



ITTO

**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**PERMANENT COMMITTEE
ON FOREST INDUSTRY**

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ADDENDUM TO THE PROJECT PROPOSAL PD 109/90 Rev.4 (I):

SUPPORT FOR THE POLICY OF MODERNISATION, RESTRUCTURING
AND DEVELOPMENT OF THE TIMBER INDUSTRIES OF THE COTE D'IVOIRE

PROJECT PROPOSED TO THE ITTO, No PD 109/90 Rev.4

SUPPORT FOR THE POLICY OF MODERNISATION, RESTRUCTURING AND DEVELOPMENT OF THE TIMBER INDUSTRIES OF THE CÔTE D'IVOIRE

ADDITIONAL INFORMATION REQUIRED BY THE ITTO PANEL OF EXPERTS

1. RECOMMENDATION No 1

To define more precisely the reference terms of national and international experts and to examine the possibility of reducing their number and the corresponding expense.

Additional details

The main idea behind the project is to take maximum advantage of the technical resources which exist at SODEFOR, either in the context of direct French technical assistance, or technical assistance on the project.

These experts will therefore devote part of their time to the implementation of the scheme, and in this respect, their participation could be noted 'P.M.' in the budget taken on by the Côte d'Ivoire, rather than their total cost which appears in version 4 of the document.

The additional contribution requested from the ITTO for technical assistance relates to the diagnosis of timber industries, the carrying out of technical and economic audits for the development of a number of timber companies, and the setting up of an information system on the consumption of forestry products.

Diagnosis of timber industries – The expected results are the following:

- . A precise and comprehensive knowledge of each timber industry in the Côte d'Ivoire (processing capacity; technical, human, financial potential; modernisation and/or restructuring and/or recovery and/or development according to its potential and the available timber resources);
- . A thorough knowledge of all socio-economic data of the timber industrial sector (location, level of production, processing and marketing, trade flows, costs and selling prices, markets, operators, etc.).

Technical/economic audits: These audits must lead to the definition of the support which is to be given to certain timber industries with the following aims:

- . Modernisation
- . Restructuring
- . Establishment of new plants
- . Recovery and/or development in the form of an active partnership with industrialists with the know-how, financial resources and commercial network required for their revival.

Five audits will be carried out during the first stage of the project.

For each audit, the following experts are required:

- . A management and industrial strategy expert;

- . A financial and accountancy expert;
- . An expert specialist in the timber industries (technical and technological aspects);
- . An expert in timber marketing

Information system on the consumption of forest products:

Because this expert was recommended by the ITTO team during its mission in the Côte d'Ivoire in February 1992 for the redrafting of the project, it is assumed that the Committee's observations do not apply to this post.

2. RECOMMENDATION No 2

To include more detail in order to clearly demonstrate that the project will not in any way duplicate other activities.

Additional details

The complementary nature of the project in relation to other schemes currently under way in the Côte d'Ivoire is explained in the chapter entitled "Context and Justification of the Project" in Annex 1.

The importance of this project, which was explained in detail to the ITTO team when they visited the Côte d'Ivoire in February 1992, lies in the fact that it is "upstream" from all current forest management schemes. The ITTO project leads to regional management directives while current schemes concentrate on local forest management.

Because the SODEFOR oversees all forest management schemes, it will clearly ensure that activities are not duplicated. Furthermore, ITTO's monitoring and evaluations will provide an opportunity to ascertain this.

For example, if a management inventory is under way in a specific forest, that forest will not be the subject of another survey at regional management level. It is with the same intention of avoiding duplication that the land occupation map (scale 1/500,000) provided in the first draft of the project was not mentioned in the last proposal, because it had been taken into account in the meantime in the forestry sectoral project.

3. RECOMMENDATION No 3

To review the timetable of the project with regard to the selection of the five management units to allow for further study. It seems that this selection should be made earlier in the project implementation in order to provide enough time for planned related studies.

Additional details

The selection of the five management units can be brought forward by one year, i.e. a year after the start of the project, on the basis of the mapping of all the forests of the Côte d'Ivoire and the overall analysis of the timber industrial sector.

4. RECOMMENDATION No 4

To provide for a steering committee and for the 5% administrative costs of the ITTO in the latter's contribution, as prescribed by the decisions of the 11th and 12th sessions of the ITTC.

Additional details

The above recommendations requires an amendment to the budget, as mentioned in Annex 2.

5. RECOMMENDATION No 5

To specify the expenditures required out of the budget allocated to the "reserve" post.

Additional details

This post was outlined in detail in the third draft of the project (January 1992). It includes:

- Computer equipment for the project: a powerful data processing station, 1 word processing station
- A vehicle for the project coordinator.

ANNEX 1

PROJECT PROPOSED TO THE ITTO, No 109/90 rev.4

SUPPORT FOR THE POLICY OF MODERNISATION, RESTRUCTURING AND DEVELOPMENT OF THE TIMBER INDUSTRIES OF THE CÔTE D'IVOIRE

CONTEXT AND JUSTIFICATION OF THE PROJECT

1. Forest resources in the South of the Côte d'Ivoire (dense forest)

The dense forest area in the Côte d'Ivoire is estimated at approximately 2.5 million hectares. These forest stands are mainly concentrated in the private forest estate of the State, reserved forests, and flora and fauna national parks and reserves.

The private State forest is composed of units of varying sizes (from a few thousand hectares to more than 100,000 hectares) usually with defined borders and called reserved forests. The law of 20th December 1965 on the forestry code pronounced the reserved forest demarcations as untouchable and imposed fines and prison sentences on any illegal clearing. In reality, however, the forests are frequently penetrated by peasants in search of fertile land.

Demarcation and surveillance operations carried out until recently by the forestry commission have certainly been salutary and have helped to conserve present forests. However, it appears essential to intensify the presence of forest supervisors inside the classified estate, combining surveillance, and actual management (maintenance of borders, silvicultural operations, reforestation of destroyed areas, etc.).

This new policy is recently being implemented in the Côte d'Ivoire, and the management of reserved forest has been gradually left to the forest plantation development company, SOFEDOR (Société de Développement des Plantations Forestières).

2. Forest management and logging systems in the Côte d'Ivoire

In the absence of accurate forestry data and precise knowledge on the forest resources (there are no up to date forest inventories or forest management schemes), forest utilization is limited mainly to the systematic extraction of potentially commercial stems without fulfilling the needs of industrial companies to draw up supply contracts in order to better retain their markets and secure their investments.

In order to slow down and reverse this trend, the Ministry of Agriculture adopted three objectives, as defined in the General Forestry Plan 1989 – 2015:

- to preserve the ecology of the country by maintaining or restoring a sufficient forest cover;
- to recover a production level of industrial timber likely to meet internal requirements and ensure continued export;
- to meet the demand of the population for energy and service wood.

In order to achieve this objective, it is necessary to assess resources (area distribution, potential in quantities and quality) and to define on that basis the principles of forest management to be implemented in reserved forests and in rural areas through forest management units and agricultural development policies. This would lead to a true rural area management policy which would take into account the absolute necessity to preserve the integrity and durability of the forest cover.

The General Forestry Plan is gradually being implemented with financial backing from different sources (CCCE, IBRD, GTZ, ACDI, etc.), and as a result, approximately 800,000 hectares will be managed by SODEFOR on the basis of preliminary inventories.

The operations which are already being carried out by SODEFOR are the following:

- setting up of a field forestry service, responsible for the management of reserved forests;
- infrastructure of these forests (delimitation, tracks, buildings);
- reforestation within the management framework; 80,000 hectares have been replanted to date with high quality industrial timber species and a large proportion of local species (Framire, Frake, Teak, Niangon, Mahogany, Gmelina, Cedrela, etc.), 10,000 ha by the Forestry Commission and 70,000 by SODEFOR since its creation in 1975;
- programming of cuttings which do not exceed in volume the biological production of the forest. Utilization is achieved either by selling the products of logging by tender, as is practised in the forest of Yapo, or through an extraction – management contract concluded with a private industrial partner or a logging company. Three such contracts have been signed to date;
- development and implementation of socio-economic forest management schemes with the following aims:
 1. to gradually free reserved forests from all illegal agriculture, on a basis negotiated between and accepted by all parties;
 2. to regenerate forests which have been destroyed or ruined, with the cooperation of neighbouring populations (job creation) or illegal occupants (the taungya method), giving the latter a certain amount of notice and means of resettlement;
 3. generally speaking, to involve local populations in forest management.

Once the technical and social solutions have been jointly approved by the peasants, local communities and the management of the reserved forest, they are developed in the framework of "peasantry-forestry" commissions.

These management operations are carried out progressively, forest after forest. It would therefore be useful to have at our disposal, rapidly and beforehand, a minimum of information on the territory as a whole (reserved forest estate, rural areas) in order to:

- set priorities within the timetable of the forest management to be undertaken by SODEFOR;
- lay down simple management rules for the main forest areas until a more elaborate management infrastructure has been established;

- identify the forest areas in the rural estate which should be granted specific protection measures;
- ensure the best possible planning for logging in rural areas.

Furthermore, one of the main objectives of the project presented to ITTO is the rapid adoption throughout the territory (reserved forest estate and rural estate) of simple forest management regulations based on a minimum of preliminary inventories and divided into geographical units of approx. 250 to 300,000 hectares.

In this way, the project would incorporate current local forest management schemes (World Bank) and those about to be launched (CCCE, KFW).

3. The timber industry sector

The timber industry, faced with increasing supply difficulties and having to secure supplies in order to guarantee its loans and the profitability of its investments, has definitely shown an interest in being more closely involved in the rationalised management of forest stands, and contributing its own experience and resources.

This sector will have to begin a very important restructuring process in order to address two important points:

- the rapid and radical change in timber resources: a reduction and, in some cases, almost the total disappearance of high valued species; the increasingly large supply of low quality timber to saw-mills and veneer processing plants; a regular drop in quality due to small diameters, poor conformation or defects; increasingly higher operating costs;
- changes in the finished or semi-finished timber markets due to users and competition from other processed tropical timber producing markets (ASIA, BRAZIL).

This restructuring process implies that the processing units will have to reorganise and modernise their plants and that most of them will have to invest in new plants for second and/or third processing, while new processing methods are developed.

In order to ensure their redemption, these investments require

- more adequacy between forestry resources and existing or future timber industries, taking into account the present state of these industries, their rehabilitation and the development of new plants.

In order to achieve this adequacy, it is essential to have better information on timber resources and on the existing and potential capacity of all units.

- a greater knowledge of the present state of each industry is also required.

ANNEX 2

PROJECT PROPOSED TO THE ITTO: PD 109/90 REV.4 (F,I)
 SUPPORT FOR THE POLICY OF MODERNISATION, RESTRUCTURING AND
 DEVELOPMENT OF THE TIMBER INDUSTRIES OF THE COTE D'IVOIRE

REVISED ITTO BUDGET (7TH APRIL 1992)

A. Contribution by the Government of Côte d'Ivoire

	Total US\$
1. Personnel	
- National Coordinator, 3 years (specially affected to the project)	40 000
- Forest inventory and management specialist*	-
- Forest economist and industries specialist*	-
- Conservation expert*	-
- Data processing expert*	-
- Four support staff, total 12 man years (specially affected to the project)	50 000
- Driver (specially affected to the project)	13 000
* Indicates expatriate staff already financed by French cooperation or under WB loan agreement.	
In addition to the above specified personnel, staff of SODEFOR will assist as and when required in the implementation of the Project.	
2. Equipment	
- Existing office equipment at headquarters will be used when required in the implementation of the project.	
- Vegetation maps	
3. Supplies and Services	
- Stationary	3 000
- Telephone, telex, telefax and post	30 000
- Office accommodation, as needed	-
- Import duties, handling, etc ...	30 000
4. Incremental operating costs	
- Vehicle or coordinator	40 000
- Headquarters offices	45 000
5. Taxes	180 000
Total government contribution	431 000

+ contribution in kind

B. Contribution by ITTO

	Month				Total
	1-6	7-12	13-24	25-36	
	US\$ '000				
<u>Personnel</u>					
Consump. Special.	32	18	50		100
Market Analyst	85				85
Salary Supplem.	18	18	36	36	108
Sub Total	135	36	86	36	293
<u>Equipment</u>					
Desk top computers	20				20
Imageries	5				5
Field vehicles	90				90
Inventory equipm.	3				3
Sub Total	118				118
<u>Support Funds</u>					
Industry review		10	30		40
Internal travel		10	15	5	30
Reports			16	16	32
Review missions		10	10	10	30
Evaluation				15	15
Reserve Fund	10	10	20	10	50
Contingencies	7	8	17	8	40
Sub Total	17	48	108	64	237
TOTAL	270	84	194	100	648
ITTO administrative cost (5%)	13.5	4.2	9.7	5	32.4
<u>GRAND TOTAL</u>	<u>283.5</u>	<u>88.2</u>	<u>203.7</u>	<u>105</u>	<u>680.4</u>

BUDGET ANALYSIS for COTE D'IVOIRE

BUDGET ANALYSIS COTE D'IVOIRE						
	FCFA	US \$			10/5/94	4/7/92
PERSONNEL	\$220,820,000	\$415,075				
1 Coordonnateur	\$0	\$0			SODEFOR	ITTO
1 Specialiste en inv. et amg	\$0	\$0		Trade Specialist =	\$100,000	\$100,000
1 Forestier conservateur	\$0	\$0		Market Analyst =	\$85,000	\$85,000
2 APVA ou assimilés	\$10,800,000	\$20,301		Salary Supplementary =	\$230,075	\$108,000
2 Enqueteurs	\$12,000,000	\$22,556				
3 Boussoliers	\$14,400,000	\$27,068				
4 Prospecteurs	\$19,200,000	\$36,090		Totals	\$415,075	\$293,000
2 Pointeurs	\$5,568,000	\$10,466		Difference of	\$122,075	
4 Chauffeurs	\$18,252,000	\$34,308				
1 Specialiste observatoire	\$0	\$0				
1 Cuisinier	\$960,000	\$1,805				
24 Manoeuvres	\$17,280,000	\$32,481				
1 Expert en negoci du bois	\$51,200,000	\$100,000				
1 Techno-commercial	\$45,220,000	\$85,000				
1 Biometricien	\$0	\$0				
1 Operateur de saisie	\$0	\$0				
Mission diverses	\$23,940,000	\$45,000				
INVESTISSEMENT	\$58,211,000	\$109,419		Vehicles =	SODEFOR	ITTO
Vehicules	\$41,120,000	\$81,053			\$81,053	\$90,000
3 Camionnettes	\$33,240,000	\$62,481		Difference of	'neg \$8,947	
1 vehicule leger	\$9,880,000	\$18,571				
					SODEFOR	ITTO
Ordinateurs	\$9,091,000	\$17,088		Computers =	\$34,177	\$20,000
2 Micro ordinateurs fixes	\$2,700,000	\$5,075		Difference of	\$14,177	
2 Micro ordinateurs portabl	\$3,560,000	\$6,692				
3 Imprimantes	\$2,355,000	\$4,427				
4 Batteries de recharge	\$476,000	\$895				
					SODEFOR	ITTO
Material inventairees	\$3,000,000	\$5,639		Inventory Equip.	\$5,639	\$3,000
Bivouac	\$3,000,000	\$5,639		Difference of	\$2,639	
Mobilier de bureau	\$0	\$0				
FUNCTIONNEMENT	\$82,942,000	\$155,906			\$155,906	\$0
Fournitures	\$16,200,000	\$30,451			\$30,451	\$0
Vehicules	\$64,740,000	\$121,692			\$121,692	\$0
3 Vehicules cabine	\$49,800,000	\$93,609			\$93,609	\$0
1 Vehicule leger	\$14,940,000	\$28,083			\$28,083	\$0
Divers	\$0	\$0		Reserve Fund	\$0	\$50,000
Imprevu	\$2,002,000	\$3,763		Contingency =	\$3,763	\$40,000
				Difference of =	neg \$36,237	
TOTAL	\$361,973,000	\$680,400				
Note: The funds available for the project are only \$603,000 which includes \$40,000 contingency						
M & E	\$40,000					
Aggrey-Orleans	\$3,482					
Currently Available	\$36,518					