

I T T O

INTERNATIONAL TROPICAL TIMBER ORGANIZATION

DRAFT PROJECT DOCUMENT

Title	SEMINAR ON SUSTAINED FOREST INDUSTRY DEVELOPMENT IN THE ANDEAN GROUP COUNTRIES
Serial Number	PD 155/91 Rev.2 (I)
Original	SPANISH

Prepared by	CAF/GOVERNMENT OF ECUADOR
Submitted by	GOVERNMENT OF ECUADOR
Duration	1 YEAR
Field of Activity	FOREST INDUSTRY
Co-operating Governments	
Implementing Agency	ANDEAN DEVELOPMENT CORPORATION, IN COORDINATION WITH THE MINISTRY OF AGRICULTURE, ECUADOR
Estimated Starting Date	JUNE 1991
Estimated Project Cost	US\$ 174,000
Financing Sources and Amount	
- ITTO Contribution	US\$ 174,000
- CAF and Government of Ecuador	In kind

Signed

On behalf of ITTO

Date

On behalf of Government of Ecuador

Date

PART I.- Legal Context

This Project is consistent with objectives b, c, e, f, and g of Article 1 of the International Tropical Timber Agreement.

This proposal is submitted in accordance with the provisions of the ITTA. The proposed activities are related to areas a, b, d, and e of paragraph 5 and are consistent with criteria a, b, c, d, and e of paragraph 6 in the same article.

The Project relates to the following activities of the ITTO Action Plan and Work Programme in the field of Forest Industry:

- 5.a. Assist government efforts to develop appropriate policies for sustainable management and utilization of forest resources and enhance forest industry development for long-term benefits to society.
- 5.b. Encourage and assist in the formulation of appropriate policies for forest industry development to improve and increase government investment.

PART II.- The Project

1.- Objective

The objective of the Project is to plan, organize and hold a Seminar aimed at discussing and promoting appropriate policies for the sustained development of forest industries in the Andean Sub-region.

2.- Background and Justification

The tropical forest resources of the Andean Sub-region constitute an enormous potential for development. The current contribution of the Andean forests to a sustained economic development, which would generate considerable benefits for the local communities, is minimal in most of the region.

This situation results from the fact that there is a lack of guidelines, strategies and policies that are required to translate major government objectives into socio-economic growth through specific development and investment programmes in the forestry sector.

The lack or ineffectiveness of policies aimed at promoting the sustained development of the forestry sector in the Andean Group member countries is partially responsible for the undesirable aspects that affect the regional wood processing industries:

- i) The supply of raw materials is unsustainable and temporary and there is no commitment or sense of responsibility to preserve the resource base.

- ii) Low conversion rates and high percentages of waste.
- iii) Low processing levels.
- iv) Low profitability of the operations.

The decision of the ITTO to set a target date (the year 2,000) for all tropical timber exports to come from forests under sustained management plans is a clear indication that producer countries, and the international community in general, must develop and implement measures to eliminate all obstacles that prevent the proliferation of permanent and viable forest industries in producer countries that use raw materials from forests under sustained management plans.

Although the prospects for sustainable forest industries vary between the countries of the region, it would be of mutual interest and benefit for the Sub-regional countries to hold discussions and exchange ideas and experiences, at the highest possible level, on the need to adopt measures and policies to promote the development of sustainable, viable and profitable forest industries.

The proposed seminar will promote dialogue and the development of ideas and possible policy measures to promote an appropriate development of the Sub-regional forest industries in the following topics:

- a) Policies and measures to encourage interaction between the processing industries and the management and conservation of the resource.
- b) Policies, measures and mechanisms to discourage the use of high waste producing processes and to improve industrial efficiency and productivity.
- c) Case studies of sustainable, viable and profitable tropical forest industries.
- d) Mechanisms and policies to promote the production of secondary processed goods and high value-added products.

Furthermore, the proposed seminar follows the recommendation of the first seminar sponsored by the ITTO for forestry development promotion in Latin America, which was held in Brazil in February 1988 (ITTO Project PD 21/87 (I)).

The basic aim of the Seminar is to contribute to achieving ITTO target 2000. The Seminar is complementary to national projects proposed under TFAP programs prepared for the Andean region countries and its regional scope will provide valuable inputs to enhance success chances of national projects designed under the TFAP process. As policies on sustainability constitutes the main aspects in the overall objectives and strategies in most of the Andean countries projects, the Seminar will be a good opportunity to exchange experiences, and eventually to adopt common measures that could reinforce national policies and legislation. In

particular, the project will contribute information to the team of consultants which will produce a detailed strategy for a sustainable wood industry sector in Ecuador, under proposed project PD 137/91.

3.- Activities

- A.- Preparation of a detailed action plan to organize and hold the Seminar.
- B.- Preparation of national studies relevant to the evaluation and description of the current situation on policies, mechanisms and other factors, including ecological, that promote or limit the sustainable development of forest industries in the Andean countries.
- C.- Preparation of base studies to support the development of Sub-regional policies, incentive mechanisms and other measures aimed at promoting the operations of integrated forest industries so that they will also take on the responsibility of managing and maintaining forest resources.
- D.- Preparation of case studies for sustainable, viable and profitable forest industries in the Andean Sub-region.
- E.- Holding of Seminar. Invited participants will be NGO's representatives, government policy/planning executives and forest industry executives that may be in a position to effect or work for change towards sustainable forest industry development.
- F.- Preparation, publication and distribution of the results of the Seminar. The proceedings will be distributed by the Andean governments and by CAF to about 300 agencies and industry/trade associations closely related to forestry and development work. Aiming at reaching a wider audience, an executive summary (1,000 copies) with the Seminar conclusions and recommendations will be distributed to the following groups:
 - press;
 - congress and relevant state assembly members;
 - NGOs;
 - agro-industrial development banks; and
 - other appropriate parties.

4.- Outputs

- a.- Review of the national policies, mechanisms and other factors that affect the sustained development of forest industries in the Andean countries. Special attention will be assigned to ecological and environmental matters.

Reviews will be produced for the following countries: Bolivia, Colombia, Ecuador, Peru, and Venezuela.

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- b.- More encouraged and more aware forest policy-making agencies and forest industrialists to adopt new possible options and instruments to promote the development of profitable and feasible forest industries, based on the sustained production of tropical timber.
- c.- Several documents relating to policies and mechanisms aimed at:
 - Promoting the integration of the industry and the forest resource.
 - Improving processing and utilization efficiently, yield and productivity rates.
 - Promoting secondary processing and high value-added product manufacturing.
- d.- Increased cooperation between government forestry sector agencies and the private sector in the Andean countries, and improved integration and cooperation links between the countries of the Sub-region.
- e.- Approximately 50 high level policy/planning government offices and forest industry executives participating in the Seminar and becoming more informed and aware on the need, feasibility, and mechanisms for working toward development of profitable forest industries based on sustainably produced tropical timber.

5.- Institutional framework

The Project will be implemented by the Andean Development Corporation (CAF), in cooperation with the Department of Forests and Renewable Forest Resources of the Ministry of Agriculture of Ecuador.

The Andean Development Corporation is the Development Bank of the Andean Group, and the shareholders are the five member countries: Bolivia, Colombia, Ecuador, Peru and Venezuela.

One of the main objectives of the CAF is to promote Andean integration and the industrial development, especially in the primary sector, of member countries.

As well as banking activities CAF supports technical cooperation programmes that benefit the 5 member countries. It has an organizational structure that facilitates the implementation of projects at both the national and multinational levels.

6.- Duration: one year

7.-	<u>Budget</u>	US\$
A.	Preparation costs Secretariat and Administration	20,000
B.	Fees for the preparation of documents and for the Coordinator and Consultants (including travel expenses)	76,000
-	coordinator 1 1/2 m/m	12,000
-	country policy review (5 countries x \$ 2,000)	10,000
-	consultancy for paper on promotion of integration forest resource base/forest industry	10,000
-	consultancy for preparation of paper on improving efficiency, productivity and profitability	10,000
-	consultancy on promoting secondary processing and high value added product manufacturing	10,000
-	consultancy for preparation of case-studies on successful industries running on sustainably produced tropical timber (3 cases x \$ 8,000)	24,000
C.	Air fares for 30 participants	30,000
D.	DSA (30 participants x 5 days x US\$ 120)	18,000
E.	Seminars	
-	Materials	7,000
-	Preparation and publishing of documents	8,000
-	Reports	10,000
F.	Contingencies	5,000
G.	TOTAL	US\$ 174,000

PART III.- Schedules of Monitoring, Evaluation and Reports

1.- Monitoring

The Project will be subject to technical monitoring in accordance with the policies and procedures of the ITTO.

2.- Evaluation

The Project will be subject to evaluation in accordance with the policies and procedures of the ITTO.

3.- Reports

The Seminar documents shall be distributed to all members of ITTO.

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