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Report of the fourth session of the

COMMITTEE ON FORESTRY

Rome, 15-19 May 1978



FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

PREVIOUS SESSIONS

- First session — Rome, 8-13 May 1972
- Second session — Rome, 22-29 May 1974
- Third session — Rome, 22-27 November 1976

REPORT
OF THE
FOURTH SESSION OF THE COMMITTEE ON FORESTRY

Rome, 15-19 May 1978

Food and Agriculture Organization of the United Nations
Rome, 1978

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MATTERS REQUIRING ATTENTION BY THE COUNCIL

A. MATTERS REQUIRING DECISION

None.

B. MATTERS FOR INFORMATION

Development and Investment in the Forestry Sector

The Committee considered the appraisal of the situation made by FAO to be of great importance for the development of the forestry sector and recommended that FAO continue its efforts in this direction, with particular emphasis on improving the quality of the required basic information and the projection methodology, at the country level and also paying attention to estimating the employment related to the investment input. The Committee further recommended that FAO consider undertaking a new, in-depth, world study on trends and outlook in the sector (para. 13).

The Committee expressed its concern over the apparent inadequacy of funds for investment in afforestation and reforestation in order to provide for future production and recommended to governments that an appreciable proportion of revenues obtained from the forestry sector be reinvested in the development and improvement of forest resources (para. 14).

Noting that inadequate resources information constituted one of the principal impediments to investment in improved management of existing resources, the Committee recommended that increased efforts be devoted by FAO and governments to expanding and improving data on forest resources and to monitoring the depletion of the tropical forests (para. 15).

While stressing its appreciation for the efforts of international financing agencies, the Committee expressed concern at the inadequacy of funds available in relation to investment needs and noted that the criteria used by these agencies do not always take proper account of the many non-financial benefits provided by forests and tend to favour fast-growing plantations of exotic species. The Committee recommended that international financial institutions both broaden their criteria for acceptability of forestry projects and increase the total amount of funds dedicated to supporting forestry activities (para. 16).

Recognizing that forestry development in the future will mainly be the result of national efforts, the Committee stressed that the role of forests in relation to food production, their potential for generating employment and for providing goods and environmental services need to be explored and quantified and the results made widely available in order to increase political perceptions and acceptance of the positive values of increased forestry production. In this context, the Committee recommended that FAO continue to support efforts to create, at the country level, a strong corps of professionals, adequately trained in the area of preparation and evaluation of forestry projects.

The Place of Forests and Trees in Integrated Rural Development

The Committee recommended that FAO give full recognition to the importance of trees and forests in agricultural communities when making preparations for the World Conference on Agrarian Reform. It further recommended that FAO give consideration to the establishment of a system within the Forestry Department to deal with questions of planning, implementation and coordination of programmes in forestry for the integrated development of rural communities (para. 22).

Recognizing that education, training, extension and publicity, and the dissemination of technical information were all essential components of any programme for forestry in integrated rural development, the Committee recommended that FAO and other organizations collect, collate and disseminate information and arrange for seminars and workshops on forestry in rural development. The Committee recommended that both FAO and the countries concentrate their efforts on identifying, formulating and implementing field projects in this sector (para. 24).

The Committee noted with approval the excellent examples cited by several delegates of the symbiosis of forestry with agriculture or livestock in their countries, both developed and developing, and recognized that, though foreign capital is often needed, investment should be mainly based on the use of local, especially unemployed manpower. The Committee recommended that particular care be taken in the choice of species and techniques which are suited to local conditions and will provide the desired product or service (para. 25).

Small-scale Forest Industries for Development

The Committee welcomed the results already achieved by FAO under its small-scale forest industries programme and recommended that this work be continued and expanded (paras. 31 and 34).

In the expansion of these activities the Committee recommended that: (i) more consideration be given to developing small industries based on wood and wood residues which could be linked to existing larger-scale industrial complexes; (ii) increasing emphasis be given to studies of charcoal production using improved small-scale methods, in view of the importance of this product to the economy of many developing countries, especially to rural communities, and that attention in future work be given to sawmills and small-scale pulp mills; (iii) provision be made in the programme for the training of operatives, in order to ensure the proper functioning of forest industries; (iv) subregional workshops and seminars on the appropriated methods be mounted to promote investment in small-scale mills, and provide training in their installation, operation and management; (v) consideration also be given to small-scale industries based on forest products other than wood (para. 35).

Recommendations of FAO Regional Forestry Commissions

The Committee noted with satisfaction that five of the six Regional Forestry Commissions had been able to meet since the Third Session of COFO and that a number of Chairmen of such Commissions were able to attend the Fourth Session of the Committee and even serve as its officers (para. 38).

In endorsing the recommendations of the African, European and Near East Regional Forestry Commissions that "Silva Mediterranea" be re-activated, the Committee recommended that the membership of this body be broadened to include countries outside the Mediterranean basin but which possessed Mediterranean types of climate and forest vegetation (para. 40).

The Committee endorsed the decision of the European Forestry Commission to extend membership of its Working Party on the Management of Mountain Watersheds to include developing countries and agreed that this Working Party should, as in the case of "Silva Mediterranea", be internationalized and requested that the possibility of transformation into a Working Party of COFO be studied by the Secretariat within the relevant rules governing the establishment of FAO statutory and subsidiary bodies (para. 41).

Review of Forestry Field Programmes

The Committee fully supported the changing concept of aid to forestry within the "new dimensions" of development cooperation evolving in the UN family and stressed that the primary function of any external aid to forestry is to contribute to the strengthening of the self-reliance of the aid-recipient country; furthermore, it must contribute to the improvement of the situation of the rural poor (para. 43).

In stressing that any forestry field project is a project of the respective government which should decide on project identification, formulation and implementation, the Committee concurred that FAO had an important role to play in advising governments on their field projects. Particular importance was attached by the Committee to increasing technical cooperation among developing countries (TCDC); this should not substitute traditional technical cooperation between industrialized and developing countries but be a logical enlargement of the latter towards a more rational frame and balanced network of international collaboration.

The Committee recommended that FAO assist ever closer cooperation between developing countries by compiling and disseminating information on regional, sub-regional and national institutions in developing countries able and willing to engage in technical cooperation in the field of forestry (paras. 44, 45, 46).

Training in its various forms and at its various levels was identified by the Committee as a key issue for lasting forestry development. In this context, the Committee recommended that FAO pursue with UNDP and interested bilateral donors the possibility of establishing a regional professional forestry school for Francophone African countries (para. 50).

Review of FAO's Programme of Work for the Forestry Sector

- General Considerations

The Committee approved the progress made in 1976-77 and commended the Programme of Work for 1978-79. It endorsed the medium-term objectives and the "minimum package" of actions proposed in order to achieve them, and expressed its satisfaction with the clear strategy which underlined them, particularly the fact that they were action-oriented and focussed on the needs of developing countries. The Committee decided to endorse the nine areas of action without assigning priorities and authorized the Secretariat to rank priorities in the light of changes in political, economic and other considerations and in response to revised targets and priorities established by the Director-General for the Organization as a whole (paras. 60, 61).

The Committee appreciated the tabular information in COFO 78/7 on trends in expenditure under various programmes and sub-programmes and recognized that, due to changes introduced in the FAO budget structure for 1978-79 by the FAO Council, the format recommended by previous meetings of COFO could not be continued. The Committee recommended that, in presenting the medium-term objectives to future sessions of the Committee, the form of the budget should permit easy comparison of past and current trends of expenditure by specific activities and that it should account for all funds available to FAO (para. 62).

While appreciating the decision of FAO's Governing Bodies to reduce the number of meetings and documents, the Committee stressed that in many developing countries the publications of FAO provided a major source of technical information and recommended that FAO maintain and strengthen its publications programme on technical matters of a practical nature and invited donor countries to increase their assistance in this area (para. 63).

The Committee noted that, while the FAO Forestry Department would continue to provide every technical support possible to the ECE/FAO/ILO Joint Committee on Forest Working Techniques and Training of Forest Workers, the Department, in view of limited manpower in the logging and transport area and other priorities, could not continue to provide secretariat services to the Joint Committee. Some delegations regretted this development (para. 64).

The Committee stressed the importance of the extension of FAO's work in the regions and recommended that FAO consider the strengthening of its regional forestry teams in Africa and the Near East, particularly in relation to the problems of soil conservation and the prevention of desertification (para. 65).

The Committee expressed its concern that FAO should be fully apprised of the wide ranging importance of forestry for agriculture and rural development, and recommended that Forestry be included as an item on the Agenda of the FAO Conference to ensure that the interdependence of forestry and agriculture is fully considered (para. 66).

- Scrutiny of Major Action Areas

The following were some considerations put forward by delegates as they reviewed each action area:

(1) Inventory and accessibility evaluations and monitoring of tropical forest cover:

The Committee stressed that resource surveys should provide a continuous qualitative and quantitative assessment of forest resources (para. 68).

(2) Tree improvement and plantations

The Committee urged FAO to stimulate, where necessary and appropriate, increased programmes of afforestation and reforestation in developing countries (para. 69).

(3) Investment in forest industries based particularly on tropical forests and small-scale plants

The Committee emphasized work on small-scale plants and stressed the need for more work on the utilization of residues and the modernization of existing plants. The problem of price mechanism and raising finance for investments were noted and FAO was requested to include consideration of these areas in the programme (para. 70).

(4) Conservation, improvement and multi-purpose management of tropical and arid zone forests and closer integration of forestry with agriculture, particularly through agro-forestry

The Committee gave priority particularly to work in arid zones and the closer integration of forestry with agriculture through agro-forestry. It pointed out the importance of wildlife and national parks and mentioned the relevance of problems of temperate forestry and protection of forests from fires (para 71).

(5) Promotion and rationalization of forest products trade and markets

The Committee recommended that FAO continue the publication of the Monthly Bulletin on Tropical Forest Products and its Quarterly Supplement (para. 72).

(6) Education and training at all levels in forestry and forest industries

The Committee emphasized training activities in public relations, communication and extension, especially within the framework of forestry for local community development. It stressed innovation and improvement of forestry curricula in forest economics and the managerial sciences and the need for continued attention to the creation of new, and the strengthening of existing, forestry research institutions (para. 73).

(7) Strengthening and modernizing forest administration, planning and legislation

The Committee stressed the need for FAO to develop models for policy, legislation and administrative structures for forestry and, in particular, forestry for local community development, and emphasized the importance of improving capabilities at the country level in policy analysis and investment planning (para. 74).

(8) Forestry for local community development

While strongly approving the inclusion of Forestry for Local Community Development as a priority item of the Programme of Work and of the medium-term proposals, the Committee drew attention to the fact that several of the other priority items needed to be also directed to the needs for forestry for local community development (para. 76).

(9) Provision of basic statistical information

FAO was considered to be in a unique position of advantage to handle international data and to prepare objective assessments for future periods which were an essential foundation for investment in the forestry sector and of basic importance to the formulation policies and decision making (para. 78).

Definition of Terms Used in Forestry for Local Community Development

The Committee endorsed the need for universally acceptable definitions of such terms, but considered that this was a complex task which required more wide-ranging consultation. It requested the Secretariat to bring this to the attention of the IUFRO working group currently revising multilingual forestry terminology (para. 79).

INTRODUCTION

1. The Fourth Session of the Committee on Forestry of the FAO Council was held at FAO Headquarters, Rome, Italy, from 15 to 19 May 1978.
2. The Session was attended by delegations from 70 Members of the Committee, by observers from 11 other FAO and UN Member Nations and from the Holy See, by representatives of the United Nations, the Economic Commission for Europe, the Economic Commission for Africa and the European Economic Community, as well as by observers from 6 other organizations. A full list of participants is given in Appendix B.
3. The Session was opened by the Deputy Director-General of FAO, in the absence of the Chairman and First Vice Chairman of the Committee. The Committee appointed Vice-Chairman N. Flores Rodas to act as Chairman.
4. FAO was represented by Ralph W. Phillips, Deputy Director-General. He was assisted by K.F.S' King, Assistant Director-General, head of the Forestry Department. The opening statement by the Deputy Director-General is presented in Appendix D.

Inaugural Lecture

5. The inaugural lecture on the theme 'World Bank Policy on Investment in Forestry' was given by Montague Yudelman, Director, Agriculture and Rural Development Department, World Bank, Washington, D.C., U.S.A. A full text of this lecture is given in Appendix E.

Adoption of the Agenda

6. The Agenda was adopted. The Agenda is set out in Appendix A to this Report. The list of Documents is given in Appendix C.

Election of Officers

7. The Committee elected unanimously as

Chairman	:	M. Flores Rodas (Honduras)
First Vice-Chairman	:	Abdel Aziz Bayoumi (Sudan)

8. As Vice-Chairman representing the remaining FAO Regions (North America, Asia, Europe, S.W. Pacific and Africa), the following were elected:

C. Cárdenas	(Mexico)
E.V. Cortes	(Philippines)
A.W Duggan	(Ireland)
A.G. Hanson	(Australia)
K. Kese	(Ghana)

9. The Chairman, in consultation with the Vice-Chairmen, appointed the following to the Drafting Committee:

F. Essame	(Cameroon)
R.W. Roberts	(Canada)
M.H. Al Saffar	(Iraq)
B.F. Sanvictores	(Philippines)
O. González Calero	(Cuba)
I. Milescu	(Romania)

I. Milescu was elected Chairman of the Drafting Committee.

FOREST POLICY ISSUES

Development and Investment in the Forestry Sector

10. In introducing Secretariat Note COFO 78/2 on this subject, S.L. Pringle, Chief, Policy and Planning Service, emphasized the notable increases which are expected to take place in consumption of forest products during the period 1976-1994 and their foreseen substantial impact on existing world forest resources. He stressed that, although there might be a global balance regarding requirements and production potential for wood, many regional and national imbalances will appear or increase. He indicated that forest resources in less-developed countries would be subjected to increasing pressure both because consumption is expected to expand at a faster pace in these countries than the world average and because many areas in the developed world will continue to be deficient in forest products and therefore will continue to expand their imports from wood-rich less-developed countries.

11. Shortages are also expected to result in many wood-poor developing countries, due primarily to growing fuelwood needs in these countries. Because of the bulky nature and the relatively low value of this product, these discrepancies will not be solved by international trade. He drew the attention of the Committee to the possibility of local shortages existing even in countries showing substantial wood surpluses.

12. He then discussed the investment implications of the expansions required to satisfy the foreseen increases in consumption in the period of analysis on a world-wide basis. The required amounts average \$47 000 million per year over the 1976-1994 period. Required expansions will in all likelihood impose severe demands in less-developed countries. These countries cannot look upon expanding imports of processed forest products as a long-term solution and the possibility of expanding domestic capacity will generate critical demands on foreign exchange as much of the required equipment must be imported. He drew the attention of the Committee to the fact that much of the new investment which will be needed in areas of vital importance to the rural poor, such as fuelwood production, and to the overall quality of the environment in less-developed countries, are not financially attractive to private entities. Therefore, funding for these purposes must usually come from the rural people themselves or from the public sector. He noted that the amounts available for lending for these purposes in international financial institutions was only a very small fraction of what these countries will need in the future. The limited amount of international funds is a problem which is compounded by the fact that the needs in less-developed countries often do not offer attractive possibilities for investment when appraisals are based on commercial rates of return.

13. The Committee expressed its appreciation for the paper. It considered such appraisals to be of great importance for the development of the forest sector, and recommended that FAO

continue its efforts in this direction, with particular emphasis on improving the quality of the required basic information and the projection methodology, especially at the country level. Attention should also be given to estimating the employment related to the investment input. The Committee recommended that FAO consider undertaking a new, in-depth, world study on trends and outlook in the sector.

14. It was noted that, because of the length of the production period, investment in forestry would need to be related to consumption in future periods, and not only to replacing growing stock that was removed. Although growing markets and suitable pricing policies for wood might, in some circumstances, ensure adequate investment funding, there was the danger of a lagged response especially under some ownership conditions. The Committee expressed its concern over the apparent inadequacy of funds for investment in afforestation and reforestation in order to provide for future production. It recommended to governments that an appreciable proportion of revenues obtained from the forestry sector be reinvested in the development and improvement of forest resources in order to ensure this. Particular concern was expressed as to the level of funds available for investment in forest production in developing countries, especially where natural forests are being depleted. Several countries suggested that in part this could be achieved through a flow of funds from wood-consuming to wood-producing countries, in order to ensure the continuity of wood supplies for the future.

15. The Committee emphasized that high priority should also be attached to investment in improved management of existing resources. Noting that inadequate resource information constituted one of the principal impediments, it recommended that increased efforts be devoted by FAO and governments to expanding and improving data on forest resources and to monitoring the depletion of the tropical forest. Increased importance should also be attached to investment in research aimed at expanding the range of tropical wood species being utilized.

16. The Committee, while stressing its appreciation for the efforts of international financing agencies, expressed its concern at the inadequacy of funds available in view of the magnitude of investment needs envisaged. It pointed out that this problem is often compounded by the fact that the criteria used by these agencies do not always take proper account of the many non-financial benefits provided by forests and do not properly support projects with long maturation periods, a characteristic of most forestry projects. It was also noted that these lending criteria biased investment in favour of fast-growing plantations of exotic species and to the detriment of investment in indigenous species and natural forests. The Committee recommended that international financial institutions both broaden their criteria for acceptability of forestry projects and increase the total amount of funds dedicated to supporting forestry activities.

17. The Committee also pointed out that forestry development in the future will mainly be the result of national efforts and that much can be accomplished by changing the basic attitudes of the people towards forestry and by the creation of adequate forest institutions. To achieve these objectives, the rôle of forests in relation to food production, their potential for generating employment and for providing goods and environmental services, which are essential to the rural communities, need to be explored and quantified. Results should be made widely available in order to increase political perceptions and acceptance of the positive values of increased forestry production.

18. The Committee also recommended that FAO continue to support efforts to create, at the country level, a strong corps of professionals, adequately trained in the area of preparation and evaluation of forestry projects.

The Place of Forests and Trees in Integrated Rural Development

19. L. Huguet, Director of the Forest Resources Division, introduced the Secretariat Note, COFO 78/3, "The place of forests and trees in integrated rural development (with particular reference to tropical countries)". He pointed out that the history and nature of the

relationship between forestry and agriculture are different in developed countries (generally with a temperate climate) from those in developing countries (generally with a tropical climate). The ecological, demographic, energy and institutional situations aggravate the forestry problems in developing countries. Consequently, specific methods for integrating forestry and agriculture need to be developed for the tropics, and classical forestry has to be modified accordingly.

20. He outlined three ways in which forests and trees could be integrated into rural land use: (1) Permanent forest, (2) Fallow forest, (3) Forest in symbiosis with agriculture. This integration or symbiosis is a prerequisite to halting the alarming forest destruction and degradation by shifting cultivation. The traditional rôle of the forest as a fallow represented by shifting cultivation should be replaced progressively by a system of land management incorporating a better, man-made forest together with a succession of agricultural crops. The "forest in symbiosis" included both the traditional pattern of windbreaks, hedges and farm woodlots in agricultural land and a more intimate mixture of trees with agricultural crops, as it exists in many countries, both developed and developing. In the tropics this symbiosis should rely as much as possible on the natural production factors such as soil, water and solar energy. High energy inputs such as fertilizer and pesticide are expensive and scarce; therefore emphasis should be on the recycling of natural wastes and on avoiding degradation of fragile tropical soils within an ecosystem in which trees have an essential rôle to play.

21. Forests and trees have an essential and irreplaceable rôle to play in the rural context, but their integration with agriculture can only be achieved if the farmers realize the benefits to be derived. It was concluded that there was a need for more intensive technical staffing and extension work among farmers, closer to the grass-roots and more concerned with the farmers' needs and wishes.

22. The Committee strongly supported the analysis of the problems presented in the Secretariat Note and the solutions proposed. It noted the close relationship of the present item with Item 4 of COFO's Third Session, "Forestry for Local Community Development" (Document COFO 76/3) and with the agenda of the Paris meeting "Rôle de la forêt en la vie rurale" and of the 8th World Forestry Congress. However, emphasis on the subject at these forestry meetings was not reflected in adequate action for rural development. It was also stressed that social factors such as unsatisfactory land tenure aggravated the destruction of the forest. The Committee recommended that FAO give full recognition to the importance of trees and forests in agricultural communities when making preparations for the World Conference on Agrarian Reform. It further recommended that FAO give consideration to the establishment of a system within the Forestry Department to deal with questions of planning, implementation and coordination of programmes in forestry for the integrated development of local rural communities.

23. The Committee stressed the fact that rural development projects were multi-dimensional. Only an approach which seeks to integrate the contributions of different disciplines (for example, agriculture, forestry and livestock management) and different organization levels (central and regional administrations, the village community, the individual farmer) was likely to succeed. Foresters should be trained for, and be closely associated with, the preparation of land use plans. Active involvement of the farmer from the start of a project was essential.

24. The Committee recognized that education, training, extension and publicity, and the dissemination of technical information were all essential components of any programme for forestry in integrated rural development. Exchange of experience between countries was likely to be particularly fruitful. Education should start in the schools. It was needed for extension workers and, through them, for the farmers; not least it was needed to produce a more dynamic and flexible attitude among the professional foresters and agriculturists. It was suggested that raising the cultural level through national education programmes would in certain circumstances help to control the population explosion and would, ultimately, lead to reduced pressure on natural resources. The Committee recommended that FAO and other

organizations collect, collate and disseminate information and arrange for seminars and workshops on forestry in rural development. The Committee recommended that both FAO and the countries now concentrate their efforts on identifying, formulating and implementing field projects in this sector.

25. The Committee noted with approval the excellent examples cited by several delegates of the symbiosis of forestry with agriculture or livestock in their countries, both developed and developing. These included the planting of woodlots, urban and suburban green belts, the substitution of wood for cowdung as a cooking fuel and the consequent increased yields from manured fields, the development of beekeeping, the use of forest tree species for food, fodder or other products, e.g. gum arabic. Forestry could provide employment possibilities, both in the growing of trees and in rural crafts based on wood. In this connection it was recognized that though foreign capital is often needed, investment should be mainly based on the use of local manpower, particularly unemployed manpower. The Committee recommended that particular care be taken in the choice of species and techniques which are suited to local conditions and will provide the desired product or service.

Small-scale Forest Industries for Development

26. A. Leslie, Director of the Forest Industries Division, in presenting the Note of the Secretariat COFO 78/4, pointed out the importance of industrialization for the developing world, if their goals of forestry and plantation forest development were to become a meaningful reality. He indicated that the growth, which had occurred in forest industries throughout the world in the last two decades, had been uneven with the developing countries lagging. The small-scale industries activity was being pursued by FAO as a contribution to overcoming obstacles to development. He pointed out the serious problem of the developing countries in securing funds for investment in forest industries, because their own industrial base was inadequate to generate such funds and there was reluctance in the developed world to invest adequately in forest industries in the developing world.

27. It was pointed out at the same time that, because of the small size of the domestic market in most of these developing countries and the complex problems of export, it was difficult to find the right industrial technology appropriate in scale. Given that the so-called minimum economic size of forest industries plants which are being designed in developed countries is continually rising, there is a real need in the developing world for plants of the minimum size capable of producing a product of acceptable quality for the domestic market. At the same time, wherever labour was abundantly available, they should be labour intensive and yet utilize technologies which are not obsolete. This problem was raised at the FAO World Consultation on Wood-based Panels in New Delhi in 1975 and had also been encountered by the FAO Pulp and Paper Industry Development Programme, where the need for viable small-scale pulp mills became obvious. The problem is basically one of confronting the 'economies of scale' and there are various courses of action possible.

28. It was emphasized that the concept of 'small scale' was highly relative and that it must be precisely defined in terms of the conditions in specific countries in order to choose the best option for particular countries' needs. Generally, the criterion was the smallest size plant which can economically, in a given situation, produce products of acceptable quality for the domestic market. Consequently, what is a valid solution varies with the different circumstances such as technical aspects, markets and financial resources of individual developing countries. Nevertheless, the broad concept of minimizing capital investment and maximizing the use of labour intensive methods, was identified as the most generally valid option. So far, the FAO programme has produced models for small-scale wood-based panel plants together with studies of the possibilities for small-scale pulp mills. From analysis of the models it seems that the wood-based panel plants may be able to hold their own economically given protection against 'dumping'. However, in the case of the small-scale pulp mills, considerable protection justifiable only on socio-economic grounds would be required. It was emphasized that the overriding conclusion of the small-scale industries studies so far was that they were viable and constituted a realistic possibility for industrialization in the forest industries sector of developing countries.

29. J. Swiderski, Chief of the Mechanical Wood Products Branch, described in detail the results of the small-scale industries programme and indicated that ten studies had already been printed and that a further twenty-five are in preparation or planned. They will cover wood-based panels, sawnwood and energy generation. The studies include integration of primary and secondary forest industries, at various levels, and all will be based on proven products and processes. An important development has been the inclusion of studies prepared by developing countries and based on equipment produced by themselves. The first of these studies referred to a plywood plant from India. He pointed out that each study has been prepared, under the close supervision of FAO, by manufacturers and consultants and that the studies are specific to a given location in a developing country. The methodology of the studies is standardized and worksheets are provided, which enable their easy recalculation for different conditions.

30. He presented the following questions for the views of the Committee:

- i. should the studies be continued and expanded;
- ii. if so, how can they be improved, and
- iii. what can be done to secure more investment in such industries.

31. The Committee expressed its appreciation of the document, which it considered important for the development of the forest industries in developing countries. It welcomed the results already achieved under the programme by FAO and indicated that the work should continue. At the same time, it pointed out that there were many problems in this complex field and that it was not possible to apply the same ground rules to all developing countries, because of the variation in market size, in their export traditions and their level of economic development.

32. The Committee emphasized the problem posed by the availability on the markets of developing countries of low priced supplies from the developed countries, particularly at times of low market demand. This difficulty frustrates their efforts to develop visible local forest industries. While recognizing that FAO was cooperating in the work of other agencies, such as UNCTAD and GATT, in trying to overcome this problem, it still felt that the overriding importance of this problem in industrialization should be stressed.

33. The Committee drew attention to the valuable rôle, already recognized at the African Forestry Commission meeting, which small-scale industry studies can play in the diffusion of technology leading to accelerated industrialization.

34. In the light of the preceding considerations, the Committee therefore recommended that the work on small forest industries for development should be continued and expanded.

35. In the expansion of these activities the Committee recommended that:

- (1) more consideration be given to developing small industries based on wood and wood residues which could be linked to existing larger-scale industrial complexes;
- (2) increasing emphasis be given to studies of charcoal production using improved small-scale methods, in view of the importance of this product to the economy of many developing countries especially to rural communities, and that attention in future work be given to sawmills and small-scale pulp mills;
- (3) provision be made in the programme for the training of operatives, in order to ensure the proper functioning of forest industries;
- (4) subregional workshops and seminars on the appropriate methods be mounted to promote investment in small-scale mills, and provide training in their installation, operation and management;

- (5) consideration also be given to small-scale industries based on forest products other than wood.

36. The Committee welcomed the offers made by both developing and developed countries to share experience in the planning, construction and operation of small-scale mills and stressed the importance of bringing this experience together under the FAO small-scale forest industries programme.

MATTERS REFERRED TO THE ATTENTION OF THE COMMITTEE BY THE REGIONAL FORESTRY COMMISSIONS AND NOT RELATED TO OTHER ITEMS OF THE AGENDA

Recommendations of FAO Regional Forestry Commissions

37. In compliance with the request made by the Committee at its Third Session, the Committee was informed that five Regional Forestry Commissions (Africa, Asia, Europe, Near East and North America) had met since the Third Session of the Committee on Forestry in November 1976. The relevant discussions of these Commissions under the item "Matters to be referred to the attention of the Committee on Forestry" were reported in Secretariat Note COFO 78/5.

(a) Interrelationship between the Regional Forestry Commissions and COFO

38. The Committee noted with satisfaction that five of the six Regional Forestry Commissions had been able to hold sessions since the Third Session of COFO in November 1976 and that a number of Chairmen of such Commissions were able to attend the Fourth Session of the Committee and present to it regional views. The Committee also felt that the election of a number of Chairmen of Regional Forestry Commissions to serve as officers of COFO would further strengthen the relationships between the Committee and Regional Forestry Commissions.

(b) FAO's Programme of Work in Forestry

39. The Committee noted that the Regional Forestry Commissions had all endorsed FAO's current Programme of Work and noted their recommendations with respect to FAO's medium-term objectives in forestry. The general comments on programme priorities by delegates revealed the difficulty in arriving at a consensus since priorities varied from region to region.

(c) "Silva Mediterranea"

40. The Committee, in endorsing the recommendations of the African, European and Near East Forestry Commissions that "Silva Mediterranea" be re-activated to continue its useful contribution towards the solution of Mediterranean forestry problems, recommended that the membership of this Committee be broadened to include countries outside the Mediterranean basin, but which possessed Mediterranean types of climate and forest vegetation. Attention was drawn to the necessity of avoiding possible duplication in the activities and objectives of the enlarged Committee on Mediterranean Forestry Questions and those of other bodies, particularly IUFRO.

(d) EFC Working Party on the Management of Mountain Watersheds

41. The Committee endorsed the decision of the European Forestry Commission to extend membership of its Working Party on the Management of Mountain Watersheds to include developing countries and noted with satisfaction that countries outside the European Region will be invited to the forthcoming Twelfth Session of the Working Party. The Committee agreed that this Working Party should, as in the case of "Silva Mediterranea", be "internationalized" and requested that the possibility of its transformation into a Working Party of COFO be studied by the Secretariat within the relevant rules governing the establishment of FAO statutory and subsidiary bodies.

REVIEW OF FAO'S PROGRAMME OF WORK FOR THE FORESTRY SECTOR

Review of Forestry Field Programmes

42. The field programmes of the FAO Forestry Department were considered by the Committee on the basis of the Secretariat Note COFO 78/6, presented by J. Prats-Llauradó, Director of the Department's Operations Service. The Committee's deliberations focussed on:

- (1) the new dimensions of international aid;
- (2) the main recommendations and decisions of FAO's last Conference concerning the field programme; and
- (3) the trends in international aid to forestry.

43. The Committee fully supported the changing concept of aid to forestry as outlined in the Secretariat Note. The 'new dimensions' of development cooperation as they are evolving within the UN family, correspond to the wishes of member governments; they are expected to bring about greater social justice both within countries and among the family of nations. The primary function of any external aid to forestry is to contribute to the strengthening of the self-reliance of the aid-recipient country; furthermore, it must contribute to the improvement of the situation of the rural poor.

44. The Committee was unanimous in stressing that any forestry field project is a project of the respective government which should decide on project identification, formulation and implementation; at the same time, the Committee concurred that FAO had an important rôle to play in advising the governments on their field projects. It recognized that FAO was in the best position to fulfil such an advisory rôle as it had no other vested interests but to serve the aid-recipient countries as best it could. Annual or half-yearly, joint reviews of projects by governments, FAO and funding agencies had proved most useful in ensuring that projects progressed along programmed lines or were re-oriented at an early date, that the national and international components could be provided as required and, upon project termination, that work would continue with local expertise. The progressive coordination and integration of FAO's Regular Programme and the Organization's field programmes was welcome as another means to strengthen concrete action in the field.

45. Particular importance was attached by the Committee to increasing technical cooperation among developing countries (TCDC); this should not substitute traditional technical cooperation between industrialized and developing countries but be a logical enlargement of the latter towards a more rational frame and balanced network of international collaboration. In some fields, such as grazing on forest lands, watershed management, soil conservation and shifting cultivation, expertise can be found primarily in developing countries. An important aspect of TCDC would be the use for field activities of suitable forestry equipment manufactured in certain developing countries.

46. The Committee recommended that FAO assist ever closer cooperation between developing countries by compiling and disseminating information on regional, sub-regional and national institutions in developing countries able and willing to engage in technical cooperation in the field of forestry. A start had, in fact, been made towards this end by FAO in preparing directories of suppliers of forestry equipment, forest consulting organizations, forest research institutes and forest educational and training facilities.

47. The importance of integrating forest sectoral development with overall economic and social development was underlined by many delegates who indicated the desirability of increasing inter-disciplinary projects such as those successfully implemented in integrated watershed management and land use.

48. The active participation of the rural people should be enlisted in the preparation and execution of rural development projects in which forestry should play a very important rôle.

In this context, FAO's programme on "Forestry for local community development" could provide guidance and great assistance. Similarly, active involvement of forest workers would provide opportunities to strengthen cooperation with labour unions.

49. The Committee concurred that the developing countries' own human resources are the primary determinants of development. Other resources - whether money, credit, equipment, outside experts or technology - while important in forestry development can only supplement the primary human capacities of the recipient countries. In identifying and formulating projects, first the human resources should be assessed and then the appropriate resources be matched to them so that the indigenous structure can fully profit from them.

50. Training in its various forms and at its various levels was, therefore, identified by the Committee as a key issue for lasting forestry development, whether in the form of in-service training, fellowships, study tours, visits to other projects, or setting up or strengthening of training facilities. Full use should be made of possibilities to create regional forestry training facilities; in this context, the Committee recommended that FAO pursue with UNDP and interested bilateral donors the possibility of establishing a regional professional forestry school for Francophone African countries.

51. Whilst the Committee concurred that provision of adequate counterparts was vital to forestry development within aided field projects, it recognized that in certain special cases the provision of counterparts should not be made the main, let alone the sole yardstick for project assessment, and in such cases the shortage or lack of counterparts should not delay or even inhibit important forestry development projects but should be remedied through TCP, OPAS or similar inputs.

52. The Committee welcomed the increasing diversification in the sources of funding FAO's field activities. In this context, FAO's Technical Cooperation Programme, the World Bank, the International Fund for Agricultural Development and the World Food Programme were repeatedly cited by delegates as most important sources of complementary international aid. The Committee noted with great satisfaction the increase in TCP forestry projects and the recently formulated World Bank policy on investment in forestry which gives the forestry sector much greater weight than in the past. It also gratefully acknowledged the assistance provided by the World Food Programme, with a large degree of success, to rural development projects in which forestry forms an integral and often leading part. At the same time, it was stressed that WFP aid should be adjusted to local habits and traditions and that it should not create lasting dependency nor depress local food production. It was also stressed that technical backstopping, more often than not provided under other sources of aid, was vital to the success of WFP-assisted rural/forestry development projects.

53. It was suggested that henceforth greater attention be paid to public relations in forestry field projects supported by external aid. Reinforcement of public relations in forestry field projects was regarded beneficial in both donor and recipient countries. Cases were cited in which exhibitions at airports, articles and conferences in the mass-media and open days on project sites had aroused great public interest in and support to forestry work.

54. The identification and sharing of selected technology was regarded as an important aspect of forestry field programmes and it was suggested that FAO consider the feasibility of establishing a "forest technology bank". In particular, development of an exchange of appropriate technological knowledge accumulated in rural communities was regarded as important in improving the situation of the rural poor.

55. The Committee noted with regret that since it last met and in spite of strenuous joint efforts of national cooperating agencies, donor agencies and FAO, many UNDP forest projects had had to be drastically curtailed and experts' contracts terminated. At the same time, the Committee noted with gratitude that through payments from national budgets, special contributions by some donors and assistance through the TCP, the negative effects of the UNDP financial crisis were mitigated and that in view of the current trends in project approvals, prospects for the immediate future of UNDP forestry aid projects were reassuring.

56. The Committee agreed that forests could, and should, play an essential role in overall social and economic development as well as in conservation of the environment. Forests and their products were also recognized to be important elements in the promotion of industrialization and international trade which should assist in bringing about a new international economic order. In order to enable the forestry sector to make an appropriate contribution towards this aim, substantial strengthening was required and international aid of sufficient duration and of greatly increased amount was considered indispensable.

Review of FAO's Programme of Work for the Forestry Sector

57. The Committee considered item 8 (Review of progress made in 1976-77 and main features of the Programme of Work in forestry for 1978-79 - COFO 78/7), together with Item 9 (FAO's medium-term objectives and proposals for future programmes of work in forestry - COFO 78/8).

58. K.F.S. King introduced the two documents.

59. In introducing FAO's medium-term objectives, Mr. King referred to the mandate of COFO given to FAO to initiate work on "Forestry for Local Community Development" (FLCD). He reported that with help from the Swedish International Development Authority (SIDA) FAO completed the conceptualization phase and was now ready for action programmes. FLCD was proposed for consideration by the Committee as one of the three medium-term objectives and the Committee was invited to discuss these and the "minimum package" of nine action areas presented in COFO 78/8.

60. The Committee approved the progress made in 1976-77 and acknowledged that it was in line with the recommendations of the Third Session of COFO in 1976. Likewise, the Programme of Work for 1978-79 was unanimously approved and generally commended.

61. The Committee endorsed the medium-term objectives and the "minimum package" of actions proposed in order to achieve them as stated in COFO 78/8. It expressed its satisfaction with the clear strategy which underlined them, particularly the fact that they were action-oriented and focussed on the needs of developing countries. The Committee recognized that the relative weights of some activities within the package are likely to be changed in the light of changes in political, economic and other considerations, and in response to revised targets and priorities established by the Director-General for the Organization as a whole. It decided to endorse the nine areas of action without assigning priorities and authorized the Secretariat to rank priorities in the light of such developments.

62. The Committee appreciated that the tabular statements presented in COFO 78/7 provided more information on the trends in expenditure under various programmes and sub-programmes than formerly, and recognized that, due to changes introduced in the FAO budget structure for 1978-79 by the FAO Council, the format recommended by previous meetings of COFO could not be continued. The Committee recommended that in presenting the medium-term objectives to future sessions of the Committee, the form of the budget should permit easy comparison of past and current trends of expenditure by specific activities and that it should account for all funds available to FAO.

63. While appreciating the decision of FAO's Governing Bodies to reduce the number of meetings and documents, the Committee stressed that in many developing countries the publications of FAO provided a major source of technical information. The Committee recommended that FAO maintain and strengthen its publications programme on technical matters of a practical nature and invited donor countries to increase their assistance in this area.

64. The Committee emphasized the important rôle of the ECE/FAO/ILO Joint Committee on Forest Working Techniques and Training of Forest Workers to countries of the European Region, and drew attention to the relevance of its technical work to developing countries. It noted that, while the FAO Forestry Department would continue to provide every technical support possible, the Department, in view of limited manpower in the logging and transport area and other priorities, could not continue to provide secretariat services to the Joint Committee. Some delegations regretted this development.

65. The Committee stressed the importance of the extension of FAO's work in the regions and recommended that FAO consider the strengthening of its regional forestry teams in Africa and the Near East, particularly in relation to the problems of soil conservation and the prevention of desertification.

66. The Committee expressed its concern that FAO should be fully apprised of the wide ranging importance of forestry for agriculture and rural community development, and recommended that Forestry be included as an item on the Agenda of the FAO Conference to ensure that the interdependence of forestry and agriculture is fully considered.

67. The following were some considerations put forward by delegates as they reviewed each action programme area:

(1) Inventory and accessibility evaluations and monitoring of tropical forest cover

68. The Committee reiterated its earlier endorsement of an action programme of world forest resource surveys which would provide for the continuous qualitative and quantitative assessment of forest resources. Such information was a prerequisite in the formulation of a global forest policy, forest planning and sound management.

(2) Tree improvement and plantations

69. The Committee was unanimous in its support of this action area and urged FAO to stimulate, where necessary and appropriate, increased programmes of afforestation and reforestation in developing countries. In addition, it should further expand its work in high quality seed production, distribution and utilization.

(3) Investment in forest industries based particularly on tropical forests and small-scale plants

70. The Committee was unanimous in endorsing this action area, emphasizing particularly work on small-scale plants. The need for more work on the utilization of residues and the modernization of existing plants was stressed. It urged FAO to elaborate and refine further the work so far initiated. The Committee noted the problems of price mechanism and raising finance for investments and requested FAO to include consideration of these areas in its programme.

(4) Conservation, improvement and multi-purpose management of tropical and arid zone forests and closer integration of forestry with agriculture, particularly through agro-forestry

71. The Committee gave high priority to this action area, particularly to work in arid zones and the closer integration of forestry with agriculture through agro-forestry. It pointed out the importance of the management of wildlife resources and national parks and the growing responsibilities of foresters vis-à-vis environmental issues and requested that these matters should not be neglected in the programme. The relevance of problems of temperate forestry and protection of forests from fires in this area was mentioned.

(5) Promotion and rationalization of forest products trade and markets

72. The Committee endorsed this action area, particularly the promotion of the use of lesser-used species and the publication of the Monthly Bulletin on Tropical Forest Products and its Quarterly Supplement.

(6) Education and training at all levels in forestry and forest industries

73. The Committee strongly supported this action area and emphasized training activities in public relations, communication and extension, especially within the framework of forestry for local community development. It stressed the need for particular attention to innovation and improvement of forestry curricula in forest economics and the managerial sciences.

In this context, the Committee heard with interest of the planned Institute of Forest Management in India and of the series of training courses in logging techniques and forest roads organized at Ort and Ossiach under a joint FAO/Austria programme. The Committee also emphasized the need for continued attention to the creation of new, and the strengthening of existing, forestry research institutions.

(7) Strengthening and modernizing forest administration, planning and legislation

74. The Committee emphasized the importance of improving capabilities at the country level in policy analysis and investment planning, and endorsed FAO's activities designed to expand and strengthen such capabilities. Attention was also drawn to the need for analytical studies which provided the regional and global framework for national planning. It stressed the need for FAO to develop models for policy, legislation and administrative structures for forestry and in particular for FLCD.

(8) Forestry for local community development

75. The Committee strongly approved the inclusion of Forestry for Local Community Development as a priority item of the Programme of Work and of the medium-term proposals. Through activities at the level of the rural communities, forestry can reach and assist a large part of the populations of developing countries. The systems that can be implemented through community involvement offer the best promise of land uses which will both produce needed food and maintain tree resources. This was considered to be a top priority activity.

76. Attention was drawn to the fact that several of the other priority items needed to be also directed to needs for forestry for local community development - notably in education and training, strengthening and modernizing forest administration, legislation, multi-purpose management of tropical forests, arid zone forestry and tree improvement.

77. The establishment of an interdivisional task force in the Forestry Department to coordinate implementation of forestry for local community development activities was noted with approval.

(9) Provision of basic statistical information

78. The Committee considered the assembly of international data of basic importance to the formulation of policies and decision making. Importance was also attached to analysis and interpretation of data and the preparation of global assessments of future development of consumption and supply by FAO. FAO was considered to be in a unique position of advantage to handle international data and to prepare objective assessments for future periods which were an essential foundation for investment in the forestry sector where normal price mechanisms were often inadequate to stimulate expenditure in such a long-term venture.

OTHER MATTERS

Definition of Terms for Use in Forestry for Local Community Development

79. A Secretariat Note, COFO 78/9, which reproduced the recommendations of the FAO/SIDA Expert Consultation on Forestry for Local Community Development (Semarang, Indonesia, 5-15 December 1977) was put before the Committee. The Expert Consultation had requested that the Committee on Forestry propose appropriate terms to be used in forestry applied at the community level. The Expert Consultation had felt the need for a short, generally accepted working term that would describe forestry for local community development, and a universally acceptable definition of terms to be used to describe the different production systems employed. The paper included a possible set of such terms which had been developed on the basis of the discussions at the Expert Consultation.

80. The Committee endorsed the need for universally acceptable terms and definitions of these terms, but considered that this was a complex task which required more wide-ranging consultation. It requested the Secretariat to bring this matter to the attention of the IUFRO working group which is currently engaged upon revision of multilingual forestry terminology, with a view to including the terms relating to forestry for local community development in this work. The Committee also requested the Secretariat to give the contents of paper COFO-78/9 as wide a circulation as possible, in order to provide interim guidance and to generate further comments of value in finalizing the terms.

81. Attention was drawn to the need for care in seeking a general working term for forestry for local community development. It was necessary to avoid any inference that this type of forestry was more or less desirable than other types or scales of forestry activity. Concern was also expressed that the contribution of industrial forestry activities to rural communities should be reflected in the set of terms adopted.

Eighth World Forestry Congress

82. The Committee noted with satisfaction the progress being made in the preparation of the Eighth World Forestry Congress, and expressed its gratitude to the Government of Indonesia for having agreed to hold it under its auspices.

83. The delegate of IUFRO made a suggestion that, in order to save money and time, future World Forestry Congresses and IUFRO Congresses might be held simultaneously. He further suggested that this matter be discussed during the Eighth World Forestry Congress.

84. The delegation of Thailand confirms its willingness to organize study tours, and wanted the Organizing Committee in Jakarta to be informed of this desire.

European Economic Community (EEC) Fund for Development Assistance

85. The representative of the EEC informed the Committee about the EEC fund for development aid to developing countries under the Lomé Convention. He observed that no forestry projects had been presented so far but that such projects would be considered if included among national priorities by recipient countries. The Committee noted with interest that some EEC Member States would receive research workers from developing countries for training and suggested that FAO might perform a liaison rôle in this matter.

World Survey of Information and Documentation Facilities in Forestry

86. The Committee supported the work undertaken by the AGRIS Coordinating Centre to produce a catalogue on a "World Survey of Information and Documentation Service Facilities in Forestry" and the proposal to combine, in due course, the information to be collated by the AGRIS Centre with the results of surveys that are being conducted by IUFRO. The Committee recommended that governments facilitate the distribution and completion of the questionnaire being addressed by the Library and Documentation Systems Division of FAO to forestry agencies and other bodies responsible for forestry at the national level.

FAO Forestry Publications

87. The Committee emphasized the value of FAO technical publications in forestry and stressed that these publications should reach those most concerned at the field level. While appreciating that FAO distributes its publications in accordance with the wishes of Member Governments, some delegates suggested for consideration by FAO the distribution of unpriced publications through the offices of FAO Representatives.

88. The delegate of the USA drew attention to the PARKS magazine and suggested that FAO play a leading rôle in its future publication, in cooperation with UNEP and IUCN. The Committee expressed its appreciation to the authorities of the USA and Canada for publishing this magazine in three (English, French and Spanish) languages and stressed the international rôle it played in the area of national parks planning and management.

The Committee agreed that the Director-General of FAO could not be committed to accepting direct responsibility for the future publication of PARKS and noted that FAO intended to continue its technical support of this magazine.

9th World Forestry Congress

89. The Committee was informed by the delegate of Mexico of the wish of his Government to host the next World Forestry Congress. While expressing its appreciation of this offer, the Committee noted that decisions with respect to the hosting of World Forestry Congresses lie with the FAO Council.

Technoforest 78

90. The delegate of Peru drew attention to the technical consultation to be held concurrently with the "International Fair on Forestry Machinery and Equipment" to be organized in Peru in November 1978 and invited the participation of delegates to the Committee.

Meeting under the Auspices of the ECE Timber Committee

91. The Committee noted that the meetings on forestry subjects under the auspices of the ECE Timber Committee were open to participants from other regions.

Accident to Committee Participants

92. The Committee expressed its regret that the representatives of Denmark (Mr. H. Frølund) and of Poland (Mr. W. Strzelecki) had been injured by a car and thanked the Chairman for visiting them in hospital to convey the Committee's wishes to them for a speedy recovery.

Date and Place of Next Session

93. In accordance with Rule No. XXXI of the General Rules of the Organization (GRO), the Committee agreed that its next session be held in Rome early in 1980, the exact date to be established by the Director-General in consultation with the Chairman of the Committee.

AGENDA FOR THE FOURTH SESSION OF THE COMMITTEE ON FORESTRY

1. Adoption of Agenda
2. Election of Officers and designation of Drafting Committee

FOREST POLICY ISSUES

3. Investment in forestry
4. The place of forests and trees in integrated land-use with special reference to the tropics
5. Small-scale forest industries for development

MATTERS REFERRED TO THE ATTENTION OF THE COMMITTEE BY THE REGIONAL FORESTRY COMMISSIONS AND NOT RELATED TO OTHER ITEMS OF THE AGENDA

6. Recommendations of FAO Regional Forestry Commissions which held sessions after the Third Session of COFO (November 1976)

REVIEW OF FAO'S PROGRAMME OF WORK FOR THE FORESTRY SECTOR

7. Review of forestry field programmes
8. Review of progress made in 1976-77 and main features of the Programme of Work in forestry for 1978-79
9. FAO's medium-term objectives and proposals for future programmes of work in forestry

OTHER MATTERS

10. Forestry for Local Community Development - Definition of "Terms"
11. Eighth World Forestry Congress
12. Other business
13. Date and place of next session
14. Adoption of Report

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LIST OF DOCUMENTS

Item of Agenda	Code Number	Title
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3	COFO 78/2	Development and investment in the forestry sector Secretariat Note
4	COFO 78/3	The place of forests and trees in integrated rural development (with particular reference to tropical countries) Secretariat Note
5	COFO 78/4	Small-scale forest industries for development Secretariat Note
6	COFO 78/5	Recommendations of FAO Regional Forestry Commissions Secretariat Note
7	COFO 78/6	Review of forestry field programmes Secretariat Note
8	COFO 78/7	Review of progress made in 1976-77 and main features of the programme of work in forestry for 1978-79 Secretariat Note
9	COFO 78/8	FAO's medium-term objectives and proposals for future programmes of work in forestry Secretariat Note
10	COFO 78/9	Definition of terms for use in forestry for local community development Secretariat Note
11	COFO 78/10	Eighth World Forestry Congress Secretariat Note

Information Documents

COFO 78/Inf. 1	General Information for Participants
COFO 78/Inf. 2	Annotated Provisional Agenda
COFO 78/Inf. 3	Provisional Timetable
COFO 78/Inf. 4	List of Documents
COFO 78/Inf. 5	Provisional List of Delegates and Observers

OPENING STATEMENT BY THE DEPUTY DIRECTOR-GENERAL OF FAO

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Mr. Chairman, Members of the Committee, Ladies and Gentlemen:

I am indeed pleased to be able to welcome you, on behalf of the Director-General, to this Fourth Session of the FAO Committee on Forestry. As an agriculturalist, and more specifically an animal scientist - when I was permitted to follow my field of specialization as a physiologist and geneticist - I naturally face an audience of foresters with some trepidation. For foresters are traditionally a tightly-knit clan.

However, I am not entirely unfamiliar with foresters and forestry. For somewhat over three decades now I have been in the international arena. During that period I have had a number of rôles, and in each of them I have been in regular contact with foresters and forestry problems. In one of those rôles, as a member of my country's delegation to FAO Council and Conference Sessions, I had a small part in the creation of this Committee. Now, in my new rôle as Deputy Director-General, where I must be concerned with the broad sweep of FAO's programmes, I am particularly pleased to have the opportunity of making a few observations as you begin your deliberations on the important agenda that is before you.

The world's forests constitute a major renewable resource; but - as you know well - not an inexhaustible resource. This resource, like the world's food and fibre crops, is caught in a squeeze between our globe's finite land and water limitations, and a rapidly expanding population which places increasingly heavy demands upon what that land and water can produce.

Imprudent use of forest resources, particularly over the last few decades, has undoubtedly reduced the currently-available level of these resources quite substantially. It could be argued that, given this unfortunate wastage and the increasing demands for forest products - which could lead to further over-use of the resource - the outlook for forestry is dim. On the contrary, there are several reasons to believe that the prospects for forestry are in fact quite bright. Let me recount a few of these reasons.

Wood has been and remains a raw material of great economic value to man. As the population increases, the need for timber and other forest products is apt to increase, just as the demand for other products utilized by man is certain to increase. FAO's projections suggest that the world's consumption of wood will double over the next two decades.

In this connection, it should be noted that fuelwood accounts for about 80 percent of the total wood consumed in developing countries. Wood will continue to be a main source of energy for the urban and rural poor in developing countries for many years, even if it does not become a more significant energy source in developed countries.

Wood production, processing and marketing create important economic opportunities within countries, and also opportunities to earn or save foreign exchange. So they will continue to be, or can become, important economic activities in many countries.

Such economic benefits are not only of overall importance to a country's economy, but can also be of substantial importance to the rural poor, in areas suited to forestry and to local processing of forest products.

Indirect benefits of forestry are often as important as the direct benefits. For this Committee, I certainly do not need to elaborate the important rôle that forests play in conserving soil and water, mitigating floods, stabilizing blowing sand dunes or in ameliorating microclimates. Such aspects are particularly important in mountainous and semi-arid and arid regions. But, in practically all regions, these and other aspects of forestry's rôle in overall land use, and the resulting indirect contribution of forestry to food production are often overlooked, particularly by those who are not closely associated with foresters and forestry.

During the post-war period of reconstruction, and particularly during the 1950's when many former colonies were assuming or preparing to assume independence, the emphasis in national development plans in many countries was on economic growth. During the present decade, the emphasis in such plans has tended to shift to greater attention to social aspects and to the more equitable distribution of the benefits of economic growth. In this connection, the concern over rural areas and their populations - which tend to be on the low end of the economic scale - has been increasing. Foresters, I have been pleased to note, have been very conscious of these social and human dimensions, and have taken them into account as they mobilized public and political support for rational forest management. Also, in many countries they have given close attention to ways in which forestry and forest industries can be used at the rural level to increase the economic well-being - and in turn the social well-being - of rural populations. In this connection, I am also pleased to note that the central theme of the Eighth World Forestry Congress, in which Indonesia is taking the lead, and will be hosting later this year, will be "Forests for People".

Before leaving the social aspect of forestry development, I should note that - increasingly - countries are turning their attention to the use of forests for recreational activities, as parts of their overall programmes for the multiple use of their national forest resources.

The points I have made thus far indicate the important contributions forestry is making and can make to conservation, to economic development, and to social development. I should like to touch a bit further on these contributions.

Earlier, I mentioned the imprudent use to which many forest areas had been subjected. These examples of misuse have helped to sharpen public awareness of the dangers of ecological damage and of the beneficial rôles of our forests in environmental stability. Foresters may quite rightly claim to have had a major rôle - in fact a pioneering rôle - in alerting the world to the dangers to the environment of uncontrolled exploitation of forests and related resources and, in turn, to the stimulation of political support for forest conservation policies and practices.

Given the important rôle forests must play in environmental stability and their consequent indirect contribution to food production, the fact that forests are a renewable resource of considerable and growing economic significance, and the increasing recognition that foresters must be concerned not only with trees, but also with how trees can be of greater service to people, the future of forestry should be bright. If the political will can be further engendered and sustained in support of programmes to conserve, develop and effectively utilize the world's forest resources, then the future of this sector should be bright indeed.

This, in turn, underlines the importance that must be attached to the work of the Committee on Forestry. As members of this Committee, you are in a unique position to make proposals to Member Governments regarding national forestry programmes, and to tender advice to the Director-General on how this Organization's activities in the forestry sector may best be tailored to respond effectively to the needs of Member Countries.

In this connection, I note your Agenda includes items relating to investment, land use and forest industries in development. These are matters that currently preoccupy many of our Member Countries, as well as the staff of this Organization. Your review and

appraisal of them should be useful in the identification of actions that should be taken, and in the definition of how FAO can most effectively contribute to the separate and collective endeavours of its Member Countries in the development of the world's forests.

I do not need to tell you that there are constraints to the achievement of what you - as foresters - would like to achieve, or what others would like to have you achieve. The 19th FAO Conference has strongly supported the recurrent theme in the Programme of Work and Budget of the need to remove constraints which limit production and obstruct investment flows, training, credit, processing, marketing, availability of improved seeds, research, development generally, and the transfer of appropriate technology as a contribution to development in all of FAO's fields of endeavour. Some of these constraints are imposed by natural and economic factors, but many of them are man-made. Some relate to traditions and social customs - and these are areas in which changes are not easily brought about. But, wherever man has imposed constraints upon himself, he has the power to change and to eliminate those constraints. This Committee can render a useful service by proposing to Member Governments ways in which those constraints which relate to forestry may be removed, and by suggesting ways in which the Director-General may so shape FAO's programme of work that it will be most helpful in this respect.

Regarding FAO's rôle, I am sure you are all well aware of the Director-General's actions over the past biennium:

- to give greater emphasis to assisting Member Nations in obtaining financial resources for investment;
- to establish a technical cooperation programme to permit the rendering of short-term urgent and emergency assistance to Member Countries;
- to decentralize more of FAO's activities to the country level, including the gradual appointment of Country Representatives (of whom 19 have now been appointed);
- to place greater emphasis on practical, short-term actions directed at results at the country level, including more training that is reflected down to the rural areas; and
- to make corresponding reductions in such activities as meetings, preparation of publications and documents, and number of posts at Headquarters.

The Council and Conference have supported these actions, which have their applicability in the forestry sector as well as in other sectors of the programme of work.

Now, I must bring these opening remarks to a close, so you may turn to the Agenda before you. I wish you a most productive Session, and a very pleasant stay in Rome.

INAUGURAL LECTURE:

WORLD BANK POLICY ON INVESTMENT IN FORESTRY

by

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The World Bank's Involvement in Rural Development

1. During the last decade, the World Bank has made a substantial adjustment in the scale and direction of its assistance for agricultural and rural activities. The Bank is at present the largest single source of external funds for investment in the rural sector. Since 1946, when its lending operations began, the Bank has lent nearly \$10 billion for agricultural and rural development. Inasmuch as each dollar invested by the Bank is generally matched by an equivalent investment from domestic resources, the Bank has in the past 30 years contributed to and participated in the financing of some \$20 billion in project-oriented programmes in agricultural and rural development. Although this is a substantial sum, it represents only a marginal contribution to the total investment in agriculture in developing countries that was made during those years. The annual contribution of the Bank has increased substantially in recent years, however, rising from an average of \$120 million a year in the mid-1960s to more than \$1.6 billion a year in the mid-1970s and over \$2.0 billion in the year just completed.

2. Through the years the Bank's approach to the rural sector has changed, as have the nature and design of Bank-financed projects, reflecting the significant changes which have taken place in thinking about and attitudes toward agricultural and rural development in particular and economic development in general. The emphasis has shifted from efforts aimed at promoting simple growth to attempts to improve the output of the small farmer, principally by increasing those investments that would increase employment and raise the productivity and output of lower-income groups in the rural areas. (Many loans are still made for larger, more capital-intensive, agricultural undertakings when they can be justified on the basis of other criteria of development).

The Bank's Forestry Policy Paper

3. In 1978, the Bank published a Forestry Policy Paper outlining a strategy for future Bank involvement in the sector and defining priority areas for Bank investment. During the early drafting stages of the paper, it became apparent that the Bank's involvement in technical assistance and lending for forestry project development over the past two decades was not in line with the Bank's new orientation of how to improve the productivity of the rural poor. Furthermore, it became clear that the Bank had not done as much as was warranted in this important sub-sector.

4. The table below indicates that the Bank loaned \$240 million for 17 forestry projects between 1953-76. Bank lending for forestry or forestry related projects in those years was mainly for fast growing industrial plantation log extraction operations and pulp and paper mills.

SCHEDULE OF WORLD BANK FORESTRY PROJECTS, 1953 - 76

<u>Year</u>	<u>No. of Projects</u>	<u>Total Loan/Credit</u> Million \$
1953-68	3	29.5
1970	2	11.1
1972	1	20.0
1973	1	0.8
1974	5	71.1
1975	3	33.9
1976	<u>2</u>	<u>74.0</u>
	<u>17</u>	<u>240.4</u>

Six of these 17 projects were concerned with establishment of industrial plantations managed by government entities. Five were designed to supply logs and pulpwood for the domestic market - the sixth, a Malagasy pine plantation project, is intended to supply an export-oriented pulp mill to be established in 1985. One of these industrial plantation projects, located in Mauritius, was the first attempt by the Bank to include a forestry component in a rural development project. A project located in Kenya was of particular interest because it covered the whole of Kenya's industrial plantation programme and included a land use study, sawmilling technical assistance, trial plantations and nature reserve components. The average loan/credit per project of this kind was about \$8 million over a 5-8 year project period.

5. The other 11 projects included three forestry extraction projects. The first located in Malaysia comprised construction and operation of a sawmill and plywood mill and was an attempt to optimise utilization of a tropical forest area prior to its clearance for agricultural settlement. In Burma, the Bank financed a teak log extraction project associated with sawmill technical assistance and feasibility study components and in Nepal, a number of small sawmills as an integral part of a settlement project. The foreign exchange component in these projects usually exceeds 65% of total project costs because most of the road construction, logging sawmilling and plywood equipment has to be imported.

6. There were also 4 pulp and paper projects which accounted for over 85% of total Bank forestry lending (by value) over the period 1953-76. The first two pulp and paper projects were loans made in the early 1950s to Chile and Bangladesh (then East Pakistan) respectively. Twenty years later, the Bank assisted in developing two pulp mill projects in Turkey, the first a fully integrated forest industrial complex with a pulp and paper mill, sawmill and backward linkages into timber extraction, afforestation and forest management activities which would ensure the industries' long-term wood requirements. The second, an integrated sawmill/newsprint project which was financed in 1976.

7. The remaining three projects (out of the 17 financed up to 1976) were concerned with industrial plantation trials in India, a pilot tree farming project in the Philippines and a forestry education project in Liberia.

8. As can be seen, this lending programme was essentially an ad hoc approach without any appraisal of the potential of forestry in the context of the current philosophy of economic development. In total the amount loaned for forestry represented less than 1 percent of the total amount loaned for agricultural and rural development during the period 1953-76. By the mid-1970s, it seemed that such projects were neither in line with the Bank's revised agricultural development strategy, which undertook to devote a higher proportion of Bank agricultural lending to the rural poor, nor were they in step with developing country forestry priorities. In short, a re-appraisal of Bank forestry strategy was needed.

9. An important conclusion which emerged from this re-appraisal was that forestry development strategy should and could make a major contribution to development, from its impact on raising the incomes of indigenous people, many of whom are in low income brackets.

In addition forestry had to be seen in a wider context of overall resource development. These twin objectives could be served through watershed afforestation, land rehabilitation, dune fixation, land reclamation, shelter belts, village woodlots, intercropping with plantations, various tree/grazing combinations, food/fodder trees, labour-intensive plantation, sawmilling, joinery, workshops and small rural wood based industries.

10. Following on these conclusions the policy paper proposed that during the next five years, priority in Bank forestry lending should be given to:

- (a) Environmental forestry - protection of forests located in water catchment basins, sand dune stabilization in arid areas, forest inventories, land use and soil surveys as an essential prerequisite to Bank involvement in agricultural settlement projects in tropical forest regions.
- (b) Rural development forestry - establishment of village woodlots for fuelwood poles and timber production, farm forestry, shelter belts, soil conservation measures, planting of fruit, fodder and fibre producing trees, encouragement of small scale wood using industries in rural areas.
- (c) Institution building projects - training, education, forestry research with special emphasis on pilot trials and combined agro-forestry - crop combinations.
- (d) Industrial forest projects - which the Bank should continue to support wherever these can be justified within the framework of country programming priorities.

11. A tentative lending program of \$500 million for forestry was proposed for the next five-year period which represented a five-fold increase in the rate of lending achieved in the last decade and would necessitate Bank involvement in the forestry development programmes of some 40 to 50 developing countries by 1983.

Directions for the Future

12. The new emphasis in Bank forestry lending implies new concepts, technology packages and institutional approaches. While approaches in some areas are still experimental, enough is already known for some positive conclusions to be drawn on directions for the future.

13. Environmental Considerations. We recognise that there is continuing need for Bank staff and member countries to be sensitive to the environmental impact of development projects and strategies. Forestry's rôle in soil conservation, sand dune stabilization, water catchment protection, and provision of shade for livestock, may be less obvious but frequently more important than the production of timber. Ecological considerations have not been of high priority within many developing countries, but awareness of the ecological consequences of development is growing rapidly. The Bank can reinforce this process by striving to inform clients of the wider range of possible social benefits and costs from particular projects or development strategies. For instance, in countries where adequate natural resource conservation programmes and institutions are absent, the Bank will not support projects which might result in disintegration of a habitat that is not represented elsewhere in the country and is not under suitable protection (as in national parks and wildlife reserves).

14. The Bank intends to expand its support of natural resource inventory work among client countries. The value of such activity should be recognized as extending beyond considerations of narrow economic interest, to include examination of indigenous populations, wildlife and flora, rivers, groundwater, wetland and estuary protection - in short, all factors related to the ecologically-sound use of the resources in question. Experimental approaches are already being tried, such as inclusion of a forestry protection programme as an integral part

of the Caqueta Settlement project in Colombia, the Kenya Phase II project which includes such elements as use of remote sensing imagery and a review of the status of land use planning in relation to forest policy. The Bank recently appraised its first forestry project in the Sahelian Zone - a project in Niger, which is directly concerned with problems of the desertification which has taken place around Niamey as a result of fuelwood cutting. We are studying the possibility of Bank assistance to Bangladesh for development of coastal mangrove forests which could help to protect adjacent agricultural lands from the effects of cyclones and tidal bores.

15. The Bank will require appraisal documents for all future forestry-related projects to include an evaluation of the perceivable environmental effects of the projects.

16. Rural Development. A major part of forest degradation today is the consequence of low-income groups seeking a livelihood through low-productivity agriculture, frequently on marginal areas and under unstable and inequitable tenure situations. A slowing down of forest destruction in large parts of the world will occur only as governments pursue greatly-expanded rural development programmes which help these people. A continued Bank focus on lending to low-income groups is an important element in the appropriate response to ecologically-destructive development patterns. The challenge is to bring about a change in direction in the developing countries which will result in a larger share of resources being allocated to rural area afforestation programmes with a wider impact on small farmer incomes.

17. The Bank has recently become more active in this area. Projects currently in the pipeline include a wide range of rural afforestation works - namely, sand dune stabilization; establishment of shelterbelts, fuelwood plantations, either as village woodlots or as a crop on farms; planting of fodder trees, pulpwood and other short rotation industrial wood species; soil erosion works, establishment of nurseries for production and sale of fruit and nut trees; reforestation of denuded water catchments; protection of dry weather grazing reserves; planting of soil improvement species; plantations of specialized forest tree species, such as gum arabic; also the continuation or improvement of small-scale rural forest industries, sawmills, joinery workshops and so on.

18. Sufficient experience has been gained to confirm that small farmers will rapidly respond to incentives for tree planting, such as credit, assured market outlets and extension services. In the case of the Philippines Phase I Tree Farming Project, for example, 1,000 small farmers took advantage of the loans available in the first pilot phase of two years and established an area of some 8,500 hectares of fast growing Albizia falcata pulpwood plantations. This scheme is now being greatly expanded in a second phase project.

19. Bank studies of the economic impact of such tree farming projects provide encouraging evidence that acceptable rates of return can be expected from short rotation fuelwood or pulpwood crops. Tree crops offer the farmer the prospect of diversifying his cropping pattern, making more effective use of marginal farm land and significantly improving farm family income. There is obvious scope for rapid escalation of Bank lending in areas where ecological conditions are suitable and land tenure is not a constraint.

20. The social and economic consequences of not including afforestation works in rural development projects are much more clearly perceived in the Bank today than they were several years ago. Failure to contain sand dune encroachment in countries to the South of the Sahara, for example, is currently resulting in loss of scarce agricultural land and enforced mass migration of villages to new lands further to the south. The economic justification for Bank investment in rural infrastructure works such as sand dune fixation and shelter belts will take into account these indirect benefits in addition to quantifying the direct value of the wood produced. Partly in response to the energy crisis, Bank investment in rural area fuelwood projects is also rapidly increasing (eight projects have already been financed and a further twelve are currently under preparation). In its further development of fuelwood projects the indirect social and economic consequences will figure clearly in project justification.

21. Probably the most controversial area of current Bank rural forestry activity is the conversion of high tropical forest by agricultural settlement (e.g. the Brazil Settlement and Indonesia Transmigration Projects). The technical basis for sustained agricultural cropping of the fragile tropical forest soils is very uncertain. Ensuring protection of residual forest areas on steeper slopes and along river banks and ensuring rational land use in areas of spontaneous settlement is extremely difficult. The Bank is studying alternative approaches to settlement and will give high priority to helping its member countries resolve the many technical and institutional constraints with which they are faced in this area.

22. Institutions. The weakness of forest institutions has proved to be perhaps the single most important obstacle to Bank forestry activity in the developing countries. With increasing emphasis on rural forestry, fresh approaches to the institutional arrangements for forestry development are needed. Bank support for forestry institutions will be directed toward both local organizations for the management of village forests, and those needed for running rural-based forest industries. The Bank will encourage closer cooperation between forestry and other agencies engaged in the rural development process. Institutional building elements suitable for Bank support include sector review activities, aimed at quantifying manpower training and technical assistance requirements, strengthening of Forest Services and Forest Development Authorities; assistance to governments in the preparation or revision of forest policies, laws, regulations, in the development of land use plans, and in the allocating of forest concession, timber sale and wood processing contracts; assistance in formulating fiscal incentives that will help the developing countries to obtain a more significant share of the benefits from forestry extraction; and establishment of credit, education, training and research facilities. The Bank's first project to tackle these issues on a broad front is one currently under negotiation with the Government of Liberia.

23. Industrial Forestry Projects. While there has been considerable shift in emphasis in Bank lending towards environmental and rural forestry activities, the Bank intends to maintain a balanced lending portfolio in forestry which adequately reflects the potential of forest industries to contribute to economic development. Current Bank activity in this area is being directed, in particular, towards the development of small-scale rural forest industries such as logging, sawmilling, joinery and furniture manufacture, and prefabricated building construction.

24. The Bank will encourage and support research and development into smaller scale technology in forest industries, particularly in the field of pulp and paper. In this area, the changing raw material availability and price relationships during the last five years, and the increasingly large capital requirements for big units, have given a sharp impetus to the development of smaller scale mills, which should become a reality for a number of developing countries in the next decade.

Constraints to Bank involvement in forestry

25. In its efforts to develop a project pipeline which will give higher priority to forestry as an integral part of rural development, the Bank's experience so far leads us to the interim conclusion that there are certain prerequisites to Bank involvement. The five which appear to be most crucial are:

- A need for closer integration between rural forestry programmes and agriculture or rural development projects.
- Commitment at the village level to set aside land for forestry and for the people of the village directly to participate in development and protection of village woodlots.
- Firm central government commitment to project objectives and the existence of a strong forestry institution which can act as an effective lending channel for local and external agency funding

and provide assurance of organizational and administrative capability for project development.

- Assurance of a satisfactory technical package.
- Availability of the basic data needed to develop economic justification for the project.

This would not be an appropriate occasion to analyse Bank experiences in trying to resolve such constraints - to do so would require an address of about the same length again as the one I am giving today. Sufficient to say at this point in time that we have found a positive attitude towards resolving such constraints in many countries in which the Bank is currently operating and that we intend to contribute a paper sharing some of these experiences to the World Forestry Congress to be held in Indonesia in October this year.

Proposed Future Lending Programme

26. Reflecting the foregoing concerns, and based on a survey of current government forestry development plans, a future Bank lending programme for forestry has been formulated for the period 1979-83. This assumes that flexibility exists for inclusion of forestry projects in the Bank's country lending programmes; that the countries themselves would be receptive to Bank involvement in the forestry sector; and that Bank lending policies, on such matters as local cost financing and short grace periods for instance, will not be seriously constraining. The programme takes into consideration the limited capability of forestry institutions in many countries to absorb forestry loans or credits.

27. Project Lending. The programme envisions a five-fold increase over the annual lending achieved in the five-year period 1972-76, with a lending target of US\$100 million per annum. Twenty-five projects already under preparation or appraisal will account for about one-half of the total five-year target of US\$500 million. Assuming an average project size of between US\$10 million and US\$15 million, this implies appraising about seven to ten forestry projects a year (up to a five-fold increase over the number of projects appraised annually in the last five years), and forestry lending would increase from 1-3 percent total Bank lending for agriculture and rural development, assuming an average annual sector lending target of US\$4 billion for the five-year period 1979-83. This proposed lending programme is a preliminary target which will be revised in the light of Bank experience and country receptivity to the Bank's proposals for increased forestry lending.

28. In addition to these forestry projects, a review of the Bank's agriculture/rural development lending programme indicates scope for inclusion of forestry components in at least five agriculture or rural development projects a year. The average size of such forestry components is small (about US\$0.25 million per project), and the total volume of proposed lending for such forestry activity over the next five years (about US\$6 million; included in the proposed US\$500 million lending target) represents a very small proportion of total agricultural lending. Nevertheless, the development impact of such components can be significant and they will be an important element of Bank forestry activity.

29. The main emphasis in Bank forestry lending will be on financing of broadly based national forestry programmes with a wider range of components than in the past. About 60% of Bank lending will be channelled into forestry projects in rural areas including environmental and protection forestry; smallholder/rural community afforestation schemes for various purposes, particularly fuelwood; institution building, forestry education, training and research; establishment of large-scale plantations associated with development of permanent forest village communities and small wood-using industries located in rural areas. About 40 percent will be channelled into large-scale industrial plantations by government forest services infrastructure, logging, and larger-scale sawmilling and mechanical wood-using industries. Although industrially oriented, large-scale plantations also contribute to employment generation and the development of rural areas, as do logging operations and a considerable proportion of inputs into infrastructure for forestry. Consequently, it is estimated that approximately two-thirds of proposed Bank lending would reach rural areas.

Project Preparation and Cooperation with Other Aid Agencies

30. During the last decade the Bank has developed a fruitful programme of cooperation with FAO and has relied upon UNDP-financed FAO Forestry programmes as a principal source of projects available for Bank support. Of the 17 forestry projects financed by the Bank prior to 1976, FAO through its Cooperative Programme with the Bank took a leading role in identification and preparation of 12 of these projects.

31. In conclusion I would like to add that I particularly welcome the opportunity to address you as I wish to stress that the Bank will continue to work in close association with other multilateral and bilateral aid agencies, and organizations such as you represent, and is particularly interested in exploring the possibility of co-financing forestry projects with other lending institutions.

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