has been made for both agricultural and forestry staff.

Conclusions of the Committee

While the key area of study objectives is still not clearly defined, the Committee recognized the importance of the project and approved its implementation subject to the condition that no funds be released until the Secretariat received a detailed workplan that met the requirement of the Secretariat.

PPD 3/92 (F) INTEGRATED FOREST PROJECT FOR THE PRODUCTION OF SEEDLINGS IN PARA STATE - FEASIBILITY STUDY

Appraisal of the Panel of experts

The Panel felt that the Pre-project addressed an area of necessary assistance for a region that had obviously become degraded through recent land use activities. However, the panel also felt that the significance of the proposal to ITTO would be clearer if the nursery activity was placed in the context of an integrated master plan for the forest lands of Para State covering strategies for the establishment of a permanent forest estate and the control of deforestation, management of the remaining natural forest lands on a sustainable basis and complementary rehabilitation of degraded former forest lands.

The Panel welcomed the fact that the proposal was prepared by a state syndicate of private timber companies, though concern was also expressed about the lack of detail on the longer term framework for financing the proposed nurseries and the mechanisms for developing the interest and involvement of local communities in reforestation activities.

Recommendations

The Panel recommended that the Pre-project proposal be revised to:

1. Define more clearly the context of the proposed nurseries in the context of a master plan for the sustainable management of the forests of Para State. In providing this clarification, the use of the various ITTO Guidelines on sustainability should be made explicit, and details should be provided on the location and tenure of the eventual area to be targeted for reforestation under an integrated forest management strategy for the State. Additional information may also be provided by the recently approved ITTO Project PD 167/91 (M) "Diagnosis and Evaluation of the Brazilian Forestry Sector" which was to be organized on a State by State basis.
2. Concentrate more resources on determining the social and economic obstacles to sustainable reforestation and forest management. The literature review aspects of the proposal should also be re-scheduled to the beginning of the project to achieve maximum advantage.
3. Outline possible frameworks for ensuring the results of the study will be applied. In this regard, specific details should be provided on funding options for reforestation activities and the mechanisms that will be used to secure the involvement of local communities in both the nursery and the reforestation activities.

Conclusion of the Panel

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

Response to the Panel's Comments

The Pre-project proposal itself has not been substantially reformulated. Rather, a number of changes have been made to sections of the proposal. In addition, an addendum has been added to the revised proposal to respond to the more general issues raised by the Panel. The details of the changes and the general thrust of the addendum were as follows:

Changes to the Proposal Itself

1. The content of item (iv) of the report in outputs statement (a) in the original proposal was expanded from simply referring to reports of the mechanisms for implementing the program to these implementation mechanisms plus "the establishment of an adequate model to guarantee the involvement of local communities in the plantation program at a more advanced stage" - see page 5 of the revised proposal.
2. The addition of item (v) covering the actions needed to define a master plan was added to the content of the report in output statement (a).
3. The literature review (activity 2 in the original proposal) has been made the first activity in the revised proposal in response to the latter part of the Panel's second recommendation.
4. The scope of the socio-economic surveys proposed in activity 3 has been expanded in the revised proposal to include a review of experience with local community participation in plantation development programs to detect at an early stage possible constraints to the programs - see page 7 of the revised proposal. This addition was a direct response to the first part of the Panel's second recommendation.
5. The scope of activity 4 has also been expanded to include definition of the actions that might be needed for the establishment of a master plan for the State of Para.

General Thrust of the Addendum

Point 1 of the addendum contains a defence of the approach taken in the Pre-project in relation to the concerns of the Panel with regard to the context of the project in relation to sustainable forest management in Para State. However, while explanations are given the basic concerns of the Panel about context have not been addressed and indeed were not considered appropriate.

Given the other changes listed above that have been made in response to the Panel's comments, the Committee must in essence decide whether conducting the Pro-project in the absence of a master plan for the forestry sector in Para State is a valid approach or whether the Pre-project should perhaps be exclusively redirected towards developing a Project proposal that would allow the development of such a Master Plan. This would involve Section 2 of Activity 4 becoming the sole or primary focus of the Pre-project with technical reforestation matters being left until later when the scope for their sustainable development and management is more clearly defined by the Mater Plan, including matters such as funding and eventual marketing.

TECHNICAL EVALUATION OF PROJECT AND PRE-PROJECT PROPOSALS
IN THE FIELD OF REFORESTATION AND FOREST MANAGEMENT

PROJECT DOCUMENT	ITTO 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					
<u>Project</u>								
52/89 Rev.4	c,f and h	R & D	a,b,c,e and e	a,b,c,e and e	1,166,900		Cameroon	4
81/90 Rev.2	c,e,f,g and h	R & D	a,b,c,d and e	a,b,c,d and e	1,995,500	5 mo	Bolivia	2
120/91 Rev.4	c,f and h	R & D	a,b,c,d and e	a,b,c,d and e	464,161	2	Malaysia	4
174/91 Rev.2	f and h	R & D	a,b,c,d and e	a,b,c,d and e	631,500	-	Cote d'Ivoire	4
175/91 Rev.1	c,e,f,g and h	R & D	a,b,c,d and e	a,b,c,d and e	1,997,000	5	Bolivia	2
186/91 Rev.2	c and h	Publication	a,b and e	a,b,c,d and e	712,800	10	Malaysia	4
197/91 Rev.1	c,f and h	R & D	a,b,c,d and e	a,b,c,d and e	942,417	3	Philippines	2
200/91 Rev.1	c,f and h	R & D	a,b,c,d and e	a,b,c,d and e	714,659.33	3	Philippines	2
201/91 Rev.1	c,f and h	R & D	a,b,c,d and e	a,b,c,d and e	467,550	5	Philippines	2
206/91 Rev.1	c and h	R & D	a,b,c,d and e	a,b,c,d and e	600,000	5	Zaire	2
208/91 Rev.1	c,f and h	Network	a,b,c,d and e	a,b,c,d and e	521,000	5	Zaire	2
210/91 Rev.1	c,f and h	R & D	a,b,d and e	a,b,c,d and e	2,000,000	1	Zaire	2
8/92	c,f and h	R & D	a,b,c,d and e	a,b,c,d and e	501,000	5	Honduras	2
9/92	c,e,f and h	R & D	a,b,c,d and e	a,b,c,d and e	644,327	3	Honduras	2
10/92 Rev.1	c and h	Publication	a,b,c,d and e	a,b,c,d and e	1,068,041	2	South East Asia	4

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REPORT TO THE INTERNATIONAL TROPICAL

TIMBER COUNCIL

TENTH SESSION OF THE PERMANENT COMMITTEE ON
FOREST INDUSTRY

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Appendix III	ITTO Guidelines for Development of Sustainable Forest Industries: A Discussion Paper

PROJECT DOCUMENT	ITTO 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					
11/92 Rev.1	f and h	R & D	b,c,d and e	a,b,c,d and e	815,850	42 mo.	Global	4
14/92 Rev.1	c,f and h	R & D	a,b,c,d and e	a,b,c,d and e	3,000,000	6	China	4
15/92 Rev.1	f and h	R & D	a,b,c,d and e	a,b,c,d and e	345,773	36 mo.	Brazil	Deferred to 11th Session of PCF
16/92 Rev.1	c,f and h	R & D	a,b,d and e	a,b,c and d	324,000	24 mo.	Brazil	Deferred to 11th Session of PCF
18/92 Rev.1	c,f, and h	R & D	a,b,c,d and e	a,b,c,d and e	760,000	3	Cote d'Ivoire	4
19/92 Rev.1	f	R & D	b,c and e	a,b,c,d and e	680,000	2	Cote d'Ivoire of PCF	Deferred to 11th Session
<u>Pre-Project</u>								
1/92	b,e,f,g and h	R & D			132,000		Cameroon	4
3/92 Rev.1		Study			102,500	6 mo.	Brazil	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.

REPORT

1. Introduction

The Tenth Session was opened on 6 May 1992 by Professor Nils-Erik Nilsson (Sweden), the Chairman of the Committee. The list of Participants is reproduced in Document ITTC(XII)/Info.4 Rev.1.

2. Adoption of Agenda and Organization of Work

At its first meeting on 6 May 1992 the Committee adopted the agenda of its Tenth Session as contained in Document PCI(X)/1.

3. Admission of Observers

The list of Observers admitted by the Committee is contained in Document ITTC(XII)/Info.5 and ITTC(XII)/Info.5 Add.1.

4. Market Review and Outlook

The 1992 Market Review took place for two days (7 and 8 May 1992). The schedule of the Market Discussions is attached to this Report as Appendix A. As part of the background documentation requested for the review, only 16 members submitted Country Market Statements. Worksheets were compiled from responses to the Annual Forecasting Enquiry. For this year responses to the Enquiry were more encouraging and had been received from 37 consumer and producer members. The Committee had before it the background document "Elements for the 1991 Annual Review and Assessment of the World Tropical Timber Situation" prepared by the Secretariat.

The main theme of the discussions was: "Lesser Known Species and Sustainable Forest Management and Trade in Tropical Timber Products". The discussions focused mainly on this theme as seen from various regional geographical perspectives. A fuller account of the discussion is reproduced as Appendix B to the Report, with Summary Tables of the Tropical Timber Market Forecast Worksheets from 1990-1992 as Appendix D to this Report. Before the Market Discussions a host country presentation was made on "The Forest Resources Situation, the Developments in the Timber Trade and Industry of Cameroon".

5. Annual Review and Assessment of the World Tropical Timber Situation

This item has direct relevance to the Market Discussions and was therefore considered concurrently. The document prepared by the Secretariat on this item, "Elements for the 1991 Annual Review and Assessment of the World Tropical Timber Situation" [ITTC(XII)/3] was presented by the Statistician. He reported that 37 of ITTO's member states had provided data in response to the Annual Forecasting and Statistical Enquiry. Unfortunately, much of this data was still deficient in terms of both quality and timeliness. Following the presentation of the document a wide-ranging discussion ensued which highlighted participants' concerns with the contents of the document and the quality of the data used to prepare it. The Secretariat and other participants pointed out that the quality of the document was ultimately a reflection of members' willingness to provide timely and reliable data.

A major concern was with the data used to prepare the tables on Forest Areas and Removals. A number of participants referred to the potential danger of publishing data on areas under sustainable management when such data could not be verified. The working definition of sustainable management formulated and reported in Council Decision 6(XI) would be used in future enquiries to ensure that all countries had a common benchmark.

Several other specific queries were raised by participants. A request that data sources be explicitly referenced was agreed to by the Secretariat. A request that a section on secondary products be included in the 1992 Review was also made. It was pointed out that this information had been incorporated in the 1990 Review, but data could not be obtained in time for the 1991 Review. It was recommended by the delegate from Finland that ITTO should collaborate closely with ITC in this regard.

The delegate of Malaysia requested revision of the log production figure for his country, from 41 000 000 m³ to 39 100 000 m³. The Malaysian delegation also requested the deletion of the first and third paragraphs of the Country Notes on Malaysia. The delegate of Thailand requested the deletion of the last sentence of the first paragraph in the Country Notes of Thailand, as well as the amendment of the third paragraph to indicate that secondary and further processed products made from imported wood can be exported from Thailand.

In view of the need for revision to the text of the Secretariat document the Committee considered that approval of ITTC(XII)/3 should be deferred until the Thirteenth Council Session. This would allow members time to propose amendments or additions to their country data and the text which would be incorporated in the final revision of the document. The Council should request members to forward in writing to the Secretariat by 30 June 1992 any further suggestions or amendments. The Committee would also recommend that Council urge those countries which had not yet nominated their ITTO Statistical Correspondents to do so immediately.

6. Report on Completed Project

The Committee took notice of the work accomplished on the project completed since its last Session [PD 70/89 Rev.2 (I) "World Conference on Tropical Plywood in Asia Pacific Region" - PCI(X)/3]. The Committee noted with satisfaction that the Conference proceedings have already been printed and are being distributed to Members and other interested parties.

The Committee expressed its satisfaction with the successful completion of this project designed to provide a forum for consultations and exchange of information on tropical timber plywood.

The Committee expressed its gratitude to the Governments of Indonesia and Japan and industry associations APKINDO and JPMA for their efforts and collaboration in the successful implementation of the project.

7. Report on Project Work in Progress

The Committee reviewed the work underway in twenty-five ITTO approved and financed projects in the field of Forest Industry. The full report on project work in progress is reproduced in document PCI(X)/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)"], Malaysia [PD 11/82 (I) "Malaysian Timber Industry Board and Timber Industry Upgrading"], Netherlands [PD 134/91 Rev.2 "Selection and Introduction of Lesser-Known and Lesser-Used Species for Specific End-Uses Phase 2"] and Peru [PD 37/88 Rev.3 (I) "Industrial Use of New Forest Species in Peru"].

Noting the amount and quality of work that had been completed and results achieved under the first phase of project PD 37/88 Rev.3 (I) "Industrial Use of New Forest Species in Peru," the Committee praised the project scope and results for linking the promotion of lesser-used species with sustainable management of the forest. Such projects, the Committee further stressed, which seek improved utilization of the resource base while contributing to sustainable forest management, should become a model for the design of projects aiming at promoting lesser-known species.

On the basis of a proposal submitted by the Government of Ecuador the Committee agreed to modify the institutional implementation arrangements on projects PD 154/91 Rev.2 "Integrated Development of Timber and Timber Products Marketing Structure in Ecuador" and PD 155/91 Rev.2 (I) "Seminar on Sustained Forest Industry Development in the Andean Group Countries". Replacing the Andean Development Corporation, ITTO is to assist the Government of Ecuador (Subsecretariat for Forestry and Renewable Natural Resources) in the management of project funds.

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 6 project proposals that had been amended or commented on after the Expert Panel appraisal:

PROJECT NUMBER	PROJECT TITLE	SUBMITTING GOVERNMENT
PD 109/90 Rev.4 (F,I)	Assistance to Modernization, Restructuring and Development of Wood-Based Industries in Côte d'Ivoire	Government of Côte d'Ivoire
PD 179/91 Rev.1 (M,I)	Industrial Utilization and Marketing of Selected Ghanaian Lesser-Used Timber Species	Government of Ghana
PD 209/91 Rev.2 (I)	Study of Zairian Timber with a View to Promoting Certain Species	Government of Zaire
PD 4/92 (I)	Development of Eucalyptus Timber in the West and North-West Regions of Cameroon	Government of Cameroon
PD 6/92 (I)	Reduction of Waste During Utilization and Processing of Timber in Cameroon	Government of Cameroon
PD 20/92 (I)	The Identification, Properties and Uses of the Tropical Timber Imported to China from Africa	Government of China

The detailed results of the Committee's evaluation and appraisal of these 6 project proposals are presented in Appendix I.

The Committee decided not to appraise and evaluate the remaining 6 project proposals in its agenda because, as pointed out in the Expert Panel Report, they lacked sufficient information and/or were not sufficiently prepared for appropriate appraisal and decision. These proposals are:

PROJECT NUMBER	PROJECT TITLE	SUBMITTING GOVERNMENT
PD 205/91 Rev.2 (I)	National Saw Maintenance Centre	Government of Zaire

The Committee noted the Secretariat's information that this project proposal is being reviewed under a pre-project providing assistance to the Government of Zaire and that a reformulated project proposal is likely to be prepared.

PD 7/92 (I)	Determination of the Physical and Mechanical Properties and Classification by Usage of One Hundred Broadleaved Forest Species	Government of Honduras
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PD 1/92 (I)	Feasibility Study for a Dendroenergy Development Project in the Northern Region of Honduras	Government of Honduras
PD 2/92 (I)	Design and Feasibility Study for the Establishment of a Cement-Wood Board Plant	Government of Honduras

Though not appraising this project proposal, the Committee supported the Panel's view that the project's planned feasibility study to establish a particular wood-cement manufacturing plant should more appropriately be sponsored or at least co-sponsored by the private sector.

PD 5/92 (I)	Establishment of a Centre for the Promotion of Lesser-Known Species (LKS)	Government of Cameroon
PD 17/92 (I)	Processing and Utilization of Cocowood for Housing Components and Other Higher Value-Added Products	Government of Philippines

Though not appraising this project proposal the Committee Members expressed the view, as did the Expert Panel, that this project is likely to duplicate considerable coconut wood research work carried out in the last 20 years in the Asia/Pacific region, and that the implementing agency itself (FPRDI) was a major recipient of international assistance in this field in the 70's and 80's.

The Committee expressed the view that the level of preparation of some proposals has improved and that the Panel has been useful and effective in advising 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 recommend to the Council the Panel's continuation on a permanent basis.

The Committee also took note that a project entitled "First Timber Industrialists Meeting in Central America [PD 13/92 (I)]," submitted by the Government of Panama, is being presented directly to the Council for a decision through the expedite procedure in accordance with Council Decision 2(X).

9. Report on Completed Pre-Project

The Committee took note of the report on the completed pre-project study on "Industrial Processing of Rubber-Wood Timber in Africa". The study was implemented by Office National de Developpement des Forets (ONADEF).

The Committee expressed its satisfaction with the work carried out by ONADEF, which included three main components:

- (1) a study tour to visit rubberwood plantations, sawmills, furniture factories, and research institutes in Malaysia, with additional research in France;
- (2) a market study of the use of rubberwood for school furniture and other uses; and
- (3) a feasibility study to evaluate available rubberwood resources, technical aspects of rubberwood processing, and financial considerations related to investment requirements, economies of scale, potential profits, etc.

However, based on information on industrial rubberwood sawmilling yield provided by the delegation of Malaysia, the Committee agreed that rubberwood yield figures provided in the report seem to be unrealistically high, and recommended that the implementing agency should review the information on this issue contained in the pre-project report.

Recalling that this pre-project was approved to assist further development of a project proposal presented by Cameroon [PD 51/89 (I) Enhancing the Value of Rubber-Wood in Cameroon], the Committee, recommended that the study findings be thoroughly considered in the eventual reformulation and reappraisal of that project proposal.

The full report on the pre-project study is reproduced in document PPR 19/91 (I).

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: I - Assessment of Future Mahogany Supply and Alternative Industrial Operations for Sustainable Production
- (ii) Institutional Strengthening of IBAMA's Forest Products Laboratory
- (iii) Manpower Development of the Sarawak Forest Sector
- (iv) Technical and Economic Feasibility of Large-Scale Construction of Wooden Houses in Brazil
- (v) The Industrial Utilization and Marketing of Eucalyptus Plantations of the Province of Loja, Ecuador
- (vi) Feasibility of a Promotion Center for Furniture Manufacturing in Ecuador
- (vii) Feasibility Study of a Programme to Support the Sustainable Management of the African Forests Producing Industrial Timber in Order Better to Enhance Their Potentiality
- (viii) Feasibility Study on a Program to Strengthen ITTO Activities in Latin America/Caribbean Through the Services of a Field Officer
- (ix) Provision of Assistance for the Reassessment and Reformulation of Zairian Project Proposals PD 205/91 (I) National Saw Maintenance Centre and PD 209/91 (I) Study of Zairian Timber with a View to Promoting Certain Species

The Committee expressed its satisfaction with the expedited work being carried out under pre-project (ix) above to assist Zaire with the reformulation of project proposals, one of which had been redrafted in time for this Tenth Session.

Noting that there is growing world-wide concern on unsustainable production and trade in mahogany, the Committee urged the ITTO Secretariat to work closely with the agency implementing the pre-project study on this species [(i) above] in order to finalize the much delayed execution of the important surveys and assessments planned in the study.

11. Decision on Pre-Project Work

The Committee considered a pre-project submitted by the Government of Brazil entitled "Sustainable Development of the Plywood Industry in Latin America". Supporting the previous appraisal and recommendation made by the Panel of Experts, the Committee decided to approve

the revised pre-project proposal [PPD 2/92 Rev.1 (I)]. The detailed results of the Committee evaluation and appraisal of the pre-project proposal are included in Appendix I.

The Committee also took note that a pre-project entitled "Pre-Feasibility Study on Harmonization of Tropical Plywood Standards [PPD 5/92 (I)]," submitted by the Government of Indonesia, is being presented directly to the Council for a decision through the expedite procedure in accordance with Council Decision 2(X).

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 Tenth Session and select the successful candidates. The selection panel was composed of: Mr. Samuel Kwasi Appiah (Ghana), Dr. Toga Silitonga (Indonesia), Mr. Aurthur V. Morrell (U.K.), Dr. Amantino Ramos de Freitas (Brazil), Dr. David A. Harcharik (U.S.A.) and Prof. Nils-Erik Nilsson (Sweden).

The selection panel appraised 61 fellowship applications, of which 26 were selected for appraisal and funding, with a total allocation of about US\$ 188,000. The applications approved are listed in Appendix II.

With regard to fellowship-sponsored work, the Committee recommended that the Secretariat assess reports submitted and undertake efforts to publish and disseminate those with relevant information and potential to benefit Members and other parties working for the development of tropical forests.

13. Dates and Venue of the Twelfth Session

The Committee decided that the date and venue of the Twelfth Committee Session will be agreed upon by ITTC in the Twelfth Council Session.

14. Other Business

The Committee took note of a discussion paper put forward by its Chairman (Prof. Nils-Erik Nilsson) entitled "ITTO Guidelines for Development of Sustainable Forest Industries: A Discussion Paper" [PCI(X)/9]. The full text of the discussion paper is reproduced in Appendix III. The Paper supports the view that there is a need to further develop ITTO policies and guidelines for the development of appropriate tropical timber-based forest industries. The Committee praised the Chairman's initiative and decided to consider this issue in its next Session. The Committee instructed the Secretariat to have the subject as an agenda item for its forthcoming fall Session in 1992.

The Committee took note of information provided by the representative of FAO on a study being conducted by the FAO Forest Products Division on the contribution of forest industries to the economies of all developing countries. The initial stages of this study are developing estimates of employment and direct income provided by harvesting, wood processing and pulp and paper operations in the developing countries.

In response to FAO's request for information to assist implementation of these studies, the Committee called upon Members to provide FAO with relevant wage rate information from their own forest industries in order to assist in these valuable studies. The Committee further supported the studies which are of direct relevance to ITTO's work and valuable to demonstrate the importance of forest industries and local processing to the economy of producing countries.

15. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations to the ITTC:

1. To approve for implementation the following project proposals:
 - PD 109/90 Rev.4 (F,I) Assistance to Modernization, Restructuring and Development of Wood-Based Industries in Côte d'Ivoire
 - PD 179/91 Rev.1 (M,I) Industrial Utilization and Marketing of Selected Ghanaian Lesser-Used Timber Species
 - PD 209/91 Rev.2 (I) Study of Zairian Timber with a View to Promoting Certain Species
 - PD 4/92 (I) Development of Eucalyptus Timber in the West and North-West Regions of Cameroon
 - PD 6/92 (I) Reduction of Waste During Utilization and Processing of Timber in Cameroon
 - PD 20/92 (I) The Identification, Properties and uses of the Tropical Timber Imported to China from Africa

2. To recommend to submitting countries the revision of the following proposals:
 - PD 205/91 Rev.2 (I) National Saw Maintenance Centre
 - PD 1/92 (I) Feasibility Study for a Dendroenergy Development Project in the Northern Region of Honduras
 - PD 2/92 (I) Design and Feasibility Study for the Establishment of a Cement-Wood Board Plant
 - PD 5/92 (I) Establishment of a Centre for the Promotion of Lesser-Known Species (LKS)
 - PD 7/92 (I) Determination of the Physical and Mechanical Properties and Classification by Usage of One Hundred Broadleaved Forest Species
 - PD 17/92 (I) Processing and Utilization of Cocowood for Housing Components and Other Higher Value-Added Products

3. To urge Member countries to contribute funds to finance forest industry projects approved by the Council in previous Sessions and so far unfunded. These projects are:
 - PD 92/90 Rev.1 (I) Study of Costs and Yield Levels in the Bolivian Sawmilling Industry
 - PD 121/91 Rev.2 (I) Entrepreneurship Development in the Furniture Industry
 - PD 122/91 Rev.1 (I) Furniture Export Marketing Programme for the EEC
 - PD 151/91 Rev.2 (I) Selection of Lesser-Known Tropical Timber Species of the Andean Sub-Region for Specific End-Uses
 - PD 153/91 Rev.1 (I) Feasibility Study to Establish an Andean Sub-Region Center for the Development of Sustained Forest Management and Support to the Timber Industry

PD 163/91 Rev.2 (I)	Technical Assistance and Training for Forest Industry Development in Sabah, Malaysia
PD 195/91 (I)	Consumer Education on Timber and Processed Timber Products
PD 196/91 (I)	Utilization of Residues and Dendrothermal Energy in the Peruvian Forest Industry

16. Report of the Session

The Committee adopted this report for submission to the Council.

APPENDIX I

TECHNICAL EVALUATION OF PROJECTS AND PRE-PROJECTS IN THE AREA OF FOREST INDUSTRY

PROJECT DOCUMENT	ITTA OBJECTIVES Article 1	AREA OF ACTIVITY		CRITERIA Art.23 Para.6	ITTO BUDGET (US\$)	DURATION	GEOGRAPHICAL COVERAGE	RECOMMENDATION
		Art.23 Para.2	Art.23 Para.5					
PD 109/90 Rev.4 (F,I)	b,e,f,g,h	R & D	a,b,d,e	a,b,c,d,e	680,400	3 years	Côte d'Ivoire	4
PD 179/91 Rev.2 (M,I)	c,e,g	R & D Marketing	a,b,d	a,b,c,d,e	985,273	3 years	Ghana, Europe and N. American Consumers	4
PD 205/91 Rev.1 (I)		Marketing Training			707,111	5 years	Zaire	2
PD 209/91 Rev.2 (I)	c,g	R & D Marketing	a,b,e	a,b,c,d,e	695,116	5 years	Zaire and consuming countries	4
PD 1/92 (I)	b,e,f	Feasibility Study	a,b,c,d	a,b,c,d,e	309,000	1 year	Honduras	2
PD 2/92 (I)	e,f	Feasibility Study	a,b,d,e	a,b,c,d,e	300,000	1 year	Honduras	2
PD 4/92 (I)	e,f,g	R & D Demonstration	a,c,d	a,b,c,d,e	345,000	5 years	Cameroon	4
PD 5/92 (I)	b,g	Marketing	a	a,b,c,d,e	476,450	2.5 years	Cameroon, France	2
PD 6/92 (I)	e,f,g,h	R & D	a,b,d,e	a,b,c,d,e	315,600	12 months	Cameroon	4
PD 7/92 (I)	c,e	R & D	a,b	a,b,c,d	90,500	2 years	Honduras	2
PD 17/92 (I)	c	R & D Marketing	a,e	a,b,c,d,e	823,000	3 years	Philippines	2
PD 20/92 Rev.1 (I)	c,g	R & D Marketing	a,d	a,b,c,d,e	86,700	3 years	China and African Producing Countries	4
PD 13/92 (I)	b,c,e,f,g	Seminar	a,b,c,d,e	-	21,000		Central America	7

PRE-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					
Sustainable Development of the Plywood Industry in Latin America					115,500	10 months	Latin America	4
Pre-Feasibility Study on Harmonization of Tropical Plywood Standards					50,325	2 months	Global	7

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

APPENDIX I

TECHNICAL EVALUATION OF PROJECT PROPOSALS

PD 109/90 Rev.4 (F,I) ASSISTANCE TO MODERNIZATION, RESTRUCTURING AND DEVELOPMENT OF WOOD-BASED INDUSTRIES IN COTE D'IVOIRE

The Committee supported the Panel's recognition of the project value as part of an ample program to promote sustainable utilization, management, and conservation of the tropical forests of Côte d'Ivoire.

The Committee expressed its satisfaction with the project addendum submitted by Côte d'Ivoire in response both to the Committee comments on the previous version and to the Panel's recommendations.

The Committee further commended the project concept (planning and linking industry development to sustainable wood supply), stressing that this type of work is highly relevant to ITTO's Target 2000.

The Committee recommended that in implementing the project the opportunity should be used to support the development and application of national guidelines compatible with the ITTO Guidelines for Sustainable Management of Natural Tropical Forests. This should be effected in the development and implementation of the five forest management plans which will be prepared in the project. The Committee took note and expressed appreciation for Côte d'Ivoire's indication that the country's forest policies and forest development programs are in line with ITTO principles and objectives, particularly in the adoption of provisions for local people's involvement and participation in the management of forests.

The Committee decided to recommend the project for approval with implementation to be subjected to the amendments contained in document PCI(X)/6 Rev.1

PD 179/91 Rev.2 (M,I) INDUSTRIAL UTILIZATION AND MARKETING OF SELECTED GHANAIAN LESSER-USED TIMBER SPECIES

The Committee expressed appreciation for the project revision submitted by the Government of Ghana in response both to recommendations made at its last Session and to additional recommendations made by the Panel of Experts.

The Committee agreed that the revised project proposal has been appropriately designed and justified and that the project has great potential to demonstrate that the harvesting and utilization of a larger number of species is possible if appropriate care and control are enforced in the harvesting and management operations. The Committee further noted that Ghana is in an ideal position to pursue such work because appropriate forest policies are in place and inventory databases to assist in monitoring the effects of harvesting a larger number of species are available.

The Committee pointed out that the project is also well justified for its prospects for high economic returns, though this is not made explicit in the project document. The Committee stressed that as a general rule project justifications should as far as possible include information on expected quantitative economic returns as the ITTA project selection criteria require that projects should offer reasonable prospects for economic returns in relation to costs.

While commending the project for its regional coverage, the Committee noted that the project lacked the means to disseminate its results to ITTO French-speaking Members in Africa. The Committee therefore recommended the preparation and inclusion of French summaries in the text of the main technical reports to be produced by the project.

The Committee decided to recommend this revised project proposal for approval.

PD 209/91 Rev.2 (I) STUDY OF ZAIRIAN TIMBER WITH A VIEW TO PROMOTING CERTAIN SPECIES

The Committee recognized the value of the project objectives and its consistency with the ITTO program to promote marketing and utilization of lesser known species. The Committee further expressed the view that the harvesting and utilization of a wider number of tropical timber species may contribute to sustainable forest management and reduce logging pressures on the prime species. However, the Committee noted that harvesting and utilization of a wider number of species may also have a negative impact on the environment if harvesting and production are not effected under appropriate forest management plans. In this connection, the Committee recommended that trade promotion activities planned in the project should cover only tropical timber species that are produced on a sustainable basis. To this end, the Committee recommended that the project's data base should as far as possible include information on species silviculture, regeneration and production regime (sustainability), and that the intention of contributing to forest conservation, by improving the basis for sustainable forest management, should be explicitly included in the general objectives of the project. Together these additional elements should enable the Steering Committee to assess and report on the project's probable impact on resource conservation.

The Committee also recommended that a preliminary list of species to be considered for study and trade promotion be made available by the Government of Zaire prior to project implementation.

The Committee recommended the project for approval with implementation to be guided by the above comments and subjected to the amendments contained in document PCI(X)/7 Rev.1.

PD 4/92 (I) DEVELOPMENT OF EUCALYPTUS TIMBER IN THE WEST AND NORTH-WEST REGIONS OF CAMEROON

The Committee shared the Panel's view on the importance of supporting activities to promote management of plantations and appropriate sawing techniques for processing plantation wood. Moreover, the Committee felt that this project and similar plantation projects are very important and essential to reduce the pressure for harvesting remaining natural forests and therefore are important for the conservation of tropical forests.

The Committee expressed its satisfaction with the submission by the Government of Cameroon of a project addendum containing further information requested by the Panel. The Committee was satisfied with detailed information provided on sawnwood demand and the potential market for eucalyptus sawnwood, in addition to data on the plantation program and resources. Similarly, the Committee considered that the project design has been improved by the provision of an outline on the arrangements planned to organize the participation of local communities in the project, and by the clarification of ONADEF's role in ensuring that the ITTO Guidelines for the Establishment of Planted Tropical Forests will be used in the planning and execution of project activities. The Committee expressed the view that it would also be appropriate for the project to assist the development of plantation guidelines at the national level in Cameroon.

While pointing out that the viability of the sawnwood production unit proposed in the project is highly sensitive to roundwood purchasing costs and sawnwood selling prices in the market, the Committee agreed that the pre-feasibility study contained in the project document indicates that the operation will be viable and profitable.

With respect to the quality of plantation logs, most likely to be inferior to saw logs currently available in Cameroon, the Committee recognized that this will be reflected in the quality and market price for the eucalyptus mill's products. However, the Committee agreed that the sawmill will produce higher quality sawnwood with less waste viz a viz present chainsawing practices and would therefore be competitive in the local market.

The Committee recommended the project for approval with implementation to be guided by the above comments and subjected to the amendments contained in document PCI(X)/6 Rev.1.

PD 6/92 (I)

REDUCTION OF WASTE DURING UTILIZATION AND PROCESSING OF TIMBER IN CAMEROON

The Committee agreed with the Expert Panel on the relevance of the project for assistance and restructuring and further development of the Cameroonian tropical timber based industry.

The Committee expressed its appreciation to the Government of Cameroon for submitting a fully revised project proposal addressing the recommendations made by the Panel of Experts.

Noting that the project studies are geared to restructuring the industry taking into account market opportunities, the studies also have a view to reduce waste and improve utilization of the resource base (e.g. through product diversification and utilization of lesser used species and forest residues). Therefore, the Committee recommended that the project development objectives be expanded to appropriately reflect its potential contribution to the conservation and sustainable management of the country's tropical forests.

Stressing again that waste utilization and improved industrial efficiency reduce the need for harvesting primary natural forests, the Committee recalled that an ITTO project with a similar scope is being implemented in Ghana by the German Federal Research Center of Forestry and Forest Products (BHF) [PD 74/90 (F,I): Better Utilization of Tropical Timber Resources in Order to Improve Sustainability and Reduce Negative Ecological Impacts]. The main aims of both PD 74/90 and this project are to achieve improved processing techniques, more efficient industrial use of residues and higher yield from the forest through better utilization and increased use of lesser known species, while remaining in the limits of sustainability. The Committee thus recommended that there should be close consultation and coordination between the implementing agencies executing this project.

Also, the Committee expressed the view that the proposed studies are time consuming and extension of the project duration to two years would be more realistic and consistent with the scope of the tasks involved.

The Committee recommended the project for approval with implementation to be guided by the above comments and subjected to the amendments contained in document PCI(X)/10 Rev.1.

PD 20/92 Rev.1 (I)

THE IDENTIFICATION, PROPERTIES AND USES OF THE TROPICAL TIMBER IMPORTED TO CHINA FROM AFRICA

The Committee endorsed the Expert Panel's view on the value of the project objectives to promote marketing of tropical timber species and expansion of international trade. The Committee also commended the project for its regional value and agreed that the proposed work has a potential to increase the knowledge of Chinese consumers on African tropical timbers.

The Committee expressed its appreciation to the Chinese Government for the preparation of this amended project including a tentative list of tropical timber species to be studied. However, the Committee was of the opinion that the list was too long (183 species) and that the species selection should be refined to drop species that have no market potential or that are critical to the ecology of producing countries. The Committee in fact was of the opinion that the project would be more efficient if the work was limited to 25-30 species with higher market potential, good prospects for production on a sustainable basis, and that are not critical to the ecology of producing countries.

Pointing out that most African countries are taking steps to limit export of tropical timber logs, the Committee recommended that the project implementation be geared to make available information to assist import and utilization of primary processed products such as sawnwood, veneer and plywood, rather than saw and veneer logs.

The Committee decided to recommend the revised project proposal for approval, with implementation to be subject to and guided by the above recommendations on the selection of species and products to be promoted.

PPD 2/92 (I)

**SUSTAINABLE DEVELOPMENT OF THE PLYWOOD INDUSTRY IN
LATIN AMERICA**

The Committee, though noting the Expert Panel's view that the proposed work seems to address problems of the Latin American plywood industry that have been identified and partially studied in the recent past, was of the opinion that further survey-type studies to make available detailed information on the structure of the regional plywood industry are valuable and needed.

Such studies, the Committee agreed, may provide updated information on location, raw material supply, production capacity, technology, employment, markets, etc. which are essential for planning further development in the plywood sector, particularly in a region where the industry has not developed as expected and is very often facing serious crises underlined by financial and marketing constraints. However, the Committee pointed out that the scope of the envisaged project follow-up actions should be indicated in the pre-project proposal, which should also provide a more detailed budget.

The Committee subsequently decided to approve a revised proposal [PPD 2/92 Rev.1 (I)] amended during the session to take account of the above concerns on the scope of follow-up project work and provide a more detailed budget.

APPENDIX II

FELLOWSHIPS AND GRANTS APPROVED
(Report of the Selection Panel)

<u>Application No.</u>	<u>Name</u>	<u>Nationality</u>	<u>Subject</u>
PERMANENT COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT			
8/92s	Ronquillo, Susan Patricia Dacio	Philippines	Oxford Research Methods Course
11/92s	Amoa-Mensa, Kofi Bediako	Ghana	Oxford Research Methods Course
16/92s	Dondjang, Jean-Paul	Cameroon	IUFRO Seminar, Berlin, August 1992
18/92s	Hamzah, Khali Aziz	Malaysia	Ilvessalo Symposium, Finland, Forest Inventory & Remote Sensing
20/92s	Wan Mohd, Wan Razali	Malaysia	IUFRO Meeting, Berlin
23/92s	Ang, Hoe Lai	Malaysia	Conference on Tropical Trees, Edinburgh
27/92s	Moutanda, Antoine	Congo	IUFRO Seminar, Berlin, August 1992
29/92s	Rajbhandari, Narayan Bdr.	Nepal	Field trip to Costa Rica for PhD studies
30/92s	Rajlawat, Chandra B.	Nepal	Field trip to Costa Rica for PhD studies
36/92s	Komar, Tajudin Edy	Indonesia	IUFRO Symposium on Tree Seed Production, Burkino Faso
39/92s	Sankaran, Kavile Veettil	India	Symposium on Mycorrhizas in Forest Trees, Perth
PERMANENT COMMITTEE ON FOREST INDUSTRY			
10/92s	Quist, Frank Kofi	Ghana	Training in timber grading and quality control techniques, Malaysia
32/92s	Santos, Gracielza	Brazil	Prepare manual on commercially important timbers of the Brazilian Amazon

43/92s	Manas, Adelina Estrada	Philippines	Symposium on Adhesive Technology for Tropical Woods, Taiwan
7/92s	Villavelez, Lolita V.	Philippines	IUFRO Div. 5 Conference (France) and tour forest products laboratories in Europe
17/92s	Oteng-Amoako, A. Kwasi	Ghana	Wood preservation and computer-assisted wood identification, Oregon State University
45/92s	Doungpet, Mayuree	Thailand	IUFRO Div. 5 Conference, France
9/92s	Viscarra, Silverio	Bolivia	IUFRO Div. 5 Conference, France, and visits to laboratories in UK and Spain
15/92s	Lin, Jinxing	China	Wood Anatomy Symposium, Hawaii, 1992
24/92s	Cuaresma, Troaidio Galang	Philippines	Int'l Conference on Wood Drying, Vienna
34/92s	Heuch, Jon Halvor Robert	U.K.	Int'l Symposium on Industrial Use of Bamboo, Beijing

PERMANENT COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

56/92s	Onkagui, Julien	Congo	Management of Forests for Conservation & Biodiversity, study tour in Malaysia
1/92s	Siisi-Wilson, Emmanuel	Ghana	Production & Quality Control of Wood-Based Panel Products, Market Information Assessment & Analysis, research tour in Indonesia
13/92s	Pobjje, Tessie Julita	Australia	Trade Policies and Sustained Yield Forest Development, tour to Philippines & ITTO
14/92s	Haizel, Kwamina Essiem	Ghana	Practice and Utilization of Economic and Market Intelligence in Malaysian Timber Industry

Other

\$ 12,000 was approved to sponsor ten participants from developing countries to attend the next IUFRO Conference (Division 5). The Committee decided that interested participants are to submit individual applications to the Secretariat which will make the selection on the basis of laid-down criteria. The Selection Panel affirmed, however, that Fellowships are to be awarded to individuals, and not to the incumbents of institutional positions. Thus, no individual may substitute for any approved Fellowship holders without a re-application in his or her own right.

APPENDIX III

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TENTH SESSION
6-14 May 1992
Yaoundé, Cameroon

**ITTO GUIDELINES FOR DEVELOPMENT OF SUSTAINABLE FOREST INDUSTRIES:
A DISCUSSION PAPER**

A discussion paper put forward by the Chairman of the Permanent Committee on Forest Industry.

1. ITTO Action Plan

In the Action Plan the general objectives of the Committee have been formulated as follows: "The objectives are to promote the expansion and diversification of international trade in tropical timber and the improvement of structural conditions; encouraging increased and further processing in producer member countries. It is a priority to increase the relevant knowledge and competence in this field which includes many managerial, logistical, technical, economic, biological, conservation, social and legal aspects".

The Action Plan has been divided into five program areas as follows:

- *1 Marketing of tropical timber products and enhancing marketing skills.
- *2 Investment and joint ventures promotion as a means of expanding further processing and modernizing existing industries.
- *3 Research and extension services in tropical timber processing and utilization to improve and optimize the use of resources and enhance industrial performance.
- *4 Human resources development at all levels, as a means of improving industrial efficiency, product performance and quality, and strengthening management skills.
- *5 Policy and institutional strengthening, as a means of improving sustainable raw material availability, market access, industrial profitability and investment attraction.

The five program areas obviously cover the whole industry production chain starting with the market and ending in "sustainable raw material availability". There are certain logical reasons for starting with the market and ending in raw material supply. If there is no market there is no scope for a forest industry. There would also be logical reasons for starting with sustainable raw material supply. If there is no wood supply there is no scope for a forest industry either. Obviously wood supply and market must be considered simultaneously. Still there are many cases of failures with respect to establishment of industrial plantations or with respect to establishment of forest industries which depend on insufficient consideration of the whole production chain.

2. Problems and Opportunities

In appendix 1 to the Action Plan there is a summary of problems and opportunities which in the case of the forest industry has been arranged under three headings:

***1 Sustainable supply of wood raw material of competitive prices is the most critical challenge facing the tropical timber industry.**

The scope for improved or sustained supply is subject to long term and short term measures within the forestry sector. The "ITTO Target 2000" was formulated in a later stage of preparing the Action Plan and so were the three ITTO Guidelines for sustainable forest management which are now at hand. It seems logical to discuss the idea whether there is also a scope for ITTO Guidelines for Development of Sustainable Forest Industries which should be closely connected with the existing guidelines.

One important connection is that sustainable forest management in many cases might imply reduced harvesting rates and thus a reduction of actual wood supply. Extended use of lesser used species, use of smaller dimensions, improvement of harvesting methods with less damage to forests and soils, increased recovery rates and better use of industrial residues are means which could improve raw material supply.

A simultaneous adaption of the forest industries to sustainable forest management and of sustainable forest management to the forest industries is a prerequisite for a sustainable development of both forestry and forest industries. A profitable forest industry is a basic prerequisite for sustainable forest management.

If this last sentence is accepted as a fact then the two other problem areas listed in the Action Plan would also have a bearing on sustainable forest management.

***2 Export of logs is still dominating - the industry is weak.**

As the industry evolves from its current transition stage to a situation of a sustainable use of resources, enterprises need to be better planned and they must have better trained manpower at management and technical levels. In most producing member countries the industry is generally characterized by small production units and low level of technology and mostly the industry is dependent solely on higher grades and larger diameter logs of a few prime species which will undoubtedly become more and more costly. Quality of production and equipment must be improved, incentives for improved conversion and increased recovery rates need to be created. Incentives for improvement of the industry must also come from the market of its products. Unless there is also a market demand for products of lower grades such as construction timber and a demand for industrial residues it is very difficult to achieve a long term profitable industry.

There is no key factor solution to forest industry development besides the necessity to create a good economic climate and a market competition which gives incentives for modernization and increased efficiency and productivity. Organization and transfer of existing knowledge and human resources development are measures for direct action where ITTO can make contributions. ITTO guidelines for development of sustainable forest industries could be one option for further action compatible with the ITTO guidelines for forest management.

***3 Lack of finance is also a problem**

Modernization, expansion and new forest industries are required to enable producing member countries to increase primary and further processing in order to optimize benefits from forest resources. These require large investments which are mostly not readily available. Lack of financing is essentially a sign of poor profitability and of an inadequate investment climate.

Technical assistance and foreign investment in tropical hardwood-based industries are often suggested as means for solving the financing problem. Unless there are basic prerequisites for long term profitability and an adequate and stable investment climate, which mostly means a free, secure and competitive market, such investments are not likely to materialize. Major ITTO contributions may be along lines indicated above and on actions to improve market information at different stages of the production chain. Improved statistics and improved market information depends to a large extent on the active contribution from the Member countries.

***4 Establishment of ITTO Guidelines for Development of Sustainable Forest Industries?**

There is a question mark in the heading since this is a discussion paper and not a proposal so far. One basic justification of the idea is that a sustainable management of forests presupposes that there are benefits derived from industrial utilization of wood which can be used to cover the management costs. Another justification is that sustainable development of the producing countries will require an increased production of goods and services to satisfy domestic demand which would require some adaptation and a considerable expansion of the present forest industry. This would also call for establishment of plantations on different scales and for different purposes.

Then comes the question: Can it be done? Are the problems general enough to be organized and presented in the form of guidelines? It is premature to answer this question. There are technical aspects and aspects which relate to manpower training and development that are of a general nature. There is a very good manual which has been developed within the Finnish project PD 4/87 Rev.1 (I) which could be used as a nucleus for guidelines. But there are also political aspects which are more difficult to approach. It is also necessary to examine the three existing ITTO guidelines so that all issues related to industrial uses can be considered and be further developed.

A possible course of action would be to consider this discussion paper at the next Session, maybe in an improved version. Before constituting a panel to further develop the idea it is probably worthwhile to let a consultant dig a little deeper into the problem area. Meanwhile this discussion paper can be considered as a contribution by the Chairman of the Permanent Committee of Forest Industry. It has been put forward against the background that he considers that forest industry and market issues need to be given more attention by ITTO in order to follow up our important achievements within the sphere of reforestation and forest management and in order to contribute in a more efficient way to the ITTO Target 2000.