

**COMMUNICATION FROM THE COMMISSION OF 4 NOVEMBER
1999
FORESTS AND DEVELOPMENT: THE EC APPROACH**

TABLE OF CONTENTS

1. PURPOSE OF THE DOCUMENT	1
2. STATE OF FORESTRY IN DEVELOPING COUNTRIES	1
2.1. FORESTS AND TREES IN DEVELOPING COUNTRIES	1
2.2. THE QUEST FOR SUSTAINABILITY	3
2.3. ENVIRONMENTAL FUNCTIONS.....	4
2.4. ECONOMIC FUNCTIONS	5
2.5. SOCIAL FUNCTIONS.....	6
2.6. INSTITUTIONAL ASPECTS	7
2.7. THE CHALLENGE. RECONCILING CONFLICTING DEMANDS ON FORESTS	7
3. INTERNATIONAL COMMITMENT	8
4. EUROPEAN COMMUNITY COMMITMENT	10
5. OVERALL OBJECTIVES	13
5.1. EU DEVELOPMENT OBJECTIVES	13
5.2. FORESTRY SPECIFIC OBJECTIVES.....	13
6. WAYS TO ACHIEVE THE OBJECTIVES	14
6.1. SUPPORT THE DEVELOPMENT AND IMPLEMENTATION OF A POLICY FRAMEWORK, ON A PARTICIPATORY BASIS, FAVOURABLE TO THE FOREST SECTOR AT NATIONAL AND INTERNATIONAL LEVELS, IN ORDER TO MAINTAIN THE MULTIFUNCTIONAL ROLES OF FORESTS AND TO RECONCILE CONFLICTING DEMANDS ON THEM.	14
6.2. IMPROVE, AT FIELD LEVEL, SUSTAINABILITY OF INTERVENTIONS IN FOREST CONSERVATION AND USE, AS WELL AS PROMOTE FARM FORESTRY AND OTHER SUSTAINABLE AND SOCIALLY EQUITABLE FORMS OF LAND USE WHICH HAVE AN IMPACT ON FORESTS.....	17
6.3. IMPROVE THE EFFICIENCY OF UTILISATION AND PROCESSING OF WOOD AND NON-WOOD FOREST PRODUCTS, THROUGH EQUITABLE AND COMPREHENSIVE APPROACHES, ALLYING ECONOMIC DEVELOPMENT AND PEOPLE'S INTERESTS.	18
6.4. CONTRIBUTE TO THE DEVELOPMENT OF RESEARCH, INFORMATION, CAPACITY BUILDING, AND TECHNOLOGY TRANSFERS IN SUPPORT TO THE ABOVE.	19
7. OPERATIONAL PRINCIPLES	20
7.1. CROSS-CUTTING ASPECTS	20
7.2. COHERENCE, COMPLEMENTARITY, CO-ORDINATION.	21
7.3. REGIONAL PRIORITIES.....	21
7.4. FOLLOW-UP	21
8. CONCLUSION	22

ANNEX 1: EVENTS AND MILESTONES IN INTERNATIONAL FORESTRY

ANNEX 2: EVENTS AND MILESTONES IN THE EUROPEAN COMMISSION

ANNEX 3: THREE CASES OF BEST PRACTICES

ANNEX 4: CURRENT FORESTRY DEVELOPMENT CO-OPERATION POLICY IN EUROPE

ANNEX 5: EC COMMITMENTS (M€) BY FINANCIAL SOURCE AND REGION BETWEEN 1992 AND 1996

ANNEX 6: IPF ELEMENTS

ANNEX 7: THE LOGGING DILEMMA

ACRONYMS

ACP	Africa, Caribbean and Pacific
ALA	Asia and Latin America
CBD	Convention on Biological Diversity
CCD	Convention to Combat Desertification
CDM	Clean Development Mechanism
CSD	United Nations Commission on Sustainable Development
CTE	Conference on Trade and Environment
EC	European Commission
ED	European Development Fund
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FCCC	Framework Convention on Climate Change
GDP	Gross Domestic Product
GSP	Multiannual Scheme of Generalised Tariff Preferences
IFF	Intergovernmental Forum on Forests
IPF	Intergovernmental Panel on Forests
IUCN	International Union for the Conservation of Nature
JRC	Joint Research Centre
LKS	Lesser Known Timber Species
nfp	National Forest Programmes
NGO	Non Governmental Organisation
NWFP	Non Wood Forest Products
RIL	Reduced-Impact Logging
SFM	Sustainable forest management
S&T	Science and Technology
TFBL	Tropical Forests Budget Line
TFRKT	Traditional Forest-Related Knowledge And Technology
TREES	Tropical Ecosystem Environment Observations by Satellite (project)
UNCED	United Nations Conference on Environment and Development
UNGASS	General Assembly Special Session

WTO World Trade Organisation

1. PURPOSE OF THE DOCUMENT

This document responds to a call from the European Parliament for "an integrated international strategy seeking to ensure the qualitative and quantitative conservation and sustainable management of forests"¹. It defines the objectives of the European Community in forest development co-operation, identifies areas for dialogue and assistance, and sets out actions to achieve these objectives, taking into account experience gained in recent years.

This communication reaffirms the commitment of the Community and Member States to sustainable economic and social development, while fostering environmental protection. It pursues the goal of combating poverty in developing countries while improving the quality of human life within the carrying capacity of supporting ecosystems.

2. STATE OF FORESTRY IN DEVELOPING COUNTRIES

2.1. Forests and trees in developing countries

Forests and trees in developing countries are vital assets offering economic, social and environmental benefits to local communities, national economies and the global environment. Their multifaceted roles include wood and non-wood production, social, religious and cultural functions, recreation, as well as employment and income generation, energy and food production. In addition, they provide environmental services such as biodiversity conservation, nutrient cycling, protection of the microclimate, protection of croplands and catchment areas. They also have global values comprising carbon storage, tourism and future genetic resource use. All of these functions and values need to be recognised and valued so that forests can contribute to balanced economic, social and environmental development.

In 1995, forests covered 27% of the total land area of the globe, or 3.45 billion hectares, with developing countries accounting for up to 57% of the total forest cover², or nearly two billion hectares. This estimate includes forests in protected areas, inaccessible natural forests, managed natural forests, and man-made forest areas such as plantations. However, these figures do not include trees outside forests which in many regions also provide important products and services to sustain rural and urban livelihoods.

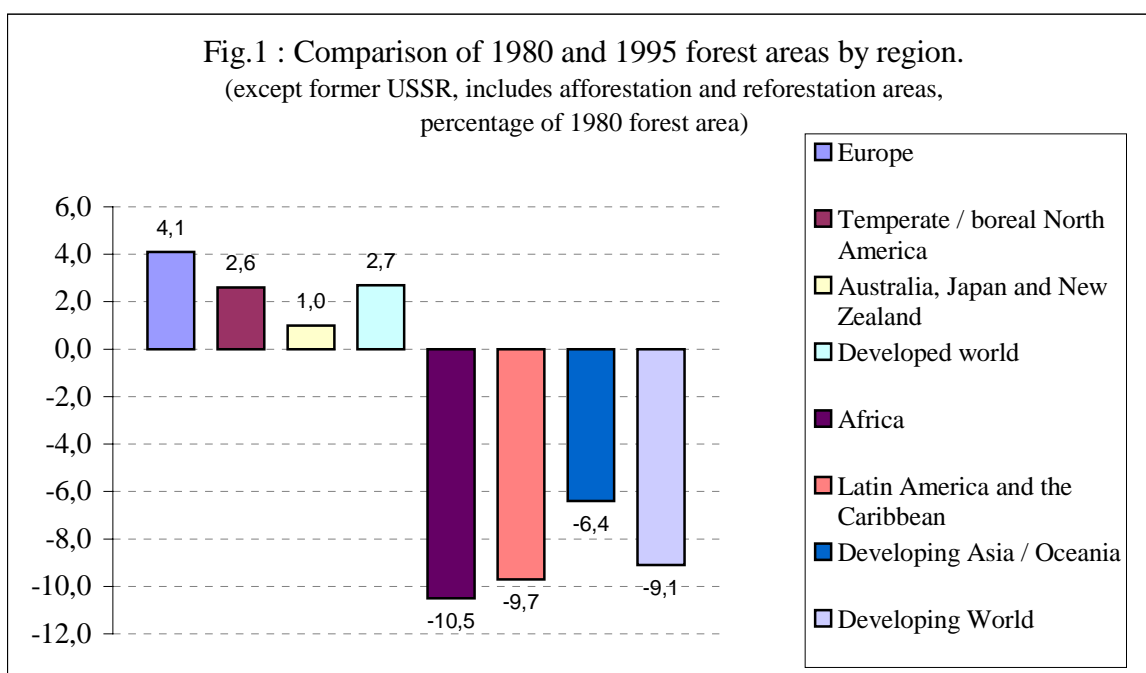
Rural populations, particularly poorer people, depend on forest resources for part of their livelihoods. Many forest products and services cannot be provided by other land uses. However, with increasing pressure on forest resources trade-offs between competing land uses have to be made. In this context, developing countries "with low forest cover", such as those of the Mediterranean, or with tropical coastal areas with tidal forests, face particular challenges.

¹ European Parliament Resolution on the European Union's forestry strategy, OJ n° C 55 of 24.2.1997, p. 22. This resolution calls for measures regarding forest management outside the Community.

² Source: FAO. The State of the World's Forests. 1999

During the last decades, considerable resources have been allocated to forest sector development. Efforts both from the international community and from partner countries have led to numerous interesting and positive results which still need to be capitalised and built upon. Indeed, policy makers and forest managers are responding to changing national priorities and to international commitments; a broader approach to forest management is being sought, balancing social, economic and environmental objectives, limiting timber harvesting intensities and improving management practices. Efforts to support biological diversity conservation have increased while areas under forest plantations are growing. In many countries forest related laws are being revised to take account of these changes.

Despite these promising initiatives, the areas under forest cover continue to decrease in most countries. It is estimated that in the period 1990 to 1995, 13.6 million hectares of forest were lost per year – an annual rate of loss of 1.6%. Compensated to a small extent by afforestation in developed nations, annual net loss amounted to 11 million ha. Figure 1 below indicates that there was a net decrease of 65.1 million hectares in developing countries and an increase of 8.8 million hectares in developed countries. Deforestation is defined as a permanent change of use of forest land to other permanent uses such as agriculture, grazing, road construction and infrastructure. However, in addition to deforestation many existing forests are also subject to a continuous but poorly recorded degradation of stands. This may include managed forest as harvest levels, cutting cycles, logging and regeneration methods often violate sustainability principles. In addition to the area actually under forest cover, the growing stock, expressed in terms of species distribution, age and dimension is of crucial importance to provide the desired forest functions. (fig 1. Source FAO 1999³)



The underlying causes of deforestation and forest degradation are social as well as economic in nature. Social causes are often country specific (inadequate land tenure

³ For additional information on natural forest areas, plantation areas and forest quality, please refer to FAO-State of the forests, 1997 and 1999.

systems; weak stakeholder participation; conflicting policies related to natural resources management), while economic ones tend to be of international nature (trade and consumption patterns, global economic relations and financial flows, lack of proper valuation of goods and services)⁴. In most cases the different actors in processes leading to forest loss are part of a complex and intersectoral chain of causality.

A major issue in forest conversion is the imbalance of power between those who profit, and those who lose. Moreover, social and environmental costs of loss of biodiversity, carbon stocks, cultural assets and the very livelihood of forest-dependent peoples are rarely considered or never compensated.

The reasons for deforestation and forest degradation vary from region to region. In Africa, the main factor is the expansion of cash crop farming as well as subsistence agriculture. In Latin America, reductions in forest area are largely the result of government resettlement schemes, large-scale cattle ranching and hydroelectric reservoirs. In Southeast Asia, large commercial logging operations and plantation activities contribute to forest degradation. The Mediterranean countries currently face a major challenge to reverse the consequences of generations of overuse of their forests and trees.

2.2. The quest for sustainability

If used in a sustainable way, forests and trees can continue to make a significant contribution to economic and social development, to conserve biological resources and to maintain natural ecosystems.

Sustainable forest management (SFM) is embodied as the overarching objective in forestry development, where sustainability refers not only to the even flow of timber yields, in the silvicultural meaning of the term, but to the entire spectrum of environmental, economic or social services which forests provide. Yet there is limited practical experience in implementing sustainable management systems in tropical forests, even for wood and non-wood production. Notwithstanding the existence of sound theories on sustainable forest management and the efforts to identify criteria and indicators for SFM, the political conditions, the lack of applicable management systems, vested and short term financial interests have in many cases precluded effective implementation of SFM in natural forests. In contrast there is an increasing and encouraging trend towards establishing plantations as a means to provide timber and fibre for domestic and international markets, and to reduce pressures on natural forests whilst taking into account appropriate social and environmental considerations.

Certification of forests is based on objective criteria and indicators for assessment of sustainability of their management. Labelling of forest products from such certified sources could become a useful market-based instrument, giving consumers the possibility to contribute to sustainable forest management by preferring its certified products. Forest certification schemes and their associated labels may differ by countries or regions. Competition between such schemes may contribute towards cost-efficiency, but a profusion of such schemes and their associated labels could lead to consumer confusion.

⁴ “Addressing underlying causes of deforestation and forest degradation”, 1999, a report presented to IFF-3.

This important tool therefore requires further efforts to promote compatibility and comparability, including the possibility of mutual recognition.

Spectacular forest fires have caught public attention in recent years. Many ecosystems depend on fires, and fires have occurred in tropical rainforests even before significant human disturbances. While any causal relationship between global warming and increasing frequency of forest fires can still be disputed, it is clear that forest degradation has created favourable conditions for most of the recent large-scale forest fires during «El Niño» phenomenon. Fires often lead to deforestation, not because forests can not regenerate, but because the underlying causes of the fires are not suppressed. The problem of forest fires has to be counteracted by a careful review of different sector policies and provision of suggested changes favouring the sustainable use of natural resources.

A major factor to be considered in forest policy is the impact of subsidies in adjacent sectors that can encourage deforestation. For example, financial support for agricultural input or products can artificially augment financial returns of a competing land-use. Such agricultural subsidies may have their place, provided that delineation of lands devoted to agriculture or forestry use has been carried out in the context of site assessment and cross-sectoral land-use planning.

A reason for lack of progress in SFM of natural forests in the tropics is that current concession and timber pricing policies create strong incentives for unsustainable management. Unsustainable practices («cut and run, high-grading») give higher financial returns to private sector entrepreneurs and concessionaires in the short run. SFM of natural tropical forest can be financially viable, but the direct costs and the opportunity costs during implementation may act as a disincentive.

Lack of adequate and transparent information on the state and use of forest resources, may also hamper sustainability of forest management. Information on forests is often incomplete, and statistics tend to focus on commodities, rather than on the state and potential of forest resources. Deteriorating forest conditions often escape detection. Only very few time series exist which would permit accurate assessment and monitoring of sustainability of forest use. The full use of the results of scientific research still needs to be made to create objective conditions to increase benefits from ecosystem dynamics and new product technologies.

2.3. Environmental functions

While tropical forests cover only 7% of the earth's land area, they are thought to harbour half of all known plant and animal species. Forests are, however, much more than just a number of species; they form ecosystems in which biological and a-biotic processes are linked. They are able to maintain health and stability to these systems and contribute to the wider environment and global climate.

Biological diversity is high in undisturbed tropical forests. It may deteriorate as a result of anthropogenous interference. There is an international commitment⁵ to conserve this biological diversity for future generations, and therefore, the interests of the international

⁵ UN-Convention on Biological Diversity (CBD).

community need to be reconciled with the needs and priorities of people and national economies in developing countries.

In 1993, 6% of the world's total land area fell under some form of protected status⁶. Yet many valuable elements of biodiversity remain outside these areas. Hence, biodiversity should be deliberately maintained and enhanced, not only in protected areas, but also during management of production forests as well as plantations.

Forests and trees stabilise landscapes by preventing land slides and by protecting soils against erosion. They can increase organic matter content on and in the soil, raise available water capacity and nutrient contents. Forest soils have the critical function of water filtering, they also play a role in preserving arable land, facilitate natural succession of vegetation formations, and in mitigating desertification.

Forests and trees have key roles in global environmental stability. They store more carbon above and below ground than the atmosphere. Thus, fluctuations in the condition of forests may have a considerable effect on climate change. Since forests can act both as sources or sinks of CO₂, they can both contribute to, as well as mitigate climate change. Moreover, they may undergo major shifts in changing climate. Consequently, forests appear prominently in strategies to assess and address this global problem.

All forest stands eventually reach an upper limit of on-site carbon storage. However, carbon may be stored in durable forest products, too. In addition, harvest and milling residues and small timber from sustainable forests may replace fossil fuels, without raising the atmosphere's carbon content. Hence, managed sustainably, forests continue carbon sequestration and substitution. In contrast, unmanaged stands have a limited ability for climate change mitigation, since eventually growth and decomposition will reach equilibrium.

2.4. Economic functions

While there is no accurate estimate of forests' contribution to the global economy, a partial indicator is their share of gross domestic product (GDP) and international trade. At global level, forest products and services are estimated to contribute some 2% of world GDP and 3% of international merchandise trade. Forests provide a relatively high contribution to GDP in many developing countries, particularly in Africa (6%), and South America (3%). Yet, only 6 to 8% of the world production of roundwood enter international trade.⁷

These estimates do not account for the global goods and services provided by forests such as carbon storage, biodiversity conservation and future genetic resource use, freshwater storage and natural heritage, nor do they include the use of non-traded wood and non-wood forest products by local populations.

Concerning wood supply and demand, trends show that there is no global wood supply crisis on the foreseeable horizon; technologies for new and emerging supply sources will

⁶ IUCN employs six management categories for protected areas, ranging from strict nature reserves to areas in which natural resources can be used sustainably – but where large-scale commercial exploitation is excluded.

⁷ FAO State of the World's Forests, 1997 and 1999

allow to meet expected demand with little or no real price increases. There is a trend towards increasing reliance on supply sources outside of the natural forest (trees outside of forests, plantations, recovered fibres) for industrial wood products.

Many accepted valuation methods exist to calculate appropriate costs and benefits for those services of forests, for which markets do not exist. However, this information is only useful if decision-makers fully consider these values in the choice between alternative actions. In most instances, these “externalities” are not internalised in decisions. For example, the benefits from forests in the upper catchment area of a river basin on downstream water availability and flood prevention can be quantified, but this is irrelevant for decisions about the forests upstream, as long as downstream beneficiaries are unwilling to pay owners for these services. This problem is however not limited to developing nations, and has generally not been solved in the developed world either. Market values for carbon offsets, contract nature protection and payment for water services represent a hopeful beginning.

The prevailing pricing system for standing timber in the form of stumpage and concession fees used in developing countries, often established by government decrees, has led to serious under-valuation of timber and forests. Revenues to forest owners, usually the State, often amount to only 10 – 20% of those achievable under true market conditions . Consistent fee collection could increase public revenues even more. A higher price for raw materials would also stimulate efficient utilisation and minimise waste in the forest and during processing. Implementing these important changes, both for wood and non-wood forest products, could raise the financial contributions of the forest sector, promote local employment and income, attract investment in forestry, and strengthen the role of forests and forest administrations. At present, low revenues from public forests reduce their weight during budget allocation and in the eyes of politicians, land-use planners and donors.

Trade in forest products is an important aspect of forestry in developing countries. Applying the recent trend of reduction of tariffs to forest products trade has been under discussion for some time, but its potential impact on the forest resource base will have to be investigated in detail to make trade and environment policies mutually supportive in favour of sustainable development. Non-tariff barriers, such as log export bans or sale of export quotas, can favour domestic industry in the short term, but may weaken returns to forest owners, reduce stumpage values, lead to waste and inefficient resource allocation in the long term. A compromise will have to be reached between impediments to trade and environmental benefits of sustainably produced forest products for both producers and consumers.

An important function of forests related to climate change is the prevalent use of wood to meet energy requirements. In developing countries some 80% of total energy requirements is met by wood. Since wood is a renewable resource, the sustainable use of this form of energy as a possible substitute for oil based energy can limit net carbon release.

2.5. **Social functions**

A wide range of stakeholders has interests in the forest sector, at international, national, and local levels. In order to avoid conflicts and maintain forests as multifunctional assets, it is important to appreciate the roles, motivations, influences and constraints of decision-

makers, interest groups, local people, national lobbies for agriculture, industry, infrastructure and farmer communities.

Forests have existential values and deep cultural meaning for the indigenous people inhabiting them; they are often also vital to the very existence of many rural populations. In spite of this, ownership and tenure adequate representation is often lacking and access is insecure. Ownership and tenure of forest land and trees are often not adequately defined, leading to resource allocation and usufruct problems. These issues need to be considered in national policies and most importantly given proper consideration in relationship between economic and environmental stakeholders.

A fundamental and agreed principle in any contemporary forestry project is the importance of a participative process from policy development through identification, appraisal and implementation of activities. General acknowledgement of democratic principles, gender-based approach, community empowerment, and indigenous peoples' rights are essential elements in this process.

2.6. Institutional aspects

Government services have responsibilities in implementing policies as well as in enacting the legal framework. Institutional capacity for the control and sustainable management of forests in many tropical countries is weak. Over the last decade, the influence of the State has declined. The role of the state in ensuring long-term security of environmental goods and services, while enhancing participation of the private sector, civil society, NGOs and local institutions, requires redefinition.

Recently, new institutional arrangements have had an impact on forest management: (i) decentralisation of forest administrations, devolution of responsibility within these decentralised agencies, from central to local levels, (ii) privatisation either of land or of forestry operations and the related change in Government's role, i.e. the need to increase monitoring, (iii) greater participation by a wide range of interest groups in the planning process, (iv) greater involvement of local communities in the management of forest resources. A wide range of management models appropriate to local situations exist throughout the developing world.

The institutional set-up of the forest sector is suffering from the dilution or atomisation of responsibility and interests among public institutions working in the forest, environmental, agriculture, industrial, financial and other sectors. A challenge for any administration is to find a balance between the need to address forestry issues in many sectors whilst maintaining a coherent sectoral capacity.

2.7. The Challenge. Reconciling conflicting demands on forests

Forests are under pressure from various demands for their goods and services to fulfil livelihood needs, as well as conservation and economic needs. Beneficiaries of these different functions will attempt to secure their interest in the forests. However many of these functions have no recognised market value and others are undervalued. A balanced perspective requires a balanced contribution of all stakeholders involved. Unfortunately, this is often neglected.

In some cases, vested economic interests, bureaucratic inertia and a lack of adequate information about forest resources frequently prevent equitable solutions in developing nations. Solving this problem is fundamental to successful forest policy implementation and law enforcement. It can only be achieved through participation and promoted through transparent information on forest resources and their changes. Accountability, monitoring, verification are needed so that trends and changes can be assessed.

Presented in another way, forests and the forest sector are mainly affected by elements lying outside the sector, which will need “reorienting” cross-sectoral and forest-related policies in favour of forests. Addressing issues pertaining only to the forest sector itself or to forests themselves would not have a sustainable and long-term impact.

The perceived dilemma “environmental conservation versus development” faced by many decision makers in developed as well as in developing countries, could be solved through improved valuation of the non-tangible conservation benefits of forest management. Environmental considerations need to be integrated into development, and does not preclude appropriate forest management.

3. INTERNATIONAL COMMITMENT⁸

Tropical forests have been a major concern of the international community for the last two decades. A major impetus was given to international commitment to forests in June 1992, when the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro adopted the Rio Declaration on Environment and Development, Agenda 21 and the so-called “Forest Principles”⁹. For the first time, there was an expression of political commitment to and general consensus on forest-related principles, objectives and actions.

Two legally binding instruments of direct relevance to forests - the Framework Convention on Climate Change (FCCC) and the Convention on Biological Diversity (CBD) - were opened for signature at the Rio conference and have in the meantime been ratified by most countries. The FCCC recognised the carbon sink function of forests and the CBD the biodiversity in forest ecosystems and land-based protected areas. The need for vegetation cover was endorsed in the Convention to Combat Desertification (CCD) in 1994. While not forest-specific, these conventions contain elements of relevance to forest conservation and sustainable use.¹⁰

The international community continued the UNCED process through the establishment of the Intergovernmental Panel on Forests (IPF) in 1995, under the auspices of the UN Commission on Sustainable Development (CSD). The IPF mandate was to pursue a consensus and formulate options for further actions to combat deforestation and forest degradation, and to promote the sustainable management, conservation and development of all types of forests. The IPF conclusions were submitted to the UN General Assembly during its 1997 Special Session (UNGASS), which endorsed over 100 negotiated proposals for action (see annex 6 on IPF elements). Subsequently the

⁸ Annex 1 presents briefly events and milestones in international forestry from the late 1980s to the present.

⁹ “Non-legally binding authoritative statement of principles for a global consensus on the management, conservation and sustainable development of all types of forests”.

¹⁰ In the CBD, the terminology “conservation and sustainable use” is used, which has been adopted throughout this text

Intergovernmental Forum on Forests (IFF) was established to pursue discussions and report to the CSD in 2000¹¹.

The Kyoto Protocol of the Framework Convention on Climate Change in 1997¹² makes provision for the clean development mechanism (CDM). The potential role of tropical forests in carbon sequestration through afforestation, rehabilitation of degraded forest ecosystems, reduced-impact logging (RIL), modified harvest levels and cutting cycles needs to be carefully explored after anticipated clarifications of CDM rules.

Since 1992, governments are pursuing the formulation of scientifically-sound criteria and guidelines for the management, conservation and sustainable development of all types of forests. Criteria and indicators are aimed at improving the quantity and quality of information available to decision-makers and the general public about trends towards or away from sustainable use of a nation's forests. They will help guide national policies, as well as national legislation governing management practices in the country.

Discussions during UNGASS have highlighted the following trends:

- It is necessary to seek better co-ordination between forest conservation and overall development policies, finding common goals, launching mutually reinforcing initiatives, and developing mechanisms for priority setting whenever common goals cannot be identified; there should be a shift of emphasis from forest conservation to sustainable use, particularly in the case of poor developing countries;
- Positive incentives for sustainable forest management should be developed, especially measures to tackle market, institutional and policy failures; sustainable forest management should be carried out in the context of long-term changes such as global warming and urbanisation;
- Action on and ownership of sustainable development policies at national level is essential, as is support from the international community through forest partnerships. Donor-developing country partnerships should be based on internationally agreed principles and require both adequate aid budgets and a long-term commitment on the donor side together with true ownership and commitment to reform on the developing country side;
- Global functions and values of forests are to be duly recognised and evaluated, in particular as reservoirs of biodiversity and suppliers of non-timber products, as carbon sinks, as buffers against desertification and through their impact on the hydrological cycle; but their internalisation in both developing and developed countries is lacking.

¹¹ Selected themes are being discussed at UN-CSD annually ; in 2000 (CSD-8), agriculture and related themes including forestry has been identified, and in 2001 (CSD-9) energy is the subject. This shows how forestry aspects are a continuous concern and interest for the international community.

¹² The Kyoto Protocol of the FCCC provides for a Clean Development Mechanism under which carbon sequestration projects may be developed.

4. EUROPEAN COMMUNITY COMMITMENT¹³

The Community's policy statements on forests in the context of co-operation with developing countries are well in line with the international commitments concerning forests in these countries. Environmental issues were first formally presented in EC co-operation policy statements in the mid-1980s when a chapter on drought and desertification was incorporated in the Lomé III Convention. The Community's recognition of the value of forests and their importance in development co-operation was formalised in 1989 with a Communication of the Commission to the Council and the Parliament on "Conservation of Tropical Forests: the Role of the Community" (October 1989; 89/c 364/01). A basis for EC development assistance for tropical forest conservation was established in 1990 with the Development Council Resolution on Tropical Forests¹⁴. This was followed in 1991 with the creation of a budget line "on operations to promote tropical forests" (TFBL - B7-5041, now B7-6201), and by the adoption in 1995 of Regulation 3062/95 setting out a legal framework for the management of this budget line¹⁵. The Regulation gave priority to specific operations determined according to the needs of each country as reflected in development and environment policies relating to forests and according to community co-operation priorities. To ensure the continuity of this financial instrument, the Commission adopted in 1999 a proposal for a new regulation to be presented to the Council and the Parliament.

For the African, Caribbean and Pacific regions (ACP), the Lomé IV-bis Convention identified deforestation as a serious problem and pointed to the need for joint action, especially in timber trade and marketing. The Lomé Convention also contains a Protocol on Sustainable Management of Forest Resources, establishing a number of priority areas for EC assistance. Preliminary work has now begun for a successor arrangement to the existing Lomé Convention and sustainable development has been identified as a key theme, with particular attention to be given to combating deforestation.

As far as development co-operation in Asia and Latin America (ALA regions) is concerned, Regulation (EEC) No. 443/92,¹⁶ covering ALA co-operation in general, stresses the importance of environmental and forestry issues by stipulating that 10 % of Community aid for ALA countries be allocated to the environment, especially to the protection of tropical forests.

Between 1992 and 1996, the EC committed approximately 466 M€ to actions to promote tropical forests in over 510 projects and programmes. Several financing instruments were used including the TFBL (52%), the ALA budget line (27%) and EDF-Lomé Convention (15%). Under the current Fifth Framework Programme for Research, Technological development and Demonstration (1998-2002), continued support will be provided to Science and Technology (S&T) co-operation on tropical forest. Through S&T co-operation programmes implemented between 1982 and 1998, 69 joint-research projects were supported, corresponding to a total of 44 M€ in Commission

¹³ Ref. Annex 2 presents European events and milestones from the late 1980s to the present

¹⁴ Council Press Release 6618/90 of 29 May 1990.

¹⁵ Council Regulation (EC) n° 3062/95 of 20 December 1995 on operations to promote tropical forests, OJ n° L 327 of 30.12.1995, p. 9. This Regulation is applicable until 31 December 1999.

¹⁶ Council Regulation (EEC) n° 443/92 of 25 February 1992 on financial and technical assistance to, and economic cooperation with, the developing countries in Asia and Latin America, OJ n° L 52 of 27.2.1992, p. 1.

contributions. An additional 9 M€ were committed by the Joint Research Centre (JRC) in support of the programme TREES.

Recently, the EC published (i) the Forest Sector Development Co-operation Guidelines “Forests in Sustainable Development” which was issued in 1996; (ii) the “Evaluation of the Forestry Component of the EC programmes in Developing Countries”, carried out in 1997-98 and (iii) the EU Tropical Forestry Sourcebook, describing development co-operation on tropical forests of the EC and the Member States, published in 1998.

The EC is fully taking into account the relevant recommendations of IPF and concrete strategies are being put in place to implement the Rio Conventions, FCCC, CBD and CCD, which also have relevance to forests.

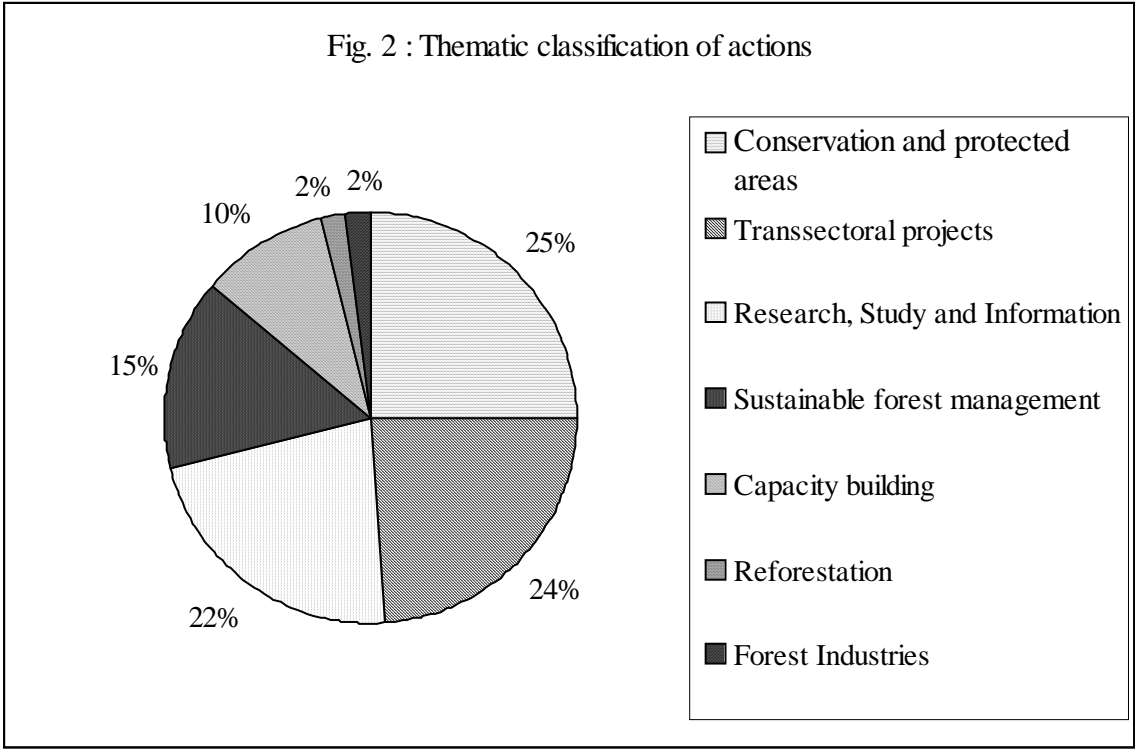
Furthermore, the EC is implementing IPF proposals for actions and supports the on-going processes of appropriate international fora, such as the Intergovernmental Forum on Forests (IFF), as well as the World Trade Organisation / Conference on Trade and Environment (WTO/CTE) to address Trade and Environment challenges in the Forest Sector. Conditional trade concessions have been tabled by the EU to provide additional incentives to those countries that apply sustainable forest management principles under the Multiannual Scheme of Generalised Tariff Preferences (GSP)¹⁷.

The graph below shows categories of EC projects, classified according to themes, the main ones being forest conservation, buffer zone development, education and research. (Figure 2¹⁸). In Asia, most commitments have been directed to sustainable forest management, while in Africa and Latin America, the main focus has been conservation and protection of natural areas. In Latin America, the range of activities has been the most diverse and relations with local partners from all sectors of society have been established. Figure 3 gives a regional breakdown of commitments.

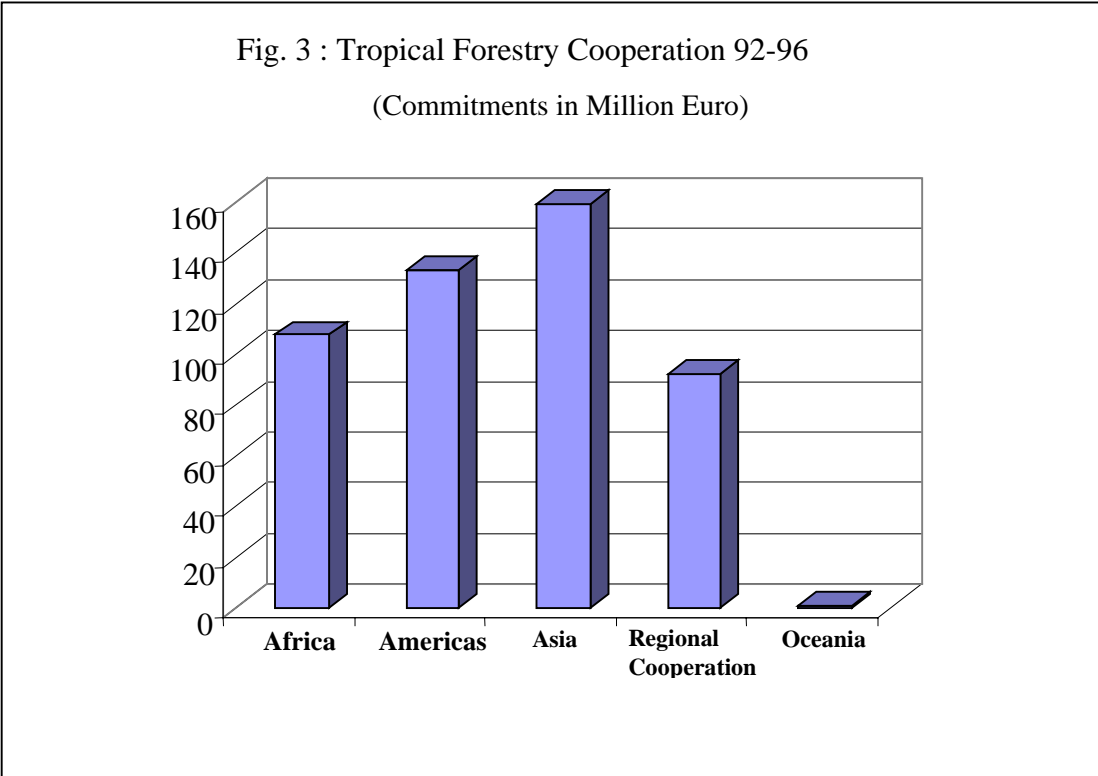
The underlying concept is that natural resource management, including forest use, is linked to sustainable socio-economic development. Forests cannot simply be sacrificed for development of other sectors, and the stage of development determines the framework for the treatment of forests. There may be conversion of forests, based on rational land-use planning, and harvest levels for overmature timber may exceed increment in the short run, as long as overall forest sustainability is maintained. Centuries of European forest history and more recent development - forest interaction in many developing nations show that forest management and socio-economic development must progress together. This is the basis of the strategy that follows.

¹⁷ On the 21st December 1998, the Council adopted Regulation (EC) No 2820/98 concerning the implementation of a multiannual GSP for the period 01.07.1999 to 31.12.2001 applicable to certain agricultural and industrial products from developing countries (OJ L357 of 30.12.98).

¹⁸ Source: Planistat Final Report, July 1997. «Analyse Statistique des Projets financés par l’Union Européenne dans le domaine des Forêts tropicales».



The regional distribution of commitments is shown in Figure 3



5. OVERALL OBJECTIVES

5.1. EU development objectives

The European Union development objectives are stated in Art. 130u of the Treaty of the European Union (Maastricht Treaty) and re-affirmed in the Amsterdam Treaty (1996): foster sustainable economic and social development, integrate developing countries into the world economy, and fight poverty. They need to be achieved in a context of good governance and the rule of law (decentralisation and devolution, stakeholder participation at decision and implementation levels, recognition of indigenous peoples rights).

The overall objective of the European Community's forest development co-operation is to maintain adequate forest cover and improve forest management in developing countries, as a contribution to the local, regional and global environment and overall sustainable development. In this context, the Community and its Member States aim at enabling individuals and communities, especially women¹⁹, rural and poor people, dealing with forests and forestry, and society at large, to benefit in an equitable way from forest-related products and services which are being produced on a socially, economically and environmentally sound basis. This goal is consistent with that developed for the EU territory through the pan-European process²⁰.

5.2. Forestry specific objectives

Based on the framework of the general EU development objectives and on the analysis presented in chapter 2 "State of forestry in developing countries", the following specific objectives of Forest Sector Development Co-operation can be identified:

- reduction of uncontrolled deforestation and forest degradation to contribute to mitigating global change;
- increasing the extent of areas under sustainable forest management, as a contribution to economic and social development;
- increasing of revenue from forest products and making its distribution more equitable;
- maintain genetic resources by conservation of natural forest ecosystems and their associated biodiversity;
- creation of institutional frameworks capable of meeting conflicting demands on forests by taking into account the interests of all stakeholders;

¹⁹ Because the traditional division of labour is significant in most community-based NTFP operations, women have specific needs and interests in forestry. In addition, in most rural areas, women and children collect household fuelwood and a variety of other forest products without commercial value. Women are important repositories of traditional forest knowledge.

²⁰ Ministerial Conferences on the protection of forests in Europe (Strasbourg 1990, Helsinki 1993, Lisbon 1998 and the Council Resolution of 15 December 1998 on a Forestry Strategy for the European Union (OJ C 56 of 26.12.1999, p.1)

- expanding the forest related knowledge base and the corresponding development of research.

These objectives will be achieved through EC programmes, by means of various complementary financial instruments and in complementarity with Member States' co-operation programmes by appropriate sharing of responsibilities according to respective priorities.

This will require activities at international and national policy level, at field level in forest areas as well as in rural areas, in the forest products processing and marketing chain and related research, education and training.

6. WAYS TO ACHIEVE THE OBJECTIVES

Four major areas will provide the framework for development co-operation actions within individual countries and within regions, as well as within the international context.

6.1. **Support the development and implementation of a policy framework, on a participatory basis, favourable to the forest sector at national and international levels, in order to maintain the multifunctional roles of forests and to reconcile conflicting demands on them.**

6.1.1. *Policies at national level in forest-related sectors.*

At national level, sector policies that have a direct or indirect impact on the forest sector need to be improved. This will involve:

- Supporting policies to enhance good governance and accountability and to enable institutional reforms and capacity strengthening;
- Promoting land use policies and planning, land allocation, users rights and secure tenure in order to render forestry a viable alternative for local people;
- Supporting reduction or modification of subsidies in adjacent sectors which promote unwanted forest conversion, in particular the agriculture and infrastructure sectors;
- Supporting fiscal policies in favour of the conservation and sustainable use of forests and of alternative income generating activities based on the efficient utilisation of forest products.

Examples of actions to be supported, according to country specific context, consist of:

- (1) support the redefinition of the role of the State to allow it to perform its valuable function of correcting policy failures and of promoting the internalisation of environmental costs and demonstrate the economic and social benefits of forests to officials of planning and finance bodies;
- (2) assistance to the formulation, with appropriate and equitable participation of local people, of policy and legislation conducive to private sector development;

- (3) promote national accounting practices which recognise the multiple functions of forests in order to allow for due consideration of forestry in sectoral allocation of budgetary resources;
- (4) promote policy research on inter-sectoral relationships impacting on forest conservation and sustainable use, with emphasis on land-use, agriculture and agro-industry, energy and water policies.

6.1.2. *Policies at national level within the forest sector.*

This will involve:

- Promoting the application of economic incentives that capture the full social and environmental costs and benefits of forests and improving legislation when appropriate;
- Promoting the increase of equitable net revenues to public and private owners and the reinvestment of them in sustained forest management;
- Improving valuation and pricing systems for forest-based products and services through market mechanisms;
- Enabling policy, legal and market conditions for private sector production forests and plantations where appropriate and environmentally and socially acceptable;
- Supporting the formulation of national forest programmes, within wider national environmental plans that articulate a clear strategic vision through country-driven processes;
- Promoting CO₂ neutral energy policies;

Examples of actions to be supported, according to country specific context, consist of:

- (1) translation of the value of forest resources into concession policies that reflect the scarcity of forest products by changing the presently prevailing system of prices for wood raw-material in the form of stumpage and concession fees, established by government decrees, to a system where the prices are established through market forces;
- (2) supporting the provision of incentives for certain functions if costs and benefits can not be internalised; develop accounting methods which permit the internalisation of environmental costs and benefits as well as supporting codes of conduct for forest operations;
- (3) ensuring secure user-rights by local communities committed to sustainable forest management;
- (4) supporting government services to maintain an active role in the conservation and restoration of key forest ecosystems of high environmental value and in the implementation and enforcement of adequate legislation;

- (5) supporting effective decentralisation of forest administrations, fiscal decentralisation, devolution of responsibilities to the private sector and civil society in productive and monitoring functions;
- (6) supporting information sharing (efficient national and local forest inventories taking into account assessments of forest cover, growth, harvesting etc), testing and promotion of certification and audit systems according to internationally agreed criteria and indicators.

6.1.3. EC's role at international level

This will involve:

- Participating in discussions on a possible global legally binding instrument concerning management and protection of all forests, which could provide a strong incentive for improved implementation and enforcement of policies and legislation established by sovereign nations²¹;
- Exploring innovative ways of contributing to the long term financial viability of SFM and forest conservation, which could include market premium for certified forest products; trusts and endowments; carbon-sequestration schemes; debt-for-nature swaps; small grants funds;
- Facilitating partnerships, in the case of priority areas straddling country borders, between institutions (e.g. national parks authorities, research institutes) and programmes (e.g. Biosphere Reserves, regional river basin management), as well as North-South partnerships in S&T and capacity building;
- Enabling the in definition of research priorities and modes of implementation in an overall programme for forest development co-operation;
- Participating in the development of trade policies which support both development and environmental challenges and internalise environmental and social externalities of forest management.

Examples of actions to be supported, consist of:

- (1) maintaining a strong pro-active presence in the international discussion fora and follow-up recommendations related to forests, such as the CBD, FCCC, CCD, CITES, IFF, WTO/CTE, UNCTAD;
- (2) supporting the development of forest monitoring systems capable of operating on national, regional and global scales;
- (3) contributing to international and national efforts to agree on standards and criteria for sustainable forest management, and other forest related topics;

²¹ in order to *inter alia* (i) raise necessary financial resources for SFM; (ii) develop instruments for internalising the environmental and social costs and benefits; (iii) reduce illegal trade and promote good governance in the forest sector.

- (4) supporting the use of rules that apply world-wide in order to tackle the problem of trans-national logging companies operating in unregulated frameworks;
- (5) encouraging Governments to take advantage of tariff reduction opportunities under the GSP, and to implement relevant international Conventions such as the UN-Convention to Combat Desertification, and the UN-Convention on Biological Diversity.

6.2. Improve, at field level, sustainability of interventions in forest conservation and use, as well as promote farm forestry and other sustainable and socially equitable forms of land use which have an impact on forests.

This will involve:

6.2.1. Within conservation and protected areas:

- Supporting the management of protection areas and buffer zones, including 'core' areas and wildlife and bio-corridors;
- Recognising, protecting, supporting and disseminating Traditional Forest-Related Knowledge and Technology (TFRKT), in particular traditional forest management systems.

6.2.2. Within forest areas: production forests and forest plantations

- Improving the economic, ecological and social sustainability of the production of timber, fuelwood, as well as non-wood forest products as well as improving existing or developing new financial mechanisms for forest management;
- Ensuring participation of local populations in forest management schemes;
- Supporting the enforcement of existing forest legislation, in particular concerning illegal logging;
- Improving technology of forest management operations to increase ecological as well as economic sustainability *inter alia* through Reduced Impact Logging (RIL);
- Promoting the conservation of natural forests integrated in plantation mosaics, as well as multiple-species plantations without reducing the actual area of primary forests;
- Facilitating the establishment of small-scale plantations and woodlots on private lands, such as out-grower schemes, where the estimated yields and economic benefits justify such investments.

6.2.3. Within rural areas

- Integrating forest sector development with agriculture and catchment management;
- Concentrating development efforts in environmentally sensitive areas, especially those subject to desertification;

- Ensuring (i) adequate soil stabilisation through tree planting, for the protection of catchment, roads and other infrastructure; (ii) regeneration and planting of fodder trees in dry lands; (iii) and integration of trees in agricultural systems through various forms of agroforestry, silvo-pastoral systems and farm forestry;
- Developing alternatives to agricultural practices that contribute to forest clearing and promoting sustainable agriculture, especially in areas close to forests and critical catchments.

Examples of actions to be supported, according to country specific context, consist of:

- (1) introducing sustained yield forest management techniques including, soil and site mapping, inventories, harvesting plans, road network plans, low impact extraction techniques, transport organisation, regeneration measures and silviculture;
- (2) providing support for the recognition of customary rights of indigenous peoples and other rural people living in or near the forests as well as for the reconciliation of formal and customary rights;
- (3) strengthening community based production capacity and marketing operations, including quality control, primary and secondary processing (transport and storage), packaging, business management, community cost-benefit sharing agreements;
- (4) refining gender-based planning in NWFP as women are important repositories of traditional forest knowledge and have specific needs;
- (5) promoting energy conservation, biomass production, and the use of viable alternatives to fuelwood in case of shortages;
- (6) supporting local and national capacity building on cultural aspects to allow a sound consideration of the multiple dimensions of forests and mediation between different forest stakeholders.

6.3. Improve the efficiency of utilisation and processing of wood and non-wood forest products, through equitable and comprehensive approaches, allying economic development and people's interests.

This will be achieved by:

- Developing markets for existing and potential NWFP, and for lesser known timber species (LKS);
- Facilitating transfer of environmentally sound technologies to the private sector;
- Promoting local processing initiatives, based on timber and other forest products from sustainable sources, with a view to stimulating local employment generation and export earnings;

Examples of actions to be supported, according to country specific context, consist of:

- (1) upgrading product chains, industrial and processing operations by introducing modern techniques and appropriate technology for timber conversion, drying, grading, storage, quality control, energy efficiency, waste utilisation, chain of custody, marketing of products;
- (2) establishing private entrepreneurship, especially small-scale and community based, in the various forest-related branches - forest management, farm forestry, nurseries and wood industry, in the wider context of private sector development;
- (3) improving marketing and enhancing trade of wood and non-wood forest products from sustainable sources, using lesser known timbers, secondary forests, certification mechanisms and development of local/regional product brands, quality standards and labels.

6.4. Contribute to the development of research, information, capacity building, and technology transfers in support to the above.

This will be achieved by:

- Contributing to the strengthening of developing countries research capacity by *inter alia* mobilising the strengths, expertise and resources of the European as well as international scientific community;
- Promoting information exchange and research concerning forest ecosystems, services and products, land tenure systems and indigenous peoples' rights;
- Providing high quality scientific and policy oriented information for policymakers and planners in order to improve their decisions about land use and forest management;
- Facilitating the training of the various stakeholders involved in the forest sector, for the efficient utilisation of forest resources, including energy uses.

Examples of activities to be supported, according to specific national or regional contexts, can include:

- (1) assessment of ecosystem dynamics and modelling, and study of its resilience to anthropogenic action as well as assessment of biodiversity, for instance in terms of its importance as a gene pool, and study of its relationship with logging and other harvesting practices;
- (2) research on the potential for long-term carbon storage of different types of managed and unmanaged forests and their phyto-sociological associations;
- (3) identifying the essential components of sustainable forest management strategies; developing techniques for restoration of woodland and enrichment of degraded stands; designing land management systems in which forest functions can be achieved identifying the potential of indigenous species in plantation forestry and in agro-forestry;

- (4) valuation of the conservation of protected areas, sustainably managed production forests, recreational facilities, aesthetic landscape elements, gene-banks and botanical gardens;
- (5) identifying new and adding value to existing NWFP, using local knowledge, market research and scientific product testing, as well as improving NWFP production systems, introducing certification systems for NWFP, along the same lines as proposed for timber products;
- (6) medium and long-term projections of demand and supply of forest goods and services and simulation studies, in collaboration with specialised and recognised bodies.

7. OPERATIONAL PRINCIPLES

The implementation of the present strategy will be consistent with EU aid programmes in other sectors, at international, regional, national and local levels. Attention will be paid to the necessary links with structural adjustment programmes where good governance in forestry can be linked to conditionalities.

In addition, implementing this strategy adaptively and flexibly in view of anticipated new developments, the EC will take into account strategic recommendations, as highlighted in existing policies and Communications related directly or indirectly to the forest sector. In this context, the following elements will be given due attention.

7.1. Cross-cutting aspects

During all stages of the decision making processes within the project cycle, the following will be considered:

- Applying environmental and social analysis, impact assessments and mitigation measures according to EC rules and regulations in force;
- Taking into account the local organisational capacity when deciding on the scale and design of activities to be supported;
- Applying gender-based planning and implementation techniques;
- Carrying out financial and economic analysis of project proposals;
- Applying recommendations related to improving good governance, as a prerequisite to reconciliation of conflicts in the forest sector;
- Keeping in mind the need to be able to quantify expected outputs which include: increased forest revenues; reduced forest degradation; higher consumption of wood per capita; improved equity and income distribution; participation in forest policy decisions; better gender awareness; reduced uncontrolled deforestation; increased participation in training activities;
- Giving appropriate attention to biodiversity conservation in all actions to be supported.

7.2. Coherence, complementarity, co-ordination.

As required by EC Treaties, donor coherence and co-ordination is sought within the European Union and also with the Bretton Woods institutions, and with other international and multilateral donors. At country level, the EC will actively support country-driven co-ordination between EU donors. This co-ordination however should be country-driven, for which the nfp (national forest programme) will provide a useful framework. At European level the Standing Forestry Committee and the Consultative Committees²² ensure co-ordination for European forests.

EC activities in forestry will take due account of the EC Communication COM(1999)218 and Council resolution 8080/99 on EU complementarity and where appropriate will be implemented through sharing of responsibilities with Member States. Co-ordination between the Development Co-operation Policy and the Research and Technology for Development Policy will be done along the lines of the EC Communication COM 174(1997) and related Resolutions by Council and Parliament.

The EC will ensure adaptation of its policies and activities in accordance to evolving international commitments such as the outcomes of the IFF process, to be adopted by the UN-Commission on Sustainable Development in year 2000.

7.3. Regional priorities

Some regions may be given a higher priority in the selection of activities. These may be where (a) forests play a major role in terms of economic importance and impact on poverty reduction; (b) the rate of deforestation is high; (c) forests play a key role in the fight against desertification and in the protection of fragile areas; or (d) in countries with low forest cover.

7.4. Follow-up

Taking into account regional priorities, national forest programmes and the widely varying development needs, the EC will set up specific programmes that will implement a mutually supportive selection of the specific objectives, within the budgetary limitations and the available human resources.

Forestry will continue to be a focal theme in the EC development co-operation and it is important that efforts in this field are aligned towards the common goals presented here. As a follow-up, a strategy paper on forest development co-operation will be formulated, taking into account geographical and regional characteristics. This strategy paper will define operational priorities and the roles of the different financing instruments in achieving the objectives.

²² Ref. To the Communication from the Commission to the Council and the European Parliament on a Forestry strategy for the European Union COM(1998) 649 of 03.11.1998, chap 10.

8. CONCLUSION

In many cases, the underlying causes of problems affecting forests lie outside the forest sector. They include subsidies for forest conversion, under-priced forest goods, resettlement programmes, roads, macroeconomic adjustment, short-term profit seeking, poverty, tenure insecurity, population growth and displacements of refugees, breakdown in social cohesion and civil unrest - as well as institutional failures such as poor dissemination of information, uncoordinated decision-making, and inconsistency and conflict between various policies or actors. These are the policy, market and institutional signals to which the direct agents of forest loss and degradation respond.

There is a need to develop policies and actions which recognise national sovereignty on forests and which reconcile the various demands made on them, so as to ensure sustainable use and provision of forest products and services for the people of developing countries and also for the world as a whole, now and for future generations.

The European Community feels a responsibility towards the sustainable management of the world's forest resources. Hence, interventions are proposed to achieve the following forestry specific objectives: (i) reduced uncontrolled deforestation and forest degradation; (ii) increased extent of areas under sustainable forest management; (iii) increased equitable revenues from forest products; (iv) maintained genetic resources and biodiversity; (v) improved capacity of institutional frameworks to meet conflicting demands on forests; (vi) expanded forest related knowledge base.

These objectives will be achieved through EC aid programmes, by means of various complementary financial instruments and in complementarity with Member States' aid programmes by appropriate sharing of responsibilities according to respective priorities.

Actions to be implemented will:

- (1) Support the development and implementation of a policy framework, on a participatory basis, favourable to the forest sector at national and international levels, in order to maintain the multifunctional roles of forests and reconcile conflicting demands placed on them;
- (2) Improve, at field level, sustainability of interventions in forest conservation and use, as well as promote farm forestry and other sustainable and socially equitable forms of land use which have an impact on forests;
- (3) Improve the efficiency of utilisation and processing of wood and non-wood forest products, through equitable and comprehensive approaches, allying economic development and people's interests;
- (4) Contribute to the development of research, information, capacity building and technology transfers related to the above.

The above interventions will contribute to a global objective of enabling individuals and communities dealing with forests and forestry, and society at large, to benefit in an equitable way from forest-related products and services produced on a socially, economically and environmentally sound basis.

Given the number of stakeholder groups with an interest in forests, a participatory approach is of special importance, taking into account in particular the views of those living in or from forests.

In the course of implementing this strategy, the Commission will take into account existing policies and EC Communications related directly or indirectly to the forest sector, as well as new developments that will arise.

ANNEX 1. Events and milestones in international forestry

EVENTS AND MILESTONES IN INTERNATIONAL FORESTRY FROM THE LATE 1980S TO THE PRESENT

- 1987** **Brundtland Report.** Promoted the environment as an essential part of sustainable growth
- 1987** **National Environmental Action Plans** launched by World Bank to identify key environment problems in all sectors (thus broader than NFAPs), but driven by external interests, and often linked to conditionality
- 1988** **'No Timber Without Trees'.** ITTO Report: said less than 1% of tropical timber was from sustainable sources
- 1990** **ITTO Guidelines for Natural Forest Management** produced. **Target 2000** set: by when all products should come from sustainably managed forests.
- Early 1990s** Major issues in North/South forest debates were sovereignty, and revenue foregone locally for global benefits. UNCED the forum for these, and for action on forests, biodiversity, desertification and climate change
- 1992** **Centre for International Forestry Research (CIFOR)** established. This CGIAR Centre stressed interdisciplinarity from the start
- 1992** **ITTO Criteria and Indicators for Sustainable Forest Management.** Search for replicable, widely acceptable standards continues
- 1992** **World Congress on Parks and Protected Areas, Caracas.** Role of local people in protected areas highlighted
- 1992** **UNCED Conference, Rio de Janeiro.** Discussion on forests taken forward, and Forest Principles agreed. **The Conventions on Biological Diversity and Climate Change**, signed in Rio, both affect forests. Agenda 21's Chapter 11, 'Combating Deforestation' recognises the key role of forests
- 1993** **Second Ministerial Conference on the protection of Forest in Europe, Helsinki** General guidelines for the sustainable management of forest and the conservation of biodiversity in forest adopted.
- 1993** **ITTO Guidelines for the Conservation of Biodiversity** generated
- 1993** **Forest Stewardship Council.** Set up to focus attention on certification
- 1994** Three regional processes were started: **Helsinki** (Pan-European), **Montreal** (non-European), and the **Tarapoto Amazon Treaty Organisation**, to develop criteria and indicators for the sustainable management of forests
- 1994** **The Convention to Combat Desertification** was signed in Paris
- 1994** **ITTA** (International Tropical Timber Agreement) was renegotiated
- 1994** **World Commission on Forests and Sustainable Development, WC-FSD**, led by Mr Ullsten, was established. Later, seen as complementary to IPF
- 1995** **UN Commission on Sustainable Development (CSD)** creates Intergovernmental Panel on Forests (**IPF**) with a brief to propose ways of implementing UNCED, to provide a forum for international forest discussions. IPF reported on its work in 1997
- 1997** **UNGASS Rio + 5.** IPF report submitted. No Forest Convention, but IPF proposed to continue to debate issues for two more years
- 1997** **KYOTO** Climate Change Protocol agreed
- 1998** **Intergovernmental Forum on Forests (IFF)** begins its work

ANNEX 2. Events and Milestones in the European Commission

EVENTS AND MILESTONES FROM THE LATE 1980S TO THE PRESENT

Environmental issues first appeared in EC co-operation policy statements in the mid 1980's when a chapter on drought and desertification was introduced in the Lomé III Convention, leading to significant EC involvement in the fight against desertification¹.

In 1989, the Commission's Communication to the Council on the conservation of tropical forests (COM (89) 410 final) set out the main elements of an EC strategy in this field, while the 1990 Development Council Resolution (Council Press Release 6618/90 of 29 May 1990) on tropical forests established a basis for EC development assistance for tropical forest conservation.

In the Development Council Resolution of 1990, new dimensions of forest policy were incorporated: social concerns, indigenous people's rights and forest valuation. Still, the accent was very much on defensive conservation and little attention was given to the economic role of forests, trade in forest products and promotion of sustainable forest management.

In 1991, the budget line dedicated to Actions in Favour of Tropical Forests (B7-5041, now B7-6201) was established, and in 1995 its legal basis (Regulation No. 362/95) adopted. According to this Regulation (TFR), the priority given to specific operations shall be determined according to the needs of each country as reflected in development and environment policies relating to forests and according to Community co-operation priorities. It gave EC tropical forestry policy a definite sectoral focus, increased emphasis on trade, certification and sustainable management, whilst maintaining the conservation accent.

In terms of research, The European Tropical Forest Research Network-ETFRN was established in 1991 with support from DG XII, and provides a forum for multi-disciplinary research between European and developing countries' institutions or individuals working in the field of tropical forestry. It is complemented by the other network funded by the EC since 1992 (from the Tropical Forestry Budget Line), the Rural Development Forestry Network-RDFN. This network focuses on lessons from development projects and brings together senior field practitioners with national and international-level policy-makers and donors.

Two components of the 4th Framework Programme, TREES and FIRES, have made significant contributions to forest monitoring. The TREES programme, implemented by the Joint Research Centre in close co-operation with FAO Forest Resource Assessment group, has developed a tool for the global mapping of tropical forests using a range of satellite data sources.

The FIRE programme, in collaboration with Institutes in the member states, developed a methodology for detecting fire activity using satellite imagery. Systems developed under the FIRE programme are now operational throughout the tropics.

Development of a Tropical Forest Information System allowing aggregation, analysis and distribution of comprehensive tropical forest cover related data.

In the ACP context, the Lomé IV-bis Convention identifies deforestation as a serious problem and points to the need for joint action. The Lomé Convention also contains a Protocol on Sustainable Management of Forest Resources establishing a number of priority areas for assistance on which this Communication seeks to build. Preliminary work has now begun for a successor arrangement to the Lomé Convention and sustainable development has been identified as a key cross-cutting theme. The destruction of forests is identified as one of the issues which merits particular attention.

As far as development co-operation in Asia and Latin America (ALA regions) is concerned, Regulation (EEC) No. 443/92¹ covering ALA co-operation in general, stresses the importance of environmental and forestry issues by allocating 10 % of Community aid for ALA countries, to the environment, especially the protection of tropical forests.

In 1996 the European Commission services approved - as a result of close co-operation with the European Tropical Forest Experts Group - a set of Guidelines for Forest Sector Development Co-operation. The Guidelines play a role in putting the EC regulatory framework for development co-operation for tropical forests into practice. They contain general principles, themes and practical tools addressed to forest task managers in developing countries' forestry departments as well as in Donor administrations.

In terms of financial support, from 1992 to 1996, the EC provided funding totalling 466 million € to 510 projects concerning tropical forests. The principal sources of funding are the Tropical Forest budget line (with 52% of total forestry commitments) and the ALA budget lines (with 27% of commitments).

A major and comprehensive evaluation of all forest co-operation activities financed by the EC was carried out throughout 1997-98.

The EU Forest Sourcebook, describing in details the involvement of the EC and the Member States for tropical forests, was finalised in 1998. Annex 4 gives a short summary of forestry policies in European Member States.

A new regulation "Council Regulation to promote the conservation and sustainable management of tropical forests and other forests in developing countries", to set the legal framework for forestry activities in the year 2000 and onwards has been proposed and is going to be reviewed by the Commission, the Council and the European Parliament in 1999.

ANNEX 3. Three Cases of Best Practices

ECOFAC

The Programme for Conservation and Rational Utilisation of Forest Ecosystems in Central Africa, known as ECOFAC, started in 1992 and has received some 40 million € under the 6th and 7th EDFs. ECOFAC covers six countries: Cameroon, Central African Republic, Congo, Equatorial Guinea, Gabon and Sao Tome & Principe. In each of these national components the programme is involved in the management of a protected area and assisting the national authorities in making better use of their forest resources.

The three objectives of ECOFAC are the creation and management of protected areas that act as biodiversity sanctuaries, the promotion of sustainable utilisation and the encouragement of exchanges and co-operation between these Central African Countries. The programme's objectives determine the various themes undertaken, which range from timber to secondary forest products, from tourism to hunting, and from agriculture to livestock production. The implementation of these activities entails scientific research, training and communication. The exact nature of these activities may vary from one component to another, but is always designed to promote the development of forest communities and the gradual development of their economy.

The project is important because it results from close collaboration between African and European teams striving to safeguard these parks and reserves of a rare biological diversity and to offer to all the possibility of discovering their infinite riches. ECOFAC is an example of successful co-operation with the countries of Central Africa aiming to ensure the continuing existence of particularly remarkable protected areas and in this way guaranteeing a future for the forest dwelling peoples.

Source: "ECOFAC regional programme – Conservation and rational use of forest ecosystems in Central Africa", EC

Pilot Programme of the Group of 7 to conserve the Brazilian Rain Forest (PPG7)

International concern about the rate of deforestation and the effects of economic development in the tropics led the Heads of State of the G7, at the Houston summit in 1990, to ask the European Commission and the World Bank to cooperate with the Brazilian government in the preparation of a comprehensive pilot programme for the conservation of tropical forests in Brazil. In 1991, Brazil presented a programme proposal to the G7 ("PPG7") and the WB and the EC agreed to finance the execution of a first « pilot » phase of it with a total budget of approx. 250 M€. To date, 93 % of all funds committed to the PPG7 come from the European Union (GE 57%, EU15 28%, UK,NL,IT 8 %) and 7 % from other G7 countries (USA,JP,CAN).

The overall objective of the PPG7 is « to maximise the environmental benefits of Brazil's rainforests consistent with Brazil's development goals, through the implementation of a sustainable development approach that will contribute to a continuing reduction of the rate of deforestation ».

The overall coordination and supervision of the PPG7 was entrusted to the World Bank, which for this purpose established the Rain Forest Trust Fund (RFTF) in 1992. The RFTF has founding grants of about 50 million € from Germany, the European Commission, UK, Italy, Netherlands, United States, Japan and Canada. Germany, the EC and UK have made contributions to specific projects, either by co-financing or by setting up other trust funds with the WB. The Rain Forest Trust Fund supports the WB administrative costs in the preparation, supervision, and monitoring of these projects, and it funds studies of special interest to the program's objectives. The World Bank's Rain Forest Unit in Brasilia coordinates the institutional arrangements and preparation of projects between the Brazilian government (and its agencies) and the different donors. The unit is responsible for reviewing and approving proposed projects together with donors. It also administers the Rain Forest Trust Fund. The Pilot Programme supports two broad categories of projects: Structural and Demonstration projects.

Structural projects aim to address directly: (i) the need to improve knowledge of Amazon ecosystems and the sustainable use of their resources, and (ii) the institutional weaknesses which inhibit the consolidation and effective implementation of a sound environmental policy, by strengthening public agencies,

encouraging economically and ecologically appropriate investments and monitoring and control of environmental impacts. The 12 Structural Projects are divided into three sub-programmes: the *Science and Technology Sub-Programme*, the *Conservation Units and Natural Resources Management Sub-Programme* and the *Natural Resources Policy Sub-Programme*.

Demonstration Projects are aimed to support pilot efforts through small grants that would test, apply, develop, and disseminate alternative methods of sustainable natural resources' management and conservation that may contribute to the objectives of other components. Demonstration Projects involve communities and non-governmental organisations in trying out new technologies and development strategies. The central idea is to test and extend models of sustainable development which have a high potential for replication, thus building on existing experience at the grass roots. Participation and "empowerment" are important principles of the demonstration project approach. The *Demonstration Projects Sub-Programme* includes four components: Free Standing Demonstration Projects; Environmental Education Demonstration Projects; Area Based Demonstration Projects; and Indigenous Demonstration Projects.

The Pilot Program had a slow start, due to the necessary learning process for administering such a complex operation and the time needed for building effective institutional relations between such a large number of partners. Nevertheless, almost seven years after its formal start the following important results have been reached: (i) a definite change in Brazilian environmental policies, both generally and specifically concerning the Amazon Basin; (ii) a clear process of mobilising civil society in the field around environmental issues.

As more and more projects will reach the operational phase during the next few years, these results are expected to grow even more substantial. The initial envelope of 250 M€ is now almost completely committed and talks about a second "consolidation" phase of the PPG7 are expected to start in the near future.

Integrated Conservation and Development for Lowland Rainforest in Aceh, Indonesia

The project is a positive example for a flexible preparatory phase and spill over from a small TFBL-project to a large EDF project. The Integrated Conservation and Development Project (ICDP) was an NGO project of just under 1 M€, funded by TFBL. Initially it aimed to establish a research station and collect baseline information about the Leuser National Park. This purpose has changed soon due to an intensive communication between project staff, local institutions and people and the Desks Officers, including a field visit. The project purpose became the development of a Management Plan for implementation through a follow-on project.

It turned out that this preparatory phase was a more effective and often more efficient means of project preparation than a series of expert missions could have been. This preparatory phase was executed with a strategic vision and allowed to understand the institutional as well as the physical landscape to find out who are the key players. The actions on the ground in the preparatory phase were of great use at the conceptual and practical level. Interactions with local people and institutions played a key role.

The gap between the Integrated Conservation and Development Project and the Leuser Development Programme (LDP) was bridged with a minimum budget provided by TFBL.

One of biggest achievements was the establishment of the institutional and conceptual framework for LDP. As no appropriate counterpart agency could be identified, the creation of the „Leuser Foundation“ as implementing agency for the park management was initiated. A further major achievement was an agreement by the Government of Indonesia to provide its counterpart contribution in cash rather than in kind.

Source: Evaluation of the Forestry Component of EC Programmes in Developing Countries, Eco, 3/1998

ANNEX 4. Current forestry development co-operation policy in Europe

EUROPEAN UNION

This box presents brief summaries of the forest policies of those Member States who have one, together with the Commission's most recent policy position. These eight donors together contribute 95% of the European Community's tropical forestry budget.

Denmark Current key policies are an emphasis on Natural Resource Management in the context of rural development forestry; watershed management and soil and water conservation; better revenues for local people; forest seed procurement, gene conservation and tree-improvement; forest conservation and the conservation of biodiversity (1995). Denmark also seeks 'active multilateralism' and the exploration of trade-offs between poverty alleviation and environmental improvement.

Finland Finland's recent policies were first enunciated in a 1991 policy which stressed the removal of institutional, legal and political constraints to development, afforestation, small forest-based industries, and protected area management. This is augmented by a 1995 document which underlines the responsibility of partner countries for their own National Forest Programmes, and the need for aid to support their expressed will. At the same time, the paper highlights key forestry topics for Finland - the sustainability of forest products and services, conservation, the importance of water catchments, bio-energy, and the mitigation and control of climate change. Key social targets are also mentioned: participatory formulation and implementation and poverty alleviation through economic development. A new (1997) draft Forest Strategy takes these commitments further.

France France's tropical forestry policies have prioritised long-term commitments to partner countries and a strong research emphasis, covering both drylands and tropical moist forests, and focussing on natural forest management, plantations and agroforestry. Institutional support to forested countries and the conservation of protected areas through local development have been very important. France's 1980s *gestion des terroirs* approach (which combined sustainable natural resource management and local participation) has now evolved into a looser more people-oriented 'local development' approach. In recent years France has also made major investments in the development of SPOT satellite imagery. France is a signatory to the anti-desertification convention, and gives strong support to the certification programme of the ATO (African Timber Organisation).

Germany Germany began to commit DM 300 m. annually to tropical forests from 1988 onwards, and currently contributes well over 15% of all international bilateral forestry aid. In 1992 it produced its most recent Sector Concept on forestry principles, and guidelines. These stress support to partner countries in the goals of protecting national forests both for the benefit of the population and the economy, and with a conservation focus. The policy also focuses on external impacts; the strengthening of national level policies and institutions in partner countries, and the active participation of local people.

Netherlands The Netherlands' most recent forest policies are enunciated in its Policy Document on tropical rain forests 1991 (Ministerie van LNV, 1992) and in its International Programme on Nature Management, 1996-2000 (Tweede Kamer, 1995). These recognise the rights of sovereign states over their rainforest; the responsibilities of all nations in face of global problems; and the relationship between rain forests and vulnerable forest dependent people. These policies dictate the monitoring of the possible negative impact of other projects on rain-forests; controlled harvesting and well-planned timber production and afforestation; the empowerment of local people and the need to strengthen national institutions and national-level research.

Sweden Sweden's latest natural resource policy statements are contained in its 1992 'Sustainable Management of Renewable Natural Resources', and its 1994 'Guidelines on Biological Diversity. SIDA's Forestry Adviser wrote a key document for the IPF Process in 1996, 'Back to National Realities!'. Sweden has committed itself to including both environment and participation concerns in all projects. It encourages a new relationship with partner developing countries, stressing each country's own responsibility for forests, and the support role that a donor must adopt. Sweden has also maintained its dryland focus. A new strategy document for forestry is currently under preparation.

UK The UK 's most recent policy shifts began with a review of previous forestry projects in 1992 clarifying the development purposes of forestry projects and the multi-disciplinary skills they call for. The 1996 Participatory Forest Management review highlighted the diversity of forest stakeholders, the need for greater devolution, and the growing complexity of management goals. The 1997 DFID Forest Strategy highlights shared forest management; capacity building for better forest harvesting; conservation with development and the conservation of biodiversity through sustainable use; and support for policy frameworks which encourage tree-planting. The 1992 Manual of Environmental Appraisal was last updated in 1996, and the 1991 Biodiversity Strategy is currently being redrafted.

The European Commission The Commission has been extremely active in the tropical forestry policy arena in recent years. The Commission Communication of 1989, 'The Conservation of tropical forests: the role of the Community' was the first that recognised the Commission's readiness to take on a direct role in the protection of tropical forests, in addition to that of the Member States. It was followed by the Commission Communication of 1993, 'Proposal for a Council Regulation on Operations to promote Tropical Forests', and the Regulation itself in 1995. In 1996/7 DG VIII published its useful technical Manual, 'Guidelines for Forest Sector Development Co-operation' which combines a statement of current policy commitments with project cycle and project implementation assistance for desk officers and others.

Source: *EC Tropical Forestry Source Book*, prepared by ODI with EC funding

ANNEX 5. EC commitments (M€)

EC Commitments (M€) by financial source and region between 1992 and 1996 ²³

	Africa	Americas	Asia	Regional Co-operation	Oceania	Total
Tropical Forest budget line B7-6201	40.4	115.9	30.8	57.0	0.6	244.7
Asia/Latin America budget line B7-3000	-	-	125.9	-	-	125.9
7 th European Development Fund	27.3	6.7	-	12.2	-	46.2
NGOs budget line B7-6000	7.3	4.6	1.4	0.1	0.4	13.8
DG XII Science & Technology for Development (STD III, to 1994)	1.1	0.9	0.6	7.1	-	9.7
DG XII International Co-operation (INCO, from 1995)	-	-	0.5	3.7	-	4.2
European Parliament	-	-	-	4.5	-	4.5
DG XI budget line B6-7920	-	-	-	4.4	-	4.4
Global Environment budget line B7-8110	0.4	2.0	0.1	1.2	-	3.7
Environment budget line B7-6200	2.6	0.6	-	0.3	-	3.5
DG VI budget line – French Guyana – Eaggf-Obj1	-	2.4	-	-	-	2.4
Asia/Latin America budget line B7-3010	-	-	-	1.4	-	1.4
6 th European Development Fund	28.3	-	-	-	0.1	28.4
DG XI budget line B4-3040	0.2	0.1	-	0.5	-	0.8
Total	107.6	133.2	159.3	92.4	1.1	493.6

²³ Source: Planistat Final Report. July 1997. Analyse Statistique des Projets Financés par l'Union Européenne dans le domaine des Forêts Tropicales

ANNEX 6. IPF elements

Box 3: IPF main elements	
I.	<i>Implementation of forest related decisions of the UNCED at the national and international levels, including an examination of sectoral and cross-sectoral linkages</i>
I.1	Progress in national forest and land-use plans
I.2	Underlying causes of deforestation and forest degradation
I.3	Traditional forest-related knowledge (TFRK)
I.4	Fragile ecosystems affected by desertification, and the impact of airborne pollution on forests
I.5	Needs and requirements of countries with low forest cover
II.	<i>International co-operation in financial assistance and technology transfer for sustainable forest management</i>
III.	<i>Scientific research, forest assessment and development of criteria and indicators for sustainable forest management</i>
III.1(a)	Assessment of the multiple benefits of all types of forests
III.1(b)	Methodologies for proper valuation of the multiple benefits of forests
III.2	Criteria and indicators for sustainable forest management
IV.	<i>Trade and environment in relation to forest management</i>
V.	<i>International organisations and multilateral institutions and instruments, including appropriate legal mechanisms</i>
V.1	International organisations and multilateral institutions and instruments
V.2	Contribution to consensus building towards further implementation of the Forest Principles, including appropriate legal instruments and mechanisms covering all types of forest

ANNEX 7 The logging dilemma

The forestry sector is characterised by complicated trade-offs at each level of the decision making, faced by donors, governments or any other stakeholder involved in forestry development. Difficult choices sometimes need to be made, and decisions are often compromises between sometimes conflicting views.

Among the many dilemmas within the forest sector²⁴, logging is perhaps the one that attracts most questions in the public. Logging takes place in less than 50% of the world's forest which is economically accessible: the other part is mostly used for non-wood or local wood purposes.

*Is logging a « mal nécessaire » ?*²⁵

⇒ **Logging can always be seen as producing damages and disturbances** to the forest, to its bio-diversity, to its wildlife, to soil compaction, to changes in the micro-climate, and also as being a catalyst to further damages such as fires and increased access. **It does not create deforestation**, but may lead indirectly to changes in land use, when areas along forest roads become accessible to farmers in search of agriculture development.

⇒ The critical issue in the tropical forests of developing countries is in fact the widespread existence of **unsustainable and illegal logging practices**, i.e. (i) extraction of higher volumes than allowable (production capacity of the forest); (ii) damaging logging practices; (iii) unplanned roads and tracks building; (iv) little care in felling and skidding techniques; etc. These are generated by weak law enforcement which allows foreign investors in search of high returns. However, as in most conflicts there has to be a balanced solution.

⇒ A sound **forest management plan** is based on the concept of scientific silvicultural, technical and environmental knowledges, and **comprises harvesting** operations coupled with tree and other species' regeneration and growth. Implementation of such a plan limits undesirable practices but, according to the type of forests and the law in force, can result in low financial profitability²⁶.

²⁴ Other dilemmas include for example: exploitation versus preservation; commercial uses versus subsistence uses; global long term functions versus local short term benefits; public versus private asset.

²⁵ Bibliography :

1999 : Joanna Haworth, Simon Council : « Life after logging » (The Rainforest foundation, Friends of the earth, Environmental defense fund, Greenpeace).

1999 : FAO : « Sustainable forest management : opportunities and challenges ».

²⁶ This is the reason why in European temperate forests, some silvicultural operations are subsidised by the State in order to ensure the long term viability and existence of forests.

Even if improved sustainable forest management in tropical countries may be profitable, « unsustainable forest management » gives higher profits since it involves lower costs and often illegal actions. Therefore, improved forest management has to be supported by vigorous implementations of rules and regulations. However progress is hampered by artificially low wood raw-material prices and collection of revenues resulting in insufficient **financial resources for silvicultural and law enforcement functions.**

Another problem is the lack of progress in **capturing the value of the non tangible benefits of the forests** that would allow increased economic and financial returns. But in the tropical forests, only timber has an obvious financial value...

⇒ Today, the concept of **sustainable forest management** adds additional responsibilities to the forest managers over and above sustainable timber management by including management action to support some of the following forest functions:

- carbon storage
- bio-diversity and habitat
- un-marketed non-wood forest products
- forest recreation
- visual amenity
- water quality and quantity
- soil stability
- social and cultural significance
- potentials for drugs discovery.

⇒ **The more effective approach to improve forest management** is likely to be to target policy, market and institutional failures that are known to exacerbate the proliferation of unsustainable practices.