

EU Tropical Forestry Sourcebook

European Commission/ ODI



Europe: an overview

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1. INTRODUCTION

This book provides an overview of the ways in which Europe offers support to tropical forests through aid and research. Each of the Member States' current programmes is examined, along with those of the various Directorates-General (DGs) in the European Commission which support tropical forestry. It is called a Sourcebook because it will probably be used more as a work of reference than as a book to read from start to finish.

Its intended audience is threefold. Above all, its authors hope that it will be of value to the developing countries with which the European Union (EU) works. The book should make it simpler to understand the way in which aid to forestry is organised from country to country and within the Commission; it will indicate each donor's target countries for the funding of tropical forestry, and will suggest the particular interests of each. Contact points have been listed at the end of all chapters.

The second potential audience for the Sourcebook is the body of donors outside Europe. Hopefully it will offer more familiarity with, and a better understanding of, European tropical forestry experience in an easily accessible form.

Finally, donors within Europe are working interactively with one another to an ever increasing extent, and are more often co-funders of the same projects and programmes than in the past. At the same time, the importance of forestry in the portfolio, aid delivery mechanisms, implementation strategies, and vision for the future may all vary greatly from donor to donor. The authors hope that European donors will find it useful, therefore, to read about one another's structures and programmes. Their combined financial strength in the tropical forestry sector represents the largest single block of aid for forestry available in the world: the European Community and Member States funded 66.5% of all bilateral aid to forestry in 1993, and just under 40% of all aid in the sector (United Nations [UN] Economic and Social Council, 1996). This book should go some way to assessing the combined comparative experience of Europe as well.

The Sourcebook has been prepared in close collaboration with the donors concerned, and each chapter represents the combined efforts of at least one in-country Research Associate, and an ODI Research Fellow. The latter has in each case taken particular responsibility for the consistency and the comparability of each chapter with the others. After a brief review of the country's own forest history, and the history of its involvement in tropical forestry, each chapter analyses the structure of aid delivery, policy, the thematic and regional distribution of forestry projects, research and training, and project cycle management. Each chapter concludes with an examination of one or two key projects, or summarises project reviews conducted in-country, and looks at future trends,

This first chapter draws out some of the interesting comparative findings from the study, attempts an assessment of the totality of Europe's comparative advantage in tropical forestry, and identifies issues for the future.

2. SETTING THE SCENE: EUROPE'S OWN FOREST HISTORY

Despite the enormous differences between temperate and tropical forests, Europe's own forest history encapsulates many of the issues which it has subsequently encountered in the tropics. At the same time, Europe took to the tropics not only its own experience in forest management, but also, hardly surprisingly, the political and institutional assumptions of the time.

Most countries in Europe have an early history of slow domestic deforestation associated with agricultural expansion, charcoal-based industries, and the increasingly commercial use of timber. In some places, such as France, Germany, Belgium and the UK, demand on the forest from different groups led, five or six hundred years ago, to the development of rules which gave use-rights of varied kinds to different categories of people, and which managed forest to meet these uses through a variety of systems. Such systems often evolved where nobility and peasantry both needed access to the same resource. In other areas, such as in the Netherlands and in parts of northern Italy, local communities demarcated their own forests and evolved local associations to manage them. In Sweden and Finland individually-owned portions of forest were common.

All over Europe, too, the opportunity to begin to restore forest cover through reforestation programmes and through natural regeneration arose only when pressure could be relieved through a switch to coal from fuelwood and charcoal, and through increasing urbanisation and agricultural intensification.

Forestry practice and forestry education, particularly in Northern European countries, have been heavily influenced from the eighteenth century onwards by the experience of German foresters, who first developed inventory methods and silvicultural techniques for sustainable-yield forestry. The Danish/Norwegian king invited German assistance with Danish forests during the eighteenth century and France drew on German methods in part when establishing forestry training at the *Ecole de Nancy* in the 1820s.

During the nineteenth and twentieth centuries these skills were put to intensive use in the tropics by those European countries which acquired colonies. One unplanned outcome of the colonial period in these countries was that a cadre of foresters grew up who specialised only in tropical forestry. The tradition continued over into the post-colonial period, and it has often been the case that those who opted for a career in tropical forestry and those who worked in forestry at home have had only limited contacts with one another. As a result, there have been periods when there have been very different sets of preoccupations in the two areas. In the tropics, key debates of the last fifteen years have centred on the conflicting needs of local communities and the State for forest products, and the management compromises needed to accommodate these. In Europe, with a far higher proportion of its inhabitants living in cities, debate and – at times – tensions between forestry professionals and the general public have centred rather on the potential conflict between forests for production and forests for recreation.

It has been interesting to see these two strands coming together, as debate since the Rio Conference in 1992 has centred on broader definitions of sustainability, and as environmental concerns have been increasingly raised simultaneously, both for forests at home and for forests in the tropics.

The European Member States currently have widely varying proportions of forest cover, from those with relatively little, such as Ireland (8%), the Netherlands (9%) and the UK (11%) through to Sweden with 55% and Finland with 75%. In all cases, in sharp contrast to the situation in developing countries, the proportion of forest cover is rising (see Table 1).

3. THE HISTORY OF EUROPEAN INVOLVEMENT WITH TROPICAL FORESTRY

Those countries with a colonial history (France, the Netherlands and the UK, and to a lesser extent Belgium, Germany, Italy, Portugal and Spain) developed an early expertise in tropical silviculture.

Initially, there was considerable reliance on German-educated foresters, as there had been in Europe itself. The Netherlands drew on German expertise in devising sustainable yield management systems for teak in Java. Britain appointed a German, Dr Dietrich Brandis, as the first Inspector-General of Forests in India in 1860. France's forestry school at Nancy based its curricula on German as well as its own experience.

The early impetus for Dutch and Spanish interest in tropical forests grew originally out of their supremacy in seaborne commerce, their large ship-building indus-

tries and the disappearance of suitable timber supplies in Europe. The Dutch shipped timbers from Java and (later) Dutch Guyana back to the Netherlands. In the case of Spain, shipyards were established in colonies such as Haiti, the Philippines and Cuba.

Colonial experience of tropical forest management can be said to have begun in South and South-East Asia, with Dutch management of teak forests in Java, German and British forest management in India and Burma, and French forest management in Indo-China. Lessons from these experiences were transferred to Malaya and East and West Africa during the British colonial period, and to Madagascar, West Africa and Equatorial Africa by the French.

After the colonies gained independence, many of the individuals who had been employed by colonial forest services transferred to work on newly emerging aid programmes. Indeed aid was seen, in the early independence years, as a temporary loaning of expertise to ex-colonies until they no longer needed it. A priority was consequently made of training in tropical silviculture, in sustained yield forest management, and plantation production. Commercial links were continued, not only in areas where the logging of hardwoods was important, but also at times where intensive plantations could be raised, as in the case of Spanish companies' investment in the tropics for pulp and paper to supply the home market.

Countries without previous involvement in tropical forests through colonies, developed an interest in tropical forestry through other routes. Both Finland and Sweden were major manufacturers and operators of forest logging and processing equipment for the home market, and became interested in the move towards industrial forestry in the tropics in the 1950s, 1960s and 1970s. Out of these commercial links grew other interests. In the case of Finland, training became a strong area of expertise. In the case of Sweden, possibly because of its own strong domestic tradition of farm forestry, as well as its traditions of social concern, came an interest in 'Social Forestry' and its funding for many years of the Food and Agriculture Organization's (FAO) 'Forests, Trees and People' programme. Denmark's experience of its own forest, which dwindled to a cover of only 3% at the beginning of the nineteenth century, and was then successfully rebuilt, led it to specialise first in domestic and then in tropical tree-seed production. Only very gradually, in the late 1970s and early 1980s did tropical forestry acquire the broader importance it has today.

Table 1: Forest Cover as a % of national land area in the European Member States

Country	% of forest cover
Ireland	8%
Netherlands	9%
UK	11%
Denmark	12%
Belgium	22%
France	27%
Italy	29%
Germany	29%
Luxembourg	33%
Portugal	36%
Spain	45%
Austria	46%
Greece	49%
Sweden	55%
Finland	75%

(Source: Sourcebook chapters, and Eurofor, 1994.)

4 THE STRUCTURE OF AID DELIVERY TODAY

4.1 Departments of development assistance

The majority of countries have a central aid administration programme. If there is a 'typical' pattern, it is that of an International Development Co-operation department located within the Ministry of Foreign Affairs. This is the pattern in Austria, Belgium, Denmark, Finland, Ireland, Italy, Luxembourg, and Sweden. It was the UK pattern until May 1997, and is



the case with interesting variations in the Netherlands (see Table 2a.)

Sometimes, by contrast, the Ministry of Foreign Affairs is given the responsibility of coordinating the aid efforts of a wide variety of other bodies as in the case of Portugal and – the most extreme example – Spain, where there are up to 19 bodies which deal with

forestry and environment aid. Spain too, is unique in the complexity of its decentralised aid. Several regional governments run substantial aid programmes of their own (especially the Basque country, Andalucia, Navarra and Cataluña). Even local councils and individual parishes run small aid programmes with towns and villages in the developing world with whom they have

Table 2a: Aid Delivery Structures for Forestry in the Member States

Country	Delivery Structure
Austria	Department of Development Co-operation located in Ministry of Foreign Affairs; + several other Ministries.
Belgium	Tripartite Federal State. Aid spread across Ministries of Foreign Affairs, Trade, Finance and Agriculture. Most forestry comes under the Secretary of State for Development Cooperation and the General Administration for Development Co-operation (AGCD).
Denmark	South Group (Danida) located in Ministry of Foreign Affairs. Two separate Ministers, one especially for Development Co-operation. Implementation organised through South Group Regional Depts. and Technical Advisory Service (TSA). The DANCED (Danish Cooperation for Environment and Development) Unit in Ministry of Environment and Energy also important for Forestry.
Finland	Department for International Development Co-operation (formerly Finnida) now within Ministry of Foreign Affairs. There is a Minister for Development Co-operation, who is also the Minister for the Environment. Depts. for bilateral aid (one for Sub-Saharan Africa (SSA) and one for other parts of the developing world), multilateral aid, and for policy and co-ordination with the EU.
France	In relation to 'concentration countries' (mainly ex-colonies) a State Secretariat delivers and implements aid. Overseas Departments and Territories have their own Secretariat. Aid to c100 other countries handled by Ministry of Foreign Affairs, Directorate for Cultural, Scientific and Technical Relations. Executive agency is the Caisse Française de Développement (CFD). Since 1994 an Interministerial Environment Fund, the Fonds Français pour l'Environnement Mondiale (FFEM) has been in existence.
Germany	Federal Ministry for Economic Co-operation and Development, BMZ, has main responsibility for budget, policy and coordination. Financial co-operation is administered by the government-owned Bank KfW, while implementation and technical co-operation is organised by the federal government-owned agency GTZ.
Greece	For forestry, the Ministry of National Economy devolves financial and management responsibility to the Ministry of Agriculture.
Ireland	Irish Aid is administered by the Development Co-operation Division (DCD) of the Department of Foreign Affairs.
Italy	Department for Development Co-operation (DGCS) within the Ministry of Foreign Affairs. Supported by a Central Technical Unit and monitored by the Interministerial Committee for Development Co-operation, and by a Consultative Committee with representation from research institutions, Non-Governmental Organisations (NGOs) and Italy's Regions.
Luxembourg	The Department of Co-operation, within the Ministry of Foreign Affairs, External Trade and Co-operation (MAE).
Netherlands	A Minister for Development Co-operation (with no ministry) works through the Ministry of Foreign Affairs. Programme is managed by DGIS (the Directorate General for International Co-operation) through country desks in the MFA, but implementation devolved to aid personnel in Embassies.
Portugal	Ministry of Foreign Affairs + 3 state bodies: the Interministerial Commission for Co-operation; the Portuguese Co-operation Institute; and the Economic Co-operation Fund.
Spain	Centralised aid: Ministry of Foreign Affairs co-ordinates efforts of up to 19 government bodies dealing with forestry and environment aid, inc. AECI, the Spanish Agency for International Co-operation. Decentralised aid (since 1990): several regional governments (Andalucia the main forestry donor), 124 local councils, and even individual villages are aid donors.
Sweden	Division for International Development Co-operation with its own Minister, located within the Ministry of Foreign Affairs. Bilateral assistance administered through Sida (Swedish International Development Cooperation Agency)
UK	Alternation between an Overseas Development Administration under the Foreign Office and, as currently, a separate Ministry. (Previously, Ministry of Overseas Development, now Department For International Development).

(Source: Sourcebook chapters)

developed twinning arrangements. Similar twinning arrangements are also encouraged in France.

France's very large aid programme is still strongly influenced by its colonial history, with distinct budgets and aid arrangements under a Ministry of Co-operation for 'concentration countries' (*pays du champs* – mainly ex-colonies), a special Secretariat for Overseas Departments and Territories, and Ministry of Foreign Affairs management of aid to other countries.

Only Greece and the UK (since May 1997), direct no aid through the Ministry of Foreign Affairs at all. Greece devolves management of its budget through the Ministry of National Economy to other appropriate Ministries (the Ministry of Agriculture in the case of forestry). The UK has a separate Ministry for aid, the Department for International Development.

In Germany arrangements are complex, with the Ministry for Economic Co-operation and Development (BMZ) being the key institution responsible for formulating federal development policies, and managing 70% of the federal aid budget. Financial co-operation (or capital assistance) and technical co-operation are administered on behalf of BMZ by the German Development Bank (KfW) and the German Agency for Technical Co-operation (GTZ) respectively.

In the case of the Commission, with its Directorates-General in place of Ministries, aid delivery is structured in a way somewhat reminiscent of France. Its arrangements for ACP (African, Caribbean and Pacific) and ALA (Asian and Latin-American) countries set the Commission apart from most of the Member States.

The sheer size of the Commission is a second notable feature. There are relatively few forestry advisers (for the volume of money being spent) and these are therefore very over-extended. The work-load, and with the fact that the buildings of the different Directorates

working in forestry are now located inconveniently far from one another, have meant that regular informal exchanges of ideas about tropical forestry are difficult to organise.

Thirdly, while many Member States are internally organised around a pattern of fund-holding geographical desks with sectoral advisers working laterally with them all, it is rare to find structures comparable to the Commission's pattern, seen in DGs IB and VIII, of vertical and horizontal budget lines, run by desks and advisers respectively. That this pattern has caused tensions is hardly surprising. It has also had the unfortunate effect of weighing down advisers with budget-line duties, so that they have little time to offer advice to the desks, and may even be seen as competitors rather than facilitators. (See Table 2b).

4.2 The status of aid within government structures

The status of the Government body responsible for aid implementation is important since it may potentially affect aid strategies, and, even more importantly, funding levels. Where, as in the majority of cases in Europe, aid is administered as part of a Ministry of Foreign Affairs or a similar body, it may be vulnerable to being used to achieve diplomatic goals as well as developmental ones.

Several countries have therefore built in arrangements to give aid a stronger 'voice' within such a structure. The Netherlands has a special Aid Minister without a ministry; Sweden's Division for International Development Co-operation has its own Minister even though it is located within the Ministry of Foreign Affairs; and the same arrangement is found in Denmark. Finland has a similar arrangement with a Minister specially

Table 2b: Aid Delivery Structures for Forestry in the European Commission

Directorate-General	Delivery structures
DG IB	Responsible for aid to Asia and Latin America. Geographical ('vertical') directorates B and C manage 2 budget lines: (B7-3000) 'Co-operation with Asian developing countries'; and (B7-3010) 'Co-operation with Latin American developing countries'. Also 2 cross-cutting ('horizontal') directorates. DGIB D4 co-manages 2 horizontal budget lines with DG VIII/A/1: 'Actions in Favour of Tropical Forests' (B7-6201 – 70%) and 'Environment in developing countries' (B7-6200 – 50%).
DG VIII	Responsible for aid to African, Caribbean and Pacific (ACP) Countries. Controls Member States' contributions to the European Development Fund (EDF), and manages the budget lines allocated by the European Parliament. 3 geographical ('vertical') and 4 cross-cutting ('horizontal') directorates. DG VIII/A concerns development policy. DG VIII A/1 manages forest policy and technical support, and co-manages 2 budget lines with DG IB D4: 'Actions in Favour of Tropical Forests' (B7-6201 – 30%) and 'Environment in developing countries' (B7-6200 – 50%).
DG XI	Responsible for Environment, Nuclear Safety and Civil Protection, it contains 5 Directorates. It drafts EU strategy on the environment, and takes part in the post-UN Conference on Environment and Development (UNCED) activities of the Commission for Sustainable Development (CSD), etc. DGXI D4, concerned with the Global Environment, has access to a budget line called 'International Environmental Activities' (B7-8110), used to support international conferences, workshops and publications on forests, biodiversity, climate change and global warming.
DG XII	Scientific and Technological co-operation with developing countries (known as INCO-DC), in the context of Research and Technology Development (RTD). Funded from the fourth Framework Programme, 1994–1998. Research funds available for forestry, agriculture, health and technology in the field of pure rather than applied research.

(Source: Sourcebook chapters on the Commission)

responsible for both Development Co-operation and Environment.

Other countries, such as Italy and Portugal, have interministerial committees which meet regularly to plan aid policy. The Commission has likewise established an inter-service steering committee, meeting two or three times a year both to discuss policy issues and to discuss forestry projects proposed for funding. Similarly, several bilateral aid programmes have established professional support groups for forestry. DGIS in the Netherlands relies on such a group, drawn from the National Reference Centre for Nature Management (IKC) and the International Agricultural Centre (IAC). The Department for International Development (DFID) in the UK has a Forestry Professional Coordinating Group which meets quarterly with professionals from OFI, NRI, ODI, IIED and WCMC.

An interesting feature of an increasing number of countries is the extent to which the broader public are increasingly consulted about aid priorities. This may be within the context of all aid, as is the case with Italy's Consultative Committee and Denmark's National Resource Base links. But also, after Rio, and sometimes before, several countries (e.g. Finland and the UK) established Consultative Groups for the discussion of forestry and environmental priorities between government and the general public.

4.3 The administration of forestry assistance

Most forestry assistance is the responsibility of the central aid-giving agencies of donor countries. Ninety-five per cent of Belgium's sponsored tropical forestry activities come under the office of the Secretary of State for Development, for instance, and the majority of UK-funded forestry projects come under the Department for International Development. In other countries, forestry is more widely dispersed. In the Netherlands, the Ministry of Agriculture, Nature Management and Fisheries is responsible for policy development, but the Ministries of Economic Affairs and of Housing, Spatial Planning and the Environment also have responsibilities for international forestry. France's aid structure also inevitably means that many different, relatively unrelated bodies are involved in forestry assistance.

In countries with smaller aid programmes, responsibility for sector aid often lies with the appropriate domestic ministry. The General Forestry Directorate in the Ministry of Agriculture is Portugal's main forestry aid representative, for instance, and Greek forestry aid is managed by the Department of Agriculture. Spain's tropical forestry is managed through a great diversity of government bodies.

A further feature of funding often available to forestry, which reflects shifting priorities since UNCED in 1992, is that a number of countries have recently established separate budget lines to deal with global environmental issues such as biodiversity. These are often administered by departments other than those dealing with overseas development assistance to forestry. In Denmark the Environment and Disaster Relief Facility is administered by agencies in the Ministry of Environment and Energy, in collaboration with the

Ministry of Foreign Affairs. France's '*French Fund for the Global Environment*' is administered by an inter-ministerial Committee, and in the UK, the Darwin Initiative is administered by the Department of the Environment, Transport and the Regions (DETR).

In the past, aid agencies often located forestry within agriculture departments. More recently, the trend has been for it to become more closely linked with the environment, as the previous paragraph attests. A second trend suggested by an analysis of country spending is that countries with smaller aid budgets have focused on the more agricultural aspects of forestry, while those with larger budgets have been able to tackle the larger and longer-enduring natural forest management issues. These have led inevitably to environmental considerations as well.

The integration of forestry with other sectors sometimes makes it difficult to detect trends in forestry policy, and the level of forestry aid commitments. The exception occurs where countries have decided to dedicate a fixed sum to forestry and have to monitor disbursement rates. This occurred in Germany from 1991, in the UK from 1989 to 1994 and in Austria from 1993-95. A similar process is seen in the case of the European Commission's Tropical Forests Budget Line.

The relative importance of forestry overall varies widely across the EU. The country with the largest proportionate contribution to forestry by far is Finland, followed by the Netherlands, Germany and Sweden. In volume terms the largest donors are Germany, the EC, the Netherlands, the UK, France and Sweden (see Table 3).

Aid to the forestry sector has generally increased over the last decade, though this may not be a continuing trend. In Germany the proportion of state funding which goes to forestry and environmental activities has seen a fourfold increase since 1988. There was also a fourfold increase in the UK as a result of the Forestry Initiative (from 1989 until 1994) and funding rose in the early 1990s in the Netherlands. Portugal, on the other hand, has seen a decline in aid to the agriculture sector including forestry, from 3.7% in 1991 to 2.2% in 1994.

Overall forestry spending through the European Community aid programme has remained steady, with the exception of the Tropical Forestry Budget line itself, which grew from ECU 2 m. in 1991 to ECU 50 m. in 1992, and will remain at this level until at least 1999.

The over-riding reason for the increased funding made available to forestry has been public concern about tropical forests within the donor countries. In the case of EC aid, it was primarily the concern of the European Parliament about tropical forests which increased the funds made available through the budget line created in 1991.

4.4 Development personnel

Tables 4a and 4b present information about the advice and arrangements for project implementation available to support forestry within each donor agency.

Several of the larger donors are still able to maintain a cadre of specialist advisers in forestry and environment at headquarters level, as Table 4a indicates. These are Denmark, Finland, France, Germany, the Netherlands, and the UK. Sweden had such an adviser until 1997.

Other countries, such as Austria, Italy, Ireland Spain and Portugal, rely on advice from universities, specialised research organisations, the national forestry service, consulting firms and NGOs.

Those countries with tropical forestry programmes appear to make increasing use of their embassies in the developing world. Sometime this means simply attaching staff from the specialist agency at headquarters to aid divisions at embassies (Belgium, Germany, Ireland, Italy, Sweden, the UK) but some countries have gone further and are now experimenting with the devolution of many aid management functions directly to the diplomatic service (Denmark, Finland). The Netherlands is experimenting with the devolved management of the aid programme at embassy level. In the case of the EU, Country Delegations play an important role in the selection and monitoring of projects.

Few countries still maintain large numbers of technical co-operation employees, apart from France (500 for natural resource issues in concentration countries, of whom 25 specialise in forestry); Germany (115 GTZ employees working on forestry and conservation issues); and the UK (about 80 in forestry in recent years).

The others rely on NGOs, consulting firms and universities, for the most part. Some countries have been able to retain specialist applied research bodies for tropical forestry implementation, such as Tropenbos in

the Netherlands and CIRAD-Forêt and ORSTOM in France. Other important components of the cadre of tropical forestry implementers in Germany, Ireland, Italy and the Netherlands, are the volunteer services. Finally a few countries have made strong efforts to involve wider civil society (what Denmark calls its 'National Resource Base') in aid delivery: businesses, trade unions, local government, parishes and villages. Germany's political and church foundations are also of interest here.

³ The European Commission, apart from its small number of forestry advisers, relies heavily on commercial European consulting firms for project implementation, in coordination with counterpart national co-directors, and also on universities, NGOs and research bodies.

4.5 NGOs and the forestry sector

Several of the European Member States have found that NGOs in general have qualities and capabilities which cannot readily be matched in their bilateral aid programmes. Austria and Denmark note the ability of NGOs to educate the domestic public about aid issues. Italy runs a developing country volunteer service as an alternative to military service. Countries such as Belgium, Denmark, Ireland, Spain and the Netherlands have found, too, that NGOs can help them to simplify aid delivery. They may be able to work faster and more

Table 3: Official Development Assistance in Europe to the Forestry Sector in 1995 (US\$ million)

Country/Agency	Total budget ¹	% Forestry ²	Forestry budget in US\$ million
Austria	767	1.10 (1993–95 only) 0.11 (usually)	8.4 0.84
Belgium	1 034	0.17 ³	1.7
Denmark	1 623	1.00	16.2
Finland	388	4.6	17.9
France	8 443	0.45	37.7
Germany	7 524	2.21	166.3
Greece	152 ²	n.d ⁴	n.d
Ireland	153	0.25 ³	0.4
Italy	1 623	0.30	4.9
Luxembourg	65	n.d ⁴	n.d
Netherlands	3 226	2.47	79.7
Portugal	271	0.2	0.5
Spain	1 348	0.4	5.4
Sweden	1 704	2.10 ³	35.8
UK	3 157	1.55	49.0
EC	3 860	2.2	86.0

(Sources: ¹ Organisation for Economic Cooperation and Development (OECD), 1996, p. 125

² data from Sourcebook chapters except where indicated

³ data from Paper E/CN.17/IPF/1996/... presented to the Inter-Governmental Panel on Forests (IPF) II of the CSD, UN Economic and Social Council, 1996. (The percentages used in this paper were calculated in 1993. The same percentage has been assumed for 1995 to produce the figure in column 3.)

⁴ Forestry cannot be disaggregated from general oda (official development assistance) spending)



Table 4a: Sources of sectoral advice and of specialists for project implementation in the Member States

Country	Sources
Austria	Work of Department of Development Co-operation (DDC) sector specialists now contracted out to 74 different implementing agencies including universities, consulting firms and NGOs. Regional offices in each programme country staffed by DDC, embassy personnel or NGO staff.
Belgium	AGCD has no implementing agency. Co-operation sections located in 30 Belgian Embassies abroad. Projects implemented by NGOs, consulting firms, universities.
Denmark	In the TSA, 1 agroforestry specialist, 7 environmental specialists. Assistance also provided directly by embassies – who can choose projects and allocate funds up to DKK 3 m. Strong commitment to involving Danish Civil Society in aid delivery: NGOs, consulting firms, trade unions, universities.
Finland	Thirteen sector advisers, including a forestry adviser, located in the Policy and EU Relations Department. Twenty Development Co-operation professionals are based in Finnish Embassies. NGOs and consulting firms important implementers.
France	Ministry of Co-operation employs 5 forestry specialists in Paris. 500 Technical Co-operation officers work on environmental and economic issues in 'concentration countries'. Other partner agencies include research institutes such as the Office de la Recherche Scientifique Outre-Mer (ORSTOM), the Centre de Coopération Internationale en Recherche Agronomique pour le Développement (CIRAD) and the Centre National de Recherche Scientifique (CNRS), French NGOs (especially in the Sahel) and consulting firms.
Germany	GTZ has 1,300 HQ staff, (10 Forestry and Conservation Advisers) + offices in over 50 countries. 115 GTZ field staff implement forestry and conservation projects. BMZ employs at least two foresters. There are 60 German volunteer foresters. NGOs undertake few tropical forestry projects, but consulting firms are growing in importance.
Greece	Involvement with tropical forestry is limited except for Greek technical assistance in multilateral projects. NGOs have not worked in forestry, consulting firms have been only incidentally involved.
Ireland	No Natural Resources Adviser. Development Co-operation Officers are attached to Irish embassies in priority countries. NGOs, some Irish APSO (Agency for Personal Service Overseas) volunteers, and a few consulting firms including Coillte (the Irish Forestry Board) are involved in tropical forestry.
Italy	No forestry adviser in DGCS. (Central Technical Unit two-thirds under-strength). Local Technical Units exist in some embassies in developing countries. NGOs and consulting firms have some role.
Luxembourg	Lux-Development implements most of the MAE's bilateral aid. There are also 68 recognised NGOs.
Netherlands	Netherlands-based DGIS (Directorate-General for International Co-operation) staff are to be responsible for policy and support, and tropical forestry advice at this level will be strengthened. Aid personnel in embassies manage projects locally (from 1997), from identification to evaluation. NGOs and other bodies are important implementers of projects, with counterparts in the recipient country.
Portugal	No Forestry Co-operation advisor. Expertise and implementation capacity is located mainly with the National Forestry Station (EFN), the Portuguese Forest Directorate and the Tropical Scientific Research Institute (IICT). No NGOs or consulting firms in Portugal focus on tropical forestry.
Spain	Centralised aid: no forestry or environmental expertise in AECl. Instead, Ministry staff, university researchers, NGOs and consultants are relied on. Decentralised aid: Spanish NGOs and universities the main actors, with local-level partners in recipient countries.
Sweden	The Department for Natural Resources and the Environment is responsible within Sida for the administration of forestry projects and programmes. Development Co-operation Officers in Swedish Embassies are responsible to Sida for projects in their countries. Much of the project cycle is in the hands of consultants.
UK	The Natural Resources Division of DFID contains 10 advisers, 3 in forestry. Additional professional staff located in 8 key regional and country offices, while embassy staff provide support in other countries. DFID continues to employ Technical Co-operation Officers in Forestry (about 80 over the last five years). It also relies on specialist consulting firms, and NGOs.

(Source: Sourcebook chapters)

flexibly than bilateral processes can, especially where large capable NGOs have been given block grants or framework agreements by the countries they belong to. NGOs are also valued where they have good local representation on the ground in developing countries,

for their ability to respond innovatively and monitor closely, and for reaching the poorest effectively.

In response, many of the European Member States are now spending increasing percentages of their total bilateral aid budget through NGOs – indeed, Ireland's

Table 4b: Sources of sectoral advice and of specialists for project implementation in the Commission

Directorate-General	Sources of Sectoral Advice
DG IB	Two foresters manage the Tropical Forest Budget Line (one a seconded National Expert) under the Environment and Tropical Forests sector head. There is a specialist on timber certification and trade; a forestry project specialist in the Asia Technical Unit, and a forester in the Latin-America Technical Unit. Small projects are implemented by NGOs, universities or others. Large projects are usually implemented by European consulting firms.
DG VIII	1 Forestry Adviser, (seconded National Expert). 1 Environment Adviser. Project management by desk officers (among whom 2 or 3 have some forestry competence) and delegations overseas (with few professional foresters among their numbers). Implementation by consulting firms, NGOs, universities, sometimes with local partner organisations.
DG XI	Unit D4 has a technical officer (a forester). Implementation is mainly by universities, NGOs, research organisations.
DG XII	Funds managed by 1 officer (successively an economist, a microbiologist, a forester). Research executed by universities and research organisations, through the mechanism of North-South partnerships.

(Source: Sourcebook chapters)

NGO budget is larger than its modest bilateral budget. Apart from Luxembourg (30%), Denmark (17%), and Sweden (11%), however, typical NGO contributions still hover at under 10% with Finland, the Netherlands and the UK spending about 7–8%; Germany, Spain and Italy 5–6%; and France around 2%. But overall percentages continue to rise and several countries plan to increase allocations to NGOs. The DAC (Development Assistance Committee of the OECD) average as recently as 1990 was only 2.8%. NGO projects tend also to be financed or co-financed at generous levels in many parts of Europe. Italy offers up to 100% funding; Austria, Belgium, Denmark, Finland, Germany, Ireland and Sweden fund at a 75–80% level; France and the UK offer co-funding at 50%.

NGOs are beginning to have a more official role, in line with their growing institutionalisation as conduits for aid. Countries as diverse as France, Ireland, and Italy now give NGOs a seat at the table on national level Development Co-operation Committees. As a result, perhaps, several countries note tensions between NGO desires for independence and the government's desire to implement its own policies through their agency.

Most NGOs tend to work in health, education, social services and general rural development. Although there are active lobbying NGOs such as Friends of the Earth raising environmental and forest issues in many countries in Europe, NGOs seem mainly to have avoided implementing forestry (except for farmer tree-nurseries in rural development projects) because they see it as too long-term and expensive. Even those countries with strong forestry traditions and relatively large forestry programmes, do not necessarily have extensive NGO involvement in the sector. For example, 80% of funding to Finnish NGOs was used for health, education and social services projects, and out of 348 projects implemented through co-operation with Finnish NGOs, only 20 dealt with forestry issues. However, Denmark, Ireland, Germany, the Netherlands and the UK seem to have NGOs which are a key part of bilateral forestry implementation. In the UK, 17% of all bilateral forestry funding is channelled through the

NGO sector, while in the Netherlands the figure in 1995 was 31%.

Yet this only presents part of the picture. Many more countries in Europe mention the importance of NGO advice in the forestry sector than would appear to be funding much NGO forestry. The explanation no doubt lies partly in the fact that NGOs which specialise in rural livelihoods and rural development may offer forestry advice. It is also the case that many of the NGOs which campaign on behalf of tropical forests, and meet with aid donors at various national fora, do not implement forestry projects. Sometimes European NGOs rely more on EC funding than on bilateral funds. The World Wildlife Fund (WWF), Belgium, for instance, works on Congo basin conservation, forestry and certification issues through DGVIII-funded contracts, issues with which the current Belgian bilateral aid programme has not been concerned.

In the case of the European Community Aid, the Tropical Forests and Environment budget lines (B7–6201 and B7–6200 respectively) managed by DG IB and DG VIII tend to prefer larger projects to fund because of their technical and administrative constraints. Average project size is over ECU 1 m.: suitable for consulting firms, but much too large for most NGOs. Projects of under ECU 1 m. and over ECU 250,000 are handled by these budget lines as 'small' projects.

Project proposals below that figure, go to the NGO budget line, 'Community participation in actions in favour of developing countries, carried out by NGOs' (B7–6000). Here, average grant sizes are under ECU 100,000 – a tenth the size of the projects funded under B7–6200 and B7–6201. This budget line is managed from inside DG VIII, and covers all countries. The NGO budget line funded 42% of all tropical forestry projects between 1992 and 1996 (140 out of 333) though the total sum expended under these projects was only 4%. The trend since 1993 is for individual NGO forestry projects to become larger, and for fewer of them to be funded.



4.6 Multilateral and multi-bilateral assistance

In many Member States, the proportion of the aid budget which is disbursed through multilateral agencies is increasing. Nevertheless, the proportion of funding which goes to multilateral programmes varies quite widely across the EU, as Table 5 shows. Greece's bilateral commitments are abnormally low, leaving multilateral commitments to take up 76% of the total budget. Seven countries contribute between 40–50% multilaterally (including Finland, Denmark, UK and Belgium), while seven contribute 24–36% (including France, Netherlands, Sweden and Germany). Those countries which have relatively low aid:GNP ratios have proportionately higher multilateral commitments, as would be expected. But more generally, as the multilateral component of the aid budget has increased, countries have become more concerned to influence the policies of multilateral organisations. Denmark calls it 'active multilateralism'. Spain has often tried to make sure that its multilateral EU contributions are mainly channelled to Latin America; DFID in the UK has seconded three social development advisors and two forestry advisers to multilateral organisations (including the Commission) to assist in policy development; and the Netherlands, Germany and Finland have all in turn also seconded a forestry adviser to the Commission. Donors who fund the Global Environment Facility (GEF), or CGIAR (Consultative Group on International Agronomic Research) centres such as the Centre for International Forestry Research (CIFOR) and the International Centre for Research in Agroforestry (ICRAF) maintain close links with their programmes.

In the context of this understandable desire to see

substantial multilateral contributions well-spent, it is difficult to understand why the OECD has recommended the phasing out of 'multi-bilateral' or 'funds-in-trust' arrangements. They offered important benefits for both larger and smaller donors. Larger donors such as Sweden and the Netherlands made major contributions to the FAO on these terms, as did Denmark to the United Nations Sudo-Saharan Organization (UNSO), and were able to help shape the thinking of these multilateral organisations in important ways in the process. Some smaller donors such as Italy have in turn been able to gain exposure to current tropical forestry approaches through their multi-bilateral involvement with FAO.

4.7 Assisted credit scheme

Some form of assisted credit scheme operates in several donor countries. Austria offers subsidised export credits to developing countries, to the benefit of Austrian exporters; Finland has its 'pre-mixed concessional credit' scheme; Portugal has an economic co-operation fund, and the UK ran its Aid and Trade Provision in co-operation with the Department of Trade and Industry for many years. In Denmark and France, 50% of aid has been tied to the provision of the country's own goods and services; in Germany, 52%; and, topping the list, 67% in the UK. Soft financial co-operation loans are made by Germany, Spain and Italy to countries with per capita incomes of under \$2,800 p.a. Finland's credit arrangements (40% of the total) mainly benefit forest industries in Asian countries. Swedfund, in Sweden, puts up risk capital for joint ventures between Swedish and local companies, in countries with per capita incomes of under \$3,000 p.a.

These measures have been criticised both by the DAC

Table 5: Aid Percentages spent bilaterally and multilaterally in Europe, 1995 (\$ millions)

Aid percentages	Bilateral oda	Multilateral	Total
France	6429 (76%)	2015 (24%)	8443 (100%)
Austria	560 (73%)	207 (27%)	767 (100%)
Netherlands	2245 (70%)	981 (30%)	3226 (100%)
Sweden	1189 (70%)	515 (30%)	1704 (100%)
Luxembourg	43 (66%)	22 (34%)	65 (100%)
Portugal	179 (66%)	92 (34%)	271 (100%)
Germany	4815 (64%)	2709 (36%)	7524 (100%)
Spain	816 (60%)	532 (40%)	1348 (100%)
Finland	220 (57%)	168 (43%)	388 (100%)
Ireland	88 (57%)	65 (43%)	153 (100%)
Denmark	895 (55%)	728 (45%)	1623 (100%)
UK	1670 (53%)	1487 (47%)	3157 (100%)
Belgium	514 (50%)	520 (50%)	1034 (100%)
Italy	806 (49%)	817 (51%)	1623 (100%)
Greece ¹	45 (24%)	144 (76%)	189 (100%)

¹ Data for Greece not available in OECD (1996) and taken from country chapter

(Sources: OECD, 1996, pps A21-A22)

and by the general public in many countries, on the grounds that such loans are always tied to benefits for companies in the lending country and may not be truly development-related, and stricter criteria are now used to assess the suitability of projects for this type of funding. Finland found that there was too little development content in proposals to its credit scheme, that it was poorly monitored, and that it skewed aid away from Africa towards Asia. It is now phasing out the scheme. The UK government undertook to abolish its Aid and Trade Provision in its November 1997 White Paper.

5. STRATEGY

5.1 General development co-operation policies

Most of Europe's donors currently have development co-operation policies which prioritize poverty reduction, sustainable livelihoods, social equality, the rights of women, and progress. Some, such as Austria, Denmark, Finland, Germany, Portugal, Sweden, and the UK seek for respect for human rights in the countries to which they offer official development assistance, along with attempts to promote democracy, good governance, and popular participation in the political process. Some too, (e.g. Austria, Portugal and Spain) explicitly seek to promote peace through aid. Forces which shape policy congruence include DAC, the

Development Assistance Committee of the OECD; UN and Bretton Woods institutions, and the Lomé Conventions. Since the UNCED Conference in Rio in 1992, almost all countries have, in addition, added an explicit policy commitment to environmentally sustainable development and resource protection. The European Union has had a formal policy towards developing countries only since 1992 (in the Maastricht Treaty of European Union). Three objectives are listed: sustainable economic and social development; the gradual integration of developing countries into the world economy, and the reduction of poverty. The Treaty also makes it legally obligatory to promote measures to deal with environmental problems.

Several countries have produced Aid White Papers in recent years: the Netherlands in 1990 and 1996; Denmark with the goal of assessing aid in the post Cold War period; Finland in 1993 when, in a context of dramatic budget cuts, it was necessary to defend and justify the very existence of aid; and the UK in 1997, after the election of the first Labour Government for eighteen years. The production of such documents demonstrates a continuing active engagement in development co-operation.

The other measure of commitment to development co-operation has conventionally been the percentage of GNP spent on official development assistance. There has been a general reduction in aid budgets during the 1990s, and currently only three countries attain or pass the 0.7% ideal (see Table 6).

5.1.1 Aid process and progress

Initially, in the 1960s, the aid process, for those countries with a responsibility towards newly independent ex-colonies, was conceived as a gap-filling exercise – providing personnel and other kinds of help until they were no longer needed. The 'trickle-down' theories of the 1960s and 1970s, which assumed that aid would supply missing investment and that industrialisation was the inevitable development path, fitted well with this view. Aid strategies were not evolved until the 1970s and 1980s, whereupon country strategy papers were gradually developed which laid down what a particular donor's priorities were, and what perhaps recipient country priorities might be as well.

Aid orthodoxy for many donors (Finland and Sweden describe this path) was initially to put individual experts in line functions (1960s); to support assistance through free-standing projects (1970s); and finally to move to larger programmes combining several projects or focusing on particular sectoral interests (1980s). In the 1990s, these donors have encouraged a further shift in the aid relationship, to recipient country primacy in decision-making, and donor support only as requested with technical assistance and policy development.

While sectoral preferences for funding still vary from country to country across Europe, certain broad aid trends in funding can be discerned. In recent years, many donors have reported a shift away from the provision of training, infrastructure, and support for agricultural intensification in high potential areas, towards a more profound engagement with poverty alleviation, and resource conservation. Projects have got smaller and more diverse as many donors have moved away from the funding of capital-intensive projects, and

Table 6: Per cent of GNP spent on official development assistance by EU Member States 1994–5

Country	% of GNP
Denmark	0.96
Netherlands	0.81
Sweden	0.77
France	0.55
Belgium	0.38
Luxembourg	0.36
Austria	0.33
Finland	0.32
Germany	0.31
Ireland	0.29
UK	0.28
Portugal	0.27
Spain	0.24
Italy	0.15
Greece	0.13
EU Members:	mean – 0.41%
	median – 0.32%

(Source: OECD, 1996, p. 125)

Note: since data for Greece is unavailable in OECD, 1996, it is taken from the Greek country chapter.

towards social and institutional capacity-building goals. Those who fund forestry note that it requires long-term commitment, however. (Germany's average is seven to ten years for technical co-operation projects.)

A further important shift has been the broader inclusion of social analysis into all kinds of projects, in acknowledgement that early projects did not always achieve development objectives, even where physical targets were reached. Several donors now incorporate social analysis into all project assessment. DFID (UK) social development advisors are involved from the earliest stages of the project cycle, and DIDC (Finland) requires institutional and participation analysis, as well as gender analysis, as part of baseline information collection. The degree to which this extends to forestry varies between countries, to some extent depending on the type of forestry project favoured. Efforts to integrate social considerations into forestry projects are being tried throughout Europe. So far, Finland and the UK are the only donors to have undertaken reviews or evaluations of the effectiveness of these attempts.

5.2 Tropical forestry policy and strategy

The earliest forest policies and strategies in Europe were concerned with what would now be regarded as a very narrow definition of forestry. Belief in industrialisation as the key to forest development and better livelihoods for the rural poor followed the FAO's Jack Westoby (Westoby, 1985) for much of the 1960s and 1970s. French, Dutch, Swedish and British policies in this period all stressed production, forest industry, inventory, plantations, logging and the training of workers. A re-orientation to tropical forestry policies which addressed local livelihoods more effectively came later, the impetus for change coming from several different directions.

5.2.1 Social policies in non-forestry aid

Firstly, social policies and changes in development theory have been very significant. Forestry moved later than many other sectors from models of industrialisation as the source of wealth, towards theories based on sustainable livelihoods and the inter-linkage between social and ecological sustainability. Nevertheless, these shifts in tropical forestry thinking occurred far earlier in aid institutions, where the theories shaping aid in other sectors influenced forestry, than they did in forestry research institutions, where the discipline as a whole has been more isolated.

5.2.2 Key international conferences, meetings and reports

The second important sources of new strategy, cited by several donors, were various international conferences, meetings and reports. The most important for many of those interviewed for the country chapters, are set out in Box 1.

5.2.3 The early role played by Sweden

Sweden was a key actor in the shift towards a broader brief for forestry. It had seconded foresters to FAO in the 1960s to deal with tropical forestry issues, and had supported bilateral projects in Ethiopia, Tanzania and Vietnam in the 1970s. It consequently became aware

Box 1: Change in the Tropical Forestry Sector: Influential Conferences, Meetings and Reports, 1972–1992

The UN Conference on the Human Environment, Stockholm (1972) was important for putting environmental affairs onto the international agenda, and for the creation of the United Nations Environment Program (UNEP).

The World Bank Meeting (1973) first identified rural poverty and development as priorities for bank lending. For the first time the issue of livelihoods was put high on the agenda.

The 8th World Forestry Congress at Jakarta (1978) focused explicitly on people and forests for the first time. The Dutch were among the earliest donors, following this meeting, to incorporate a social dimension into forestry aid. Wageningen Agricultural University, probably the first in the world to do so, reorganised its teaching to include agroforestry and people's participation in its courses.

The 1980 FAO assessment of Global Forest Cover (FAO, 1985) brought deforestation, the woodfuel crisis and approaches to trying to deal with it into the aid thinking of Finland, France, Sweden, the UK and no doubt most other European donors.

The TFAP process (Tropical Forestry Action Plan, 1985–1995) gave many donors their first opportunity to act together in the tropical forestry sector, and to make preliminary analyses of the causes of forest problems in developing countries. It can be argued that TFAP came too early, when the forest sector had only just begun to orient itself towards working with local people on-farm and in forest management, and when best practice was still poorly understood. The process might have approached issues differently five years later. Yet the increased donor collaboration and financial commitment which it encouraged would probably not have occurred without it.

The International Tropical Timber Agreement (1985) and the creation of the *International Tropical Timber Organisation* were cited by several countries as events which drew them more deeply into tropical forestry interests.

The Brundtland Report, 'Our Common Future' (1987) was crucial for a reorientation of aid in response to poverty, and for the explicit recognition that environmental degradation could not be addressed without simultaneous attention to economic development. The Netherlands, the UK, and several other European donors published responses to it. The report laid the ground for Rio in many ways.

The United Nations Conference on Environment and Development in Rio (1992) strongly influenced greater interest in conservation and sustainable development, and in tropical forests in general, even though no convention was signed. Virtually all European donors increased their funding to forestry and some also committed special funds to the environment.

earlier than many other donors of the limitations of an industrial strategy for forestry, if benefit to local people was, at least in part, the aim. As a result, it committed Funds in Trust for the FAO/SIDA Forestry for Local Community Development Programme (FLCD), and helped to initiate the social, community and farm forestry projects of the 1980s.

5.3 Public pressure on governments for commitment to forests and the environment

An important influence on policy has been public pressure on governments for commitment to forests and the environment, often articulated through campaigning NGOs. These groups have by no means always prioritised sustainable livelihoods.

Pressure for government support to tropical forests would seem often to have been triggered initially by events affecting the environment at home, which then led to concern for forests and the environment internationally. Public pressure for better nature conservation and management came about in Spain, for instance, because of the public's demand for better state control of forest fires, and more protected areas. The Nordic interests in the environment which led to the 1972 Stockholm Conference and to the Brundtland Commission, emerged from two directions – the consciousness of forest dependence in countries such as Sweden and Finland, and the consciousness of past forest loss in Denmark. In Germany, a government report on damage to domestic forests greatly sensitised the public, and also led to boycotts of tropical timber. The link is not always clear, though. In France, energetic debate about the use of domestic forests for recreation or production has not produced an equally general interest in the fate of tropical forests. In Italy, interest in tropical forests preceded interest in domestic forests.

Several countries have responded to public interest in tropical forests very directly. In Austria, substantial funds were committed for a fixed period after Rio, which were focused above all on the rights of indigenous people, on small-scale timber extraction and on ecotourism. The funds were spent bilaterally because the Austrian people wanted 'ownership' of funds and outcomes. Public pressure in Spain generally pushes for aid funds to be spent first in Latin America, and then in response to international events such as the Rwanda crisis. The majority of the larger funders of tropical forestry in Europe have established a regular Forum or Committee, at which NGOs and other members of the public can comment on tropical forestry strategy and policy and be involved in the planning process, and where they may be challenged on their failures.

At one level, donors would argue that these pressures are healthy and helpful. At another, they exacerbate the tension between conservation and production priorities already seen in the Environment and Forestry debate. Because forests in Europe are increasingly used for recreation, the general public may be reluctant for the production needs of the developing world to be given due weight. For instance, the main author of the Sweden chapter notes that while in Sida '... assistance shall be targeted at the sustainable use of biodiversity', this is at variance with the valuing of biodiversity that prevails in forestry within Sweden. More dialogue with the public on these issues is clearly needed.

This area is one where the Commission itself is as yet almost entirely in a vacuum. It hardly experiences public pressure on its activities in forestry or in anything else, dialogue is limited, and the need to respond to diverse concerns quickly is correspondingly minimal.

5.4 Current tropical forestry policy in Europe

Despite their interest in, and in some cases considerable commitment to tropical forests, Austria, Belgium, Greece, Ireland, Italy, Luxembourg, Portugal and Spain currently lack formal forest policies. Box 2 presents brief summaries of the forest policies of those Member States which have policies, together with the Commission's most recent policy position.

5.5 The definition of forestry

Varied attempts to define forestry underlie the figures for volume of forestry funding found in each country in Europe (see Table 3), and in each Directorate-General. Researchers have arrived at the best figures they were able using results generated by local coding systems, and by making judgements based on project title. In some cases there was no substitute for a project-by-project estimate of the percentage of forestry activity each had contained, kindly carried out by an individual with a long institutional memory. It was rare to find anything comparable to the EC Tropical Forests Budget line where all projects funded within the envelope could be counted as forestry.

In the case of Denmark, agroforestry, multipurpose tree-planting, soil and water conservation and forest management all come partly or wholly under forestry within the Ministry of Foreign Affairs. Forestry and other environment projects are also found under a separate budget in DANCED in the Ministry of the Environment. France counts environment, forest conservation, nature reserves, wildlife, and biodiversity projects within its aid to forestry. Spain, on the other hand, uses the Spanish equivalent of the word forestry only to mean reforestation, and groups many of the activities which France classifies as forestry under an environment heading.

Classification problems have a threefold origin. Firstly, forestry itself has changed and continues to change. Most countries that fund forestry projects now fund a broad array of activities which would not have been counted as forestry at all twenty years ago, but which are now in the tropical forestry mainstream. Secondly, what constitutes 'forestry' can occasionally be a contentious political matter as far as developing country partners are concerned: sectoral divisions can result in situations where important forest impacts are not acknowledged. Finally, it is quite clear that when funding expanded, as it did for forestry, it caused the definitions to expand as well.

6. ENVIRONMENTAL POLICY

Environmental issues came to prominence in the early 1990s for most countries, before and after the United Nations Conference on Environment and Development in Rio de Janeiro in 1992. How high these issues have subsequently stayed on the agenda has varied from country to country. Countries such as Denmark and Germany, where public opinion on global environmental issues has been a constant political factor, have devoted much more of their aid budgets to the environment than those where such pressure is absent. This can be seen in a number of initiatives developed in

Box 2: Tropical Forestry Policy in Europe today

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

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

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

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

Netherlands The Netherlands' most recent forest policies are enunciated in its Policy Document on tropical rain forests,

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

Sweden Sweden's latest natural resource policy statements are contained in 'Sustainable Management of Renewable Natural Resources' (SIDA, 1992) and 'Guidelines on Biological Diversity' (SIDA, 1994). Sida's Forestry Adviser also wrote a key document for the IPF Process, 'Back to National Realities!' (Fröling and Persson, 1997). A strategy document for forestry is currently under preparation. Sweden has committed itself to including both biodiversity and participation in all projects. It encourages a new relationship with partner developing countries, stressing each country's own responsibility for forests, and the support role that a donor must adopt. Sweden has maintained its dryland focus.

UK The UK's most recent policy shifts began with a review of previous forestry projects (Flint, 1992), which clarified the development purposes of forestry projects and the multi-disciplinary skills they called for. The 1996 Participatory Forest Management review highlighted the diversity of forest stakeholders, the need for greater devolution, and the complexity of managing forest processes as a result. The 1997 DFID Forest Strategy highlights shared forest management; capacity building for better forest harvesting; conservation with development and the conservation of biodiversity through sustainable use; and support for policy frameworks which encourage tree-planting. The last Biodiversity Strategy was drawn up in 1991, and a Manual of Environmental Appraisal was produced in 1992 and updated in 1996.

The European Commission The Commission has been extremely active in the tropical forestry policy arena in recent years. (The full picture is presented in the chapter 'Common elements of EC Tropical Forestry Aid'). The Commission Communication of 1989 entitled, 'The Conservation of tropical forests: the role of the Community' was the first that recognised that the Commission was prepared to take on a direct role in the protection of tropical forests, independent of the Member States. Various documents appeared before and after UNCED, most importantly the Commission Communication of 1993, 'Proposal for a Council Regulation on Operations to promote Tropical Forests', and the Regulation itself in 1995. In 1996/7 DG VIII published its technical Manual, 'Guidelines for Forest Sector Development Co-operation' which combines current policy and assistance with the project cycle and project implementation.

support of the global environment. After the UNCED meeting, several countries established independent funds for the global environment, and also contributed to GEF directly.

- France committed substantial funds to the GEF after Rio (FF 807 m.), and also endowed its own parallel fund. Since 1994 the Interministerial

Environment Fund, the FFEM has been in existence with funds of FF 440 m.

- The Environment and Disaster Relief Facility of Denmark is expecting a commitment of 0.5% of GNP annually by the year 2002. The facility has a broad brief: it spends half its funds in developing countries, and half on 'green' rather than 'brown' environment issues.

- The Netherlands intends to create a fund of 0.1% of GNP for activities related to international environmental policy by 1999.
- The UK's Darwin initiative is one of the smaller funds with a budget of £3 m. per year for collaborative projects to help conserve global biodiversity.

Countries with budgets too small to set up independent funds, have nevertheless usually been able to contribute to the GEF.

UNCED explicitly linked northern and southern environmental issues, and several European countries have also made commitments to increase forest cover, or to undertake conservation monitoring. These initiatives are not directly considered here. However, they have perhaps had an impact on aid programmes in two ways. Firstly, as section 5.3 indicated, the public has tended to link concerns about environmental issues at home to pressure for particular kinds of actions in the tropics. Secondly, there has been a move by several donors to increase support for conservation projects through the aid programme. The Netherlands increased its funding for the conservation of tropical forests from 2% in 1986 to 29% in 1992. Spain has increased spending on conservation at the expense of forest management initiatives and Germany also has an increasing number of conservation projects. This pressure is also reflected in the rainforest-oriented commitments of DG IB and DG XI. The environment, in short, is now a high aid priority for many countries.

7. POLICY IMPACTS ON GEOGRAPHIC AND THEMATIC FOCUS

7.1 The narrowing focus of aid

Many donors, faced with a reduction in overall funding capacity, have in recent years reviewed their policies and now focus more sharply on strategy objectives. In so doing, they have reduced the total number of countries to which they give funding, and their number of primary co-operation countries (also known as programme, priority, 'pays de champ' or concentration countries) as the DAC Committee of the OECD has recommended.

The criteria used for target country selection have also been formalised in many cases, and these now frequently include issues of democracy and human rights as well as the traditional poverty criterion. A further aspect of targeting being used by some aid agencies is only to support particular sectors within priority countries. Forestry remains a priority in all those Member States where it was important before.

The degree of concentration on primary co-operation countries nevertheless varies. Portugal and Italy spend 80% of bilateral aid on their concentration countries, but Finland only 44%. In the UK, 74% of forestry aid was disbursed in priority countries. The trend is likely to be for the increasing concentration of assistance on priority countries.

The main countries currently (1995) funded by each of the Member States in Africa, the Mediterranean and

Middle East, Asia, and Latin America and the Caribbean, are presented in Tables Ai, Aii, Aiii and Aiv.

7.2 Geographic focus

The tables in Annex I show several clear patterns. Firstly, poverty criteria are important: there are very few LLDCs (least developed countries) which do not have at least one European donor in this list. However, these criteria lead inexorably to a concentration on funding in Africa (Table Ai), followed by the poorer countries of other areas. Secondly, democracy and human rights criteria are having a major impact on the selection of countries to fund. Thirdly, there is strong donor loyalty to ex-colonies in the cases of France, Italy, the Netherlands, Portugal and to some extent the UK, and a strong loyalty to Latin America in the case of Spain. Fourthly, natural resource interests are clearly driving the wide-ranging donor interest that such countries as Indonesia and Brazil receive. Finally, Member States in southern Europe take a particular interest in the countries of the southern Mediterranean and the Middle East (Table Aii).

The problem which donors may need to address in due course is that the same poverty criteria and human rights criteria lead to the same set of countries. The paradox may well be that the very countries with the least institutional capacity and fewest trained professionals are having to work with five to nine donors from the European Member States alone. Here is a case where better donor complementarity might well engender better effects, for more recipient countries, with more successful outcomes.

The countries where the overlap is greatest are as follows:

West Africa:	drylands – Senegal, Burkina Faso, Niger tropical moist forest – Cameroon
NE + E Africa:	Egypt, Ethiopia, Tanzania
Southern Africa:	Mozambique, Zambia and Zimbabwe
Asia:	Bangladesh, China, India, Indonesia and Vietnam
Latin America:	Nicaragua and Bolivia

While India, China or Indonesia can no doubt absorb diverse donors, smaller countries may find it more difficult.

Countries which have, overall, maintained the strongest interest in Africa are Belgium, Denmark, Finland, France, Ireland, Italy, the Netherlands, Portugal, Sweden and the UK (see Table 7a). Latin America has in recent years been a particular focus for Austria, Belgium, Germany, the Netherlands and Spain, while Asia continues to engage the particular commitment of Denmark, Finland, Germany, the Netherlands and the UK. France, in addition to its support for Africa, Madagascar and Mayotte (Comoros) makes substantial commitments to its Pacific Island Departments, and to Vietnam and Indonesia in Asia. The picture for the EC is set out in Table 7b.

7.3 Thematic focus

Most donors in Europe have shifted the thematic focus of the issues they choose to fund, as the individual



Table 7a: The regional distribution of forestry aid for each European Member State (% of funds)

Country	Regional Distribution			
	Africa	Asia	Latin America	Global or Other
Austria 1993–95 (% of projects)	22	14	61	3
Belgium 1996	58	18.5	19.5	4
Denmark 1995	63	17	13	7
Finland 1995	50	26	11	13
France 1995	Africa and Indian Ocean 38% DOM-TOM 25% Other 37%			
Germany 1995	25	23	39	13
Ireland 1984–96 (% of projects)	74	6	10	—
Italy 1985–1997	49	4	5	42 (Med)
Luxembourg 1995	1 project	—	—	—
Netherlands 1995	31	24	26	19
Portugal 1989–96	100	—	—	—
Spain 1995	— 7 (env)	— 3 (env)	74 (for) 85 (env)	26 (for) 5 (env)
Sweden 1994/5	41	24	11	24
UK	38	38	8	16

(Source: Sourcebook chapters)

Table 7b: The regional distribution of aid within the Directorates General of the Commission

Directorate-General	Regional distribution
DG IB 1992–96	Averages show 55% of DG IB forestry funding going to Asia, 43% to Latin America and 2% to global issues
DG VIII 1992–96	ACP countries received 22.3% of all EC aid for forestry in this period.
DG XI 1991–6	Global (7%) Regional (17%) Latin America (29%) Africa (12%) Asia (5%)
DG XII 1994–8	Spread of collaborating research partners: Africa (51%) Latin America (20%) Asia (19%) Mediterranean (7%) other (3%)

(Source: Sourcebook chapters)

chapters in this book show, in line with the changes of approach and policy outlined in Section 5. The shift away from industrial production and processing and towards increased support to forestry with local people has been all but universal. Afforestation and agroforestry receive less support than they did, while sustainable forest management, collaborative forest management, and an interest in non-timber forest products have all increased. Since 1992, donors have also made a substantial financial commitment to conservation projects and rainforests.

A further interesting shift is the extent to which support to forestry now consists of much more than mere implementation. It also involves support for the evolution of a forestry sector with the capacity to respond to the social and economic, as well as the biological conditions for sustainability. Table 8a

illustrates current priorities among Member States. Institutional and policy development is currently the lead issue being funded by these donors, followed by rural development forestry, conservation, research, and sustainable forest management. Afforestation and agroforestry, which might have led the list a decade ago, now come well below these other priorities in terms of donor interest.

Most donor plans for the immediate future continue to prioritise a very similar ranking of issues, with strong strategic support at national level, more management roles for those who live near forests, more integration of forestry and sustainable livelihoods, and more conservation. Some recognise potential conflicts of interest between poverty alleviation criteria and interests in tropical moist forest and environmental conservation objectives.



Table 8a: The Thematic distribution of forestry aid among the European Member States

Country	Themes
Austria 1993–95	NTFPs (28%) land rights for forest dwellers (22%) conservation (17%) ecotourism (14%) rural development forestry (14%) agroforestry (5%)
Belgium 1996	afforestation (28%) research (24%) rural development forestry (20%) training (16%) sustainable forest management (9%) other (3%)
Denmark 1995	land management programmes with a forestry component (58%) tree seeds (14%) agroforestry (14%) conservation (6%) sustainable forest management (4%) other (4%)
Finland 1995	research and institutional development (55%) conservation (28%) sustainable forest management (17%)
Germany (1995)	afforestation (24%) rural development forestry (21%) conservation (21%) institutional development (19%) sustainable forest management (15%)
Ireland 1984–96	afforestation; rural development forestry (no percentages given)
Italy 1993–97	rural development forestry (56%) afforestation and sustainable forest management (26%) institutional development (18%)
Netherlands 1995	institutional development (39%) rural development forestry (35%) conservation (17%) other (9%)
Portugal 1989–96	institutional development (45%) research (37%) forest industry (15%) conservation (1%) other (2%)
Spain 1990–96	'forestry': agroforestry (30%) afforestation (24%) cork cultivation (12%) fire protection (9%) other (25%) 'environment': parks (22%) environmental education (18%) conservation (14%) sustainable forest management (11%) other (35%)
Sweden 1994/95	rural development forestry (29%) conservation (18%) research and training (18%) policy development (17%) sustainable forest management (8%) industry (5%) other (5%)
UK 1993–94	institutional development (48%) Sustainable forest management and conservation (34%) rural development forestry (18%)

(Source: Sourcebook chapters)

Notes:

The percentages given here are based on financial commitments.
 France does not present thematic data in a way comparable with this figure.
 Luxembourg has only one project (forest management).
 Greece has no bilateral forestry projects.

Table 8b: Thematic distribution of forestry aid management within the Directorates General of the Commission

Directorate-General	Themes
DG 1B 1992–96	(By financial commitment) Conservation (35%) forest management (27%) capacity building (18%) research (6%) buffer zones (6%) forest peoples (5%) other 3%
DG VIII 1996	(By financial commitment) For the tropical forests budget line: sustainable forest management (48%) capacity building (18%) conservation (12%) research (9%) certification (6%) other (7%)
DG XI 1991–96	(By number of projects) Sustainable forest management (37%) environmental protection (23%) training (9%) participation (8%) indigenous peoples (8%) timber/trade issues (8%) other (7%)
DG XII 1994–98	(By number of projects) Numbers too small to be significant, but a clear shift from 'pure' single tree species research to 'applied' research on whole forest ecosystems can be observed over time.

(Source: Sourcebook chapters)

Table 8b depicts the position for the EC, where an even stronger focus on sustainable forest management, conservation, buffer zones and the like can be observed, together with some interesting funding for forest peoples, certification and timber issues.

8. PROJECT CYCLE MANAGEMENT

Shrinking donor funds have led not only to the concentration of resources, but also to a determination to ensure greater effectiveness and impact. At the same time – and this has especially been true of the forestry sector since it began to move into unfamiliar territory in order to try collaboration with local people in forest

management and protected area management – blueprint projects have constrained timely and innovative responses to challenges as they appear. The response of most donors in Europe has been to adopt the logical framework approach to project planning, which sets clear objectives, but allows evolution and adaptation of the means by which they are reached, and the indicators which will be used to monitor progress.

Objectives-Oriented Project Planning (ZOPP) is closely associated with Germany, and has been used there since 1983. The methodology has been adapted to fit the needs of a variety of other countries, the UK using TEAM-Up, Belgium, *Planification des interventions par objectifs* (PIPO), and so on. Germany, and some of the other countries which have used the method for some time are already working on redesign to streamline and

simplify the process, and make it less costly, more flexible and a better communication and participation tool.

Others are only just beginning to adopt the method in all projects. They have found the EC Project Cycle Management Manuals (Commission of the European Community, 1993) of great value for materials development in their own countries. The *Forest Sector Development Co-operation Guidelines* (EC, 1996) are also beginning to be used and promoted, both inside and outside the Commission.

Logical frameworks have proved to have a strong potential for harmonising donor inputs, and pairs of bilateral donors in Europe have already used them to simplify aid delivery to particular countries in the forestry sector.

Box 3: Europe and tropical forestry research for development

Major donors

Denmark's key contribution to tropical forestry for many years was the Danish/FAO Tree Seed centre (from 1965) which became the Danish Forest seed centre in 1981. Its interest in tree-seed and genetic resources grew out of the threats to domestic forests which had occurred in the past. Its main tropical forest interests centre on Africa and Asia.

Finland's research strengths are in afforestation techniques, community forestry, dryland forest management, rainforest ecology, research training and planning. Its main tropical forest interests centre on Africa and Asia.

France's very strong commitment to forestry research focuses on both tropical moist and tropical dry forests, encompassing natural forest management and timber issues, plantations and agroforestry. France also pioneered the 'gestion des terroirs' (village land-use planning) approach from the early 1980s, and its evolution into a broader, more flexible 'local development' approach more recently. Its main tropical forest interests centre on Africa and S.E. Asia and on its overseas Departments and Territories.

Germany's early supremacy in forest science gave assistance first to other countries in Europe, and then to the tropics in the colonial period. In addition to the tropical ecology research going on in universities, it has established two forestry research initiatives for applied research and information for the aid programme. These are the Tropical Ecology Accompanying Programme and the Programme of Research into Tropical Ecosystems. Its main tropical forest interests centre on Asia and Latin America.

Netherlands Tropical forestry research has been a major strength since colonial times, and supports current rain forest and biodiversity research. The Netherlands' drylands experience in the Sahel has also fostered research into local people's management of existing vegetation as well as tree-planting. It has a strong tradition of research on community forestry, and its tropical forest interests are in Africa, Asia and Latin America.

Sweden Sweden has maintained a very strong interest in both farm forestry and community forest management. Other research priorities have been biodiversity and food security, and land management in dry areas. Its main tropical forest interests centre on Africa and Asia.

The **UK's** substantial research strengths in tropical forestry were established in the colonial period, and have been steadily developed since. These strengths are based on

experience in both tropical dry and tropical moist forest, in forest management, and plantations. The DFID Forestry Research Programme complements strategic research with applied and policy-oriented research which supports forestry in the aid programme more directly. The UK's main tropical forest interests centre on Africa and Asia.

The European Community supports formal forestry research through DG XII. It is from here that the ETRN, the European Tropical Forestry Research Network is funded. More policy-oriented and aid-focused research may if appropriate be funded by the Tropical Forestry budget line managed by DG VIII (ACP countries) and DG IB (ALA countries).

Medium-size donors

In **Belgium**, the University of Gembloux and the Free University of Brussels are involved in EC-funded forest conservation and ecosystem research in the Congo basin, and in research on the future of rainforest peoples. The National Botanic Garden has maintained taxonomic research links with the Congo basin since the colonial period. Its main tropical forest interests centre on Africa and Latin America. **Italy** has a colonial tradition of research in N.E. Africa on dryland tree species and techniques, and a comparative advantage in forestry for the Mediterranean, and Middle East. These remain its strongest areas of interest. Other research of relevance to its aid programme is research on poplars, and on wood technology.

In **Spain**, the universities organise research and training programmes and exchanges in forestry and environment with Latin America, such as the Latin American Science and Technology Development Department Programme, and several natural resource research networks. Its main tropical forest interests centre on Latin America and North Africa.

Smaller donors

Austria's early experience in the field of timber certification has led to its support for research on criteria and indicators. It funds the headquarters of IUFRO (the International Union of Forest Research Organisations) in Vienna. At the time of the Rainforest Initiative, its chief area of interest was Latin America.

Ireland fosters the interaction of Government, NGO and University forestry research partners through the National Council for Forest Research and Development. Its main tropical forest interests centre on Africa.

(Source: Sourcebook chapters)

9. DONOR COMPARATIVE ADVANTAGE

Europe's donors may be divided into three groups as far as their contributions to tropical forestry are concerned. The largest donors are Denmark, Finland, France, Germany, Netherlands, Sweden, UK, and European Community Aid. Belgium, Italy and Spain are medium-sized forestry donors, while smaller programmes of support are provided by Austria (since the end of its Rainforest Initiative), Ireland, Luxembourg and Portugal. Greece funds forestry almost entirely multilaterally.

9.1 Research strengths

Universities which offer degrees in which tropical forestry forms all or a substantial part of the degree exist in the UK, Sweden, the Netherlands, Finland, France, Germany and Spain. A brief summary of some of the main areas of country research expertise for development, and the main regional foci for this research, are given in Box 3.

9.2 Other kinds of comparative advantage

The eighty three countries in which the Member States

currently fund aid programmes are tabulated in Annex I. Member State and EC funding priorities, and thus the areas in which they are currently increasing their capacity and experience, are set out in Tables 8a and 8b.

There are a number of other general and specific areas of European comparative advantage worth mentioning here.

9.2.1 Colonial period experience

A powerful factor in encouraging continuing support to tropical forests for some countries, has been a tradition to draw on which has continued since the colonial period. The strongest colonial experience is found among the French, the Dutch and the British, with some experience in the case of Italy, Belgium and Portugal. Spanish links with Latin America are still strong. France has maintained the most stable and long-term commitment to its old colonies. Germany is a special case. Although it did not have colonies after the first World War, its early expertise in forestry, and the important role of individual German experts in the evolution of British and Dutch colonial forestry practice, have been one factor encouraging Germany's continuing commitment to tropical forestry.

Box 4: Donor Reviews in the Forestry Sector

Denmark Two recent reviews have been important.

- The *1993/4 Agricultural Sector Evaluation* (Danida, 1994) was critical of Denmark's successes in low agricultural potential areas, and recommended shifting support to high potential areas, with subsidies for food transfers to low potential areas as an alternative strategy.
- The *Environment and Development Evaluation, 1995-6* (Danida, 1996) was more optimistic. It was of the opinion that forestry's contribution to GDP is often underestimated, identifying both increased income and decreased labour time for women's fuel-gathering in one forestry project. Commenting on the first review, it suggested that working only in high potential areas would be detrimental to the environment, and to Denmark's commitment to poverty reduction.

Both reviews note the difficulty of monitoring benefits from natural resource and forest management projects, but the latter found hydrological changes a good proxy indicator.

Finland A *Synthesis Study of Finnish Aid from 1988-1995* (DIDC, 1996), including six forestry projects, concluded that these projects were quite good at reaching stated short-term objectives, but that physical targets had been reached more readily than others. However, project impacts were modest given Finland's expertise in the forestry sector, and had not slowed deforestation. The economic efficiency of projects was found difficult to measure, and post-project sustainability difficult to be sure of.

Germany Recent forestry reviews conducted by GTZ and KfW (Sepp and Haase, 1993; GTZ n.d.; KfW n.d.) contain the following key findings.

- Most sustainable forestry projects need at least a ten year donor commitment. More political, economic and

institutional analysis is needed during project preparation. There is a need to shift away from training individuals and towards capacity building for institutions. GTZ plans a greater devolution of planning and implementation to local GTZ offices and to projects themselves.

- KfW found that agriculture and forestry projects are more vulnerable than those of other kinds to extra-sectoral impediments in the shape of poor policies or unhelpful partner country interventions in the sector.

Sweden A *Review of Social Forestry Projects in India* (Chaffey et al., 1992) observed that forestry projects gradually broaden till they are like rural development projects in a natural resources context. This review made it clear how vital institutional development and relevant policies are for success.

UK Three reviews are of relevance.

- a recent *Review of the DFID Forestry Research Programme* (ODA, 1995) stresses that *how* research is done (demand-led, with local institutions, to a multidisciplinary design, and with a commitment to dissemination) is at least as important as *what* is researched.
- *Forestry synthesis evaluation study* Six forestry project evaluations conducted 1989-92 were synthesised (in Flint, 1992) the study concluding that forestry projects need multidisciplinary skills, process-project design, better-designed and monitored outputs, and more focus on institutional issues.
- *Participatory Forest Management Review* (Bird, 1996) Project attempts to give local stakeholders more share in forest management were reviewed, and best practice identified. The review noted the need for pre-project preparation, multi-disciplinarity, clearer goals, and the early planning of exit strategies.

9.2.2 Europe's own experience of people-forest interactions

A second factor of importance is the experience European countries can bring to forest-people interactions in the developing world. All have experienced forest loss, the generation of legislation to curb it, conflicts between local people and the State and the solutions adopted, and much is well-documented. Other experience is relevant here too. There is, for instance, a strong democratic and participative tradition in the Netherlands, fostered in the past by the village canal and dyke-management associations, which have been such an essential part of the country's survival.

Europe's most densely populated countries have had to incorporate many of their trees into farm landscapes. Less densely settled countries such as France have strong traditions of farmer and community management of patches of forest. Countries with more extensive forested areas such as Finland and Sweden have, in addition to these, complex systems of permits for forest use rights for non-timber forest products and hunting; shifting cultivation was still practised in some areas until the 1930s.

9.2.3 Specific skills

Some of the country chapters indicate highly specialised home-based experience – such as Austria's in the fields of ecologically friendly timber extraction on steep slopes; mountain hazard mapping, and the biological stabilisation of erosion and its prevention in mountain areas, for instance.

A few programmes offer specific implementation lessons. For instance, Ireland's support to a cluster of food security and environmental rehabilitation issues in Tanzania over a 10–18 year period, and its decade of support to forestry in the Sudan, offer an excellent example of a small donor with limited resources using them well in the natural resource arena. It achieved this by choosing only a few countries, by small, steady, long-term investments, and by a clear topic focus. The inputs have led to strong experience in drylands forestry.

9.3 Learning from programme experience

Donor funding has little meaning, however generous, if no efforts are made to draw the lessons of success and failure from what is funded: they are the only means by which the link between the implementation of field projects and global-level policy processes can be forged. Ideally, field projects are the testing ground for new ideas and approaches, and the results, like research results, are made public and can affect policy in due course. But this does not always happen in every case.

However, feedback mechanisms have been improving steadily in many of the Member States. Logical frameworks and the objectives-oriented planning process have been in use for several years. The result has been robust process project methodologies which facilitate better monitoring and evaluation practice, and lead to better outcomes. The production of Guideline documents has been excellent in several countries and within the Commission itself. On the evidence from the individual chapters in this book, one of the most illuminating mechanisms for learning has been the comparative reviews undertaken by donors from time

to time, where a selection of completed projects are examined. Usually only the bigger donors have the resources to conduct these commendably frank reviews, but the insights they yield are important for everyone working in tropical forestry. Box 4 gives some examples of these.

9.4 The contribution of the European Community

The European Community's comparative advantage in tropical forestry is potentially immense. It has substantial financial resources, and aid delegations all over the world. That its ability to deliver high quality aid in the forestry sector has limitations is to do with the rapid build-up of aid funds in the early 1990s, unmatched by an adequate increase in technical or administrative support. Nevertheless, there have been some important achievements.

DG VIII has made great progress in recent years in developing a strategic orientation for the Tropical Forestry budget line. Its increased funding for policy studies has been valuable (e.g. a paper on logging in the Congo basin by Pacific rim countries) and has heightened the budget line's profile. Work on certification and on the operationalisation of the EU commitment to complementarity, coordination and coherence are also important. Finally, the recently produced *Forest Sector Guidelines* are being widely used.

DG IB's strategy for the future is to programme its share of the Tropical Forest budget line in more detail, concentrating more on participation, natural forest management, and trade and certification issues, and less on conservation. More consideration of equity issues may lead to a wider selection of countries for funding in Asia and Latin America in future.

DG XI, too, is planning the development of a forestry strategy by the end of 1998. It has so far mostly funded small forestry and environment projects, many in the Amazon, on civil society issues.

Research funded from DG XII currently lacks a tropical forestry research strategy to focus limited funds more effectively. A recent evaluation highlighted the problems of overloaded staff, with no time to assist with project preparation, or build links to other forestry funders in the Commission. It also noted the many research problems caused by financial delays.

9.5 Donor collegiality

Forestry donors probably first began to debate issues together and act in concert through the TFAP process and through International Tropical Timber Organization (ITTO) meetings. In more recent years the Forestry Advisers' Group (FAG) has met regularly. Out of these initiatives, indirectly, came the formation of the European Tropical Forestry Advisory Group (ETFAG) in 1990. At first annually, and now biannually, forestry advisers meet as individuals to update one another about current initiatives, and to debate broader issues. The forging of informal working relationships through initially formal meetings has made it far more common for pairs of donors to share research under way at an early stage, or plan joint activities. As donors experiment with different aid delivery mechanisms, they consult others, invite comment, learn from one

another's mistakes. At one level, there is a constant donor tendency towards convergence; at another, comparative advantage is constantly being recreated, and there is little danger from over-homogenisation of approach. The outcome has been, rather, an excellent learning environment.

10. ISSUES AND TRENDS FOR THE FUTURE

Issues of aid management strategy with which the European Member States and the Commission are currently grappling, or which they will shortly need to address, are dealt with in this final section. All have important implications for the future, and for Europe's contribution as a whole to support for tropical forests.

10.1 Devolution

Firstly, almost all governments have reduced the number of government employees who are involved in aid delivery, and are seeking partners for implementation among NGOs, consultancy firms, universities, and through other arrangements. These changes are usually more to do with budget constraints and privatisation ideologies than with a belief that others will manage aid delivery better. Some countries have a strong commitment to the involvement of civil society in aid, however, with aid delivery through region-to-region or town-to-town twinning mechanisms, through trade unions, through support from small businesses in the north to similar small businesses in the south and from church to church. Nevertheless, the main mechanisms are NGOs and consulting firms, and each of these present particular problems in the aid context.

10.1.1 NGOs

The country chapters in this book make it clear that few NGOs, on the whole, have a strong track record in managing forestry projects other than rural development projects with a small forestry component. Forest management projects are difficult practically – they demand very specific skills, they are costly, and they must endure for longer than most NGOs would choose to be involved. More importantly, development NGOs are regarded with hostility and suspicion in some developing countries, and it has been easier for them to work in sectors such as mother-and-child health where they do not challenge government directly. In the case of forests (almost always state property), NGO approaches which prioritise local people's needs have often been seen as an unacceptable political challenge to the State, and proposals from them for institutional or policy change would be out of the question. It has been easier for donors with more money and more authority to make these challenges, or to experiment within a project context.

The exception has been environmental NGOs such as WWF, whose approach has, paradoxically, sometimes strengthened government's ability to exclude local people from access to forests, and who often manage particular protected areas for long periods of time.

10.1.2 Consulting firms

Consulting firms manage many, probably the majority,

of the tropical forestry projects which currently exist. But often their management model – that of timely delivery of physical outputs within budget – is more suited to a civil engineering firm building roads, than to support for what is currently a rapidly evolving and innovating sector.

The themes which this chapter shows European donors are currently funding in tropical forestry – policy and institutional development; collaborative forest management; sustainable forest management for a wider range of benefits than before; and the blending of conservation and development issues – require good facilitation skills, the capacity to implement flexibly and an interest in local people. Yet often consulting firms are conservative and old-fashioned. Their employees do not get time to read, and they are often among the last to be exposed to new ideas and policies. Preoccupied with the need to secure the next contract, they may not be well placed to challenge the structures within which they work. In an era where flexible logical frameworks are becoming a more and more powerful tool, they need to be encouraged not to implement in the old blueprint way.

There are ways round these problems, but they require much more investment from donor agencies in the form of training, briefing documents, seminars, and close interactive monitoring, than is usually offered at present. In the Nordic countries, an effort has been made to train consultants, and make them more familiar with government policies. A few consulting firms have a close relationship with in-house advisers, and are involved in all parts of the project cycle: not just implementation but often identification and evaluation as well. They effectively become additional advisers. But even they would say that there are problems with the current pattern, especially for field managers.

The reality is that devolution to other implementing bodies has been seen as a cheaper option for government development agencies than it really is. To be effective, more effort will have to be put into the planning and management of implementation by multiple diverse parties, and to their continued exposure to new thinking in forestry.

10.2 The relationships between budgets and outputs

There are several issues here relevant to the management of aid for forestry.

10.2.1 The cost of forestry projects

Firstly, the evidence from several countries in this book is that support to forestry in tropical moist environments is usually a long-term and complex business, expensive in terms of both money and aid management processes. Germany doubts that useful forestry projects can be delivered in less than 7–10 years. Not only do social economic and biological issues have to be addressed locally, but inevitable stakeholder conflicts involve both local and national-level issues simultaneously as well. Good quality field managers and a close donor advisory relationship with both the partner country and project managers is essential.

The less costly, but no less long-term alternative is to fund integrated rural development projects in which

tree-planting or forest management plays only a minor part, or to fund forest management in dryland areas where national and international interest in the forest resource is less, and complexities fewer. This is the path that Ireland has taken successfully.

10.2.2 Aid volume for forestry

A second issue is the volume of funds available and the organisational and administrative structures available to deal with them. In the case of Italy the Ministry of Foreign Affairs acknowledges that the country's aid budget grew too fast in the 1980s for its internal management structures to be able to keep up. Its control of aid quality was weak in consequence. Like other donors such as Finland and the UK, Italy has found that financial constraints have led to better quality aid because they brought aid volume back within the scope of good quality administration.

The European Commission has had to deal with these issues as well. Its aid budget for forestry grew rapidly in the 1990s, but it has not been allowed to recruit more professional staff to help with the administration of these funds. Consequently, understanding of complex tropical forestry issues may be poor. These limitations in turn have led to the weak monitoring and evaluation of projects, limited opportunities to learn from previous projects, and thus a weak information base for future project selection.

The Member States have tried to help by seconding National Experts to DG IB and DG VIII. DG VIII has decided to tackle some of its aid management problems in the forestry sector by contracting out aspects of project selection and management of the budget line to consultants. While this will lighten the work-load of over-burdened individuals within the Directorate, it is no alternative to a properly staffed, professional in-house team which can develop funding strategically. And as section 10.1.2 showed, consultants themselves may not be able to deliver the most effective tropical forestry outcomes without a great deal more support than they usually get.

Ideal project size is much debated inside the European Commission. Large projects are appraised, implemented and evaluated by consultancy firms, and thereby deal in a very satisfactory way with in-house staff shortages. While smaller projects are more effective, and use funds better, they are too management-intensive at current staffing levels. More redesign for aid effectiveness may be needed.

10.3 Institutional memory

Poor institutional memory is a major problem in some agencies. Sometimes this may be the result of poor archiving of project documents. But in reality most of the chapters in this book relied for important information on the memory of individuals who had been in post for some years. For although some countries now have their projects on a database, little information may be recorded beyond the title, date, type and total budget of the project.

Yet there may be fewer of these individuals in the future, who can remember what went on before, because of changes in the way many European countries are currently organising aid delivery. This is sometimes because of over-frequent internal changes, but is also

increasingly structural. In the case of Finland, the fusing of the diplomatic and Co-operation streams in DIDC, and the alternation of individuals between one kind of job and another, may spell the end of institutional memory. The Netherlands is currently experimenting with the decentralisation of project cycle management in its entirety to its embassies. This model may succeed in the short run, while there are still individuals who can remember the old structure, and make the new work on that basis. But in due course there is a risk that programme coherence and mechanisms for institutional learning may weaken.

10.4 Effective aid delivery and donor collaboration

There are a variety of practical aid delivery issues which currently present obstacles to effective donor collaboration. While country variation in choice of Ministry for forestry aid delivery does not present any difficulty, other choices require more adaptability. Projects funded by several donors often find that the heterogeneous payment schedules, reporting timetables and formats of different donors present them with time-consuming management tasks. It was railway timetables in the nineteenth century which provoked the need for governments to standardise time-zones rather than leaving every village to set its own time by the sun. Harmonisation of some quite minor details could greatly smooth the path of donor collaboration.

10.5 Finding a way for larger and smaller donors to work together

Looking at the country chapters, it is clear that the funding of tropical forestry has tended to be for the wealthier donors, for those with strong previous experience, or for those with strong forest industries inside their own countries. Yet several countries with smaller means and less experience would like to take more part in forestry initiatives – responding in part to the interests of the general public in their countries – and would welcome and benefit from the co-funding of projects with larger donors. Such arrangements would make particular sense in countries where both parties already have some comparative advantage – such as language, or strong colonial experience in the case of the smaller donor, and strong recent tropical forestry experience in the case of the larger. Donor complementarity and coordination would improve greatly from such initiatives.

10.6 The evolving relationship between forestry and environment

The most important problem of all for donors is how to manage the as yet imperfect marriage between forestry and environment policy, and aid delivery. It is only six years since the Rio conference, and both theory and practice are still evolving. For the moment, the environment is the dominant partner, and donor funding has been pulled in the direction of conservation, to the potential detriment of livelihood and sustainable use issues in forestry. It is interesting to wonder whether the balance would have been the same if a forestry

convention had been signed at the same time as the Biodiversity and Climate Change Conventions.

Several countries in our sample currently keep tropical forestry issues, as of old, in the Ministry which deals with tropical agriculture. But at the same time the Ministry of the Environment deals with both domestic and tropical environmental issues, inevitably including conservation aspects of tropical forests. In the case of EC aid there are currently parallel forestry and environment budget lines.

It is clear that many of the issues currently being dealt with in this way will have to be harmonised in due course. Meanwhile, their separate handling in the aid mechanisms of the north sends the wrong signals to the developing country partners with whom they work – where separate ministries and structures have in many cases also been established.

Where the forestry sector might have been leading the way forward, it has too often been fighting a rearguard action. It has been slow to exploit its importance to changing values in society, even though it has accepted a constantly increasing role for local people, NGOs and other stakeholders. The need now is for dynamism and flexibility in both research and field practice, to utilise new environmental awareness in forestry, and to tackle issues in a more integrated and international way. The important opportunities for synthesis still lie ahead.

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ACRONYMS

ACP	African, Caribbean and Pacific
AECI	Spanish Agency for International Co-operation
AGCD	General Administration for Development Co-operation (Belgium)
ALA	Asia and Latin America
APSO	Agency for Personal Service Overseas (Ireland)
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (German Federal Ministry for Economic Co-operation and Development)
CFD	Caisse Française de Développement
CIRAD	Centre de Coopération Internationale en Recherche Agronomique pour le Développement
CSD	Commission for Sustainable Development (DG XI)
DAC	Development Assistance Committee of the OECD
DANCED	Danish Cooperation for Environment and Development
DDC	Department of Development Co-operation (Austria)
DFID	Department for International Development (UK)
DG	Directorate-General
DGCS	Department for Development Co-operation (Italy)
DGIS	Directorate-General for International Co-operation (The Netherlands)
DKK	Danish Kroner
DM	Deutschmark
DOM	Département d'Outre-Mer (French Overseas Department)
EC	European Community
EDF	European Development Fund
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FFEM	Fonds Français pour l'Environnement Mondial
FINNIDA	Finnish Development Agency (now known as DIDC)
GDP	Gross Domestic Product
GEF	Global Environment Facility
GNP	Gross National Product
GTZ	Deutsche Gesellschaft für technische Zusammenarbeit (German Agency for Technical Co-operation)

IIED	International Institute for the Environment and Development
IPF	Inter-Governmental Panel on Forests
KfW	Kreditanstalt für Wiederaufbau (German Development Bank)
LLDC	Least Developed Countries
MAE	Ministère des Affaires Etrangères, du Commerce Extérieur et de la Coopération (The Ministry of Foreign Affairs, External Trade and Co-operation – Luxembourg)
NGO	Non-Governmental Organisation
NRI	Natural Resources Institute
oda	Official Development Assistance
ODI	Overseas Development Institute, UK
OECD	Organisation for Economic Cooperation and Development
OFI	Oxford Forestry Institute
ORSTOM	Office de la Recherche Scientifique Outre-Mer
PIPO	Planification des interventions par objectifs (Planning and Interventions by Objectives – Belgium)
SIDA	Swedish International Development Agency
TOM	Territoire d'Outre-Mer (French Overseas Territory)
TFAP	Tropical Forestry Action Plan
TSA	Technical Advisory Service (Denmark)
UN	United Nations
UNCED	United Nations Conference on Environment and Development
WCMC	World Conservation Monitoring Centre
WWF	World Wildlife Fund
ZOPP	Zielorientierte Projektplanung (Objectives-Oriented Project Planning)

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Note on currencies: on 1 September, 1997, US\$ 1 was equivalent to:

Austria	Sch 12.75.
Belgium	BEF 37.40.
Denmark	DKK 6.90.
Europe	ECU 1.09.
Finland	FIM 5.45.
France	FF 6.10.
Germany	DM 1.81.
Greece	Dr 284.79.
Ireland	IR£1.49.
Italy	L.1767.00.
Luxembourg	LUF 37.40.
Netherlands	NLG 2.04.
Portugal	Es 183.54.
Spain	Ptas 152.71.
Sweden	SEK 7.87.
UK	£1.61.



ANNEX 1

Table A i: Main countries funded by European Member States in Africa, 1995

S-S AFRICA	Au	Bel	Den	Fin	Fra	Ger	Ire	Ita	Lux	Nth	Port	Spa	Swe	UK
W and Central														
Benin	◆		*			*								
Burkina Faso	◆	**	*	*		**				**				
Burundi	◆		**						**					
Chad	◆				*									
Cameroon	◆		**		**	*								**
Congo (Braz)	◆◆				**									
Congo (Za)	◆		**											
Côte d'Ivoire	◆				**									
Gabon	◆◆◆		*		**									
Gambia	◆								*					
Ghana	◆		*							**				**
Guinea-Bissau	◆									**	**			
Mali	◆									*				
Niger	◆		**	*		**			**	**				
Nigeria	◆													*
Rwanda	◆		**				*		*	*				
Sao Tomé	◆										**			
Senegal	◆◆	*	**		*	**			**	**	(*)			
Togo	◆		*											
Cape Verde	◆	**							**	**	**			
N-E and East														
Djibouti	◆								*					
Egypt	◆	*		*	**	**	*	**		**	(*)			
Ethiopia	◆	**	*		**		*	**	**	**			**	*
Eritrea	◆		*							*				
Kenya	◆	*	*	*	**		*	*		**			*	
Sudan	◆			*			*			*				
Somalia	◆				**		*	**		*	(*)			
Tanzania	◆	*	*	*	**		**			**	*		**	*
Uganda	◆	**		*			**			**			*	*
Southern														
Angola	◆									*	**		*	
Comoros	◆				*									
Lesotho	◆						**							
Madagascar	◆				**									
Malawi	◆		*											**
Mauritius	◆◆◆								**					
Mozambique	◆	**		*	**	*	*	**	**	**	**		*	*
Namibia	◆◆	*			**				**				*	
South Africa	◆◆			*			**						*	**
Zambia	◆		(*)	*	**	*	**			**			*	*
Zimbabwe	◆	*	*	*	*		*			**			*	**
missing LLDCs: Central African Republic, Equatorial Guinea, Guinea, Liberia														

(Sources: (i) OECD 1996, Table 42 'Major recipients of Individual DAC Members' Aid, 1994-95' Statistical Annex pps A70-A84; (ii) Data in Sourcebook Chapters)

** Donor Concentration or Programme countries

* Other countries mentioned in the OECD top 15 aid recipients for each donor and in country chapter

(*) Countries mentioned in the OECD top 15 aid recipients for each donor, but not in country chapter

Country status by per capita income (from OECD 1996, Statistical Annex p. A101)

◆ Least Developed Countries – per capita GNP < \$675 in 1992

◆◆ Lower Middle Income Countries – per capita GNP \$676-\$2 695 in 1992

◆◆◆ Upper Middle Income countries – per capita GNP \$2 696-\$8 355 in 1992



Table A ii: Main countries funded by European Member States in the Mediterranean and Middle East, 1995

MEDITERRANEAN + MIDDLE EAST	Au	Bel	Den	Fin	Fra	Ger	Ire	Ita	Lux	Nth	Port	Spa	Swe	UK
Algeria	◆◆	*			*			*			*	*		
Iraq	◆◆												*	
Iran	◆◆	*												
Malta	◆◆◆							*						
Morocco	◆◆	**			*	*		*			*	*		
Palestinian adm. /occ areas	◆◆									*		*		
Tunisia	◆◆	**							**		*			
Yemen	◆									**				
missing LLDCs: Mauritania														

(Sources: (i) OECD 1996, Table 42 'Major recipients of Individual DAC Members' Aid, 1994–95' Statistical Annex pps A70-A84; (ii) Data in Sourcebook Chapters)

** Donor Concentration or Programme countries

* Other countries mentioned in the OECD top 15 aid recipients for each donor and in country chapter

(*) Countries mentioned in the OECD top 15 aid recipients for each donor, but not in country chapter

Country status by per capita income (from OECD 1996, Statistical Annex p.A101)

◆ Least Developed Countries – per capita GNP < \$675 in 1992

◆◆ Lower Middle Income Countries – per capita GNP \$676–\$2 695 in 1992

◆◆◆ Upper Middle Income countries – per capita GNP \$2 696–8 355 in 1992

Table A iii: Main countries funded by European Member States in Asia, 1995

ASIA	Au	Bel	Den	Fin	Fra	Ger	Ire	Ita	Lux	Nth	Port	Spa	Swe	UK
Bangladesh	◆	*	*	**		**	*			**			*	*
Bhutan	◆	**								*				
Cambodia	◆	*					*			*				
China	◆ (*)	*		*		*		*			*	*		*
India	◆		*			*			*	**			**	**
Indonesia	◆ (*)	**		*	*	*		*		**		*		**
Korea	◆◆	*												
Laos	◆	*		*									**	
Myanmar	◆			*										
Nepal	◆	*	*	**		*				**				**
Pakistan	◆◆	*				*				**				*
Philippines	◆◆	*								**				
Sri Lanka	◆	**		*						**				**
Thailand	◆◆	(*)	*	(*)	*									
Vietnam	◆	*	*	**	*	*		**	**				**	
Missing LLDCs: Afghanistan, Maldives														

(Sources: (i) OECD 1996, Table 42 'Major recipients of Individual DAC Members' Aid, 1994–95' Statistical Annex pps A70-A84; (ii) Data in Sourcebook Chapters)

** Donor Concentration or Programme countries

* Other countries mentioned in the OECD top 15 aid recipients for each donor and in country chapter

(*) Countries mentioned in the OECD top 15 aid recipients for each donor, but not in country chapter

Country status by per capita income (from OECD 1996, Statistical Annex p.A101)

◆ Least Developed Countries – per capita GNP < \$675 in 1992

◆◆ Lower Middle Income Countries – per capita GNP \$676–\$2 695 in 1992

◆◆◆ Upper Middle Income countries – per capita GNP \$2 696–8 355 in 1992

Table A iv: Main Countries funded by Member States in Latin America and the Caribbean, 1995

LATIN AMERICA + CARIBBEAN	Au	Bel	Den	Fin	Fra	Ger	Ire	Ita	Lux	Nth	Port	Spa	Swe	UK
Nth Antilles	◆◆◆									*				
Argentina	◆◆◆							*			*	*		
Belize	◆◆													*
Bolivia	◆◆		*							**		*	*	**
Brazil	◆◆◆					*			*		*			**
Chile	◆◆								*					
Colombia	◆◆								*			*		
Costa Rica	◆◆									*				
Ecuador	◆◆		*							**		*	*	*
El Salvador	◆◆								*					
Guatemala	◆◆	*								**				
Guyana	◆													*
Haiti	◆									**	*	*		
Honduras	◆							*		**		*		
Jamaica	◆◆									*				
Mexico	◆◆◆											*		*
Nicaragua	◆	*		*	*	*		*	*	**		*	**	
Peru	◆◆			*					*	**				
Surinam	◆◆◆									*				
Uruguay	◆◆◆											*		
missing LLDCs: none														

(Sources: (i) OECD 1996, Table 42 'Major recipients of Individual DAC Members' Aid, 1994-95' Statistical Annex pps A70-A84; (ii) Data in Sourcebook Chapters)

** Donor Concentration or Programme countries

* Other countries mentioned in the OECD top 15 aid recipients for each donor and in country chapter

(*) Countries mentioned in the OECD top 15 aid recipients for each donor, but not in country chapter

Country status by per capita income (from OECD 1996, Statistical Annex p.A101)

- ◆ Least Developed Countries – per capita GNP < \$675 in 1992
- ◆◆ Lower Middle Income Countries – per capita GNP \$676-\$2 695 in 1992
- ◆◆◆ Upper Middle Income countries – per capita GNP \$2 696-\$8 355 in 1992

Common Elements of EC Tropical Forestry Aid

David Brown and Michael Richards



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1. INTRODUCTION

1.1 The structure of the European Union

European Community (EC) aid to tropical forestry, like all forms of EC development assistance, is strongly influenced by the structure of the European Union and by its political and financial procedures. Before discussing the manner in which tropical forestry aid is managed within the various Directorates-General, we need to review the structure and procedures of the Union and consider the ways in which these features affect the definition and administration of aid policy.

The centre of power in the EU is the *Council of the European Union*. This consists of representatives of the European Member States and the Commission, the actual attendance varying according to the issue under debate. The highest-level body is the Council of the Heads of Government which meets twice yearly and formally approves the policies of the Union. The Council also meets periodically at Ministerial level. For example, the *General Affairs Council* deals with external affairs and is attended by the Foreign Ministers of the Member States, while *Ecofin* is attended by the Ministers of Finance (Bright, 1995: Chapter 2).

The *European Commission* is the executive body, and is responsible for the drafting of legislation and resolutions in all areas, including development co-operation, as well as the implementation of the major treaty obligations, and the administration of the annual budgets and funds. The *European Parliament* influences policy, supervises the work of the Commission, votes on its proposals, adopts the annual budgets and monitors, at a relatively high level, the management of EU policies.

The normal work of the Commission is managed by *Directorates-General* – effectively, ministries – of which there are currently twenty-four. Development co-operation is largely in the hands of DG IB (created in September, 1995, as an amalgam of four established DG I directorates, and dealing with ‘External relations and co-operation with Southern Mediterranean countries, the Near and Middle East, Latin America, South Asia and South East Asia’) and DG VIII (‘Development, external relations and co-operation with ACP countries, the Lomé Convention’). However, the activities of other Directorates-General may have relevance to development issues (for example, the EC’s sizeable food aid budget is partly managed by DG VI [Agriculture]).

Structures for aid to tropical forestry

Aid to tropical forestry does not fall squarely within any single Directorate-General, and is covered by several as part of their wider expertise. The relevant Directorates-General are:

- DG IB External Relations (External relations and co-operation with Southern Mediterranean countries, the Near and Middle East, Latin America, South/SE Asia)
- DG III Internal Markets and Industrial Affairs (Timber trade issues)
- DG V Employment, Industrial Relations and Social Affairs
- DG VI Agriculture (European agricultural policy)
- DG VIII Development (Development, external relations and co-operation with ACP countries,

the Lomé Convention)

DG XI Environment, Nuclear Security and Civil Protection

DG XII Science, Research and Development

DG XVI Regional Policy

In the case of DG IB and DG VIII, tropical forest activities form part of the wider programme of development co-operation; in the case of DGs V, VI and XVI, involvement is limited to tropical forestry activities pertaining to the overseas departments of European Member States, particularly French Guiana. Since 1983, DG XII has had a fund specially allocated to science and technology development in the developing countries.

1.2 EU Legislation and associated terminology

The legislation of the Union is promoted through a series of legal instruments, including *regulations*, *directives*, *opinions*, *communications*, *resolutions* and *recommendations*. Each of these has a different level of legal authority, and is appropriate to a particular stage in the legislative process (see Box 1).

2. OVERVIEW OF DEVELOPMENT POLICY IN THE EUROPEAN UNION

A variety of institutions within the Union play a role in the formulation of policies on development co-operation. The European Council issues general directives on development co-operation policies. Decisions on the implementation of such policies are taken by the Council of Development Ministers. Other Councils – for example, the General Affairs Council – may also be involved in relevant instances.

Only since the Maastricht Treaty of European Union (1992) has the development policy of the Union been formally defined. The objectives of the Maastricht Treaty relating to developing countries are to foster:

- sustainable economic and social development of the developing countries and of the most disadvantaged;
- the smooth and gradual integration of developing countries in the world economy;
- a campaign against poverty in the developing countries (Article 130u).

It is a formal requirement for the EU to take account of these principles in forming all policies which are likely to affect developing countries. The Maastricht Treaty provides the primary policy tool by which the political goal of sustainable development can be addressed by the Union. Integration of environmental action became a legal obligation under the Treaty, which specifies that:

Community Policy on environment shall contribute to ... promoting measures at international level to deal with regional or worldwide environmental problems ... (Article 130r1). Environmental protection requirements must be integrated into the definition and implementation of other Community policies (Article 130r2).

Box 1 Legal Instruments of the European Union

EU legislation is mostly effected through the issue of *regulations* and *directives*. These are initiated by the Commission and adopted by the Council of Ministers. *Council Regulations* are the strongest legal instrument, and are usually precise and narrow in purpose. They are binding on all Member States in their entirety, once they have been published in the *Official Journal of the European Communities*, and do not require any process of integration into the national laws of the Member States. *Directives* are binding on the Member States to whom they are addressed at the level of end-results, though the means are left to the discretion of the national authorities; normally, legislation would be enacted by national parliaments based on the aims of the directive, in conformity with a time-frame contained therein. They are usually fairly general, indicating a broad policy goal or a date for the harmonisation of a particular set of standards.

Decisions of the Council or Commission are based on Treaty obligations, regulations or directives, and are binding in their entirety, though a particular decision is valid only for a limited and specified public (possibly even an individual), not for the population at large. They are usually quite specific, and have administrative rather than legal implications.

Recommendations and *opinions* (for example, those offered by the Parliament or the advisory body, the Economic and Social Committee) are not binding and lack the force of law. *Communications* are the names of documents transmitted by the Commission to the Council and Parliament (the *Green Paper*—a consultative and non-binding document—is one class of *Communication*). Unlike in the Member States, where legislation is the responsibility of parliament, the legislative role of the EC is performed by the Council of Ministers, not the Parliament, whose legislative functions are largely advisory. There is, however, a statutory requirement for the Council to seek the opinion of the Parliament before

adopting most of its proposals, and this would require the Commission to account for the non-adoption by the Council of any opinions of Parliament. *Parliamentary opinions* may be expressed in various ways, including written and oral questions to the Council or Commission, reports and resolutions of the Parliament, reports and letters from Committees, delegations or intergroups, and as personal letters (European Alliance with Indigenous Peoples, 1994).

European Parliament Resolutions are non-binding and declaratory (for example, a resolution condemning a particular state or a resolution embodying the opinion of Parliament on the Common Agricultural Policy). Public opinion in Europe influences the Union partly through the vehicle of the Parliament, whose resolutions and reports provide a pressure point for the definition of EU legislation. An additional class of *resolutions* is *Council Resolutions* which are texts that are not defined in the European Treaty but which are nevertheless binding on the EU and Member States—for example, the 1991 Resolution of Council on Human Rights, Democracy and Development.

Proposals tend to emanate from the Commission, in the form of a *Communication*. This is the first step towards the creation of a Directive or Regulation. Whilst the Parliament and the Council can make requests to the Commission to initiate legislation, the Commission has monopoly powers over the official legislative process. Directorates-General issue *internal documents* which may be taken up as *Proposals* by the Commission (ie. the body of twenty Commissioners). Internal documents may be binding (when, for example, they specify internal rules of procedure, in conformity with some superior EU law) though most are merely indicative of general policy, without the power of law.

See: Bainbridge and Teasdale, 1996; Weatherill and Beaumont, 1995.

Separate components of the development co-operation programme may also have their own distinct policy frameworks, as is the case with tropical forestry.

Since Maastricht, it has been a formal requirement that the Union and its Member States seek complementarity in the execution of their aid policies. The meaning of complementarity is a matter of controversy, with some actors interpreting it to mean that the Commission should not attempt to intervene where Member States are already competent, others that the Commission should adopt a coordination role, while yet others advocate that Commission intervention should be confined to new areas of development aid such as the environment (Hewitt, 1994, p.20).

3. THE EVOLUTION OF EC TROPICAL FORESTRY AID

3.1 Forms of financial aid

External relations between the Commission and its developing country partners are supported with a variety of forms of financial aid, but especially:

- The budget lines voted by the Parliament and administered by the directorates general, particu-

larly, in the context of tropical forestry aid, DG IB and DG VIII.

- Funds allocated to the European Development Fund (EDF) under the provisions of successive Lomé Conventions. The Lomé Convention is the major multilateral co-operation agreement between the EU and the developing world, and its co-signatories are seventy-one countries in the Africa, Caribbean and Pacific (ACP) regions. EDF funding commitments made under the respective Lomé Conventions are the mainstay of co-operation with ACP countries. Included in the EDF arrangements are 'programmable' and 'non-programmable' aid. The former refers to recipient country entitlements, as laid down in the national and regional indicative programmes, and the latter discretionary payments by the Commission on a case-by-case basis (Koning, 1997:130). Non-programmable aid includes STABEX (intended to stabilise the incomes of developing countries from key primary export commodities) and SYSMIN (which performs a similar role for minerals), as well as emergency aid, aid to refugees, interest rate subsidies and risk capital. About one-third of all EC development funds pass through the EDF. The goal of the Lomé Convention is to promote the economic, cultural and social development of ACP

states. Each successive Lomé Agreement is given a particular thematic and sectoral emphasis. Among the objectives of the current Lomé agreement (Lomé IVbis, 1995–2000) is protection of the environment.

3.2 Early efforts to develop strategic thinking

Expenditure on tropical forestry activities within the European Union, as within the development community in general, has been strongly influenced by international concerns and events.

The first attempts to develop thinking on forestry issues in a coordinated way arose out of the discussions leading to the publication, in 1979, of a draft document 'Forest Policy in the European Community' (*Bulletin of the European Communities* Supplement 3/79). While this document did not lead to the formulation of an EC Forest Policy Resolution, as had been the original intention (Germany and the UK are said to have blocked the attempt, for fear that this might lead to a common forestry policy parallel to the Common Agricultural Policy [CAP] and infringe national sovereignty over forestry matters), it was agreed that a set of common principles and objectives would form part of each Member State's national policy.

In the late 1970s, the EDF was the major source of funding for tropical forestry interventions, which were thus confined largely to members of the ACP group, through the channel of DG VIII. The EDF is, however, conditioned by its corresponding Convention, which meant that forestry initiatives tended to be components of programmes focusing on other concerns such as agriculture, trade or infrastructure, rather than a central focus of interest. This paralleled the situation in DG VI, in which forestry was dealt with as a sub-directorate of Agriculture, an institutional basis which followed the standard country-level model in the European Community.

In the 1980s, interest in tropical forestry was initiated by a number of Member States, particularly Germany. This interest can be related to events on the international scene, most notably the influential 1978 World Forestry Conference in Jakarta. In the 1980s, the European Community and its Member States were heavily involved in the development and support of two major international forestry initiatives: the International Tropical Timber Agreement (ITTA) and the Tropical Forestry Action Programme (TFAP).¹ By 1986, pressure within the Community for the recognition of forestry concerns was such as to encourage the formation of a forum of interested professionals within DGs I, VI, and VIII aiming to establish a 'general forestry framework'. In 1989, a set of tropical forestry

sector guidelines was drawn up by the DG VIII Forestry Advisor, and this led to the publication of an 'Introductory Guide to Tropical Forestry Project Preparation'; this was not, however, widely distributed until 1992.

3.3 Pre-UNCED tropical forestry aid strategy development in the EC

Starting in the mid-1980s, a series of Communications, Resolutions and Reports began to be issued by the Council and Commission, signalling growing concern within the Community about the environment, and the growing political importance of tropical forestry issues. The main policy and legislative landmarks are discussed below and summarised in Table 1.

Council Communication, 1986: '*Conservation des ressources naturelles et sur la lutte contre la désertification en Afrique*'

This Communication called for increased aid delivery for tropical forest activities in the African region.

Commission Communication, 1988: 'Community Strategy and Action Programme for the Forestry Sector related primarily to actions to be taken in Member States' (COM 88/255)

This Communication primarily focused on European forests but referred to 'technical and financial support of the Community for forestry projects in developing countries, which should be integrated into development programmes in a manner consistent with the principles and aims of the Community action programme for the conservation and rational utilisation of natural resources'.

Council Resolution, 1989: 'The Greenhouse Effect' (COM89/C 264/ 1.3)

This Resolution 'underlined the global dimension of the greenhouse effect and the need for the Community and the Member States to play their full part in the definition and implementation of a global response to the problem'.

Commission Communication of 1989: 'The Conservation of Tropical Forests: the role of the Community' (COM (89) 410)

This was the first major initiative in the specific area of tropical forests, and signalled the Commission's willingness to adopt a role in tropical forest conservation and management, independent of the activities of its Member States. A comprehensive document of 21 pages, the Communication outlined the context, causes, and consequences of deforestation, reviewed past and current efforts to combat deforestation, suggested remedies to improve the situation of tropical forests, and set out elements of a Community conservation strategy, including issues of development aid/co-operation, the timber trade, debt relief and the environment, and research/development. It recognised the urgency of the deforestation crisis, and stated that 'the deforestation crisis is complex and not susceptible to simplified solutions. Actions must be taken simultaneously on many

1. The EC mandate to intervene on international trade matters is enshrined in the Treaty of Rome, Article 115 of which states: 'Member States shall, in respect of all matters of particular interest to the common market, proceed within the framework of international organisations of an economic character only by common action'. This provision has allowed the Community to become a signatory to the International Tropical Timber Agreement (Decision 424 of 1985), where it is represented by the Commission, acting alongside the Member States (WWF, 1991:7).

Table 1: Main landmarks in the development of tropical forestry strategy development in the European Commission

Year	Type of communication	Name/title
1986	Council Communication	Conservation des ressources naturelles et sur la lutte contre la désertification en Afrique
1988	Commission Communication	Community Strategy and Action Programme for the Forestry Sector related primarily to actions taken in Member States (COM 88/255)
1989	Council Resolution	The Greenhouse Effect (COM 89/C 264/1.3)
1989	Commission Communication	The Conservation of Tropical Forests: the role of the Community (COM (89) 410)
1990	Council Resolution	Tropical Forests: development aspects (COM (89) 410-final)
1990	Council Summit	Dublin European Heads of State Summit
1992	Council	Lisbon Council of European Heads of State
1992	Memorandum to the Commission	Tropical forests: measures in the field of trade, co-operation and the promotion of investment and technology
1993	Commission Communication	Proposal for a Council Regulation (EEC) on Operations to Promote Tropical Forests (COM (93)53)
1995	Council Regulation	Operations to Promote Tropical Forests (Regulation No 3062/95)
1996/97	Technical manual published by DG VIII	Development and publication of The Guidelines for Forest Sector Development Co-operation

fronts'. It spoke in favour of investment and technical assistance priorities (in line with the TFAP project criteria), and of the need for institutional and fiscal reform within the forestry sector. FAO (through the TFAP) and the International Tropical Timber Organisation were identified as lead agencies in the implementation of a coordinated strategy at international level.

The Communication also stated that investment and technical assistance priorities should be 'forestry in land use', forest-based industrial development, fuelwood and energy, conservation of tropical forest ecosystems, and strengthening institutions. Under economic policies and national development planning, priority areas were listed as land reform, correcting inappropriate policy incentives both within and outside the forestry sector, aid agency investment (including the development of strict policy guidelines) and integrating forest resource management into national development planning. Under research, the priorities were to raise the generally low political and financial support for forestry research, to focus on 'rural forestry needs and alleviate rural poverty', and to ensure more effective integration of forestry and agricultural research.

A later (1992) Communication adopted by the Commission from DG 1 K2 (External Relations) refers to the 1989 Communication as the starting point for discussions and actions to protect tropical forests. To the regret of the environmental lobby, however, the Communication failed to acknowledge the limitations of the TFAP, did not address issues relating to the impact of European trade and industrial policies on tropical forest management, and made little reference to the rights of indigenous and forest-dependent populations (WWF, 1991:4).

Council Resolution, 1990: 'Tropical Forests: development aspects' (COM[89] 410-final)

This Council Resolution ratified the Commission Communication of 1989, and endorsed the need for a 'world-wide coordinated strategy for tropical forest resources', stating that 'the success of this strategy requires increased attention to forestry aid policies in the donor countries, appropriate policies and institutions in developing countries, and better coordination and additional resources from all donors'. The Resolution noted the need to double the level of donor resources devoted to forestry, and listed ten strategic priorities:

- responsibility for tropical forests to rest at the national level, but donors should help countries develop their institutional capacity to engage in conservation strategies;
- the TFAP was to be the basic framework for action;
- support to countries adopting appropriate conservation policies, especially concerning land use policies, and legal, fiscal and institutional measures;
- coherence and coordination of activities of the Member States and the EC;
- geographical allocation of forestry aid to be coordinated through the TFAP mechanism, with priority to the poorest countries;
- thematic support to be in accordance with TFAP priorities, especially concerning the integration of forestry activities with agriculture, fuelwood supply, protective reserves, sustainable forest management (SFM), and capacity building;
- the importance of the social dimension of forestry, especially indigenous forest peoples;
- involvement of NGOs in the TFAP process;

- support to ITTO objectives, especially as contained in the ITTO 'Guidelines for the Sustainable Management of Natural Tropical Forests';
- forestry research, especially in areas of SFM, non-timber forest products, biodiversity, valuation of environmental services, and reinforcing research capacities of developing countries.

While these documents indicate the potential role of the EC and some priority areas, they stop short of an operational strategy concerned with criteria for country selection, project type, etc. Although some of the 'new' dimensions appear (for example, the social dimensions, forest valuation and the potential of the timber trade), much faith was placed in the TFAP process in prioritising projects and countries, and forestry was still largely seen as part of a wider rural development or land use planning process.

A study of tropical forestry activities in the Commission by International Forest Science Consultancy (IFSC) in 1991 commented on the generally ad hoc response in the DGs to requests for assistance. It noted:

It could be assumed from this that the projects which have been implemented have represented, to some extent, the priorities of the recipient countries. However, closer investigation suggests that this may not be the case, and that projects have been selected not for their relevance to the forestry sector, but *for their relevance to other sectors which have been of priority to the Commission, such as agriculture or rural development*. (IFSC, 1991:17 – italics in original).

A view that there was an 'absence of a clearly detailed policy and strategy', and that 'much of the assistance took the form of forestry components within integrated rural development projects without being truly integrated in the activities – often being limited to the establishment of tree nurseries' (p.3) was put forward in the DG VIII Tropical Forestry Work Plan drawn up in 1991 by two national expert tropical foresters seconded to the Commission (Kriek and Robbins, 1991:3). They recommended a series of measures aiming to strengthen the planning, implementation, training and research capacity of the tropical forestry programme, relating to ACP collaboration, international action (TFAP, FAO, ITTO, FAO, UNCED), organisation of the Commission (inter-service co-operation) and specialist staffing.

Dublin European Heads of State (Council) Summit, 1990

The Dublin summit advocated the implementation of a Community action programme in favour of tropical forests and called for the Commission to elaborate proposals with regard to tropical forests, particularly in the Amazon region. The German Government, in particular, was instrumental both in Dublin in June and at the Houston G7 summit the following month, in pushing for common action on tropical forests, as a result of which the World Bank, in close co-operation with the EC, prepared a major pilot project in Brazil (the Brazil Pilot Programme). The extent of Germany's concern was reflected in the

production of a 1,000-page report by the Bundestag (Enquete-Kommission, 1990) on the state of tropical forests.

Parliament Resolutions, 1991

In 1991, the European Parliament adopted a number of resolutions on tropical forestry, which led to the creation of a tropical forestry budget line (see section 3.4).

Commission Working Paper, 1992: IB/205/96

Prepared for the UN Conference on the Environment and Development (UNCED) in Rio de Janeiro, this commented that 'the central role of tropical forests in the sustainable development strategy gave new impetus to co-operation in the [tropical forestry] field' (p.1).

3.4 Post-UNCED tropical forestry aid strategy development in the EC

Lisbon European Heads of State Summit, 1992

The Council of European Heads of State held in Lisbon in 1992, shortly after the Rio de Janeiro Conference, confirmed the Community's commitment to carry out the decisions of UNCED, including the integration of Agenda 21 and the (non-legally binding) statement of Forest Principles into appropriate policies of the Community and its Member States, as a matter of urgency. In particular, the UNCED Conference stimulated the consultative process which led to the ultimate allocation of a specific tropical forestry budget line.

The Community and its Member States adopted the UNCED Forest Principles, the Agenda 21 action plan and the Conventions on Biodiversity and Climate Change. According to the agreed principle of shared but differentiated responsibilities, they were committed not only to implement the UNCED agreement themselves, but also to provide financial and technical assistance to developing countries to help them to fulfill their own UNCED commitments.

Memorandum to the Commission, 1992, 'Tropical forests: measures in the fields of trade, co-operation and the promotion of investment and technology' (Ade V/191 en)

This was an internal document of the Commission. It made reference to the 1990 Dublin European Council and noted (p.2) that 'a considerable body of European public opinion is urging the Community to take action to protect the tropical forests. Parliament has issued numerous reports and resolutions calling for more active involvement on the part of the Community'. This Communication marked an increasing emphasis on the use of the timber trade and new technology (such as geographic information systems and improved logging/processing methods) to 'send a positive signal' to encourage sustainable management. The idea was mooted in the Memorandum of using the Generalised System of Preferences to encourage sustainable management (ie. preferential tariffs for 'progressive' countries). It proposed the allocation of funds from the new tropical forests

budget line to promote conservation of existing tropical forests (protected area management, fire prevention, etc.), improved logging techniques, sustainable farming methods, and improved forest management. Overall, the Communication indicated something of a shift away from social and rural development forestry towards a more sectorally specific approach oriented to sustainable management of closed forest areas.

The Fifth Environmental Action Plan, 1993: 'Towards Sustainability'

This was an EC-wide Environmental Action Plan, prepared by the 'global environment' unit in DG XI. While tropical forests are mentioned several times, they are not a major focus of the document.

Commission Communication, 1993: 'Proposal for a Council Regulation (EEC) on Operations to Promote Tropical Forests' (COM(93)53)

In January 1993, a 'Seminar on European Community Actions in favour of Tropical Forests' was held in Brussels to decide on the follow-up to the Rio Conference, to develop an EC tropical forest strategy, and to improve operational aspects of EC activities. Based on this Seminar and the earlier Commission Communication of 1989 and the Council Resolution of 1990, this Communication was presented to the European Council and Parliament. It proposed five main priority areas:

- conservation of forests supported by analysis of the underlying causes of deforestation and measures to address them;
- sustainable management of forests for the production of timber and other products;
- involvement of local populations, including forest dwellers, in planning and implementation;
- capacity building to address the needs for training, legislation and institutional strengthening in support of forest conservation;
- strategic, adaptive and policy research in support of the above actions.

The coordinating roles of TFAP and ITTO were again mentioned.

Internal report on forestry, 1994: 'Draft Report on Forestry From the European Community to the Commission on Sustainable Development International Co-operation' (VIII/A/1/GD/D(94)10.16CSD Report)

Written by the DG VIII forestry adviser, this report stated that the Commission should follow two main objectives:

- to strengthen the foundations of sustainable development through building capacity to create an enabling framework for actors and processes involved in the forestry sector, through actively integrating the forestry issue into EU co-operation policy, and by accelerating on-going discussions at the international level;
- to make substantial investments in the forestry sector to achieve sustainable forest management, contribute to biodiversity conservation, fight

climate change and create forest resources, improve timber marketing and trade from sustainable resources (especially through certification), and to alleviate the conditions of indigenous and other forest-dependent peoples.

The report goes on to discuss in greater detail several principles regarded as central to EU policy including the tracing and certification of timber, trade preferences for sustainable sources of timber, efficient harvesting and processing of timber, economic diversification, support for indigenous peoples and local communities, institutional strengthening, capacity building and research. It also indicates the shift to a more sector-specific focus, and can be seen as a forerunner of the 1996 *Guidelines for Forest Sector Co-operation* (see below).

Council Regulation, 1995: 'Operations to Promote Tropical Forests' (Regulation No. 3062/95)

The Council's response to the 1993 Communication arrived in December 1995, and provided a legal basis for the Tropical Forests budget line (see below). Article 2 laid down criteria for the definition of key terms, such as 'tropical forests' (to include all forests between the 30 degree latitudes, dry and secondary forests, as well as tropical moist forests), 'conservation', 'forest peoples', 'sustainable management' and 'sustainable development'. The Regulation supported strategic country-level processes, giving priority to eight main lines of action to promote forest management:

- conservation and renewal of primary forest;
- sustainable forest management 'but excluding commercial logging operations in primary tropical forests, except those which are community-based';
- timber certification systems;
- provision of information to forest people to facilitate their participation;
- capacity building for local forest management and legislation;
- strategic and adaptive research for conservation and sustainable management;
- development of buffer zones;
- development and implementation of forest management plans.

The need for special emphasis on environmental services (ranging from local watershed protection to global effects such as climate change and loss of biodiversity) was also established in the Regulation. Again, the shift towards natural forest management and conservation was marked, and support for plantations and industrial forestry was explicitly excluded. From about 1992, this shift in the environment and development debate to a prioritisation within the forest sector and an increasing emphasis on tropical forests was partly the result of the influence of concerned MEPs, pressures from Member States (especially Germany and the Netherlands), and the growing influence of the European Tropical Forestry Advisers' Group (ETFAG).

Lomé IV bis, 1995

Lomé IV bis was signed in 1995 and gave formal recognition to the threat of deforestation, as well as to the need for joint intergovernmental action. Environmental objectives were listed as basic aims to be pursued by the ACP states with Community support. The Convention carried a requirement that all future projects should be subject to an environmental assessment. It also included an important new Protocol (Protocol 10) on the sustainable management of forest resources, similar to those laid down in the 1995 regulation.

Guidelines for Forest Sector Development Co-operation, 1996

This three-volume set of publications, known in the Commission as the 'Manual', was coordinated by DG VIII and drafted by PARTICP GmbH, a German consultancy firm, based on discussions with a range of experts from different Member States including LTS International, SGS Forestry and the International Institute for Environment and Development (UK), Indufor Oy and Finnish Training Partners (FTP) International (Finland) and CIRAD-Forêt (France), as well as workshops in the EU, a widely distributed questionnaire, inputs from ETFAG and an informal steering group of forestry experts in the EC. For a discussion of the *Guidelines* see DG VIII Chapter, Section 3.5.

4. THE EVOLUTION OF FINANCING INSTRUMENTS IN TROPICAL FORESTRY AID

The creation of a new budget line in 1982, 'Ecology in Developing Countries' (Article 946), provided one of the earliest sources of funds for tropical forests, through a budget line managed by DG VIII/DG I. Actions on tropical forests were also funded under the 'Anti-desertification' budget line (Article 958).

Growing recognition of the environmental crisis and of the importance of tropical forests in environmental management led to the creation of two important budget lines in the early 1990s. In 1990/1, B7-5040 'Environment in Developing Countries' replaced Article 946, and was placed under the joint management of DG I and DG VIII. While not dedicated solely to the forestry sector, this budget line was an important source of finance for forestry projects until the development of the Tropical Forests budget line. In 1996, it was renumbered as B7-6200.

In 1991, the sectorally specific budget line B7-5041 'Operations to Promote Tropical Forests' was opened with a budget of ECU 2 m., again under the joint management of DG I and DG VIII. In 1992, an annual allocation of ECU 50 m. was assigned to it and in 1996 it was renamed 'Actions in Favour of Tropical Forests' and renumbered as B7-6201. Creation of this budget line (which owed much to the influence of the European Parliament) was the most significant event in the

Table 2: Major EU funding sources for tropical forestry

Budget Line	Title	Formerly numbered as	Directorate(s)-general (reporting responsibility in bold)
B7-6201	'Actions in Favour of Tropical Forests'	B7-5041 ('Operations to promote tropical forests')	DG IB and DG VIII
B7-3000	'Aid and co-operation with Asian developing countries'	Article 930 'Financial and technical co-operation with Latin America and Asia developing countries'	DG IB
B7-3010	'Aid and co-operation with Latin American developing countries'		
B7-6200	'Environment in Developing Countries'	B7-5040 prev. Article 946 ('Ecology in Developing Countries')	DG VIII and DG IB (co-managed)
European Development Fund (Lomé)	presently EDF 7 (<i>LoméIV bis</i>) National and Regional Indicative Programmes	EDF 1-6 (Lomé 1-4)	DG VIII
B7-6000	'Community Participation in actions in favour of developing countries, carried out by NGOs'	Article 941 'Co-financing with NGOs'	DG VIII
B7-8110	'Contribution to international environmental activities'	B4-3046 'Global environment'	DG XI
Frameworks INCO-DC	Currently 4th. Framework Programme for Research and Technological Development	Framework Programmes for Science and Technology for Development (STD)	DG XII

Table 3: Forestry Aid by Directorate-General 1992–6 and as a Percentage of EC Aid to Tropical Regions^a 1992–5 (ECU m. committed)

	1992	1993	1994	1995	1996
Forestry aid					
DG 1B ^b	60.7	53.2	84.5	73.5	29.5
DG VIII ^c	44.3	22.3	20.8	17.7	33.7
DG XI ^b	0.72	1.2	1.06	1.08	0.6
DG XII ^c	3.67	3.72	5.41	1.41	4.22
Total forestry aid	109.4	80.4	111.87	93.7	68.0
Total EC Aid to Tropical Regions ^d	4025	3956	4672	4207	n/a
Forestry Aid as % Total Aid	2.7	2.0	2.4	2.2	n/a

^{a)} Comprises aid commitments to ACP countries, South Africa, Asia and Latin America, and excluding the Middle East.

^{b)} Source: data presented in this Sourcebook.

^{c)} Planistat, 1996

^{d)} Cox and Koning, 1997

evolution of tropical forest activities and signalled a clear recognition by the Union of the centrality of tropical forests in both conservation and development.

Another very important budget line for tropical forestry activities has been the geographically-based 'Aid and co-operation with Asian developing countries' (B7–3000), and to a much lesser extent 'Aid and co-operation with Latin American developing countries' (B7–3010). These budget lines are managed by the geographical directorates in DG IB.

In DG XI, the annual budget line 'Contribution to international environmental activities (B7–8110) is thematically based, focusing on support for international conventions and other fora, workshops, conferences, publications and small field projects in four main areas of global environmental action: forestry, biodiversity, climate change and the ozone layer.

Funding under the research budget line of DG XII operates rather differently from the other budget lines. DG XII funds are made available periodically under 'frameworks'. Under the present (4th.) framework (1994–8), support for tropical forestry is potentially available under the sub-rubric INCO-DC ['Scientific and Technological Co-operation with Developing Countries' (DC) of the rubric 'Co-operation with Third Countries and International Organisations' (INCO)]. There is, however, no budget earmarked for tropical forestry projects which must compete with other projects in the agriculture/natural resources sector.

Funds for tropical forestry projects may also be made available through the National and Regional Indicative Programmes of the various phases of the European Development Fund.

The tropical forestry aid commitments of the four main Directorate-Generals involved in forestry aid are presented in Table 3 for the period 1992–6, as well as the estimated total EC aid commitments to tropical regions (excluding the Middle East). During the 1992–5 period, forestry aid varied between 2.0% and 2.7% of total aid commitments. For the period 1976–90, the average annual tropical forestry expenditure was ECU 33 m., also about 2% of total EC aid (IFSC, 1991).

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ACRONYMS

ACP	African, Caribbean and Pacific
CAP	Common Agricultural Policy
CIRAD-Forêt	Centre de Co-opération Internationale en recherche agronomique pour le développement (Forestry Department), France
DG	Directorate-General
EC	European Community
EDF	European Development Fund
EIB	European Investment Bank
ETFAG	European Tropical Forest Advisory Group
EU	European Union
FAO	Food and Agriculture Organization of the United Nations

FPT	Finnish Training Partners International, Finland
GIS	Geographic Information System
IFSC	International Forest Science Consultancy
IIED	International Institute for Environment and Development
ITTA	International Tropical Timber Agreement
ITTO	International Tropical Timber Organization
LTS	LTS International, Edinburgh, UK
NGO	Non-Governmental Organization
NTFP	non-timber forest product
SFM	Sustainable Forest Management
SGS	SGS Silviconsult, Oxford, UK
STD	Science and Technology for Development
TFAP	Tropical Forestry Action Programme
UNCED	United Nations Conference on Environment and Development
WWF	World Wide Fund for Nature

Note on currency: on 1 September, 1997, US\$ 1 was equivalent to ECU 1.09.

DG IB

Catherine Ghyoot and Michael Richards

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1. EVOLUTION OF DG IB'S INVOLVEMENT IN TROPICAL FORESTRY

1.1 Evolution and present structure of Directorate General IB

The evolution of DG IB's involvement in tropical forestry aid reflects both its short history and the relatively recent attention given by the EC to non-ACP countries – especially Latin America. Formerly, Unit 2 of Directorate K ('North-South Relations') in DG I ('External Economic Relations') dealt with the environment as well as economic relations with international organisations. The first tropical forestry activities in Asia and Latin America (ALA) were thus initiated in DG IK 2. Since 1993, DG I has been gradually subdivided into three Directorates General. In 1993, DG IA ('External Policy Relations') was established to deal specifically with Eastern Europe, and in September 1995, DG IB was created with the title 'External Relations: Southern Mediterranean, Middle and Near East, Latin America, South and South-East Asia and North South-Co-operation'. In 1996, DG I was itself renamed 'External Relations: commercial policy and relations with North America, the Far East, Australia and New Zealand', while DG 1A became 'External Relations: Europe and the new independent States, common foreign and security policy and external missions'. Thus there are now three distinct but related Directorates General, DG I, DG IA and DG IB, each with a series of Directorates. The new DG IB is an amalgam of four of the original DG I Directorates and the new Directorate E – Finance and Resources.

Figure 1 presents the main Directorates (rather than a complete organogram) of DG IB, with the sections of most significance for forestry capitalised. Directorates A, B and C are geographically based, while Directorates D and E are thematically or 'horizontally' based. Under the Geographical Directorates B and C, the two Technical Units (B4 and C4), and some of the 'Geographical Desks', especially Unit C3, are most important for forestry. The Technical Units, interacting with the country desk officers, manage the projects funded under the Asia and Latin America (ALA) budget lines 'Financial and Technical Co-operation with Asian developing countries' (B7-3000) and 'Financial and Technical Co-operation with Latin American developing countries' (B7-3010) – referred to here as the ALA or 'geographical' budget lines. Most of the comments about the geographical budget lines in this chapter refer to the South and South-East Asia Directorate¹, or Asia for short, given the relatively low level of forestry commitments under the Latin American budget line (see section 4.2). Unit D4, under the 'horizontal' Directorate of North-South Relations, manages the 'horizontal' budget lines 'Actions in favour of Tropical Forests' (B7-6201) and 'Environment in Developing Countries' (B7-6200).

1.2 Development of EC forestry interest in the ALA region

Until the international initiatives of the late 1980s and early 1990s, non-ACP countries appeared to be of secondary importance for EC forestry aid. However, a shift in regional priorities occurred at the end of the 1980s. For example, the June 1990 European Council meeting in Dublin mandated the Commission to draw up concrete proposals for the Amazon region. The 1990 Council Resolution suggests an important shift in sectoral priorities for the ALA region: 'in its future consideration of co-operation with developing countries in Asia and Latin America, the Council feels that greater emphasis must be placed on the conservation of tropical forests. ... The Council notes with interest the Commission's intention to propose a programme for forest conservation with eight Amazonian countries' (COM (89) 410 final, p.3).

Furthermore, the February 1992 Council Regulation on aid and economic co-operation with Asia and Latin America stated that 'protection of the environment and natural resources, and sustainable development, shall be long-term priorities. 10%, being the average of the necessary financial resources of the aid, for the period 1991 to 1995, shall be set aside for projects specifically aimed at protecting the environment, in particular tropical forests' (EEC 443/92, Art. 5, p.2). A revised version of this Regulation (also 1992) confirmed that protection of the environment and tropical forests should be regarded as a specific component in aid and economic co-operation, rather than being subsumed under the term 'rural development'.

2. STRUCTURE OF AID DELIVERY

2.1 Evolution and management of horizontal budget lines

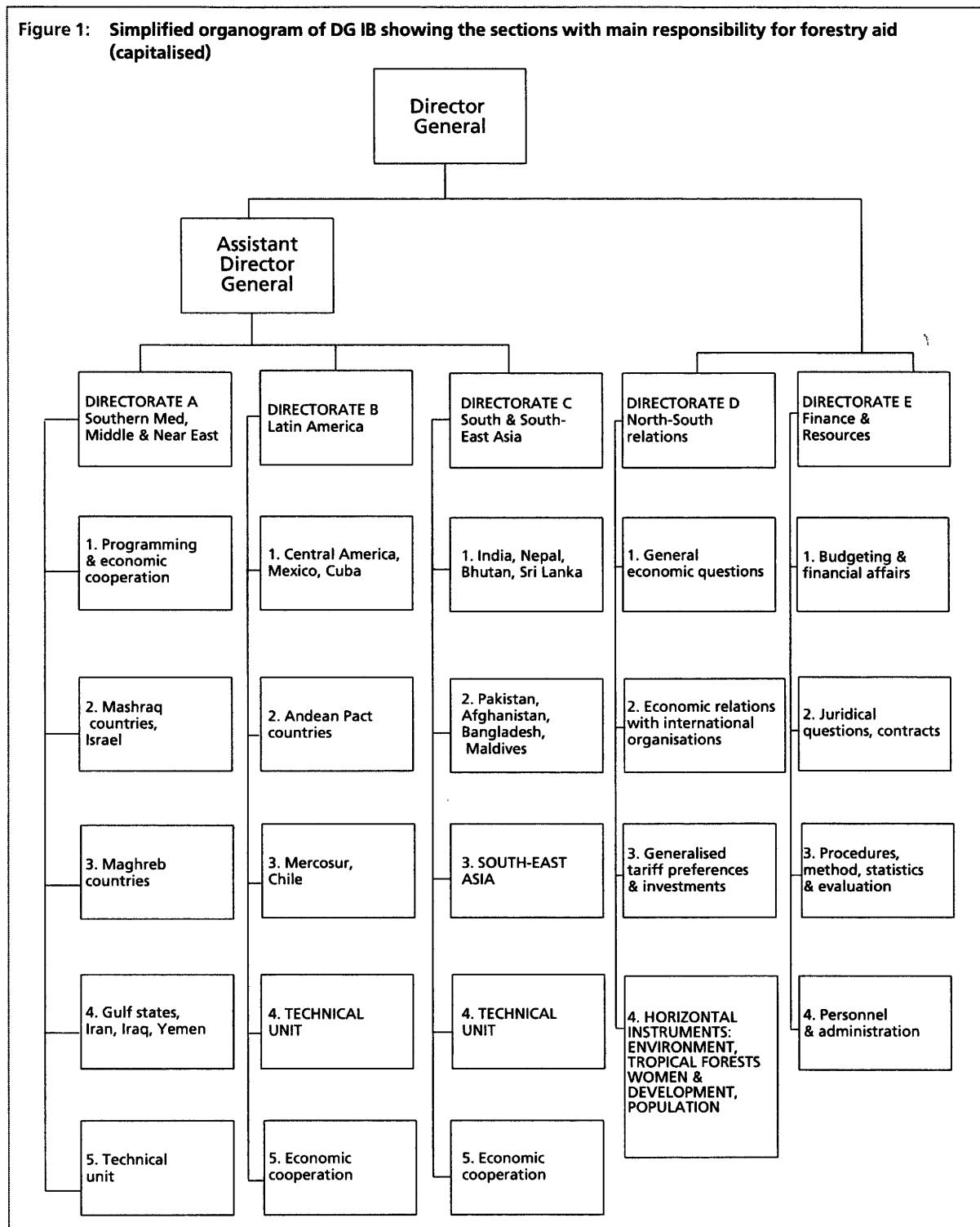
The first actions in favour of tropical forests were implemented and financed under budget line 946 'Ecology in Developing Countries' created in 1982. This budget line was relatively small and, up to 1993, was co-managed by DG VIII (the main manager), DG I K2 and DG XI. DG I K2's role was principally at the project identification stage, with some participation in monitoring and evaluation. Many of the projects funded were pilot projects, environmental studies and actions to stimulate international dialogue.

In 1990, budget line B7-5040 'Environment in Developing Countries' replaced budget line 946. Biodiversity conservation was the main priority, but it was the main source of finance for forestry projects until ECU 50 m. were put into the Tropical Forests budget line in 1992. In 1996, budget line B7-5040 became B7-6200, as shown in Table 1.

The budget line entitled 'Operations to promote Tropical Forests' (B7-5041) was created in 1991 with ECU 2 m. assigned to it. At first it was still mainly managed by DG VIII. In April 1992, a further ECU 50 m. was added, and thereafter ECU 50 m. a year was shared between the two DGs – a level to be continued at least until 1999. The legal basis of the Tropical Forests budget line was developed in the 1995 Council Regulation 'Operations to promote Tropical Forests'

1. This excludes China, Japan, Korea, Hong Kong, Macao and Taiwan, which come under DG I Directorate F.

Figure 1: Simplified organogram of DG IB showing the sections with main responsibility for forestry aid (capitalised)



(see section 3.1.1), and in 1996 it was renamed 'Actions in favour of Tropical Forests' (B7-6201). This chapter deals only with DG IB's share (about 70%) of this budget line.

There is an important distinction between large (over ECU 1 m.) and small (less than ECU 1 m.) projects, and between the appraisal and management stages of projects financed under B7-6201. All projects are appraised in Unit D4, but most large, predominantly public sector projects are managed by the Technical

Units of the geographical Directorates. The two exceptions to this have been the projects coming under the umbrella Pilot Programme of Brazil (PPB) and the second phase of an indigenous peoples' project in Colombia²: in these cases, D4 has assumed responsibility for the whole project cycle.

2. The *Conservación de la Amazonía y de su Medio Ambiente* (Conservation of the Amazon and its Environment - COAMA) project.

Small project applications, mainly from NGOs and universities, but sometimes also from public sector institutions, are both appraised and managed by Unit D4, unless they are for less than ECU 300,000, in which case they are sent to the NGO budget line in DG VIII. The Tropical Forests budget line is very flexible in terms of who can apply for funding: national or regional governments, Northern or Southern NGOs, universities, and regional organisations.

The Tropical Forests budget line is managed principally by two technical officers, both foresters with tropical experience, located in Unit D4 under the Head of Sector (Environment and Tropical Forests), who is a lawyer/economist by training. A further technical officer, a lawyer, manages two timber trade and certification projects. This officer is responsible for DG IB's 'timber certification dossier'.

2.2 Evolution and management of geographical budget lines

Budget line 930 financed the main proportion of tropical forestry activities in ALA countries until 1990, when it was sub-divided into B7-3000 'Financial and Technical Co-operation in Asian developing countries' and B7-3010 'Financial and Technical Co-operation in Latin American developing countries', henceforth called the Asian and Latin American budget lines respectively (see Table 1). A review of EC forestry aid in 1991 (IFSC, 1991) identified 15 projects over the period 1976-90 from budget line 930 with a total commitment of ECU 72 m. (ECU 4.8 m. per project). As already mentioned (Section 1.2), it was stipulated in 1992 that 10% of the total ALA budget should be committed to environmental projects.

In the case of the ALA or geographical budget lines, a process of consultation and negotiation based on country strategy papers drawn up by the country desk officers may lead to the inclusion of forestry projects. The ALA country desk officers, grouped into Units 1 to 3 of Directorates B and C, deal with political and trade issues, inform and respond to the European Parliament and other DGs, develop country strategy papers, and play a consultative role in the development of projects with the Technical Units and the national or regional (in the case of Central America) EU Delegations.

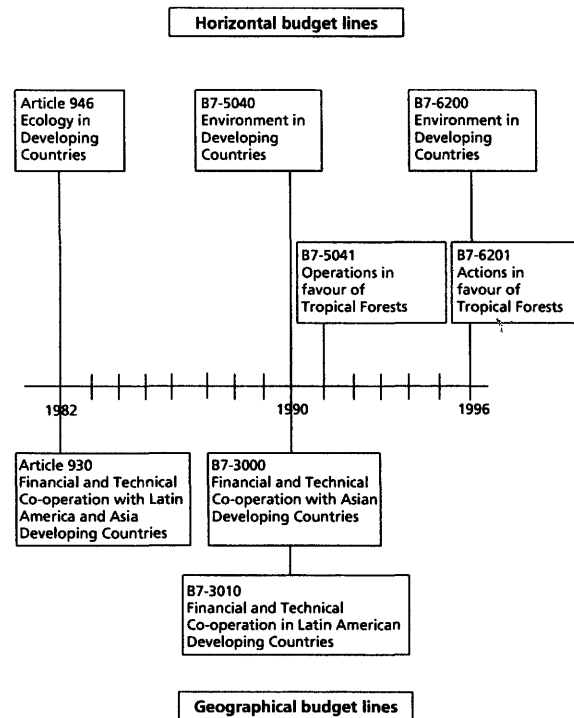
The main role of the Technical Units in the geographical Directorates is to manage the project cycle, support the country desk officers, and organise major mid-term reviews and evaluations. The Asia Technical Unit has an officer assigned to forestry projects, a biologist by training, while the Head of Social Development in the Latin America Technical Unit is a forester.

2.3 Aid delivery mechanisms

In the case of 'small' projects coming under Unit D4, aid delivery is in the hands of the funded NGO, university or state/private sector institution. 'Large' projects, whether from the geographical or horizontal budget lines, are appraised and evaluated by one of five (one for each main region) European consultancy consortia³,

3. The current five consortia of consultants are Euragri 2, ACE, EURONET, ARCA and CEPT

Table 1. Timeline showing evolution of DG IB budget lines



which competed successfully to form part of the 'Framework Agreement'. For a specific task, the consultancy group has to submit several candidate experts for the Commission technical officer to decide between them. The Framework Agreement system applies only to short-term consultancy inputs.

Large projects are normally implemented by European consultancy firms, selected following a public tendering process, in partnership with counterpart institutions (normally government departments). The main exceptions to this are the Brazil Pilot Programme (see section 6.1), and some of the Amerindian projects on the Tropical Forests budget line which are executed or coordinated by European NGOs such as Ibis of Denmark and the UK Gaia Foundation.

Field project management is shared by an EC co-director (recruited by the consultants) and a counterpart co-director. The co-directors share the decision-making and accountability to the executing agency (the counterpart ministry), the project steering committee, and the EC (including the EU Delegation). Each large project has a steering committee, composed of EC and national representatives, which approves the annual work plans and budgets, and provides institutional coordination and overall direction.

2.4 Ratio of forestry budget to in-house forestry advisory staff

Three technical officers provide most of the forestry advice in DG IB, leaving aside the forester in the Latin American Technical Unit, given the (relatively) insignificant level of 'forestry' aid from B7-3010 (see section 4.1). Total committed funds to 'tropical forestry' from 1992 to 1996 from the four budget lines to ALA

countries amounted to about ECU 300 m., or ECU 60 m. per year. Thus tropical forestry budgetary commitments averaged about ECU 20 m. per annum per technical officer. It should be noted that one of the forestry technical officers in Unit D4 was a 'national expert' seconded to the Commission by the British aid programme. DG IB also uses voluntary *stagiaires* as a means of supplementing staff resources.

3. STRATEGY AND POLICY

3.1 Tropical Forests budget line

3.1.1 Legal basis: the 1995 Council Regulation

As described in Chapter 2 (section 3.4), the December 1995 Council Regulation 'Operations to Promote Tropical Forests' (Regulation 3062/95) stemmed from a number of earlier communications, especially the 1993 Commission Communication (to the European Council and Parliament) 'Proposal for a Council Regulation on Operations to Promote Tropical Forests' (COM (95) 53). Section 3.4 of Chapter 2 also describes the main contents of the Council Regulation, but in view of their fundamental importance for this chapter, the eight priority action areas are repeated here:

- conservation and renewal of primary tropical forest and biodiversity;
- sustainable forest management 'excluding commercial logging operations in primary tropical forests, except those which are community-based';
- definition and development of timber certification systems;
- provision of information and support to forest peoples;
- capacity-building, especially strengthening the legal, policy, social and institutional basis for forest management and conservation;
- strategic and adaptive research for conservation and sustainable forest management;
- development of buffer zones;
- development and implementation of forest management plans.

The Regulation suggests a shift (from earlier legislation) to a more sector-specific focus which emphasises the promotion of natural forest management, while maintaining the importance of 'defensive' biodiversity conservation.

3.1.2 An emerging strategy in Unit D4

Within DG IB, Unit D4 has the main responsibility for strategic thinking in the forestry aid programme. Initially project identification and selection on the Tropical Forests budget line was on the whole reactive or demand-driven. D4 responded to requests from governments and NGOs, rather than setting geographical and thematic criteria. This partly explains the bias to Latin America, where local capacity to present projects has been greater than in Asia. In the early years of the budget line, and in the absence of a legal basis, 'strategy' tended to reflect the development philosophies of the technical officers. In the 1991-2 period, two technical officers were recruited to manage the new Tropical Forests budget line, an agricultural economist and an

ecologist. The economist tended to promote larger public sector and multi-institutional projects, while the ecologist concentrated on smaller 'bottom-up' NGO-based projects.

Several factors should be taken into account when considering the lack of an identifiable operational strategy, at least until 1996, in DG IB's tropical forestry aid programme. First, this situation was common across the DGs; for example, Kriek and Robbins (1991) point out the 'absence of a clearly detailed policy and strategy' for tropical forestry in the EC in general. Secondly, the adoption of forestry aid responsibilities by DG IB and its forerunner DG IK has been a very recent development - it only took over the overall management of the Tropical Forests budget line from DG VIII in 1993. Thirdly, the Tropical Forests budget line was launched in haste in 1992 with the minimum of operational procedures, and the constant pressure of project cycle management on the D4 technical officers has resulted in little time for strategic thinking and systematisation. But the situation is changing, and it can be argued that an operational forestry strategy is in the process of emerging, based on the 1995 Council Regulation and various instruments associated with it.

Also, by 1996 two foresters had replaced the economist and the ecologist and, in consultation with the Head of Unit, had split up the ALA region geographically - one dealing with Asia and Brazil, the other with the rest of Latin America. They have been keen to systematise project cycle methodology, and to develop a more pro-active approach to project identification. An indication of this is an on-going initiative to clarify forest sector priorities in India. There are also moves to develop greater regional coordination and coherence among projects, for example through regional meetings bringing together EC projects.

Various reports and internal papers from Unit D4 indicate the direction of strategic thinking on the use of the Tropical Forests budget line. The Commission's 1996 Working Paper (European Commission, 1996a), reporting to Parliament on the progress of the budget line, highlighted four main areas of activity over the 1992-5 period:

- sustainable management of protected areas;
- support for indigenous forest peoples;
- actions to promote timber certification;
- information management and research (although this referred more to DG XII).

It listed as future priorities: conservation and regeneration of primary forests, sustainable management, timber certification, winning the backing of local communities, developing operational capacities, and strategic and applied research. Two particular areas for future focus were singled out: the timber trade and certification, and biotechnology. The report expected a shift in European demand to 'sustainably managed' tropical timber, stating that this could be 'a testing ground for environmentally compatible trade ... from 1998 the new scheme of generalised preferences will be backing up tropical countries' efforts by giving timber imported from sustainably managed forests improved access to the European market' (p.11). Central to this strategy would be the design and development of certification systems, and a more central role for the private sector.

The private sector was also seen as having a key role in the area of biotechnology development: it was stated that 'certain Community instruments – among them European Community Investment Partners (ECIP) – should be able to help develop synergies between European firms and partners in the tropical countries' (p.12). The report also highlighted the importance of improved coordination with EU Member States, the evaluation of the budget line in 1997, and the development of a tropical forestry strategy in association with the 1996 Guidelines for Forest Sector Development Co-operation (see Chapter 4, section 3.5).

An internal paper written by the D4 technical officers in 1996 (European Commission, 1996b) was of the opinion that the budget line had been too demand-driven in the past, and that there was a need for a set of strategic objectives based on the 1995 Council Regulation and for more systematic evaluation of projects. Outputs from this process should include a policy paper, the Financing Guide (see below) and a set of selection criteria for the aid programme. This paper identified some possible strategic priorities, involving modification of existing (unformalised) priorities:

- a more balanced geographical spread than the 75%:25% Latin America:Asia division over the period 1992–6, taking account of the more severe deforestation and demographic pressures in Asia. It pointed out that past allocation had been biased because of 'the ability of certain regions or countries to comply with administrative requirements set by the Commission', coupled with the higher density of NGOs and EU Delegations in Latin America, and suggested that a strategy paper be commissioned to redress the balance;
- clearer prioritisation of project type. The 1992–5 spread of projects showed 'strict conservation initiatives and agroforestry' as the main priorities, while actions to promote natural forest management had 'not been significant.' It argued that more attention should be given to the issues of logging and non-timber forest products (NTFPs), given the strong links to the welfare of local people, as well as to reforestation to reduce the pressure on natural forests;
- addressing the neglected potential for providing tropical countries and forest peoples with the capacity to make use of biotechnology applications, particularly in the fields of nutrition, pharmacology and pest control;
- rectifying the absence of the local private sector in DG IB's actions, particularly in the area of timber certification;
- providing more policy and institutional support to improve state organisational efficiency (often a key constraint to sustainable management);
- increased funding of small projects in view of the desirability of working with local organisations before scaling-up, and as a way of working with isolated populations not covered by the larger projects;
- increased funding of thematic projects with global significance (for example, the CIFOR 'criteria and indicators for sustainable forest management' research project).

The 'Guide for the Financing of Projects Undertaken in Developing Countries' (European Commission, 1996c), also developed in Unit D4, lists five main types of projects to be financed:

- initiatives and pilot projects likely to contribute to sustainable forest management and conservation;
- analysis of the effects of projects, programmes, strategies and policies on forests;
- preparation of guidelines and instruments for sustainable development and environmental integration;
- evaluation of the 'conformity' of projects, strategies and policies with sustainable development and conservation objectives;
- institutional strengthening and capacity development.

This appears to place a strong emphasis on the development of a firmer conceptual, methodological and institutional basis for tropical forestry interventions.

Finally, the 'Tropical Forest in Developing Countries Project Screening Form for the Technical Committee' (European Commission, 1996d) is a project selection checklist which aims to assist officials in screening projects coming through the Tropical Forests budget line. The checklist covers whether the project falls within the terms of the 1995 Council Regulation; its 'technical quality', including a log framework-style analysis of the logical connections between the problem, objectives, outputs, activities and inputs; the quality of stakeholder, social, gender, risk and sustainability analysis; and a set of 'characteristics for prioritising' based on the project's potential in terms of its replicability, how much of a catalyst for other activities and how innovative it is, whether it tackles key forest issues, etc. Other factors to be considered include complementarity between EC and Member State actions, the poverty of beneficiaries, and the visibility of EC actions.

3.2 Strategic viewpoints from the geographical Directorates

The geographical desks and Technical Units do not have a sectoral policy or strategy development role; this is, or should be, provided by the horizontal Directorate (i.e. Unit D4). Rather, the country desk officers in the geographical Directorates write the country strategy papers, with (since mid-1996) considerable inputs from the Technical Unit in the case of the Asia Directorate. The country strategy paper defines the sectoral scope for aid.

Project identification on the Asia budget line has been more pro-active than on the other budget lines in DG IB (at least in the case of forestry). The Director and Unit Heads in Directorate C decide on country priorities, and then, within the boundaries of the country strategy papers, allow different sectoral interests to compete for the country's budget. The technical officer responsible for forestry in the Asia Technical Unit regarded helping to influence the share of forestry in the country budgets as an important role.

Some country desk officers have also been able to encourage a more strategic and coordinated approach in forestry aid delivery. For example, the Forest Liaison

Bureau in Indonesia was set up to provide coordination and overview in the EC-Indonesia Forestry Programme, to encourage positive forest policies by the Indonesian Government, and to improve links with EU Member State bilateral programmes.

3.3 Policy on project size

In DG IB there is considerable backing for large projects. Several aid officials, in both the geographical and horizontal Directorates, mentioned the expediency of larger projects because project management by Commission staff was not cost-effective for small projects. A 'threshold' project size in relation to staff requirements was mentioned in a 1996 D4 internal circular.⁴

The largest forestry projects have been on the Asia budget line; for example Indonesia has benefited from three projects in excess of ECU 25 m. (see section 6.3). D4 has also witnessed several large programmes in recent years, most obviously the Brazil Pilot Programme, the Central America Agricultural Frontier Programme, protected area projects in Peru and Venezuela, and the Treaty for Amazon Co-operation. While such projects are favoured because of their potential for a more strategic and intersectoral approach, D4 technical officers pointed out that smaller (less than ECU 1 m.) and more flexible NGO projects have tended to be most successful in the past, and play an important pilot or experimental role for larger projects.

4. GEOGRAPHIC AND THEMATIC DISTRIBUTION OF FORESTRY PROJECTS

4.1 Definitional issues

In the absence of an in-house definition of 'forestry', the definition of a forestry project has largely followed the classifications used by ERM (1996) and Planistat (1997), resulting in a narrow definition of forestry in the case of the geographical budget lines, and a relatively broad definition in the case of the Tropical Forests budget line.

In the case of the latter, it could be argued that many of the projects funded have had relatively minor 'forestry' components. For example, several projects with Amerindian groups have been based on the hypothesis that their stability is key to forest conservation; thus the main emphasis has been on social and institution-building activities, although the project purpose is usually phrased in terms of forest conservation. There have also been one or two more purely 'environmental' projects, such as a 1992 project to tackle mercury toxicity associated with gold mining in a forested area of Brazilian Amazonia. At first there was a somewhat fluid division between the tropical Forests and Environment budget lines, so that some 'forestry' projects were financed under the latter. It was a case of expediency as to which budget line had the finance available for a worthwhile project.

The narrow and more traditional definitions used by ERM and Planistat of 'primary' forestry projects in the

regional ALA budget lines result in the exclusion of some important 'forestry' projects, which were classified as falling under other 'primary' environmental categories, such as 'land resource management', 'combating diversification' and 'biodiversity conservation'. For example, the ECU 23.3 m. 'Afforestation of wastelands and agroforestry in Haryana' project (B7-3000) was classified as 'land resource management'. There were also 17 projects with significant forestry components under the Latin America budget line (B7-3010), mostly integrated rural development-type projects in the ECU 1-3 m. range, that did not fall into the primary category of forestry. Here the main exception to the Planistat/ERM classification is for the Environment budget line B7-6200; the budget line manager in D4 identified a number of small and clearly identifiable forestry projects managed by DG IB

4.2 Overview of tropical forestry aid before 1990

According to the review of 'Tropical Forest Sector Activities 1976-90' (IFSC, 1991), total EC expenditure on 'tropical forestry' amounted to about ECU 400 m. divided between 256 projects; in 1988, tropical forestry represented about 1.7% of total EC development aid (ECU 2.2 billion). Before 1990, projects in ALA countries were financed mainly under the budget lines 930 'Financial and Technical Co-operation with Latin America and Asia Developing Countries' and 946 'Ecology in Developing Countries' (see Table 1).

4.2.1 Geographical budget line 930

Under the ALA budget line 930, about ECU 71 m. were committed to 'tropical forestry' activities among 15 projects, with an average of ECU 4.77 m. per project. This represented about 1.5% of the total budget (about ECU 400 m. per annum) in this budget line (IFSC, 1991). IFSC (1991) point out an important contrast to DG VIII projects - their longer time frames. Under budget line 930, the average length of project was six years as opposed to three years for Lomé Convention projects.

4.2.2 Horizontal budget lines

Over the same period, the Ecology budget line 946 financed some 17 tropical forestry projects with an average cost of only ECU 120,000 per project, representing about 15% of the overall budget. Another horizontal budget line in existence before 1992 was 'Co-financing with NGOs' (Budget line 941), co-managed with DG VIII and DG XI. IFSC (1991) reported that ECU 6 m. were expended on 50 tropical forestry projects over the period 1986-90. Unfortunately there is no regional breakdown of this, but the same source comments (p.15) that there was a 'greater [than other horizontal budget lines] geographical spread of projects in Africa, South America and Asia'.

4.2.3 Geographical spread

Before 1990, Asia received considerably more tropical forestry aid than Latin America (see Table 2), while Kriek and Robbins (1991) reported that some 15% of total EC forestry aid went to 'Asia' and 4% to Latin America.

4. 'Criteria to determine priorities for Tropical Forest projects' (based on the 1995 Council Regulation), Chief of Unit, D4.

4.3 Overview of tropical forestry aid 1990–6

Table 3 presents the number of forestry projects and the budget committed to ALA countries in the four budget lines managed by DG IB (or its predecessors) over the period 1990–6.

Figure 2 shows how rapidly DG IB's tropical forestry financial commitments increased in 1992, because of both the introduction of the Tropical Forests budget line and the increase in the Asia budget line. The other two budget lines have financed a few small projects but have been relatively insignificant in terms of 'primary' forestry projects, according to the ERM and Planistat definitions. From 1992 to 1996, almost ECU 300 m. were committed to forestry projects in ALA countries from the four budget lines.

4.4 Projects funded by geographical spread 1992–6

4.4.1 Distribution by region

Figures 3 and 4 graph the number of projects and

Table 2: EC forestry aid to Asia and Latin America 1976–90

REGION	ECU m.	% of Total
Asia excluding Pacific	53.82	13
Pacific Asia	21.94	5
Central America	1.24	<1
South America	3.37	1
Caribbean	8.97	2
Regional Latin America	17.17	4
TOTAL	398	100

(Source: ISFC (1991))

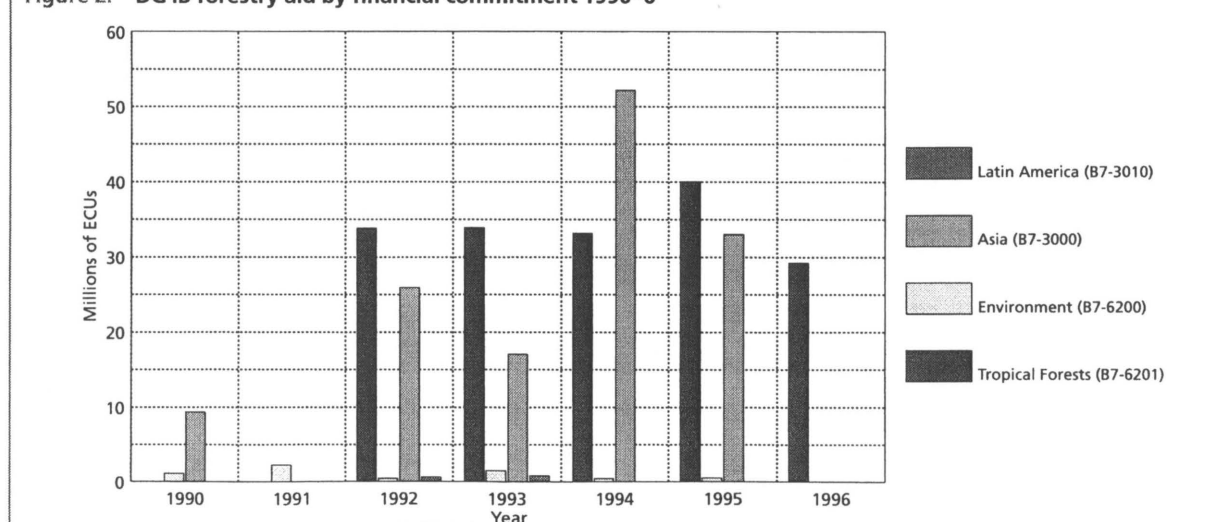
financial commitments to Latin America, Asia and 'global' projects (ie, not destined for a particular region) over the period 1990–6. They show that while Latin America has dominated in the number of projects since 1991, Asia received a higher financial commitment in

Table 3: DG IB forestry aid by financial commitments and number of projects 1990–6

	ECU m. (no. projects)							Total
	1990	1991	1992	1993	1994	1995	1996	
B7-6201 Tropical Forests			33.8 (19)	33.9 (20)	33.1 (40)	40.0 (26)	29.5 (20)	170.3 (99)
B7-600 Environment	1.1 (4)	2.2 (5)	0.4 (1)	1.5 (3)	0.4 (1)	0.5 (1)		6.0 (15)
B7-3000 Asia	9.3 (1)		25.9 (1)	17.0 (1)	51.0 (3)	33.0 (2)		136.2 (8)
B7-3010 Latin America			0.6 (1)	0.8 (1)				1.4 (2)
Total	10.4 (5)	2.2 (5)	60.7 (22)	53.2 (25)	84.5 (19)	73.5 (28)	29.5 (20)	314.0 (124)

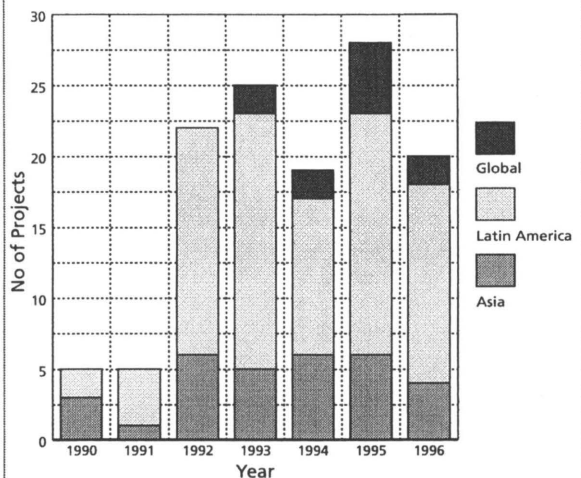
Note: there are some minor discrepancies with the figures reported by Planistat (1997) due to the inclusion here of some Environmental budget line forestry projects, and an additional Asia budget line project 'Forest conservation and development of rural areas in Laos' (ECU 950,000 in 1995).

Figure 2: DG IB forestry aid by financial commitment 1990–6



DG
1B

Figure 3: Regional distribution of DG IB forestry projects over time 1990-6



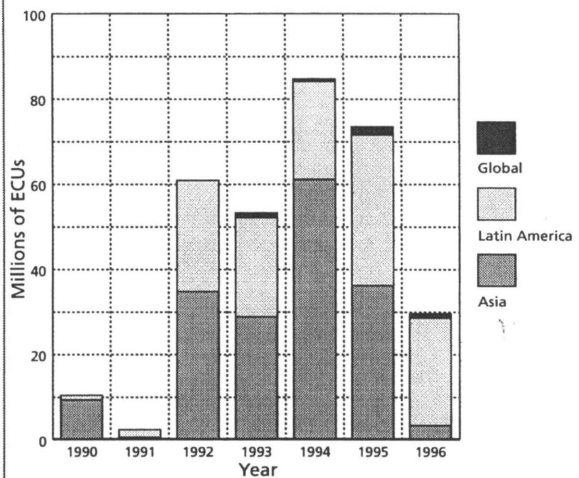
all years except 1991 and 1996. This is because the average size of the Latin American projects was much smaller (ECU 1.65 m) than the Asian projects (ECU 5.6 m.). Most of the projects on the Tropical Forests budget line have gone to NGOs, which tend to be more numerous in Latin America; hence the average project size on the Tropical Forests budget line was ECU 1.72 m. compared with ECU 17.03 m. on the Asia budget line.

Figures 5 and 6 present the distribution of projects and financial commitments among Brazil, Spanish-speaking South America, Central America (including Mexico), Asia, and the global projects managed by DG IB in the four budget lines over the 1992-6 period. Figures 7 and 8 present the same for the Tropical Forests budget line. While Latin America had most projects and its share of the Tropical Forests budget line commitments was over 75%, with Brazil alone absorbing 38% of the budget line, about 55% of DGIB's overall financial commitment went to Asia.

4.4.2 Distribution by country

Figures 9, 10, 11 and 12 present the country distribution of forestry financial commitments to South America, Central America, Asia and overall respectively. Figure 9

Figure 4: Regional distribution of DG IB forestry financial commitments over time 1990-6



shows that Brazil has dominated the South American region, mainly because of the PPB. Most of the other countries in Figure 9 belong to the Amazon region; these countries have also benefited from the regional Treaty of Amazonian Co-operation programme (ECU 4.3 m. from B7-6201 and two small projects under B7-3010). After Brazil, Colombia and Peru have been the main beneficiaries both in terms of projects (7 each) and financial commitments (over ECU 10 m.).

Figure 10 shows the importance in the Central American region of the regional ECU 11.6 m. Agricultural Frontier Programme (PFA) approved in 1994. Costa Rica has had most projects (4) and funding (ECU 6.9 m.), followed by Guatemala, Nicaragua and Mexico. Figure 11 shows how Indonesia (ECU 106 m. and 9 projects), Philippines (ECU 28 m. and 3 projects) and Vietnam (ECU 21 m. and 5 projects) have benefited most in the Asia region. The low representation of the Indian sub-continent is noticeable. This country distribution partly reflects the distribution and strength of the EU Delegations; for example, the absence of Delegations in the past in such countries as Sri Lanka, Malaysia and Cambodia, and the difficulties of working at the State level with a centralised Delegation in a country the size of India.

Figure 5: Distribution of DG IB forestry projects by region 1992-6

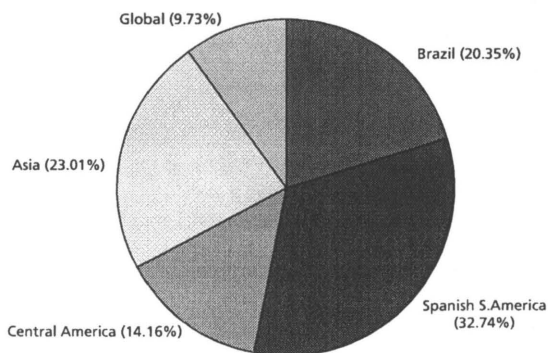


Figure 6: Distribution of DG IB forestry financial commitments 1992-6

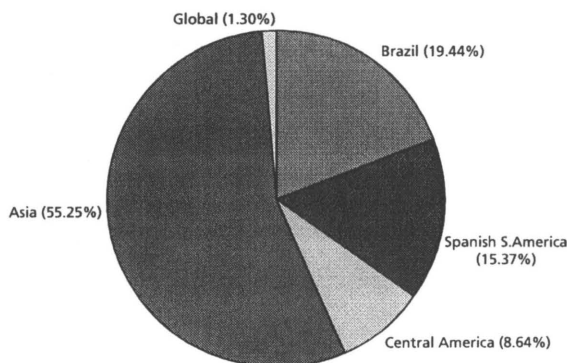


Figure 7: Distribution of DG IB Tropical Forests budget line projects by region 1992-6

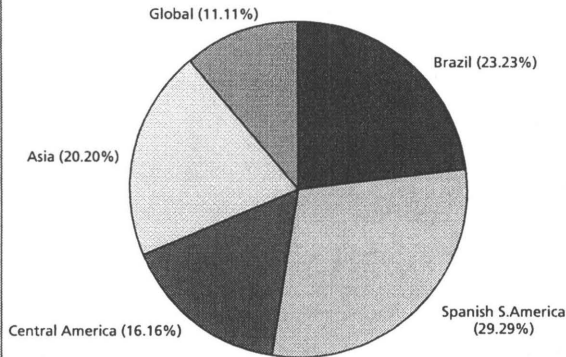
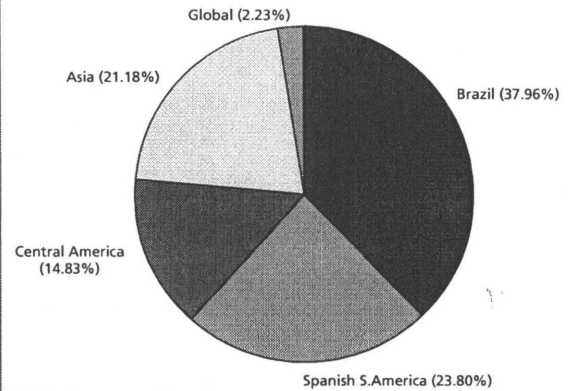


Figure 8: Distribution of DG IB Tropical Forests budget line financial commitments by region 1992-6



DG
1B

Figure 9: Country distribution of DG IB forestry financial commitments to South America 1992-6

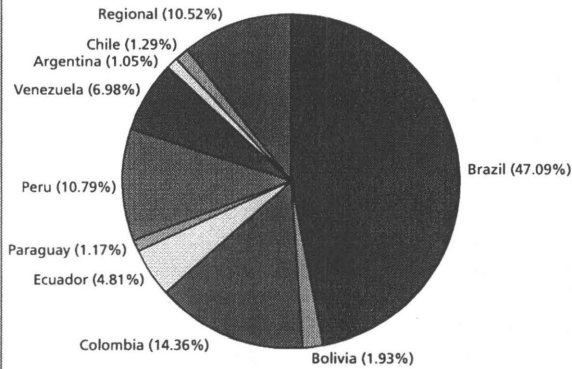


Figure 10: Country distribution of DG IB forestry financial commitments to Central America 1992-6

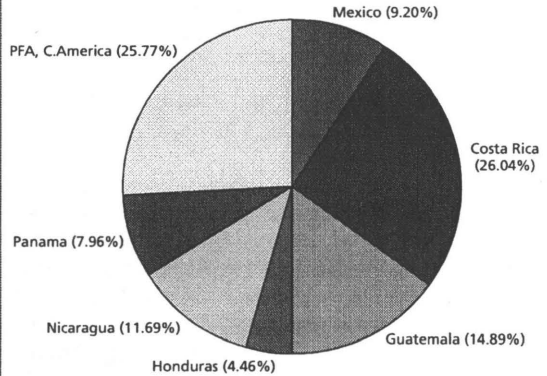


Figure 11: Country distribution of DG IB forestry financial commitments to Asia 1992-6

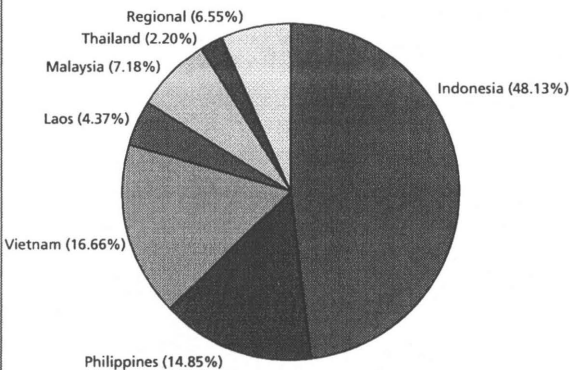


Figure 12: Overall country distribution of DG IB forestry financial commitments 1992-6

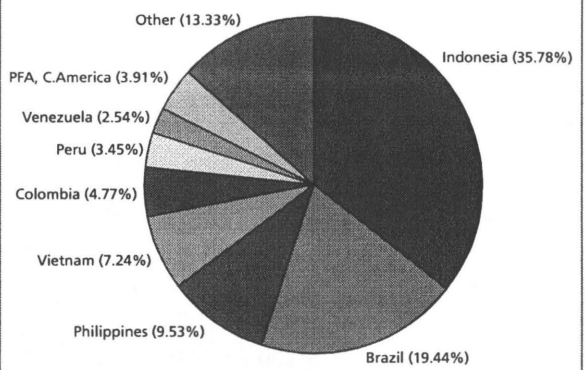


Figure 12 indicates that about 36% or ECU 106 m. of DG IB's overall forestry aid was committed to Indonesia over the period 1992-6. As well as five projects from the Tropical Forests budget line, 4 very large projects were approved from the Asia budget line. Almost 20% was committed to Brazil over the same period. Thus the two countries with the largest tropical rainforest areas in their respective continents absorbed

well over half DG IB's forestry aid. The next most important beneficiaries in terms of financial commitments were the Philippines (10%), Vietnam (7%), Colombia (5%) and Peru (3%).

4.5 Projects funded by type

4.5.1 Before 1990

Using the TFAP classification system, the IFSC review (1976–90) divided up overall EC tropical forestry aid expenditure as follows:

Forestry in land use:	44%
Forestry-based industrial development:	29%
Conservation of tropical ecosystems:	15%
Institutions:	9%
Fuelwood/fuel energy:	3%

Kriek and Robbins (1991:3) reported that 'much of the assistance took the form of forestry components within integrated rural development projects'. IFSC (1991) also reported that most of the projects funded by the ALA geographical budget line were orientated to forestry in land use, forestry-based industrial development and research. For example, the projects in India were mainly orientated to agroforestry and watershed management, although a more sectorally specific project was the ASEAN Timber Technology Centre in Malaysia (IFSC, 1991). Projects funded under the Ecology budget line 946 were typically conservation area studies, technical assistance in conservation and public awareness (IFSC, 1991). The majority of NGO projects funded under budget line 941 were orientated to rural/community development or forestry in an agricultural context.

4.5.2 1992–6 period

Codification of forestry projects

All the projects were coded, for convenience of analysis, against the eight priority 'fields of action' defined in the 1995 Council Regulation (see section 3.1). In abbreviated form the classification was as follows (with the Regulation sub-section letter in brackets):

- forest conservation (a);
- (natural) forest management (b), including forest management plans (h);
- certification (c);
- forest peoples (d);
- capacity-building (e);

- research (f);
- buffer zones (g); and
- other, including reforestation and 'integrated forest development'

The coding here follows, with one or two exceptions, that used by the ECO consultancy team in its 1997 evaluation of DG IB's tropical forestry aid programme (ECO, 1997), as it was felt that this coding was more accurate than that used by Planistat (1997). However, any categorisation is necessarily arbitrary, as the projects could often be fitted into two or more categories. For example, some of the Amerindian 'forest people' projects could have been classified under conservation, and *vice versa*. The aim was to find the classification which best fitted the main thrust of project activities. This was not always obvious from the project title, or even the project purpose.

Figures 13 and 14 present the distribution of project type by the number of projects and financial commitments among the four budget lines, while Figures 15 and 16 give the equivalent breakdown for the Tropical Forests budget line. They show that the most important area of forestry aid has been in what might be termed the 'defensive' conservation approach, centring on the development and management of protected areas. This represented 40% of expenditure under the Tropical Forests budget line. If buffer zone projects are added, the conservation priority becomes even clearer.

In a second rank of importance, at least in terms of the number of projects, have been capacity-building or institutional development projects, forest management projects, forest peoples (especially Amerindian projects in Spanish-speaking South America) and research. While there were relatively few natural forest management projects, the high share (27%) of the financial commitments reflects the ECU 28 m. South/Central Kalimantan (Indonesia) Forest Production Programme funded under the Asia budget line. Taking only the Tropical Forests budget line (Figure 16), funding of forest management projects has been more modest (13%), while relatively little has been spent on timber certification initiatives.

Figures 17 and 18 show the thematic distribution of the 73 'small' (average size about ECU 600,000) and 26 'large' (average size a little under ECU 5 m.) Tropical

Figure 13: Distribution of all DG IB forestry projects by theme 1992–6

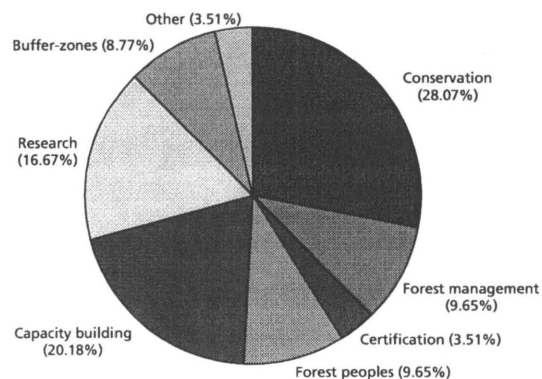


Figure 14: Distribution of all DG IB forestry financial commitments by theme 1992–6

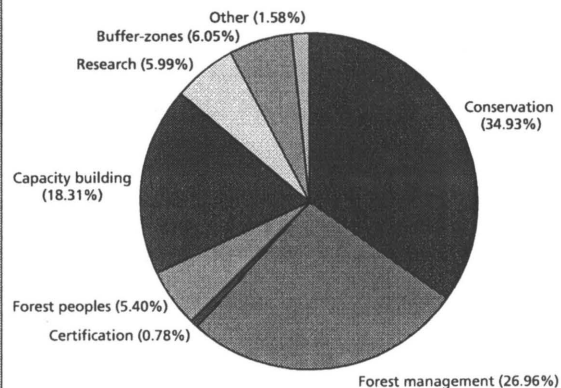


Figure 15: Distribution of DG IB Tropical Forests budget line projects by theme 1992-6

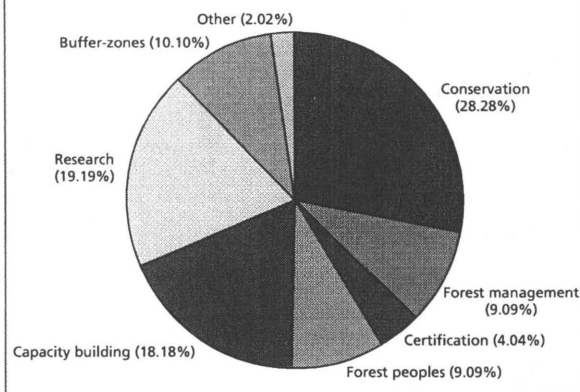
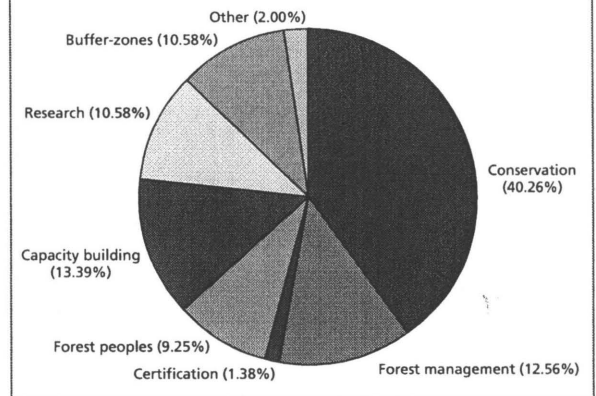


Figure 16: Distribution of DG IB Tropical Forests budget line financial commitments by theme 1992-6



Forests budget line projects by theme. Further observations can be made about the institutional basis and project type according to project size. Small projects tend to be managed by north and/or south-based NGOs or university departments, while most large projects are in the public sector or come under multilateral organisations, except for some large Amerindian forest peoples' projects managed by European NGOs.

The NGO projects in Latin America can be broadly divided into two main types:

- larger projects (although generally not in excess of ECU 2 m.) aimed at conservation and sustainable development through a broad-based livelihoods, social and institutional approach, often with indigenous groups (as for example, the Integrated Programme for Indigenous Self-development in Ecuador);
- smaller, more sector-specific, projects working in conservation, natural forest management, technical research (such as botanical studies), capacity-building, policy oriented projects including the tackling of legal issues surrounding indigenous land rights, environmental education projects, etc.

Several of the large public sector projects have been oriented towards the more 'defensive' conservation approach involving protected areas and institution

building. There has also been a preference for large regional projects involving the coordination of activities in several countries oriented towards information exchange and policy debate (such as the Treaty of Amazonian Co-operation and the Agricultural Frontier buffer zone project in Central America).

Figures 19 and 20 present the trend in project themes over time for the four budget lines and the Tropical Forests budget line respectively. These tables show that, while trends are erratic, the number of conservation projects has fallen slightly over time, and that buffer zone projects, although not represented in 1995, assumed an equal importance to conservation projects in 1996, possibly indicating a shift towards more participatory conservation strategies. The number of forest management projects rose to a peak in 1994 before falling off; forest people projects peaked in 1993; and capacity-building projects have been consistently important and, like research projects, peaked in 1995.

Figure 17: Distribution of small DG IB Tropical Forests budget line projects by theme 1992-6

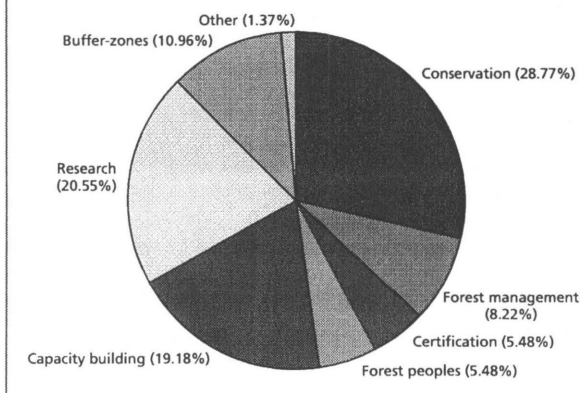


Figure 18: Distribution of large DG IB Tropical Forests budget line projects by theme 1992-6

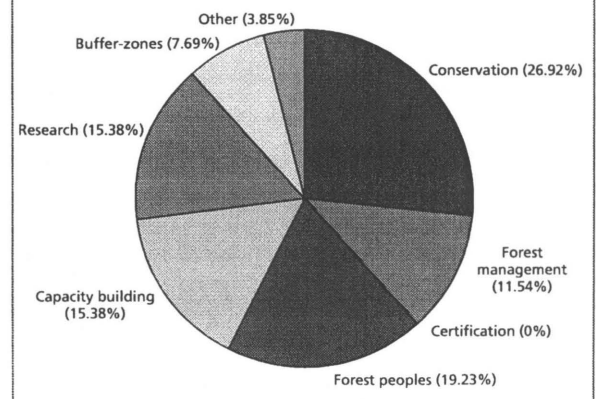


Figure 19: Thematic distribution of DG IB forestry projects over time 1992–6

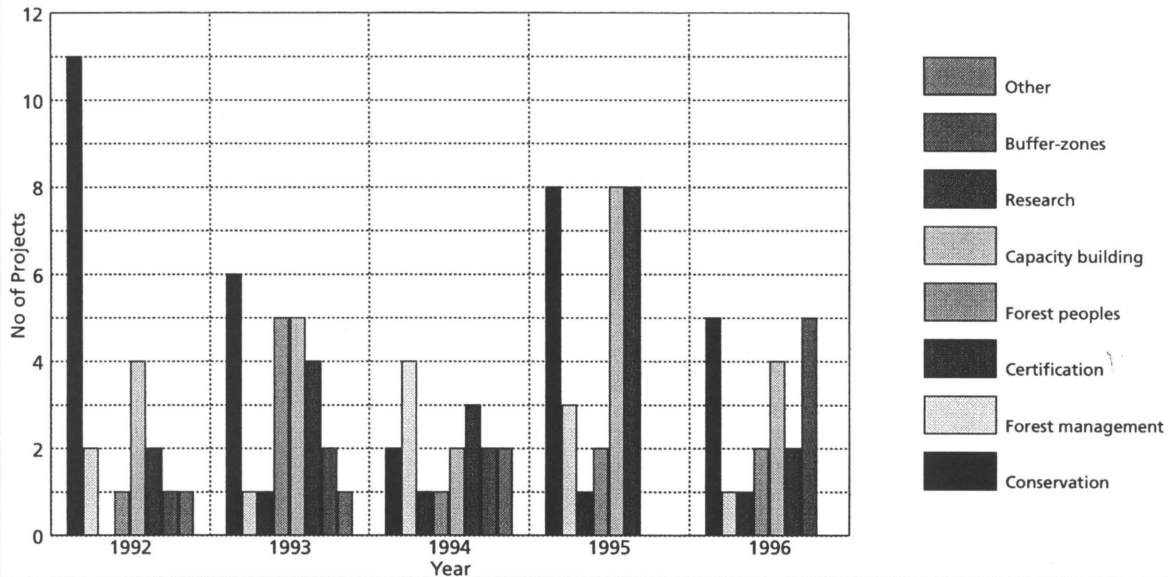
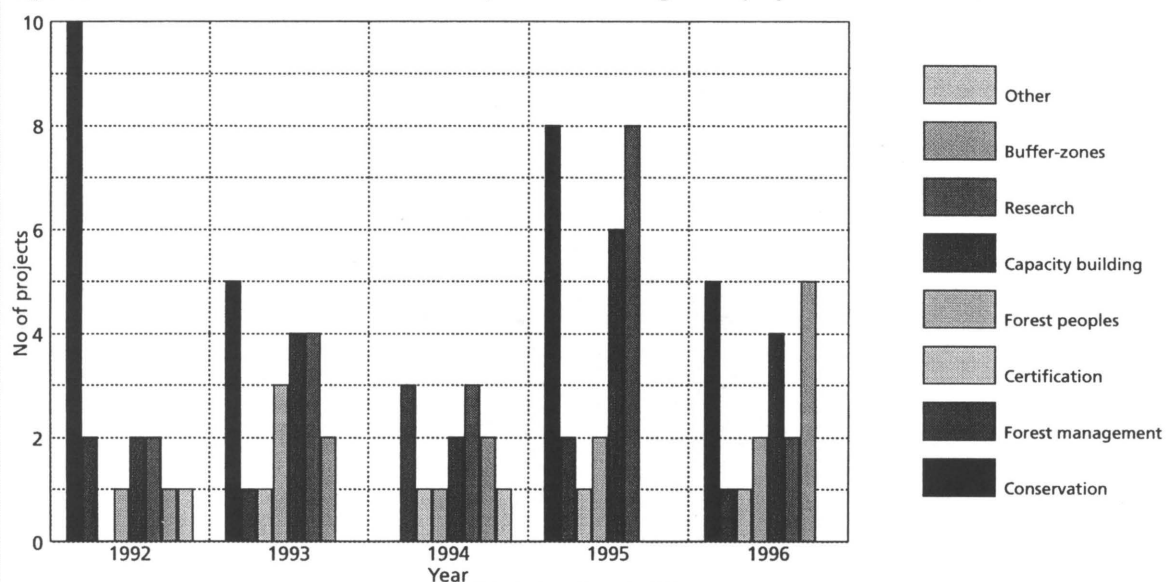


Figure 20: Thematic distribution of DG IB Tropical Forests budget line projects over time 1992–6



5. PROJECT CYCLE MANAGEMENT

5.1 Project identification and appraisal

5.1.1 Tropical Forests budget line

Small projects

The project preparation process (identification and appraisal) is very different for small (less than ECU 1 m.) and large projects. Small projects are normally written, presented and carried out by the applying NGO, university or other institution, but can also be proposed by country desk officers and EU Delegations.

In the past there was considerable flexibility in the format and process of presenting a project for funding, but this has now been standardised with the Financing Guide. The applicant should first present a two-page concept note with a draft logical framework and

indicative budget to Unit D4. The technical officers check the suitability of the projects against the 1995 Regulation and its strategic objectives, and give the go-ahead to the applicant to prepare a full proposal according to the *Financing Guide*. This stipulates that the proposal should include a logical framework; a context section (socio-economic, environmental, beneficiaries, etc.); the project background (problem identification); objectives; expected results; a plan of implementation; a budget (according to a prescribed form); justification; and monitoring arrangements. The proposals are then sent to the national or regional EU Delegation, and to the relevant country desk officer for comments and approval.

Small projects are selected and approved by a 'Technical Inter-Service Committee' which meets once or twice a year. This is composed of staff concerned with tropical forestry issues in DG IB, DG VIII, DG XI

and DG XII, the appropriate country desk officers, and external experts. Following modification in consultation with the applicants (which can take up to six months), a revised project proposal is drawn up and, when it is formally included in the annual programme, the D4 technical officer prepares a 'financial proposal' which is circulated for approval in DG IB. This includes a brief description, terms of reference, budget, Curriculum Vitae, timetable and logical framework. About 10 signatures (four from Directorate E) are then required to approve the financial proposal, spanning three DGs. The process of obtaining the necessary signatures normally takes about three months during the first half of the year, but is reduced to a few weeks towards the end of the year.

Large projects

The main differences between the treatment of large and small projects on the Tropical Forests budget line have been the use of consultants to appraise the projects, the division of project cycle management between the horizontal unit (D4) and the geographical Directorate Technical Units, and the project selection procedure. When the D4 Technical Officer identifies or receives a project idea or proposal of over ECU 1 m., which he deems to be within the scope of the 1995 Council Regulation, he selects a team of consultants from the consultancy consortia in the EC Framework Agreement to:

- carry out a project identification mission to investigate the basic idea; and
- undertake a project design mission, using the project cycle methodology set out in the 1993 *'Methods and Instruments for Project Cycle Management (PCM)'* manual. The latter places considerable emphasis on the use of the logical framework.

Another approach has been to fund a 6–12 month project preparation phase (for example, for the Agricultural Frontier Project in Central America and the Pilon Lajas buffer zone project in Bolivia).

In most cases, responsibility for large projects then passes to the appropriate Technical Unit in the geographical Directorates, which draws up a financial proposal. This is translated into the languages of the Commission (currently 11), and sent to the EU-based 'Permanent Representative' of each Member State. The Member States have three months to give an opinion on the project, and a summary table of these opinions is sent to the relevant technical officer. Experts from Member States can ask written questions at this stage, obliging the Commission to make a written response. According to these responses, Member States are given the opportunity of changing their opinions.

The proposal is then submitted to the ALA Committee, which has to provide a majority favourable opinion for the project to go ahead. The ALA Committee meets monthly and is composed of representatives of the Member States, the Director of DG IB D, the (temporarily co-opted) relevant technical officer and, as a non-voting chair, the Director-General of DG IB or, in his absence, the Director of one of the Geographical Directorates. The ALA Committee will often decide that more discussion or information is needed about a

particular project to approve it. Once the project is approved, a financial memorandum is drawn up and checked by the Directorates-General with financial responsibilities (XX and XIX), the specifications for technical assistance are developed by the Technical Units, and the tendering process for consultants can be started.

The increasing tendency to co-fund projects with EU Member States has brought with it the advantage of wider consultation at the appraisal and design stages, for example with Austria and Denmark for COAMA III.

5.1.2 ALA geographical budget lines (B-3000 and B-3010)

Almost all the forestry projects financed by the geographical budget lines have been large public sector projects. There are three main processes or instruments leading to project identification on the geographical desks:

- country strategy papers: these have been introduced gradually since 1992. They include a political, social and economic overview, and a set of sectoral priorities. The country desk officer takes the lead in preparing the country strategy paper, with support from the Technical Unit officers (at least in the case of the Asia Directorate), the EU Delegation and the host government. In the case of Latin America, some strategic guidance is contained in a document prepared by the Head of DG IB B 'The European Union and Latin America: The Present Situation and Prospects for Closer Partnership 1996–2000' (COM (95) 495 final).
- Joint Commissions (Latin America) and Joint Co-operation Committees (Asia): these take place on average about every 18 months, and tend to alternate between the recipient governments and Europe. In the case of Central America there is a Regional Joint Commission. These are essentially fora for project identification and negotiation between the Commission and the country's (or region's) 'civil society' as represented by Ministers, prominent NGOs, etc. In the case of Asia, there is a system of sub-Committees including forestry. These fora are backed up by annual 'inter-Ministerial' (Commission and host country) meetings, at which further dialogue on policies and projects can take place.
- direct contact between ALA country institutions and Commission country desk officers, EU Delegation officers, or technical officers in the Technical Unit. In the case of the most important ALA country programme with Indonesia, the first projects came out of a TFAP meeting attended by the country desk officer in 1992.

In the case of the Asia Directorate, an important change took place in mid-1996 in the roles of the country desk officers and the Technical Unit officers. Up to 1996, country desk officers were primarily responsible for the project preparation stage with the Technical Unit taking over once a decision to finance a project was taken. The Technical Unit is now primarily responsible for the whole of the project cycle – in the same way as D4 is responsible for the smaller projects on the Tropical

Forests budget line – and now takes the lead in the project preparation stage, although the country desk officer is still primarily responsible for preparing the country strategy paper and is associated with project cycle management decisions.

The project selection procedure then follows that described above for larger projects under the Tropical Forests budget line.

5.2 Project implementation

Projects stemming from the geographical budget lines are coordinated by the Technical Units in direct contact with the EU Delegations. Projects have both a European and national co-director, the latter selected by the counterpart institution (usually a Ministry). In the case of India there has been some resistance to European co-directors. Each large project must also have a steering committee which is representative of the stakeholders, and is expected to promote inter-institutional coordination. The steering committee, EU Delegation and Technical Unit must all approve the Overall Work Plan, and the first two have to approve the Annual Work Plans (see also section 2.3).

5.3 Monitoring and evaluation

For larger projects, except those managed by D4, responsibility for monitoring lies with the Technical Units, while for the smaller projects on the Tropical Forests budget line, the D4 technical officers are responsible. For all projects, the project management unit must send in six-monthly reports, as well as a final report. These should report on activities and outputs, and on the achievement of project objectives. In the case of D4, these reports are forwarded to the country desks and EU Delegations. Several on-going Tropical Forest budget line projects have received a monitoring mission, or have one planned. Projects are sometimes visited by the better-staffed EU Delegations, but generally speaking the monitoring system is passive. A particular problem for the portfolio of projects under the PPB is that relatively little project management information returns to Brussels; limited human resources in the Brazil EU Delegation mean that most project monitoring is delegated to the World Bank and Brazilian institutions. Monitoring missions are regularly sent to the Asia budget line projects.

A mid-term review or evaluation by a team of independent consultants can take place at the request of technical officers or project management units. Before 1996, few Tropical Forests budget line projects had been evaluated, but some evaluations took place in 1996, and several more were programmed for 1997. In the case of the Asia budget line, all finished projects have been evaluated.

While the Technical Units were reasonably satisfied by the quality of these evaluations, the D4 technical officers felt that the evaluations carried out by the Framework Agreement consultancies have been only moderately useful, with the reports tending towards a 'politically correct' stance and sometimes lacking technical rigour. It also appears that some reports have not been well understood or widely read beyond a few individuals, and thus the main lessons have not been internalised across the Directorates. One of the problems for effective evaluation has been that most

projects have lacked a logical framework, baseline data or quantifiable objectives.

In the case of the Tropical Forests budget line, Unit D4 is legally bound to make an annual report to the European Parliament and the Council with 'an assessment of the implementation of this Regulation' (Council Regulation, 1995, Art.12), and to make regular evaluation reports to the ALA Committee. The emphasis in the legislation on accountability has increased the difficulty for D4 of keeping up with the demands of project cycle management, strategic thinking and other practical actions. It should also be noted that DG IB has an evaluation unit with its own budget to carry out project evaluations.

5.4 Constraints on more effective project cycle management

The main constraints on more effective management of the project cycle, identified through discussions with technical officers in DG IB (especially those in unit D4), are inter-related.

- Lack of human resources

Insufficient time to devote to each project has sometimes resulted in hastily prepared proposals and minimal monitoring and evaluation, at least on the Tropical Forests budget line. Minimal administrative support has meant that basic tasks like filing are sometimes neglected. Country desk officers also said that they were over-burdened by their range of tasks and had found it difficult to commit sufficient time to project cycle matters. This is compounded by lack of support staff. For example, in 1992 the Indonesia Desk Officer had an assistant and full-time secretary. This was subsequently reduced to a part-time secretary. Following a period without secretarial support, he currently (early 1997) has 25% of a secretary's time.

- Centralisation of project cycle management

At present, project cycle management is highly centralised, thus placing great pressure on the technical officers. Decentralisation of parts of the cycle to the regional level is favoured by most officers, but staffing levels in the EU Delegations are also inadequate; for example the Central America Delegation in San José, Costa Rica, has two technical staff covering some 200 projects. Depending on the Heads of Delegation, there is scope for recruiting national staff, but this has not happened in some key countries like Brazil. Another possibility is to sub-contract some project cycle management activities to an outside organisation or a consortium of NGOs. One experience being monitored with interest by Unit D4 is the sub-contracting of the Dutch small forestry project portfolio to IUCN.

- Poor understanding of technical issues by some staff

Lack of technical understanding by some administrative staff is regarded as a significant constraint in Unit D4. Senior DG IB and DG XI staff expressed the need to provide accessible information to those taking decisions at a higher level, so that they can be more aware of the likely impacts of their decisions. Also, within DG IB it was stated that there was a need for

seminars to help staff think and work together, for example by focusing on the lessons of experience from the implementation of forestry projects. A 1996 series of seminars by D4 on environmental impact assessment has apparently proved useful in improving staff understanding and motivation.

- Over-regulation and inflexibility

The trend in the Tropical Forests budget line has been towards increasing standardisation of procedures and reduced flexibility. Until 1995 there were few rules or regulations; the technical officers who managed the tropical forests budget line from 1992 to 1995 were able to work in quite separate ways (systems, methodology, procedures, etc). Up to 1995, it was possible for a small project to be approved on the basis of relatively little evidence, eg a 3–4 page proposal. This flexibility had both positive and negative aspects, as the lack of rigour and standardisation. Following a 1995 audit, D4 introduced more rigorous and systematic project cycle procedures.

In the case of the Asia budget line, the former flexibility in the system allowed the Indonesia country desk officer to put out tenders, commission studies by consultants and get project personnel appointed quickly. He was able to promote at least one major process-type project – the Leuser Development Programme project (see section 6.3). While there is considerable support for process-type projects in DG IB, the increase in procedures by Directorate E (Finance and Resources) works against them. For example, there is limited financial flexibility once the financial proposal has been adopted: budgetary adjustments should not exceed 10% of the funding. Major modifications in project design can only take place with a reappraisal – as happened in 1996 with a Philippines project. However, good relationships between technical and financial officers allow some flexibility in the system.

While greater regulation of the Tropical Forests budget line was clearly necessary, some think this process has gone too far. There is a view that technical tasks might have been better facilitated by increasing administrative support to existing Directorates. Specific concerns include the separation of different parts of the project cycle between the horizontal and geographical Directorates (in the case of large Tropical Forests budget line projects), the number of signatures required for approving the financial proposal, and the time involved in translating financial proposals and other key documents into 11 languages.

- Reliance on consultants in aid delivery

Views on the effectiveness of the consultancy-based aid delivery mechanism are mixed, partly since the experience from project to project varies so much. One view is that the use of consultants can cause major delays in implementation, and that there have been problems caused by the conflicting opinions of European experts working on the same project. This view holds that the Commission should move towards giving greater responsibility for project execution to national institutions, using European experts in an advisory rather than executive role, whilst ensuring thorough monitoring and financial control.

- Delays in implementation

Following project approval, there can be considerable delays in implementation, especially (but not exclusively) for larger projects. First, large projects are subject to financial negotiations with recipient countries which can take more than a year. The largest single case of ‘frozen funds’ has been the Brazil Pilot Programme, where negotiations were complicated by their tripartite nature (EC – World Bank – Brazil). Secondly, the tendering process and recruitment of acceptable European consultants for project management can be quite time-consuming, and setting up the project can take 12–18 months. Thirdly, some large projects on the Tropical Forests budget line were hastily prepared in order to achieve commitment targets, resulting in financial or technical flaws that delayed implementation. Sometimes the delays have made it necessary to replan and reschedule a project.

- A weak information basis

A problem for Unit D4, in particular, has been the weak information base for monitoring the Tropical Forests budget line, and the rather passive monitoring of individual projects. These problems are being partially tackled by a number of studies: the project inventories undertaken by ERM (1996) and Planistat (1997); the evaluation of tropical forestry projects by ECO (end of 1997); and the development of an EC tropical forestry projects database over the 1997–98 period (Overseas Development Institute). One particular constraint is the lack of ‘objectively verifiable indicators’ for the Tropical Forests budget line to monitor policy implementation.

6. PROJECT REVIEWS

6.1 The Pilot Programme to Conserve the Brazilian Rain Forest (PPB)

EU interest in the PPB originated from a German proposal at the June 1990 Dublin Summit that the EC should ‘analyse and prepare proposals for an appropriate Community programme to deal with the threat to the tropical rain forests, in consultation with the countries concerned, and in particular Brazil.’ The Houston G-7 Summit in July 1990 then expressed its readiness to ‘cooperate with the Government of Brazil on a comprehensive pilot programme to counteract the threat to tropical rainforest in that country. We ask the World Bank to prepare such a proposal, in close collaboration with the CEC [the Commission], which should be presented at the latest at the next economic summit.’ These developments arose partly as a response to Brazilian requests for assistance, but also as a result of the resurgent green movement in Europe – especially Germany. Chancellor Kohl played a major role in pushing the PPB through these political processes and ensuring compliance of the Commission.

Following several high-level meetings and technical field missions, a proposal for a US \$1.6 billion programme over 5–6 years was made to the G-7 Heads of State at the London summit of July 1991. The World Bank and the Commission then formalised this into a first phase five-year project of \$250 m. and the

establishment of a trust fund to ensure the main activities of the programme would be implemented, with the understanding that a second phase of the PPB would be negotiated once the first has been evaluated. This was approved at a meeting in Geneva in December 1991, and the Rain Forest Trust Fund (to cover about 20% of the expected costs over the first three years) was set up in March 1992 to be administered by the World Bank, which also had the task of coordinating the PPB. At the Geneva meeting, it was also agreed that projects recently launched or planned by several bilateral donors should be included as part of the PPB.

The overall objective of the PPB is 'to maximise the environmental benefits of Brazil's rain forest consistent with Brazil's development goals, through the implementation of a sustainable development approach that will contribute to a continuing reduction in the rate of deforestation.' Specific objectives are to:

- demonstrate the feasibility of harmonising economic and environmental objectives;
- help preserve genetic resources;
- reduce global carbon emissions;
- provide a new model of co-operation between developed and developing countries on global environmental issues.

It is further stated that preservation of biodiversity, reduction in carbon emissions, and new knowledge about sustainable activities in tropical rain forests are global benefits which justify financial and technical transfers from the international community to Brazil.

The PPB promotes 'structural' and 'demonstration'

projects. Structural projects aim to:

- address the institutional weaknesses which inhibit the consolidation and implementation of environmental policy by strengthening public agencies involved in the conservation and management of natural resources, encouraging economically and ecologically appropriate investments, and monitoring environmental impacts; and
- respond to the need to improve knowledge of Amazonian ecosystems and the sustainable use of their resources, by strengthening the region's scientific and research base and enhancing environmental education.

Demonstration projects aim to develop or disseminate alternative methods of natural resource management with high potential for replication, especially through the participation of local communities and NGOs in innovative local approaches. Support for extractive reserves is included in this category.

Table 4 indicates the contributions of a range of donors to the PPB up to mid-1996. It shows that the EC contributed about 23% of the overall \$252 m., and the EU altogether 79%. Germany was the biggest donor with 49%. Brazil's counterpart funding amounted to about 11% of the total cost, while local project partners also made some contribution, for example in the form of labour. After an initial contribution of ECU 12 m. to the Rain Forest Trust Fund, the EC announced an annual contribution of ECU 10 m. over the first five-year phase. Table 5 details EC contributions to the end of 1996. The largest single commitment was to the

Table 4. Donor commitments to the PPB to mid-1996 (US \$ millions)¹

Donor	Rain Forest Trust Fund ²	Co-financing	Total	
	\$ mill.	\$ mill.	\$ mill.	%
Germany	19.4	105.4	124.8	29.4
EC	14.1	43.4	57.5	22.8
UK	2.3	7.6	9.9	3.9
Netherlands	3.2	—	3.2	1.3
Italy	3.9	—	3.9	1.5
Sub-total EU	42.9	156.4	199.3	78.9
Brazil	—	26.9	26.9	10.7
USA	5.5	2	7.5	3.0
Japan	6.8	—	6.8	2.7
Canada	0.7	—	0.7	0.3
Not yet identified	—	9.3	9.3	3.7
Interest earned	9.1	—	9.1	3.6
Expenses ³	-7.1	—	-7.1	-2.8
TOTAL	57.9	194.6	252.5	100

¹ excluding bilateral funding for associated projects

² contributions to 22 July 1996

³ includes coordination, administrative and International Advisory Group expenses and pre-investment studies

Natural Resources Policy project in 1995. It involved strengthening state environmental agencies, ecological and economic zoning, environmental monitoring, and environmental law enforcement and control.

An important aspect of the PPB is the system of governance and organisation. The World Bank plays a lead role in coordinating the preparation of projects through its Brasilia-based Rain Forest Unit. Project implementation is the responsibility of the Brazilian Government, primarily through the Ministry of the Legal Amazon, and there are various mechanisms for the participation of NGO groups in decision-making and monitoring. An International Advisory Group, composed of 15 international experts including three Brazilians, provides technical guidance and monitoring, and the Participants' Annual Meeting brings together donors, Brazilian representatives, NGOs and the World Bank to review progress and make recommendations.

However, an area of some dissatisfaction is that, while the EC considers it has, or should have, an important role (together with other major EU donors like Germany) in the running of the PPB, almost all the consultancy inputs have been handled by the World Bank, which has had a minimal financial input.

Progress of the PPB and the Commission viewpoint

A report from the EU Delegation in Brazil (Vasconcelos, 1996) expresses considerable optimism about the PPB, for example claiming that 'the first success of the PPB has been to open the door to previously marginalised groups to take part in what was previously a closed technocratic exercise. The benefits will be felt not only in (the) Amazon forest but will permeate the development of the democratic process in Brazil as a whole.' One of the reasons for this optimism is the more supportive policy environment emerging under President Cardoso. For example the recent government paper, 'National Policy for the Integrated Development of the Amazon', includes a commitment to sustainable development as a 'new paradigm' for the Amazon Region; support for decentralisation, especially increasing the role of the States, Municipalities and civil society; and the linking of social and environmental issues so that local communities can benefit. However, Unit D4 made the observation that conflicts between federal and State policies have complicated the decentralisation process.

After a slow start, the PPB appears to be making reasonable progress in terms of project implementation. By the end of 1995, six projects representing about two-thirds of the Programme in terms of finance had been appraised, negotiated and put into operation. One view was that this progress has been due to strong on-the-ground organisational capacity. Another factor has been the frequency of meetings between the main interested parties; according to the World Bank (undated), they meet more or less monthly in Brasilia to share information and exchange views on the PPB and project issues. DG IB claims that 'one of the programme's first achievements has been to inspire a new strategy for the development of Amazonia and to offer a practical example of international co-operation' (Commission Working Paper IB/205/96, p.3). At the same time there is some dissatisfaction about the level of EC visibility in the PPB.

Table 5. EC contributions to the Brazil Pilot Programme 1992-6

Year	Project	Commitment ECU m.
1992	Rain Forest Trust Fund	12
1993	Direct Research and Centres of Scientific Excellence	4.8
1993	Demonstration Projects	4
1994	Extractive Reserves (4)	5
1995	Natural Resources Policy	16.7
1995	Management, Monitoring and Evaluation of the PPB, and Formulation of New Public Policies	2.6
1995	EC Technical Assistance	0.23
1996	Environmental Education	5
1996	Directed Research	5
1996	EC Technical Assistance	2.3

6.2 The COAMA Project

The *Conservación de la Amazonia y de su Medio Ambiente* (Conservation of Amazonia and its Environment - COAMA) project is one of only two (the other is the PPB) large projects managed, as well as appraised, by the horizontal unit (D4). This is because it is considered to be particularly important as an innovative grassroots approach to sustainable forest management and conservation by indigenous people. It is also an example of several projects financed under the Tropical Forests budget line, which (a) has very little in the way of forestry activities, and (b) is based on the assumption that supporting and strengthening indigenous societies is an effective means to forest conservation.

The project purpose is forest conservation through support of Amerindian culture and institutions, micro-project development, and provision of basic social services in order to provide a basis for indigenous demarcation and management of the rainforest. This process started by identifying urgent needs and supporting cultural identity in three small projects from 1989 to 1992 (just over ECU 1 m.) which became known as COAMA 1. It continued through a series of micro-projects with NGOs in the areas of education, health and legal support during COAMA II (1993-6) at a cost of ECU 2.5 m. Following an evaluation in April 1996, COAMA III (ECU 2.5 m. over three years) was approved in July 1996. It works with some 120 communities representing 20 ethnic groups in six Colombian Departments, mostly located along the main rivers.

Among the key strategies of COAMA have been:

- support to and consolidation of the Indigenous Territorial Entities, created as political-administrative units as part of Colombia's policy

of decentralisation, and which have given indigenous communities a significant level of political participation;

- the multiple-agency (NGO) approach involving an 'operational network of foundations', and coordinated by Gaia-Bogota, whose Director is also the COAMA Director, and Gaia-London;
- technical assistance methodology in which field officers 'accompany' indigenous communities in problem analysis and development of solutions.

The recent evaluation of the project (Brackelaire and Rodriguez, 1996) presents a positive picture of progress achieved since 1990:

- the 'big impact' of the micro-project development sub-programme was partly attributable to the confidence established with technical officers;
- the legal support programme, with its educational emphasis, has been in great demand by indigenous organisations and has also had a 'big impact';
- the indigenous cultural education programme has made good progress in moving away from an 'integrationist' public education system;
- the health programme, by emphasising traditional medicine and community-based schemes of health promotion, 'has shown State bodies a clear alternative [to conventional approaches] to intervene at the level of nutritional problems, this time from a traditional context that has also stimulated a process of cultural recuperation connected with farming practices.'

This report had few criticisms of the project, except that relationships with state agencies and national indigenous bodies have been mixed. It claims that 'the COAMA strategy has demonstrated its validity' and that 'the COAMA Foundations have developed participatory methods which deserve to be shared with indigenous community initiatives in neighbouring countries.' Above all, 'the wealth of COAMA resides in its inter-institutional coordination ... in an area of the world where the work is generally carried out in an atomised way' (Brackelaire and Rodriguez, 1996).

The importance of the COAMA project as a model for indigenous development and biodiversity conservation is noted in the wider literature, for example in a detailed study by Bunyard et al (1993). It demonstrates an 'alternative' approach to biodiversity conservation in indigenous areas to the market route (market-orientated forest management), which is being promoted by several donors in Latin America, with disappointing results due partly to conflicts of incentives between indigenous and market economy institutions (Richards, 1997). Martin von Hildebrand, the COAMA Director and ex-Minister of Indian Affairs, believes that COAMA represents an approach more in tune with indigenous reciprocal logic (as well as with ethical arguments stemming from environmental economic theory): namely indigenous commitment to biodiversity conservation for national and international beneficiaries, in exchange for legal, scientific and social support

by the international community (Bunyard et al, 1993).

6.3 Evolution of the Indonesia portfolio of forestry projects⁵

Over the 1992–6 period some ECU 106 m. were committed to Indonesia, 86% of it from the Asia budget line. This represented about 36% of DG IB's forestry aid to ALA countries, and about 72% of the Asia budget line's forestry commitments. Following attendance at a TFAP meeting in Indonesia in February 1992, the Indonesia desk officer identified several projects he felt were worth supporting. He also initiated a close dialogue with the Ministry of Forestry, leading in May 1993 to a set of 'Agreed Minutes' (signed by the Minister) setting out some general principles for EC-Indonesia forestry co-operation, including a government commitment to promote supportive forestry policies.

The first project prepared and implemented was the multiple-project Forest Sector Support Programme approved in December 1992 at a cost of ECU 26 m. to the Asia budget line. The first project component (ECU 6.3 m.) involved introducing forest inventory and remote sensing into all the Provinces of Indonesia to complete the mapping of the country's forest resources, and to develop early warning fire alert systems. The second component was to develop a radio communications network in five provinces of Sumatra (ECU 19.6 m.). A third component, financed this time from the Tropical Forests budget line, was the development of a fire prevention and control model in Sumatra's Selatan Province (ECU 4 m.). This involved analysis of the causes of fires and the development of conflict arbitration machinery, once it was diagnosed that providing fire fighting equipment was inappropriate – an example of the benefit of close monitoring and flexibility in the system.

Following a planning phase funded under the Tropical Forests budget line, which was critically important in identifying a sound institutional basis, the Leuser Development Programme project (ECU 32.5 m.) was approved in December 1994 under the Asia budget line. In an area of outstanding biodiversity importance and tourism potential, the Leuser Development Programme strategy is based on a two-pronged approach over an initial seven-year period: fixing and protecting the boundaries of the Gunung Leuser Park, and providing alternatives for the local population in farming, fishing, ecotourism, etc. in the buffer zones. It is regarded by the Commission as innovative for three main reasons:

- management is being undertaken through a process of wide stakeholder consultation involving the Leuser Management Unit, national and local government, and local communities;
- the development of a 'conservation concession' established by Ministerial decree; and
- a financially autonomous management unit has been established to raise revenue from ecotourism, log royalties and other buffer zone projects, thereby ensuring the financial sustainability of the conservation initiatives.

To complement the conservation emphasis in the Leuser project, it was decided to develop a sustainable forest management project to tackle some of the problems in

5. Based on interviews with the Indonesia Country desk officer, and the pamphlet 'The EC/Indonesia Forest Programme', DG 1J, 1996.

the commercial logging sector. Following a preparation phase (ECU 568,000), the South/Central Kalimantan Production Forest project was approved at a cost of ECU 28 m. in 1995. A major aim of the project is to develop sustainable forest management techniques through such activities as silvicultural research and demonstration, developing forest management plans, pilot projects with concessionaires and wood producers to increase local value-added from a smaller cut, reduction of wood waste, market research and product design development. Other activities involve developing audit systems, community participation in forest management, making progress towards timber certification and labelling, and a series of training, extension and communication activities. An innovative aspect of this project is the involvement of the (European and Indonesian) private sector, not least in joint-financing of some of the project activities. Another is the mechanism which has ensured broad consultation among a wide range of stakeholders – especially the private sector and local communities.

The Kalimantan project is also linked to the 1994-approved Berau Forest Management Programme in East Kalimantan (ECU 9.2 m.), initiated and funded by the Tropical Forests budget line. This project aims to transfer natural forest management silvicultural research results to an operational scale. Finally the Forest Liaison Bureau project was approved under the Asia budget line in November 1995 as a forum for policy dialogue, to coordinate the EC Indonesia programme, raise awareness and facilitate donor (especially EU Member State) co-operation.

There are several positive aspects to the Indonesia programme. First, it was based on policy dialogue at the highest level, culminating in the 'Agreed Minutes' which provided a sound political basis for the programme. Secondly, the relative flexibility in the system allowed the development of a process project approach which has facilitated an innovative design (for example, in the Leuser Development Programme), and permitted important changes of direction when it was realised that the original project design was inappropriate (as in the case of the Sumatra fire control project). A third aspect of the Indonesia programme has been the considerable financial contribution of the host government. For example, the Indonesian Government has committed ECU 18 m. to the Leuser Development Programme, and ECU 6 m. to the South/Central Kalimantan project. A fourth aspect is the general complementarity of actions that have been taken under the Asian and Tropical Forests budget lines.

7. CONCLUSIONS AND TRENDS

The history of tropical forestry aid in DG IB is a relatively recent one. Tropical forestry projects in Asian and Latin American (ALA) countries are mainly financed from two budget lines, the Tropical Forests budget line, which was started in 1991 following considerable pressure from the German green lobby and the G-7, and the 'Asia' budget line. The total budget committed to tropical forestry in ALA countries from 1992 to 1996 was almost ECU 300 m., some 56% of this from the Tropical Forests budget line, and 43% from the Asia budget line.

The aid delivery mechanism varies with project size. For smaller projects (less than ECU 1 m.) on the Tropical Forests budget line, the NGOs, universities and other private or public sector organisations requesting the funds are responsible for project implementation. For larger projects, the consultancy consortia in the Commission's Framework Agreement provide short-term appraisal and evaluation inputs as requested by technical officers, and European consultancy groups carry out the project (following a public tender process) with counterpart public sector institutions. Technical officers managing the Tropical Forests budget line consider that the consultancy-based aid delivery system has had mixed results, and favour a move to more control by counterpart institutions, but with strict auditing and EC project advisers in a more advisory and less executive role. However, this position is not shared on the Asia budget line.

It could be argued that the Tropical Forests budget line has lacked a clear operational strategy in the past, with mainly reactive project and country selection and a marked influence of key individual officers. However, based on the 1995 Council Regulation, which gave a legal basis to the Tropical Forests budget line and set out eight priority action areas, and the instruments being developed to support it, a more pro-active strategy is now emerging. This involves a shift away from viewing forestry mainly as part of a wider land-use system (as promoted, for example, in the TFAP process), 'defensive' conservation approaches, and agroforestry (these three areas dominated EC 'forestry' aid in the 1980s), towards a more participatory and sectorally specific approach in which increasing emphasis is placed on natural forest management, related trade and certification issues, and buffer zone management. However, the 1992-6 project portfolio was still dominated by conservation-based projects. An emphasis on indigenous peoples has been fairly constant throughout the recent period. Another important trend has been towards large multiple-agency programmes like the Brazil Pilot Programme.

The geographical distribution of DG IB forestry aid has slightly favoured Asia (about 55% of the financial commitments), but Latin America's share of the Tropical Forests budget line to ALA countries was about 76%, rising in 1996 to 90%. Country distribution was skewed towards the two countries with the largest tropical rainforest areas in their respective continents: Indonesia received about 36% of all DG IB's tropical forestry aid and Brazil about 18%. There is a concern in DG IB, mainly on the Tropical Forests budget line, about the equity aspects of tropical forestry aid. The 1995 Council Regulation encourages local organisations to apply for funding, and other legislation⁶ states that aid should go mainly to the poorest, but it has been the wealthier Latin American countries, and within them the organisations best able to articulate demand and comply with procedures, which have secured most funding. A programmed study of forest

6. For example, Article 4 of the 1992 Council Regulation 443/92, which governs the geographical ALA budget lines, states that 'financial and technical assistance should be targeted primarily on the poorest sections of the population and the poorest countries in the two regions.'

sector needs in India, a country which had not previously benefited from the Tropical Forests budget line, indicates a move to a more pro-active project identification strategy and a desire to address the equity and regional imbalances.

Another important trend has been towards larger projects, although the Asia budget line projects have been large throughout the 1990s. While larger projects are preferred by some because they may permit a more strategic sectoral (or cross-sectoral) approach to be adopted in a given country, it was clear that an important factor working against small projects (which some technical officers think represent a more cost-effective aid strategy) has been a shortage of technical staff resources.

On the Tropical Forests budget line, weak monitoring and evaluation, and the associated weak information base, were part of several interlinked factors constraining effective project cycle management. Specific constraints included the level of both technical and administrative human resources; centralisation of project cycle management; poor understanding by some staff of technical issues; and over-regulation of procedures leading to increasing inflexibility. On the positive side, project appraisal methods have become more systematised. In spite of these constraints, there have been some important success stories among the projects supported by DG IB, as is evident from the projects reviewed in Indonesia, Colombia and Brazil. The general level of satisfaction with these larger projects implies that there will be an increasing trend to large multiple-donor or agency projects. Finally, the size of the forestry aid programme demonstrates a strong commitment to forestry in DG IB.

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ACRONYMS

ACP	African Caribbean Pacific
ALA	Asia and Latin America
ASEAN	Association of South-East Asian Nations
CIFOR	Centre for International Forestry Research
COAMA	Conservación de la Amazonía y de su Medio Ambiente (Conservation of the Amazon and its Environment)
DG	Directorate General
EC	European Community
ECIP	European Community Investment Partners
ECO	Gesellschaft für Sozialökologische Programmberatung
EEC	European Economic Community
ERM	Environmental Resources Management
ETFAG	European Tropical Forestry Advisers Group
EU	European Union
IFSC	International Forest Science Consultancy
ITTO	International Tropical Timber Organization
IUCN	International Union for the Conservation of Nature
MEP	Minister of the European Parliament
NGO	Non governmental organisation
NTFP	Non-timber forest product
ODI	Overseas Development Institute
PCM	Project Cycle Management
PPB	Pilot Programme to Conserve the Brazilian Rainforest
TFAP	Tropical Forestry Action Plan
UNCED	United Nations Conference on Environment and Development

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DG VIII

Catherine Stoneman and David Brown

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1. DG VIII – EVOLUTION OF INVOLVEMENT IN TROPICAL FORESTRY

1.1 The aid mandate of DG VIII

As the Directorate-General responsible for Development Co-operation with the African, Caribbean and Pacific (ACP) countries, DG VIII occupies an unusual position with regard to development aid. Not only does it control 'budgetary allocations' voted by the European Parliament to the respective development-related budget lines, but it also has access to the so-called 'non-budgetary funds' in the form of the periodic pledges which are made directly by the Member States to the European Development Fund. Unlike the budget lines, the EDF does not form part of the EC Budget and is thus outside direct Parliamentary control.¹ Unusually, therefore, DG VIII action is conditioned not only by Commission-wide influences such as the Maastricht Treaty, but also by the bilateral and extra-budgetary financing arrangements associated with the multi-annual Lomé Conventions.

DG VIII's geographical mandate reflects the history of the European Union and the colonial history of several of its Member States. The ACP versus non-ACP distinction is entrenched within the structure of the Commission's aid management (DG VIII vs DG IB), and was restated in the Maastricht Treaty, Article 130w of which affirms the special status of the ACP countries, in the framework of the ACP-EC Convention. While the future of the EU-ACP association is currently a subject of considerable debate (a Green Paper on this theme was published in 1997), the ACP countries remain important partners for the Commission, and are likely to remain so, in one form or another, well into the next century.²

1.2 Structure of the Directorate

DG VIII is divided into directorates, some of which are geographical and some technical (see Figure 1). There are three geographical (or 'vertical') directorates, and four directorates concerned with 'horizontal' (ie. technically-oriented and geographically cross-cutting) themes.

(i) Geographical:

The geographical directorates of DG VIII are: VIII/D West and Central Africa; VIII/E East and Southern Africa; and VIII/F Caribbean, Pacific and Indian Ocean.

Each geographical directorate is divided into Divisions (or 'units') with narrower geographical responsibilities. Desk officers are responsible for relations with

1. The lack of parliamentary scrutiny of the EDF leads to complaints of a 'democratic vacuum' in the management of the Fund.
2. The main issue of contention is the system of trade preferences given to ACP states, which is challenged both by competitor nations outside this grouping and by many economists who view the system as encouraging inefficiency. Post-Lomé arrangements are likely to lead to modification or abandonment of preferential trading arrangements, possibly combined with a review of aid partnerships, to focus EC aid on the most needy countries of the developing world, regardless of their present affiliations.

individual ACP countries or (where country commitments are individually too small) groups of countries. The geographical directorates also include geographically-specific technical divisions. For example, each of the two Africa Directorates has two technical divisions covering 'Infrastructure' and 'Agriculture and Rural Development'. There is no technical division devoted to forestry for any geographical area.

(ii) Horizontal:

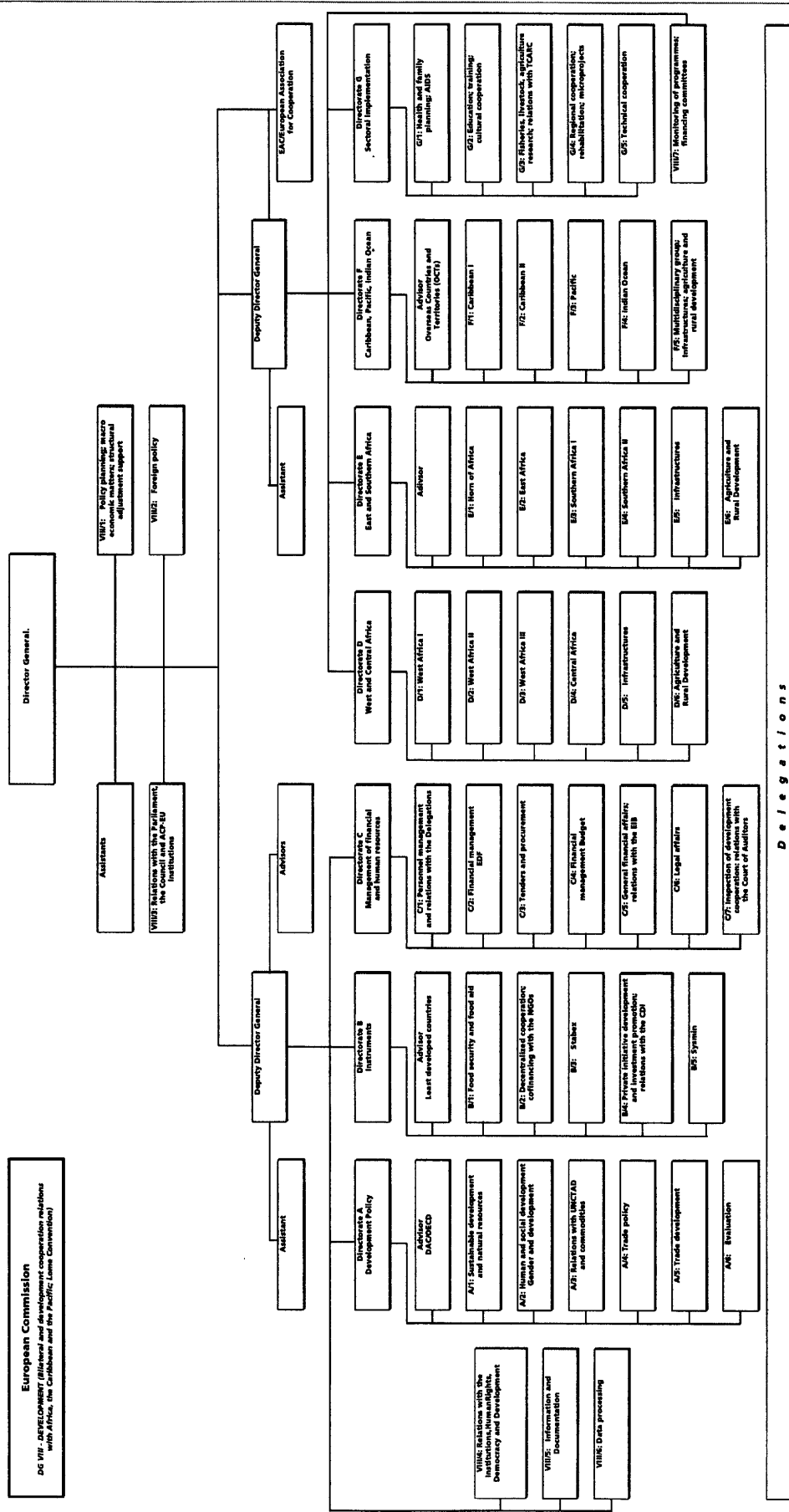
The horizontal directorates of DG VIII are: VIII/A Development policy; VIII/B Management of instruments; VIII/C Finance; and VIII/G Sectoral implementation. The horizontal directorates are also divided into Divisions. The primary responsibility for tropical forestry policy is held by Division VIII/A/1 ('Development Policy, Sustainable Development and Natural Resources'). Although there is no career Commission official responsible for tropical forests, there is a tradition of appointing a forester to the Division from one or other of the Member States as a 'National Expert' (that is, a national civil servant seconded as a tropical forestry adviser). The occupant of this post is a key player in the development and implementation of the tropical forestry policy of DG VIII. Responsibilities of the post include: sectoral policy development; international representation and liaison; sectoral co-ordination; documentation and information; project technical support; and budget line management (particularly the tropical forestry budget line). The Adviser is not involved in the direct field-level management of EDF projects, this being the responsibility of the Desks in Brussels and the Delegations overseas.

Forestry is also covered by a number of other 'horizontal' divisions, including those dealing with the environment and the STABEX fund, and features as a component of other technical sections such as agriculture and research. However, the informing principle of DG VIII operations is an unequivocally geographical one, as is implicit in the Lomé Convention signed with individual countries. As a result, horizontal issues such as forestry tend to be less well integrated into the functioning of the Directorate-General than are 'vertical' (ie. geographical) concerns.

Division VIII/A/1 has responsibility for tropical forestry policy and also for guidance to desk officers and Delegations on priority sectors for allocation of funds from the EDF with regard to forestry and other sectors (environment, transport, habitat, etc.). Since 1995, it has also been responsible for part of the expenditure under the budget line B7-6201 (formerly B7-5041) 'Actions in Favour of Tropical Forests'. This budget line was created in 1992. Previously, funding for tropical forestry was covered by the budget line B7-6200 (formerly B7-5040), 'Environment (formerly 'Ecology') in Developing Countries'. Access to funds under this rubric allows DG VIII to implement forestry-related activities without having to pass through the relatively bureaucratic and slow-moving EDF procedures. Formal responsibility for the management of the budget line (including reporting to the European Parliament) lies with DG IB.



Figure 1 Structure of DG VIII – Development



Delegations

1.3 The place of the ACP countries in the evolution of forestry aid

In the 1970s, the financial protocol of the Lomé Convention, the European Development Fund (EDF), provided the main source of funding to tropical forestry. As other sources of funding have become available to tropical forestry through the budget lines, so the EDF's relative importance has diminished. However, it still has important implications for tropical forestry, both in terms of funds earmarked for activities in key sectors of the national programmes of the partner countries, and, more generally, in terms of the forestry impacts of interventions in other sectors.

2. SYSTEMS OF AID DELIVERY

An understanding of the ways in which tropical forestry is handled within DG VIII requires consideration of the two different types of fund – the EDF, which has a long history and operates according to institutionalised, if rather complex, procedures, and the tropical forestry budget line, which has a much shorter history, and operates more flexibly. Management of the EDF involves close collaboration between the Commission and its ACP partners, while DG VIII/A/I has a fair degree of independence in its management of the tropical forestry budget line.

2.1 The Lomé agreements

The first three Lomé Conventions provided multi-annual financial allocations, on a five-year cycle. The present Lomé Convention, Lomé IV, covers two successive funding periods (Lomé IV and IV *bis*, each of five years) of ten years' overall duration (1990–99).³

The introduction of phased programming into Lomé IV was partly the result of problems in disbursing EDF funds. Slow and inadequate disbursement of funds has characterised previous generations of EDF protocols, in part because of the time-consuming and complex process of policy dialogue needed to identify country priorities and sectoral emphasis (Koning, 1997:132). Lomé Conventions form contractual agreements between the EU and the ACP group. The EDF does not operate a deadline for spending its funds, so that if funds committed are not spent during the life of a particular EDF, they can be carried over into the next. Taking into account the programming of successive EDFs, it is thus possible to have a number running concurrently. All EDF funding, apart from funds managed by the European Investment Bank (EIB), is in the form of grants.

2.2 Aid delivery through the EDF

Aid delivery through the mechanism of the EDF

3. The full list of the respective Yaoundé (predecessor to Lomé) and Lomé agreements and their associated EDFs is as follows:

Yaoundé I	(1963)	EDF 1.	
Yaoundé II	(1969)	EDF 2.	
	(1970–75)	EDF 3	
Lomé I	(1975–80)	EDF 4.	
Lomé II	(1980–85)	EDF 5.	
Lomé III	(1985–90)	EDF 6.	
Lomé IV	(1990–2000)	EDF 7 and 8	(Lomé IV bis 1995–2000).

involves two levels of action: the programming exercise which defines the overall character and level of funding of the various *national indicative programmes (NIPs)* and *regional indicative programmes (RIPs)*, and the project formulation which converts each programme into a set of viable projects. Both of these form part of a single process of EDF project cycle management.

For the purposes of this chapter the two stages can usefully be separated. The present section reviews the EDF programming exercise, indicating its main points of difference from budget line management, while a later section (Section 5) considers the remaining phases of project cycle management for both the EDF and the tropical forestry budget line.

2.2.1 National and Regional Indicative Programming under the Lomé Conventions

During the process of ratification and signature of the Lomé Convention, a programming exercise is carried out between the EU and each ACP government. The method of programming set out in the Convention involves several steps:

- (i) notice is given by the Commission of the amount of resources (both programmable and non-programmable⁴) available to the country in question;⁵
- (ii) a strategy paper is then drawn up between the Commission and the ACP government, which is the basis for the negotiation of an aid agreement known as the *National Indicative Programme (NIP)*;
- (iii) a contract document is signed on completion of the negotiations.

The *National Indicative Programmes* for the individual signatories to the Lomé Convention and the *Regional Indicative Programmes* for regional and sub-regional groupings fulfil a number of functions. They lay down development priorities, define focal areas of co-operation, allocate the resources for meeting objectives, earmark projects and programmes and set out the timetables for implementation.

There are currently 56 EU Delegations covering the 70 ACP states. The Delegations act in a coordinating capacity in the negotiation of the NIPs. Each Delegation provides the Commission with a draft strategy paper based on its discussions with its associated ACP government. This covers the specific constraints and difficulties of the country in question, and recommends sectors or particular areas for EC intervention.

4. Programmable aid includes a country's entitlements in the form of NIP, RIP and the Structural Adjustment Facility. Non-programmable aid is allocated at the discretion of the Commission, on a case-by-case basis. It includes grants for STABEX and SYSMIN, risk capital, interest rate subsidies, refugee aid and emergency aid. It accounted for 65% of EDF6 and 57% of EDF7 (see Koning, 1997: 129–30).
5. The amount of programmable aid allocated to each country is based on a formula which takes into account criteria such as population, GNP per capita, external debt, and special circumstances (whether landlocked, an island state, a least developed country, etc.).

Initiation of the NIP has traditionally been a rather complex and opaque process, involving inputs from the host government, the Delegation and the Brussels desk. Pressure has been growing to increase the transparency of the negotiations, in order to generate a greater sense of host country ownership.⁶

Once the first draft has been agreed by the host government, it is passed by the Delegation to the Country Desk Officer in Brussels. There are likely to be several exchanges of views between the desk, the Delegation and the applicant government, and several revisions of the draft. Each programme is screened by a committee which includes representatives of the main fields of co-operation in DG VIII (the horizontal departments, sectoral experts, technical experts, relevant geographical desk officers). The resulting pre-programming document is then formally presented to the EDF Committee, which has responsibility for financial decisions and is made up of representatives of the EU Member States. Once approved, the pre-programming document forms the basis for the official negotiations between the Commission and the relevant ACP government, leading to the preparation of the National Indicative Programme. Negotiations on the NIP usually take place during an overseas programming mission by officials from Brussels.

2.2.2 Focal areas of co-operation

Decisions concerning financial allocations to individual ACP states are made by the Commission and communicated to the recipient country governments. The latter are not directly involved in the determination of the financial commitments, such decisions being the sole responsibility of the Commission. A period of dialogue with each ACP partner then ensues concerning the character of the programme to be developed within the given financial envelope. According to the fundamental principles of the Lomé Convention, it is through the programming exercise that each ACP government decides on the sectors that the NIP should support. The main areas of priority are known as the *focal areas* (sometimes referred to in the Commission as *focal sectors* or *concentration sectors*⁷). The programming exercise also identifies the instruments or types of development assistance that are most appropriate to the country's development needs. Article 281 of Lomé IV *bis* sets out the implementation procedures for the NIP and the information that the ACP partner must provide as regards the resources needed both for focal sector and support activities.

Normally, there are not more than three focal areas of co-operation per country. These tend to be rather broadly defined; for example – to cite a number of recent cases – ‘balanced and regular delivery of transport services’, ‘decentralised local community development’, ‘to address the needs of the majority

with regard to health and education’, ‘to develop agriculture while simultaneously protecting the environment’.⁸ Focal areas tend to be those in which the recipient government wishes to see funds spent, and are not necessarily ones which the Commission or Delegation would see as priorities. A variety of factors enter into the decision-making process, including the overall aid profile of the country in question, and the areas in which other donors are either already active or, alternatively, under-represented. The NIP Framework of Co-operation agreement for each country identifies the focal sectors, and indicates the percentages of the overall funding envelope to be devoted to each of them. It also identifies the percentage allocation to operations outside the focal areas.⁹

Focal areas are not to be confused with ‘cross-cutting themes’¹⁰ which all EDF programmes are required to take into account. There are four of these: sustainable social and economic development; the fight against poverty; integration into the world economy; and the observance of human rights and fundamental freedoms.

2.2.3 Participation of ACP states

In the early years, negotiations between the Commission and ACP states were largely restricted to consideration of the individual merits of the projects which the latter wished to see financed. In recent years, particularly since Lomé III, the Commission has adopted a more policy-oriented approach in its relations with ACP partners, encouraging the use of EDF funds for sectoral development and reform. The Structural Adjustment facility, which was introduced in 1987 and offers additional aid funds in response to certain performance criteria, has reinforced the policy focus.¹¹ This has increased the demands placed on the Commission with regard to the fostering of policy dialogue, though there have been criticisms that the Delegations and country desks lack the necessary capacity to ensure that this occurs.

2.3 The budget lines

Projects funded from the Tropical Forestry budget line are handled quite differently from EDF programming. DG VIII has a considerable amount of discretion over the use of that portion of budget line funds which it controls. By and large, this discretion is exercised without reference to ACP governments. Creation of the budget line has allowed the Directorate-General to fund activities it regards as relevant to ACP forestry development but which recipient governments have proved unwilling to see funded from their own EDF allocations. Introduction of the budget line has also greatly increased the freedom of action of the Tropical Forestry Adviser, and, as will be discussed later, has allowed for the creative use of the DG VIII allocation in

6. Among the changes mooted has been the proposal that the first draft of the programming document should emerge from a joint Commission/government seminar.

7. The equivalent term in French is *domaine de concentration*.

8. The focal areas for regional programmes would be likely to have a clear regional focus – eg. ‘regional economic integration and, in particular, increased intra-regional trade’.

9. To give one example of the relative allocations: the NIP for Cameroon under Lomé IV *bis* allocates 50–55% of total funds to Focal Area No. 1 (Transport sector policy), 25–30% to Focal Area No. 2 (Decentralised local community development), and a maximum of 20% to Operations outside the focal sectors.

10. Known in French as *thèmes transversaux*.

11. The criteria of positive performance are both economic and political (for example, democratisation) – see Koning, 1997:133.

support of a strategy aiming to heighten the profile of tropical forestry in EDF programming.

2.4 Staffing and ratio of forestry advisers to financial commitment

The Tropical Forestry budget line in DG VIII is managed by the Forestry Adviser (national expert) located in A/1, under the Head of Division. Currently, one-third of the overall budget line is managed by this individual (at present (1997) ECU 19 m. per annum). Environment is also handled by a single Adviser, with responsibility for half of the overall environment Budget line allocation (currently ECU 15 m., shared equally between DG VIII and DG IB). Both of these are supported by two accounts officers with financial (budgetary) responsibilities.

A number of other Units within the Directorate-General may have competence over forestry matters, and deal with forestry as part of their wider brief, without being formally designated as such. At present, these include one staff member within the Division G3 ('Fisheries, livestock, agriculture research'), who manages that part of the forestry budget line dealing with wildlife and protected areas; D6 ('Agriculture and rural development' Division of the Directorate for West and Central Africa), the brief of which inevitably impinges on forestry matters; E6 (the parallel Division to D6 within the Directorate for East and Southern Africa); and F5 (a multi-disciplinary group 'Infrastructure, agriculture and rural development' within the Directorate for the Caribbean, Pacific and Indian Ocean). There is also a small number of professional foresters in the Delegations.

With only one professional officer to promote and manage the forestry brief for the whole Directorate-General, the staffing constraint which is apparent throughout the Commission is particularly evident in the area of tropical forestry. There is no explicit fund earmarked for tropical forestry under Lomé (nor does a percentage rule apply to the ACP countries, unlike the regional budgets for Asia and Latin America which have a 10% environment allocation [see the chapter on DG IB]). Lomé IV *bis* stands at ECU 14 billion (one-third of all EU development funds). Expenditure on tropical forestry projects within the Lomé envelope varies markedly from year to year. One recent estimate puts expenditure on tropical forestry from the EDF, over the period 1992-6, at ECU 46.22 m., though varying widely from year to year, with ECU 23.28 m. expended in 1992, but only ECU 889,321 expended in 1993 (Planistat, 1997:28). Average expenditure under Lomé in this period was ECU 9.24 m. Overall tropical forestry related expenditure by DG VIII in the period 1992-6, including EDF and three budget lines (tropical forestry, environment and NGO) has been estimated at ECU 138.73 million (*ibid*). Using this figure, the professional responsibility of the Tropical Forestry Adviser can be said to be of the order of ECU 28 million per year, of which about half has been under the Tropical Forestry budget line, B7-6201. However, much of the responsibility for the non-B7-6201 expenditure is indirect.

2.5 Management of NIPs/RIPs

The National Indicative Programme defines the overall framework of EDF funding to a particular country. Realisation of the Programme is through the vehicle of individual projects. Identification of projects is the joint responsibility of the recipient government and the EC desk officer, supported by the EU in-country Delegation. Project proposals are screened by the EDF Committee which meets monthly. There is no internal review procedure at present, although DG VIII is in the process of introducing a new committee, the Quality Support Group (QSG), which will screen projects prior to their presentation to the EDF Committee. The mandate of the QSG will be to help officials improve preparation and appraisal of EDF operations, and thus improve the 'quality, relevance, viability and sustainability' of EC aid. The Group will have eleven members, representing the various sectoral and geographical Divisions of DG VIII, and it will be chaired by the Head of Directorate A (Development Policy). Previous attempts to introduce similar screening bodies met with rather limited success, due, it is said, to opposition from country desk officers opposed to the heightened influence which such a grouping would give to the policy units (Koning, 1997:139).

Management responsibility within the Commission for all phases of NIP and project identification rests with the Geographical Country Desk. Feasibility studies and financing arrangements are also the responsibility of the desk. During the implementation phase, responsibility within the Commission for supervision of project execution passes from the desk to technical units. Where appropriate technical units exist within the geographical directorates (*viz.* 'Agriculture and rural development' and 'infrastructures'¹²), authority will normally be retained within the directorate. In other cases (for example, 'health' and 'education and training'), responsibility passes to another directorate, normally Directorate G; 'Sectoral implementation'.

In-country supervision of projects (for example, tendering procedures and drawing up contracts) is the joint responsibility of the Delegation and the recipient government. An important role in such procedures is played by the *National Authorising Officer* (NAO), a Minister of the recipient government, who acts as the contact point with the Commission, and represents the government in matters concerning the EDF programme.

2.5.1 Channels and beneficiaries of DG VIII funds

As outlined in Article 3.2 of the Council Regulation 3062/95 of 1995 (see Section 3.4, below):

The recipients of aid and partners in co-operation may include not only states, regions and overseas countries and territories but also decentralised authorities, regional organisations, public bodies, local or traditional communities, private industries and operators, including cooperatives and non-governmental organisations and representative

12. These two sectoral units are separate entities within Directorates D and E, though combined as one 'Multidisciplinary group' within Directorate F.

associations of forest peoples, which include the conservation of tropical forests among their objectives or regular activities.

The types of partners engaged in budget line activities tend to reflect the European dimension of the Commission's work. A range of European consultancy firms, national and international NGOs and charitable organisations, and universities/consortia has received funding, sometimes in partnership with counterparts in the recipient countries and regions. Horizontal projects are not necessarily linked to any one country or region.

The range of partners under EDF co-operation tends to be very broad and may include small, medium and large private sector organisations, banks, NGOs and community associations, as well as government departments and agencies, and public services. Management may involve local and expatriate consultancy firms and direct contract staff. Selection of partners is subject to strict tendering and contract procedures, as laid down in the EDF financing regulations.¹³ As a general rule, only EU and ACP persons, companies and public or semi-public agencies can participate in EC/ACP tenders under the EDF, and equipment and plant must also be of EU or ACP origin. Tendering procedures vary according to the size of the contract, with the largest contracts involving international calls for prequalification. For smaller projects or provision of services, rules of restricted tender are likely to apply, with invitations being restricted to consultancy companies on the official EC/ACP registers. Primary responsibility for the tendering procedure, as well as for project management lies with the ACP country, particularly the National Authorising Officer, acting in association with the EC Country Delegation (see section 5).

2.6 Strengths and weaknesses of the DG VIII approach

The strengths of the DG VIII approach, as it now operates, derive from its relative freedom from political influence. Aid delivery by DG VIII is less influenced by national foreign policy or commercial interests than are the bilateral EU aid programmes (Bainbridge and Teasdale, 1996). Once the size of the EDF has been established, DG VIII has relative autonomy over the programme on the EC side.

2.6.1 Integration of sectoral priorities

At the level of sectoral integration, however, existing structures and procedures present a mixed picture. While the more established development objectives are reasonably well accommodated in EDF aid, integration of the newer sectoral priorities (such as forestry and the environment) is arguably rather poor (Koning, 1997: 142). This can be attributed to a number of factors: the time lag between priority identification and the disbursement of aid (so that the newer aims have not yet been fully taken on board); the demanding nature of the emerging themes; and also the tendency to concentrate attention on deliverable outputs, such as infrastructure,

at the expense of complex and cross-cutting social objectives. The consultancy mode in which most EC aid is managed similarly encourages a conservative bias, as does the complexity of EDF aid management. The principle of partnership which is central to the Lomé Conventions also means that recipient governments have considerable discretion in their choice of priority sectors for their NIPs, and external concerns may thus be rather difficult to promote.

At the same time, the structure of the Directorate-General is itself uncondusive to the integration of innovative sectoral themes, including tropical forestry. DG VIII's organisation is primarily along geographical lines, and the integration of horizontal issues is inherently problematic. Neither geographical desks nor delegations are particularly responsive to DG VIII's technical priorities, and serious constraints of staffing, together with the wide geographical and thematic coverage of EC international representation, compound the difficulties.

2.6.2 Tropical forestry in DG VIII

With regard to the specific issue of the integration of tropical forestry into development priorities, DG VIII programming is unsatisfactory from a number of points of view. The major issue concerns the points of entry for forestry into EDF structures. The process of drawing up NIP/RIPs tends to be rather cumbersome, and dominated by geographical interests. The two key levels of implementation – the Country Desk Officer in Brussels and the Delegation in the ACP countries – are primarily managerial appointments, without defined sectoral competences linked to their geographical postings. EDF regulations do not commit the Directorate-General to any specific level of funding for tropical forestry, beyond those specified in the focal areas. These rarely identify forestry as a priority.¹⁴

In order for forestry matters to be adequately taken into account in the processes of project identification, there is need for early recognition of key sectoral concerns by the programming authorities. This rarely happens in practice. Delegation and desk staff have generally lacked skills in the forestry sector, and the massive workload of the sector specialists has prevented them from intervening in EDF programming either early enough or with sufficient commitments of time. Forestry is felt to have been rather poorly represented in the NIP/RIPs of the 8th EDF, even in those instances where it might have been expected to have been a major priority.

While responsibility within the Commission for project management normally transfers from geographical desks to technical units in the execution phase, the desks may hesitate to involve Division A/1 ('Sustainable development and natural resources') in day-to-day management issues, on the grounds that A/1's brief is primarily policy-oriented. Valid as this

13. See: 'The User's Guide to Tenders and Contracts Financed by the EDF', Commission Document DG VIII/151/94-EN (revised 10/96), Brussels, May, 1994.

14. For example, forestry is not a focal area for Cameroon or Uganda under the 8th EDF, despite the fact that these two countries have important forest resources, although transport sector policy is; on the other hand, forestry is a focal sector for the Comores, which is not a major timber producer. Forestry is, however, a focal sector for the RIP for Central Africa, an area which includes Cameroon.

may be, A/1 is the sole Division in DG VIII with a specific mandate for tropical forestry, and the unit best able to promote tropical forestry perspectives in EDF programming.

2.6.3 Tropical forestry – the definitional issue

The issue of the limited integration of tropical forestry, as a thematic area, into EDF procedures is important not only in its own right (in that forestry is, or should be, a major area of Commission intervention in all those ACP countries with important forest resources) but also in relation to the issue of environmental impacts. There are two particular areas of concern. In the first instance, forestry may well figure as an important, if subsidiary, component of actions in other sectoral areas, in which the proper management of the forestry component is essential for project success. And secondly, because of the extent to which forestry is influenced by extra-sectoral issues (infrastructural development, trade policy, fiscal reform, policy on land conversion and settlement, etc.), interventions in other areas may have major impacts on the forest sector. In such cases, seemingly peripheral issues of definition and classification may well prove crucial to the recognition of forestry impacts. As yet, management procedures within DG VIII are arguably some way from addressing these cross-sectoral issues. However, with the increasingly strategic deployment of a dedicated Tropical Forestry budget line, as well as certain procedural innovations, there is growing potential for a more integrated and coherent approach.

2.6.4 Strategic use of the budget line

DG VIII/A/1's response to the minor role of tropical forestry within the EDF programming procedures has been to adopt an increasingly strategic orientation. In some cases (for example, in relation to work on the evolution of the international timber trade), the budget line is being used to help define EDF policy. In other instances (for example, studies on timber certification), budget line projects are used as pilot activities, the intention being to bring them to a stage of potential replicability, at which point they can be absorbed into the funding procedures of the EDF. The aim in both cases is to heighten the profile of tropical forestry within the Directorate-General, and to ensure that forest impacts become a central concern in all of its aid allocations.

2.6.5 Procedural innovations

At the same time, DG VIII management has also recognised the need for greater harmony between policy and implementation, and recent changes in decision-making procedures reflect a desire to strengthen the policy and sectoral implementation units. However, these procedures continue to work within the constraints of staffing shortages and of the partnership principle enshrined in Lomé, and on both counts the Commission has limited ability to impose its will.

Efforts are increasingly being made to integrate EDF management and VIII/A/1 policy at the structural level, to the benefit of tropical forestry. For instance, the setting up of the Steering Committee of the Tropical Forestry and Environment Budget Lines, which com-

prises the Heads of Directorates of DG VIII and representatives of DGs IB and XI, indicates a move towards greater transparency and coordination with other services. The Steering Committee (officially the 'Inter-Service Committee') meets two or three times a year to discuss the projects proposed for funding, and representatives give views on projects that fall within their geographical/technical portfolio. The minutes of the meeting are circulated, as are details of the status of budget line programming. A Background Note was circulated in June 1996 outlining the purpose of the budget lines, and proposing further 'in house' contributions in the form of projects (Background Note of 4/6/97).

3. STRATEGY AND POLICY

As the importance of tropical forests has grown within the Commission, so have the accompanying DG VIII structures to deal with them. This section outlines the strategic approach being developed in DG VIII to promote the theme of tropical forestry, in the face of the organisational and management constraints set out above.

3.1 Past strategy

Until the early 1990s, there was a fairly *ad hoc* approach to forestry issues in DG VIII, and forestry was generally dealt with as a sub-component of broader activities, such as rural development. Tropical forest projects and interventions were supported from diverse funding sources (for example, the budget line B7-5040: Ecology in Developing Countries), without any overarching strategy or policy.

With the growth in environmental awareness in the 1980s, and especially since the UNCED Conference in 1992, there has been an increase in the capacity-building of Commission services, in terms both of increased funds and of policy orientation. There has also been an increase in strategic thinking, and policies with clearer operational/practical applications.

The period of the late 1980s, in which the awareness of environmental problems in general and tropical forests in particular, came increasingly to the fore, was accompanied by increased activity and reflection within DG VIII. Pressure from the European Green Movement was particularly influential. Commission responses tended to be high in good intentions but with only a limited operational aspect. The 1989 Communication, 'The Conservation of Tropical Forests: The Role of the Community', for example, put its main emphasis on support for programmes external to the Commission, the FAO-supported Tropical Forests Action Programme and International Timber Trade Organisation, despite pressure from the environmental movement for a greater internal policy orientation, and some misgivings as to the effectiveness of the chosen agencies (WWF, 1991:1).

The 1991 review of tropical forestry sector activities, which was undertaken by the International Forest Science Consultancy (IFSC), marked a recognition by the Commission of the growing importance of aid funding to the tropical forestry sector, and an acknowledgement of the inadequacy of its existing approach. The review made a number of recommendations,

including the need for an overall strategy and the development of guidelines for staff of the Commission and Delegations on the identification and formulation of projects so as to ensure its effective implementation.

3.2 Tropical forestry in the period 1992–1995.

The 1992 UNCED Conference led to significant changes in the overall legal and policy environment for tropical forestry aid. All signatories (the Commission included) were obliged to implement the undertakings of Agenda 21, as well as meet the legally binding provisions of the Biodiversity, Climate Change and Desertification Conventions. The Commission was also involved in ongoing discussion processes concerning, for example, the possibility of a legally binding instrument for forests to build on the (non-binding) UNCED Forest Principles. The Commission took on a number of responsibilities and legal obligations with regard to Tropical Forests, at the level of both internal policy and international processes. The former included the programme of the Fifth Environmental Action Plan, 'Towards Sustainability', launched in 1993 (EC, 1993b), which dealt with policy and actions relating to the environment and sustainable development, and the latter, inputs into the UN Commission on Sustainable Development and its offspring, the Intergovernmental Panel on Forests (IPF). These changes have led to a greater focus on monitoring and reporting activities, and to the development of more complex systems to classify project commitments and justify activities, in tropical forestry and environment.

The period leading up to, and immediately following, the UNCED Conference signalled a much-increased role of the Commission as an actor on Tropical Forest issues. The period was characterised by a proliferation of Resolutions, Communications and other legal instruments aimed at putting Tropical Forests on the agenda in practical, as well as theoretical, terms.

In terms of follow-up to UNCED, the major actions internal to the Commission were:

- (i) The 'Seminar on European Community Actions in Favour of Tropical Forests', held in Brussels in January, 1993, to take stock of the Rio Conference
- (ii) The opening of the (previously agreed but not yet active) Tropical Forestry budget line (B7–5041/6201) and the introduction of the corresponding Regulation.
- (iii) The negotiation of Protocol 10 to the Lomé Convention.

Again, in seeking to understand such developments, a separation has to be made between issues relating to the EDF and those relating to the budget line.

3.3 Forestry and the programming of NIP/RIPs

Over the years the Lomé Convention has been gradually modified to give priority to activities which are likely to promote sustainable forestry and conservation. For example, Article 4 of Lomé IV (1990) emphasises the need for development to be 'based on a sustainable

balance between its economic objectives, the rational management of the environment and the enhancement of natural and human resources'.

Article 14 indicates, among priorities in the main areas of co-operation, that:

Co-operation shall entail mutual responsibility for preservation of the natural heritage. In particular, it shall attach special importance to environmental protection and the preservation and restoration of natural equilibria in the ACP States. Co-operation schemes in all areas shall therefore be designed to make the objectives of economic growth compatible with development that respects natural equilibria and brings about lasting results in the service of man.

In the framework of efforts to protect the environment and restore natural balances, co-operation shall help promote specific operations concerning the conservation of natural resources, renewable and non-renewable, the protection of ecosystems and the control of drought, desertification and deforestation; other operations on specific themes shall also be undertaken (notably locust control, the protection and utilisation of water resources, the preservation of tropical forests and biological diversity, the promotion of a better balance between urban and rural areas, and the urban environment).

A new section on the environment was introduced into Lomé IV (Articles 33–41). Article 33 set out the objective of EU support with regard to environmental issues, including forestry. It stated that:

the protection and the enhancement of the environment and natural resources, the halting of the deterioration of land and forests, the restoration of ecological balances, the preservation of natural resources and their rational exploitation are basic objectives that the ACP States concerned shall strive to achieve with Community support, with a view to bringing an immediate improvement in the living conditions of their populations and to safeguarding those of future generations.

Lomé IV *bis* was signed in 1995 and gave formal recognition to the threat of deforestation, and to the need for joint intergovernmental action on the part of both ACP and EU Member states. Environmental objectives were listed as basic aims to be pursued by ACP states with EU support. The Convention carried a requirement that all future projects should be subject to an environmental assessment. For the first time, tropical forests were included as a specific and discrete topic in the form of a Protocol to Lomé IV *bis*: Protocol 10 'on sustainable management of forest resources'. This summarises concern for tropical forests, and states that 'special priority shall be given to actions which support and encourage the efforts of ACP States and their organisations to preserve, re-establish and use sustainably their forestry resources, including the fight against desertification' (Para 2).

Protocol 10 sets out a number of priority areas within tropical forests where efforts should be concentrated, such as:

- the conservation of endangered tropical forests and their biodiversity;

- the development of buffer zones;
- the sustainable management of forests destined for the production of timber and other forest products;
- afforestation and reforestation;
- institution building;
- strategic and adaptive research;
- improved planning at local, national and regional levels;
- the improvement of timber trade and marketing from forests under sustainable use;
- the certification of forest management and forest products;
- improved access to and transfer of technology and technical co-operation, to help attain the objective of sustainable development (Para 4).

These suggest areas favoured for joint action between the EU and the ACP states within the EDF negotiations. Protocol 10 does not, however, commit any funds specifically to forestry, nor does it oblige the signatories to the Convention to implement its aims.

Focal sectors

A new requirement was included in Lomé IV *bis*, to the effect that focal sectors should be selected to put 'emphasis on poverty alleviation and sustainable development' [Article 281 para 2(b)]. This may be expected to increase the profile of tropical forestry within EDF programming, albeit indirectly.

Tropical forests may be identified as a focal sector where indicated by development criteria. Collectively, the various forest-related Articles of the Convention and the Protocol would suggest the relevant criteria to be:

- large numbers of people relying on forests;
- unique or endangered biodiversity;
- high deforestation; environmental problems stemming from deforestation;
- danger of loss of livelihoods;
- high profile of forest revenue in national income; high-level political backing for addressing forest problems.

In principle, if one of these criteria applies, then integration of forestry into the country's NIP should be considered (*see*: 'Sector Programming of the 8th EDF').

Integration of forestry into NIPs might also be indicated even if there is no awareness or readiness in an ACP country. This is the case when there is a risk of losing unique ecosystems, areas of biodiversity or of social and cultural heritage, where preservation is of global interest. In such a situation, the desk officer in Brussels is likely to have a key role in deciding whether or not to press for an appropriate modification of the NIP.

3.4 The Tropical Forestry budget line

The creation of the Tropical Forestry budget line in 1991–2 attests to the greater recognition now being given to the problems facing tropical forests. Its aim is to 'support operations to promote the conservation and sustainable management of tropical forests and their associated biological diversity'. Its fields of application

are outlined in Article 4 of Council Regulation No. 3062/95 of 1995. Article 4(e) of the Regulation focuses on the need for actions centred on 'capacity-building to address the need for training schemes for local populations, forest managers and researchers, for legislation for increased political and social support and institutional strengthening, and for organisations and associations active in forest conservation'. There are eight priority areas:

- conservation of primary tropical forests and their biodiversity and renewal of tropical forests which have been damaged;
- sustainable management of forests designed for the production of timber and other products;
- definition and development of certification systems;
- provision of prior information to forest peoples (identification, planning and implementation of actions);
- capacity building;
- strategic and adapted research policy aimed at supplying the knowledge required for the conservation and sustainable management;
- development of buffer zones to assist the conservation or regeneration of tropical forests;
- development and implementation of forest management plans aimed at conserving tropical forests.

3.5 Present strategy on tropical forests

A series of influences has thus converged in recent years to heighten the profile of tropical forestry both generally within the Commission and specifically in DG VIII. Some of these influences have been Commission-wide. These include internal pressures (for example, the implications of the IFSC 1991 review) and external ones (the UNCED Conference, for example, and the increased public interest in tropical forestry and environmental issues over the last decade). Others have related to influences specific to DG VIII (for example, the desire to introduce sectoral expertise into the management of the EDF). Collectively, these influences have led to the formulation of the EC strategy on forest sector co-operation.

The EC strategy

The overall objective for the strategy is that 'sustainable forest development should lead to a reduction and, in the long run, to a cessation of further destruction of irreplaceable resources'.

The approach of EC Forest Sector Development Co-operation is to ensure that 'individuals and communities dealing with forests and forestry, and society at large, benefit in an equitable way from forest-related products and services which are produced on a socially, economically and environmentally-sound basis'.

This will be achieved by promoting sustainable forest management, in line with international principles, in a decentralised and participatory manner and according to a livelihoods perspective that gives due recognition of the interrelationship between forests and other land uses.

The underlying assumption behind the approach is that 'deforestation is rooted in a complex web of social, economic and institutional problems, and it is

commonly accepted that (the origins of the) problem largely lie outside the forests'.

The principles of forest sector co-operation

The need for all aid management staff to take fully into account the complexity of the influences on the condition of the forest sector, and the extent and importance of out-of-sector influences, has been underlined in a set of guiding *principles* which underpin the strategy and are intended to be applied by all EC staff involved in forest sector development co-operation. These concern the economic, social and environmental dimensions of sustainable development (see Box 1).

DG VIII Forestry Instruments

DG VIII/A/1 has developed a range of tools to support DG VIII's forestry strategy. This is based on the recognition that a sound legal framework (the Regulation, Protocol 10, etc.) is not, by itself, sufficient to result in the achievement of the key objectives, and that there is need for active engagement with priority topics

Box 1 General Principles to be applied in Forest Sector Development Co-operation

1) Policy principles

- Principle 1: Considering strategic processes and compatibility with National/Regional Forestry Programmes.
- Principle 2: Considering forests in a broader pattern of land use.
- Principle 3: Considering customary rights and ownership of land and resources.

2) Social principles

- Principle 4: Understanding social and cultural features and responding to perceived needs.
- Principle 5: Encouraging participation of all stakeholders in the development process and seeking to empower local communities.
- Principle 6: Seeking to reach poor and disadvantaged populations and seeking to integrate them into the development process.
- Principle 7: Recognising gender roles and establishing equal participation and benefits.

3) Economic principles

- Principle 8: Considering the role of the private sector.
- Principle 9: Considering the economic dimension of environmental impacts.

4) Environmental principles

- Principle 10: Seeking to avoid harmful effects on the environment.
- Principle 11: Ensuring that the environment resource base is enhanced for future generation.

(Source: Guidelines for Forest Sector Development Co-operation, 1996: 28.)

through a range of instruments. Two of these in particular – the forthcoming Communication to Council and Parliament and the 1996 Guidelines for Forest Sector Development Co-operation – will provide the context for assistance and policy dialogue in the forestry sector. The Regulation, which was due to be presented in late 1997, will review present strategy on tropical forests and seek to incorporate innovative developments. The *Guidelines* seek to heighten the profile of tropical forestry within the Commission and provide non-specialist staff with a set of accessible principles to facilitate project appraisal from the perspective of forest impacts (see Box 2). The complete range of instruments is shown in Table 1.

4. PROJECTS FUNDED BY REGION, TYPE AND SIZE

The inventories of tropical forestry projects made by IFSC (1991) and Planistat-Europe (1997) indicate that, between 1978 and 1995, a total of approximately 766 projects relating to tropical forestry and timber have been supported by the Commission, to a value of ECU 867m. A total of 256 projects to a value of ECU 397m. were supported in the period 1978–90 (IFSC), and 510 projects to a value of ECU 470m. in the period 1992–6 (Planistat).¹⁵ This section reviews the pattern of expenditure by funding source, as one indication of programme coverage.

4.1 Analysis of projects supported in the last two decades

4.1.1 Questions of classification

Since forestry can be a component of actions in other sectors, there are problems of both identification and categorisation when dealing with the analysis of interventions by the Commission in the field of forestry. Particularly problematic is the identification of a forestry sub-component of a broader programme (for example, an agricultural or road-building programme) which is coded according to the major activity codes. The coding for projects funded under EDF and budget lines is not harmonised:

- Until 1996 EDF projects were classified by economic sectoral focus, and several technical codes. From March 1996 they have been classified using DAC codes.
- In the case of the budget line, there is no consistent coding. Budget line projects tend to be coded by those who directly manage them, and are not therefore necessarily complementary one with another.

Information for this section has been drawn from two sources – the inventories of tropical forestry projects made by IFSC (1991) and Planistat-Europe (1996). These use different systems of classification of forestry projects and of what constitutes 'forestry'. Specific problems which have arisen through the use of these

15. The year 1991 is not fully covered under either classification, and data for this year are thus missing from most of the following analysis.

Table 1 Forestry Instruments

Level of Intervention	Actions
Legal basis	Protocol on sustainable management of forest resources in the Lomé Convention 1995 Regulation on Tropical Forests guiding Budget Line B7–6201 to the Council on EC Development Co-operation Strategy
Internal approach	Note for programming the 8th EFD EC development co-operation strategy for tropical forests EC discussion paper on certification of forests
Guidance to staff	Guidelines for Forest Sector Development Co-operation
Regional and country analyses	For example: Study on 'Strategy and Possible EU Activities in the field of forestry in the Pacific'
Programme monitoring	Tropical Forestry Projects Database (ODI) Statistical analysis of projects
Implementation of sectoral policy	Direct advice to Delegations and operational services Appraisal of forestry programs at country level
Management of the budget line B7–6201	Launching of studies, pilot projects, etc Programme on Sustainable Forest Management and Certification in Central and Western Africa

(Source: DGVIII/A/1)

Box 2 The Forest Sector Development Co-operation Guidelines – *Forests in Sustainable Development*

The Forest Sector Development Co-operation Guidelines – *Forests in Sustainable Development* (origin DG VIII) of October 1996 – are an attempt to close the gap between theory and practice in EC aid to tropical forestry. They build on the Regulation, Protocol 10 of the Lomé IVbis Convention, and the various post-Rio international activities in the forest sector, such as the IPF. Agreed by both DG VIII and DG IB, they were drawn up after extensive consultation involving the inter-DG group, the Delegations, and the European Tropical Forestry Advisory Group (ETFAG). Workshops were held involving a variety of interested parties (NGOs, the World Bank, etc.). The Guidelines aim to provide a comprehensive overview of the major issues in moving towards the sustainable development of forest resources in developing countries, as perceived by the European Union. They also provide a framework in which EC projects and programmes can be set up, implemented and reviewed. They aim to establish a common understanding of forest sector issues among the Commission and its partners and to achieve increased coherence, complementarity and co-ordination in their aid activities. They also constitute an important tool for problem identification, project design and evaluation.

The Guidelines are in three volumes, the first setting out

the Commission's strategic approach, and volumes 2 and 3 providing tools for project cycle management. There is also an accompanying computer disk which contains a set of support materials; these provide (respectively) guides for preparing Terms of Reference, for Social Impact Analysis and for Environmental Appraisal, as well as a matrix sheet for the Logical Framework, Action Report forms for the various phases of the Project Cycle, and a description of Programming for Forest Sector Development Co-operation.

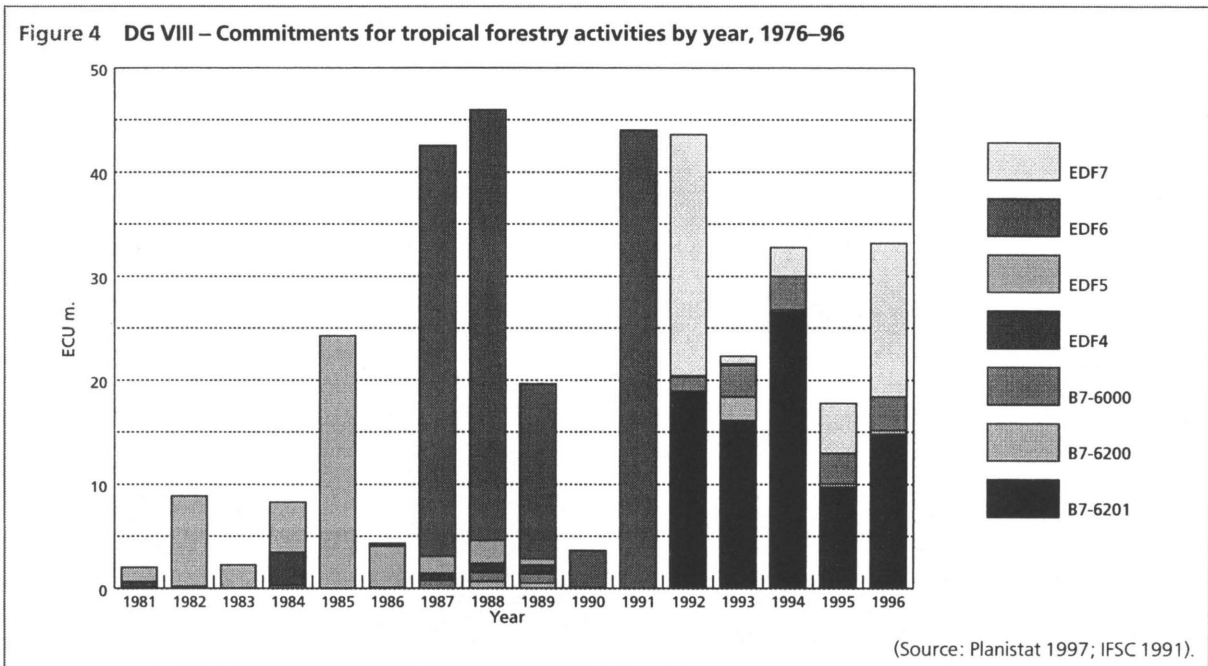
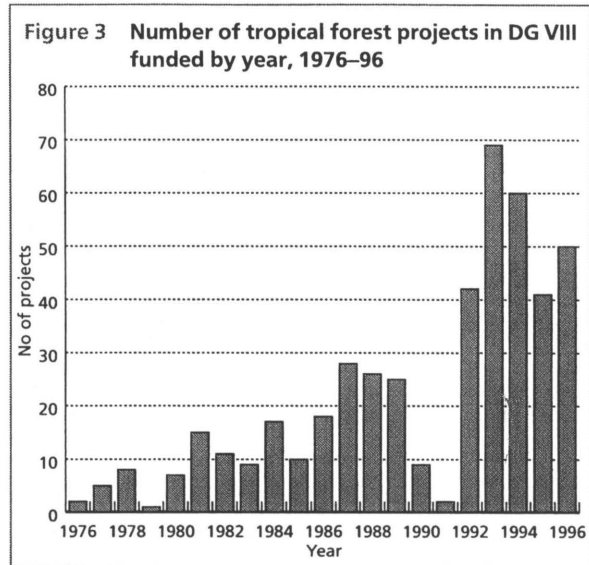
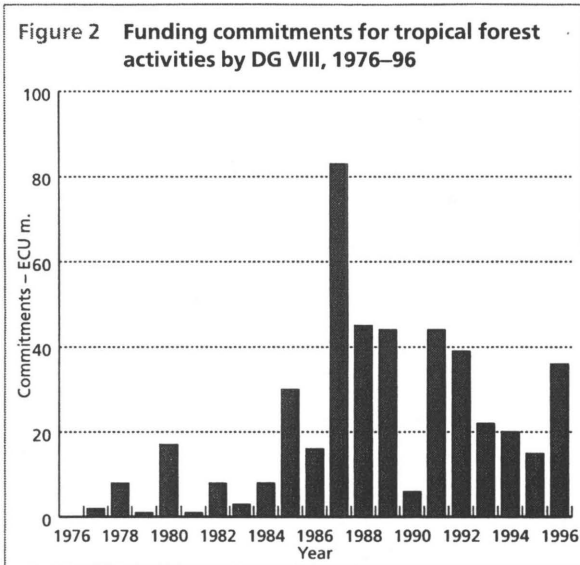
The target groups of the Guidelines are Commission headquarters staff and Delegations, and also national authorities and institutions dealing with EC forest projects in developing countries. They may also be used by project staff, technical assistants, consultants and NGOs dealing with or working in EC forest sector development co-operation.

The Guidelines were launched in early 1997 with a one year programme of training and testing with target groups, both in Brussels and the developing countries. There were to be 15 regional and national workshops, involving nearly 100 ACP and ALA partner countries. It is intended that feedback from the training programme will enable periodic adjustments to be made to future editions.

inventories have been: the fact that the year 1991 was not fully covered by either inventory; differences in the scope of the studies; inconsistency of coding; differences in approach to classification of projects with a secondary forestry component, and different ways of recording the funding of such projects. Planistat's overall estimates of forestry commitments, for example, are based on projects funded by DGs XI and XII as well as DGs IB & VIII, and also funds committed to forestry activities within projects with a different overall purpose (provided that the forestry component is evident from the project title). The IFSC study (1991) included projects in five directorates general – DGs I, VI, VIII, XI and XII. Projects were identified as

'forestry' on the basis of DG VIII's 'PIC' project information system; all projects listed in Section 37 of this system ('forestry') were included in the grouping, as were 33 other projects (from 270 potential projects) which the IFSC considered, on the basis of their PICS' classification, to have 'significant forestry activities' (IFSC, 1991:4).¹⁶

16. A third study of interest is the 1996 inventory of environment and forestry projects by ERM. However, this study excludes both DG XI or XII, and codes only by primary purpose (ERM, 1996:p.26). The ERM classification is thus more restrictive than either of the other two, as far as forestry is concerned.



4.1.2 Total expenditure on forestry projects

Figures 2 and 3 show the aggregated amount from all sources committed to tropical forest activities by DG VIII, and the total number of projects funded, in the period 1976–96.

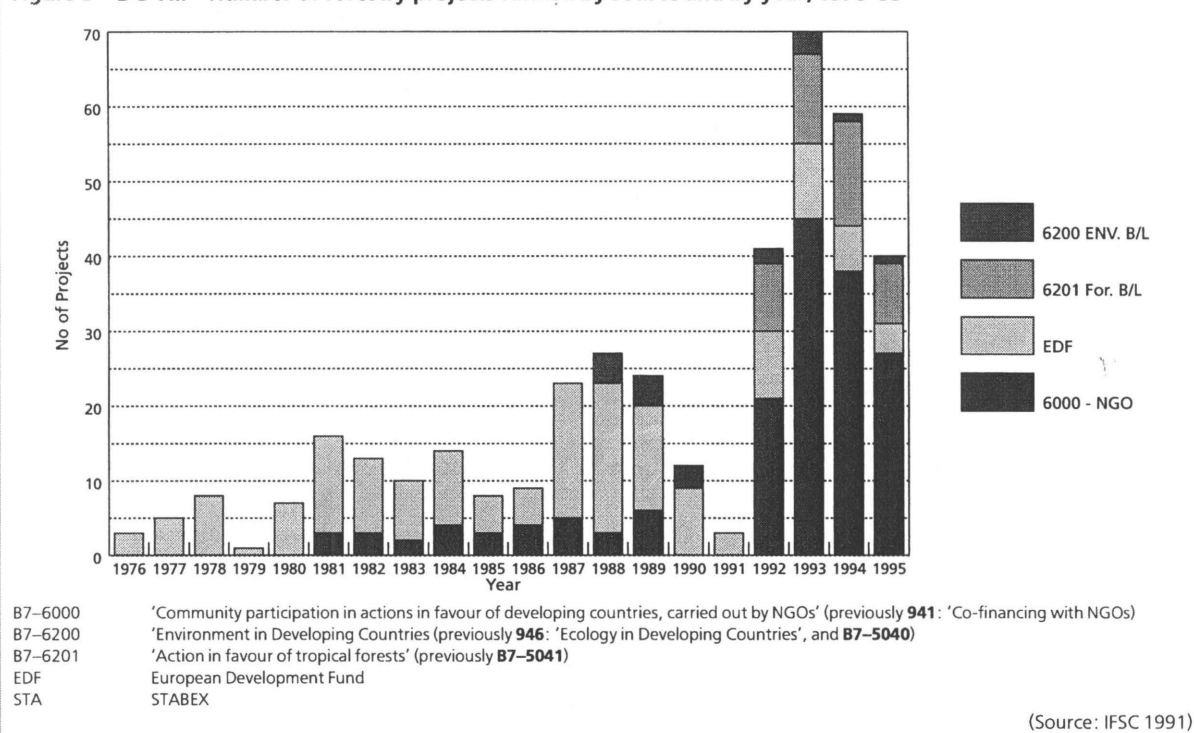
Figures 4 and 5 present the amounts of funds committed to forestry activities over the period 1976–96 and 1976–95 respectively.¹⁷ These indicate the changes in the pattern of funding over the years, with the creation of the tropical forestry budget line being the first source of funding explicitly for forestry

projects. The high variability in commitments, year on year, evident in the aggregated figures (Figures 2 and 3), is reflected in the individual commitments for the major funding sources. It is clear that the relative importance of the EDF as a source of funding for tropical forest initiatives has diminished since the introduction of the dedicated budget line. The amounts spent under the NGO and Environment budget lines have always been small, but expenditure under the NGO budget line has increased significantly in recent years, and the number of projects funded under this budget line (though not their size) is now superior to that for any other source.¹⁸

17. A distinction needs to be made between funds committed and funds spent as there is often a major difference between the two. Payment rates in the period 1992–6 vary between 7% (1996, payments to date) and 63% (1992), with an average of 37% overall. In general, the smaller the project size, the higher the payment rate (Planistat, 1997:52). Except where otherwise indicated, figures in this section concern commitments rather than payments.

18. This is partly due to the fact that the NGO budget line covers all ALA/MED as well as ACP countries; all geographical areas covered by the NGO budget line are included in the data for Figures 2–5.

Figure 5 DG VIII – Number of forestry projects funded by source and by year, 1976–95



4.1.3 Geographical spread of projects (DG VIII – all sources)

The 1991 IFSC study revealed an uneven distribution of countries receiving aid for tropical forests. The ACP group as a whole received a total for the sector of ECU 296 m. in the period 1978–91, which represents 74% of the global total. 53 ACP countries were eligible for aid for tropical forests. Within this group, aid was very unevenly distributed. For example, Senegal was allocated 11 projects over the period, Ethiopia 9 and Côte d'Ivoire, 8. Expenditure for one country, Côte d'Ivoire, was ECU 56 m. – 19% of the total – while some countries received no aid at all (see Table 3).¹⁹

By the period 1992–6, the overall distribution had changed significantly, with a total of 45 ACP countries receiving aid (out of 75 recipients, globally) although this represented only 22.3% of the overall aid volume. The largest aid recipient for tropical forestry within the ACP grouping was now Nigeria, which received a total of ECU 13.129 m. for four projects, representing 3.5% of total disbursements. In terms of numbers of projects, aid was still very unbalanced, with Burkina Faso receiving a total of 22 projects, Kenya 13 and Côte d'Ivoire 12 (against an overall average of 4.3 projects per recipient).

19. At a global level (not restricted to ACP countries only, nor to DG VIII funding): only 63 of the 115 countries eligible for EC aid in the period 1976-90 benefited from projects in the sector; 10 of these received a total of ECU 253 m. (hence, an average of ECU 25.3 m./country) whereas the remaining 53 countries received a total of ECU 90m. (ie. an average of ECU 1.7 m./country). Of the 10 largest recipients, 9 were in the ACP group (the other country was India). These 9 countries (Ivory Coast, Gabon, Nigeria, Ethiopia, Fiji, Zaire, Senegal, Tanzania, Uganda) received a total of ECU 197 m. aid (an average of ECU 22 m./country). (IFSC. 1991:9, Table 5)

Coverage by national income

Total commitments to ACP countries by GDP divide between low-income and middle-income countries as follows: low-income ACP countries – 13.4 % of total expenditures for tropical forestry (all countries); middle-income ACP countries – 8.9% of total. The relationship between geographical allocations to ACP countries and their levels of GDP in the period 1992–6 is explored further in Table 4.

These figures require some interpretation. In the first instance, account must be taken of the commitment of ECU 13m. (3.5% of total forestry expenditure) to 4

Table 2 Expenditure by region, 1978–91 (ECU m.)

Region	Total Expenditure	Region. Total	Percent of total
Africa Eastern	43.219		11
Horn of Africa	21.698		5
Africa Southern	4.537	69.45	1
Africa Regional	2.178	2.18	1
Africa Western Coastal	51.882		13
Africa Western Central	44.000		11
Africa Western Sahel	28.329		7
Africa Western West	94.758	192.97	24
Asia Pacific	21.937	21.94	5
Latin America Caribbean	8.965	8.97	2
Rest of World and Global		76.29	20
TOTAL	397.774		100

(Source: IFSC, 1991)

Table 3 Countries receiving the largest proportion of aid for tropical forestry (ACP Region), 1978–91

Country	Expenditure (ECU m.)	Number of projects	No of TFAP Categories
Regional	63.348	19	5
Côte d'Ivoire	56.094	8	2
Gabon	35.814	7	3
Nigeria	32.868	6	2
Ethiopia	20.338	9	2
Fiji	15.5	4	3
Zaire	13.788	8	5
Senegal	12.497	11	3
Tanzania	11.76	6	2
Uganda	10.918	4	
SUB TOTAL	292.925	82	
% of world total	69%	32%	

(Source: IFSC, 1991)

projects in one low-income country (Nigeria). Secondly, there are also indications of uneven distribution of absorptive capacity. Relative expenditure on low-income countries increases progressively as the average size of grants declines, and the number of projects increases proportionately.

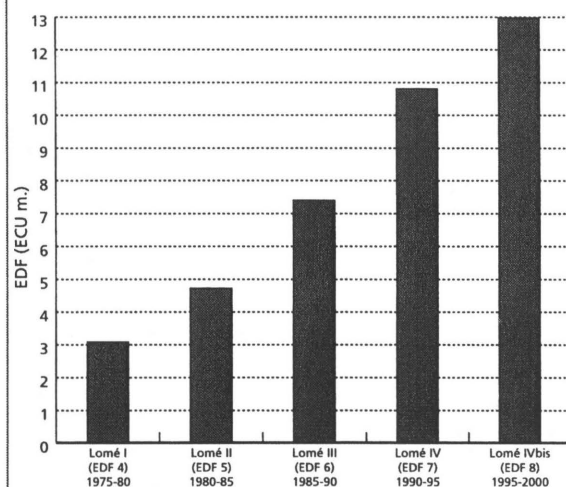
4.2 Non-budgetary funding

4.2.1 European Development Fund (EDF) – financial allocations

The total funds available under the various EDF protocols (all sectors) are indicated in Figure 6. Funds committed to tropical forestry under the EDF are indicated in Figure 7.

Figures for expenditure on tropical forests under each EDF show the importance of this source to be declining

Figure 6 Total funds available under the Lomé Conventions, 1975–2000 (all sectors)



(Source: OECD Development Co-operation Review Series).

relative to overall forestry funding by the Commission, both in terms of amounts spent, and in numbers of projects funded.

4.2.2 EDF projects – type and geographical spread

According to the 1991 IFSC study, much of the expenditure during the 4th EDF was concentrated on the development of forest-based industry (75% of total funding) either in terms of resource development/management or in the provision of ancillary services and infrastructure. Twenty-six countries benefited (41 projects), the majority being on the African mainland, at an average cost of ECU 0.83m. per project.

The 5th EDF involved 50 projects to a total of ECU 49.1m., at an average cost of ECU 0.98m. These

Table 4 Tropical forestry commitments relative to per capita national income (ACP as a proportion of global expenditure), 1992–6

	LOW INCOME COUNTRIES				MIDDLE INCOME COUNTRIES			
	A	B	C	D	A	B	C	D
ECU > 10m.	100	5.1	15.7	4/57	—	—	—	—
	3.5 (E)							
ECU 1–10m.	48.2	28.1	33.9	68/155	51.8	30.2	36.5	28/155
	15.7 (E)							
ECU < 1m.	75.5	54.7	10.5	71/114	24.5	17.8	3.4	18/114
	3.1 (E)							

(Source: Planistat, 1997)

A = % of ACP funding within the income category
 B = % of total funding within the income category
 C = % of ACP funding, overall

D = Number of projects as a proportion of total number of projects within category
 E = ACP funding, as % of total funding (all income categories), ACP and all other states

focused particularly on forestry development in the Pacific Region, especially Fiji, which received, respectively, 37% and 32% of the total volume of funding. Forestry in land use figured as a growing area of investment (38%), although forest-based industry remained important (46%). The former was represented by integrated rural development schemes or forestry in agriculture or associated with anti-desertification measures in arid regions.

In the 6th EDF, average expenditure per project increased greatly (42 projects for a total investment of ECU 145.67m., at an average cost of ECU 3.47m.), and there was a significant increase in the funding for regional projects. There were 3 such projects, amounting to 31% of the overall funding, and costing, respectively, ECU 24m., ECU 20m. and ECU 0.6m. The two large projects aimed at conservation and sustainable use, while the third was concerned with raising public awareness of deforestation. The overall trend in project funding continued to be away from forest-based industrial development towards forestry in land use and conservation. Forest in land use now figured as 55% of the total, with conservation and protection projects as 34%.

Using its rather different definition of 'tropical forestry projects', the 1997 Planistat review identifies a total of 37 projects funded under EDF7, for a total of ECU 46.22m., with an average cost per project of ECU 1.25m. In terms of the TFAP classification, the focus was particularly on strengthening institutions (31% of the total volume), followed by conservation projects (8%). The movement away from industrial development continued under EDF7. The very low showing for this (category 2) under both EDF6 (1.85%) and EDF7 (2.21%), and the prominence of conservation under EDF6 (34.39%), is perhaps surprising, given the reported low levels of concern in many developing countries for conservation issues, and the greater interest in production. However, the large component of 'uncoded' projects (58% of the total) limits the utility of the EDF7 classification. These data are summarised in Figure 10.

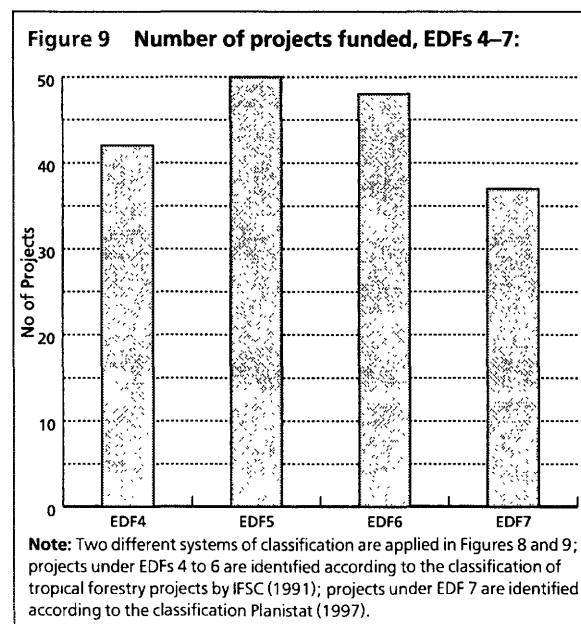
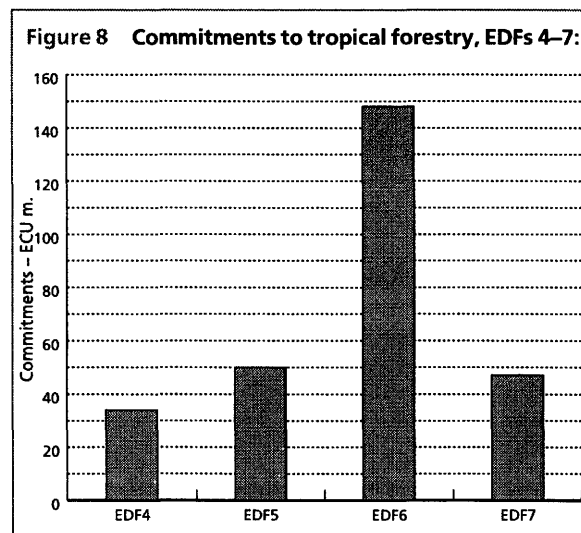
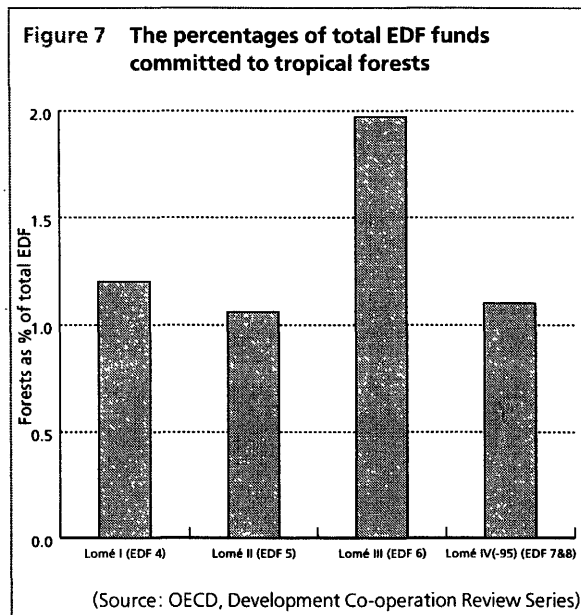
4.3 Non-programmable aid

Less important sources of non-budgetary funding for tropical forest projects are non-programmable aid funds such as STABEX and SYSMIN which fall within the EDF and which can, rather exceptionally, fund actions with a forestry component.

4.3.1 STABEX

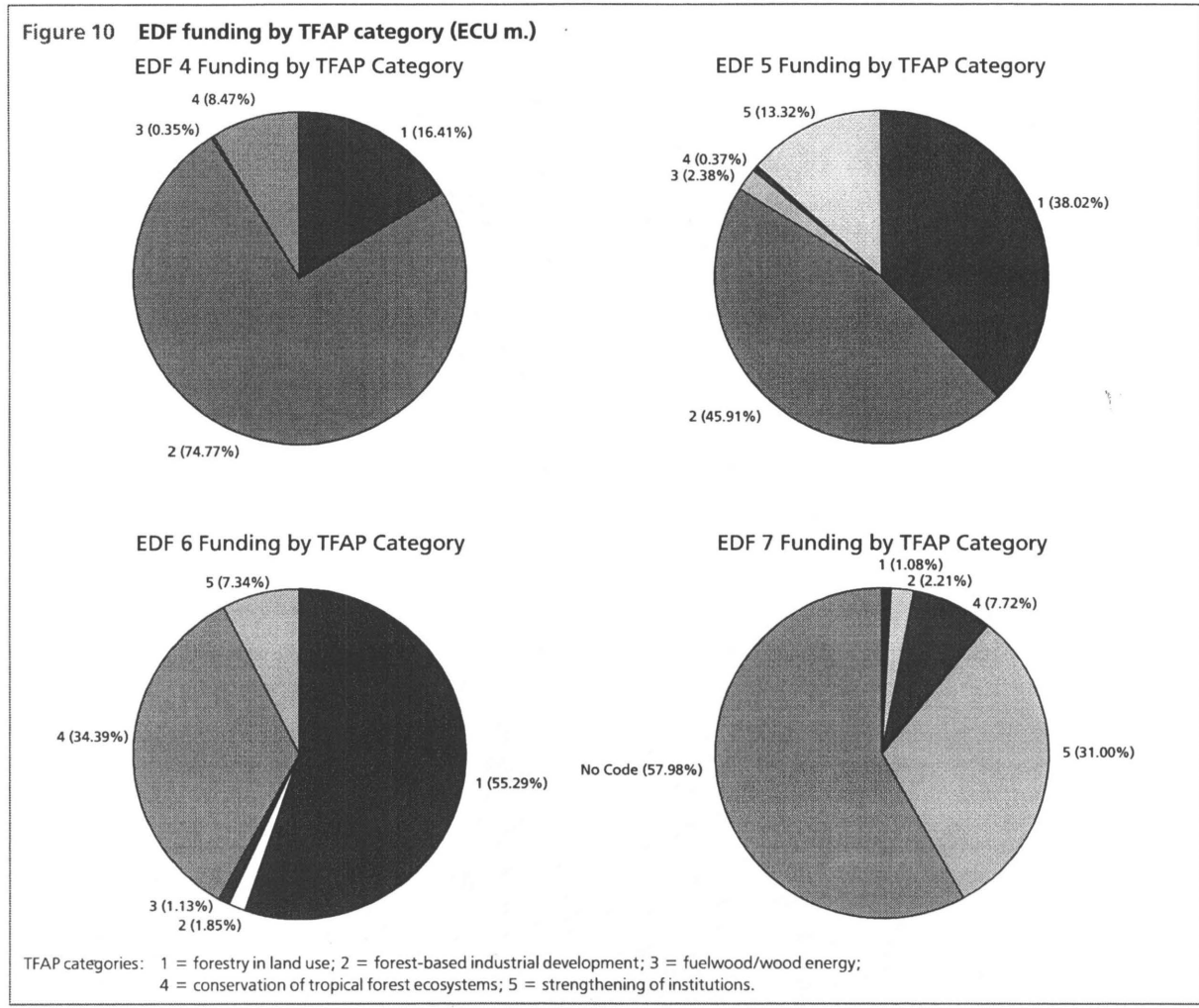
STABEX is a scheme for the stabilisation of export earnings for internationally marketed commodities. Timber is a STABEX product, but not a major one. According to IFSC (1991), 7 STABEX projects were funded in ACP countries in the period 1985-91 (all in Côte d'Ivoire or Western Samoa) as compensation for price fluctuations of wood in the rough.²⁰ In both countries, the documentation indicates that the funds were being put back into forest-based industrial development and sustainable resource use. The number

20. In line with the role of STABEX as a compensatory fund, the size of these grants relates to the estimated losses of export receipts in the wood sector in the previous year.



DG VIII

DG VIII



of forestry-related initiatives funded under these rubrics was notably small, while costs were relatively high. Average cost per project in the period stood at ECU 9.2m.

In the period 1992–6, only one STABEX operation is recorded as pertaining to tropical forests. This was a grant of ECU 4.7m. to Côte d'Ivoire (1992).²¹

4.3.2 SYSMIN

The other non-programmable ACP fund is SYSMIN. This is intended for countries depending on mineral exports and provides compensation for losses of export earnings in the minerals sector. Environmental work can be initiated under this fund although, since SYSMIN interventions are classified by their dominant mining codes, it is difficult to identify projects of this type which have a forestry component. Records do not indicate eligible SYSMIN projects for the period

Table 5 Numbers of tropical forestry projects funded under STABEX, 1985–9

	1985	1986	1987	1988	1989
No of projects	1	3	2	0	1

21. It is possible that this inventory is incomplete in relation to STABEX investments. For example, a 1995 review of STABEX in the Solomon Islands indicates that 6 projects were funded in the forestry sector in the period 1988–93, with a total value of c. ECU 6m. The funding mechanism was, however, an indirect and retrospective one (as was possible under Lomé III but not under Lomé IV), and this may account for the failure of the Planistat evaluation to register the payments. See: the report 'Solomon Islands: STABEX Evaluation Study' of the Delegation of the European Commission in the Solomon Islands (December, 1995).

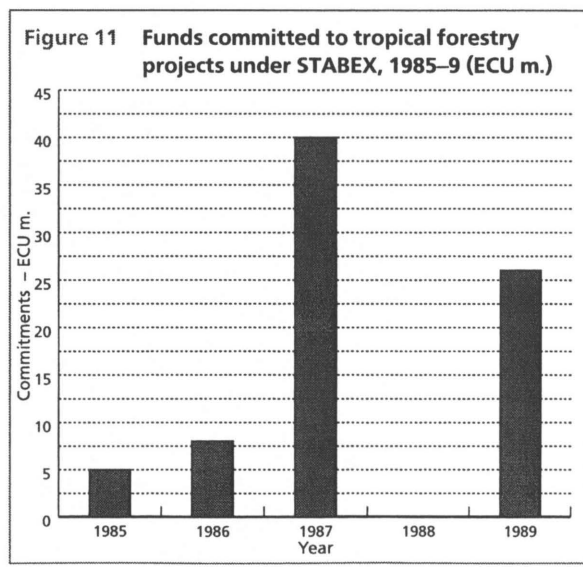


Table 6 Tropical forestry commitments by source – 1992–6 (ECU)

	Number of Projects	Average size
EDF-7 ^a	37	1,249,105
B7-6201 (tropical forestry) ^b	179	1,366,971
B7-6200 (environment) ^b	8	440,922
B7-6000 (NGOs) ^b	140	98,522

^{a)} ACP states only

^{b)} all states

1985–9. Only one eligible SYSMIN activity is recorded for the period 1992–6, for a tree planting scheme in Niger, in connection with the protection of a mining road against water and wind erosion (ECU 42,000).²²

4.4 Budgetary funding

The principal source of budgetary funding for tropical forest projects is the budget line B7-5041/B7-6201 which is tailor-made for forest projects. Other budget lines may fund tropical forest projects, or projects with a tropical forest component, but only as a sub-component or theme. These budget lines include B7-6000 (Co-financing with NGOs) and B7-6200 (Environment in developing countries).

Average size and number of tropical forestry projects funded under the three main budget lines (all Directories-General), for the period 1992–6, by comparison with EDF7 projects, are shown in Table 6.

4.4.1 B7-6201 (ex-B7-5041) Actions in favour of tropical forests

This budget line is jointly managed by DG VIII and DG IB. ECU 50m. is available annually in the period 1996–9 (according to the 1995 Council Regulation 3062/95 of 1994). The percentages of the available budget held by DG VIII in the period 1992–7 are indicated in Table 7. Trends in expenditure under the budget line by DG VIII are shown in Figures 12 and 13.

Funding priorities

The EC classification provides one indication of funding patterns. While significant year-to-year fluctuations warn against over-confidence in the identification of trends, some degree of patterning can be discerned. Conservation projects were clearly strongly favoured in the aftermath of the 1992 UNCED Conference. In 1993, 64% of all commitments under the Tropical Forestry budget line were for conservation projects, and the proportion rises to 82% if 'Buffer-zone

22. A further investment is likely in New Caledonia in 1997, supporting tree planting at sites of former mining operations (as a French overseas territory, New Caledonia is not a member of the ACP group, but is nevertheless eligible for SYSMIN grants under a parallel arrangement). A project is also under preparation in Guinea Conakry, to finance oil palm plantations. Both of these are regarded primarily as investments in the mining sector, however (both are concerned with rehabilitation of former mining areas), and not as 'forestry projects' as such.

Table 7 Commitments to tropical forestry projects by DG VIII, as a proportion of total commitments, under the Tropical Forestry budget line, 1992–7 (%)

	1992	1993	1994	1995	1996	1997
% [of ECU 50m.]	33.6	29	30.6	20	30	38

Figure 12 Commitments under the Tropical Forestry Budget Line, DG VIII, 1992–6

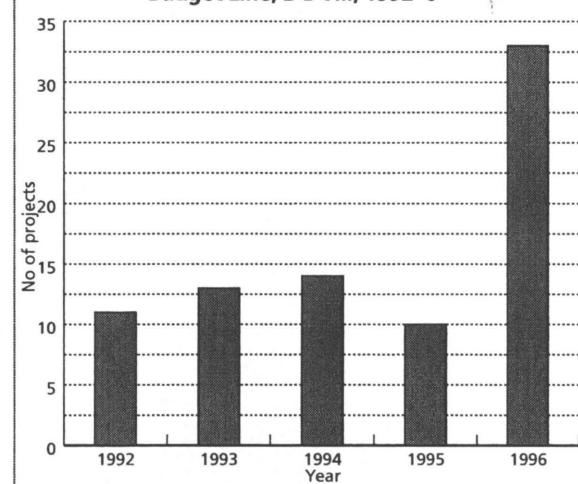
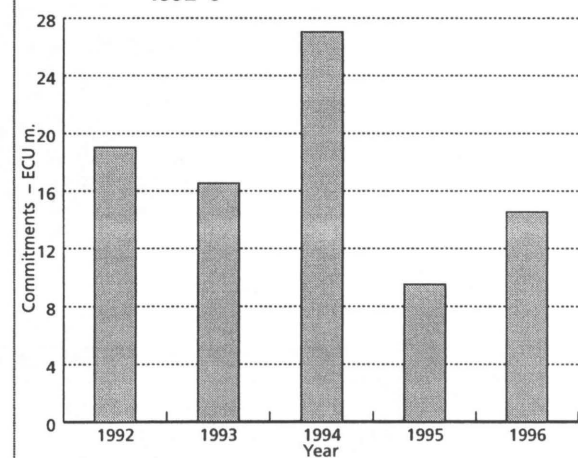


Figure 13 Number of projects funded under the Tropical forestry budget line by DG VIII, 1992–6



development' projects are included. In 1996, the proportion in these two categories fell to 12%. A high profile for conservation is not unexpected, given the importance of this interest in Europe. Conservation is reported to be a major concern of European parliamentarians, whose responsibilities include scrutiny of the budget line. 'Sustainable Management of Forests' figured strongly in 1996, though less so in previous years. 'Research' has figured strongly throughout, though account may need to be taken here of the inclusive nature of this particular code.

Comparison of expenditures under the EDF and the budget line is potentially of interest, in that the portion of the budget line controlled by DG VIII is said to have been used increasingly to support the development of EDF policy. However, this comparison is made difficult by the fact that the EDF is classified only by TFAP categories (see Figure 10), whilst the most detailed classification for the budget line is by the EC codes (Figure 14). In addition, a high proportion of recent projects in both instances is 'non-coded' under the TFAP codes (Planistat, 1997) – respectively, 58% of EDF7 and 38% of the budget line. In both cases, however, conservation has been well represented in recent years (EDFs 6 and 7, budget line post-1992). Capacity building figures more strongly in EDF7 than in the budget line (except for 1992). A high profile for capacity building is to be expected with the EDF, given its public service orientation, though the relatively low showing for this category under the budget line is perhaps unexpected given the perceived importance of institutional issues in European policy circles. Again, however, the fact that there are such wide variations in the patterns of expenditure, in relation to both EDF and budget line, cautions against too confident an assessment of trends.

4.4.2 Funding under other budget lines

Before the creation of the Tropical Forestry budget line, other budget lines were important sources of funding for projects focusing on tropical forests, or with an important tropical forestry component. These still retain some association with the sector.

The most important are:

- 941/6000 'Co-financing with NGOs', became B7-6000 – 'Community participation in actions in favour of developing countries, carried out by NGOs'.
- 946/5040/B7-6200: 'Ecology in developing countries' (subsequently, B7-5040 and then B7-6200: 'Environment in developing countries').

B7-6000 – Co-financing with NGOs

The B7-6000 budget line covers all developing countries, not just the ACP group. It is managed by DG VIII. Compared with other budget lines, it funds a large number of projects, but at a relatively low average cost. The overall trends in funding under this budget line are

Figure 14 B7-6201: Tropical forestry budget line – relative commitments by EC Code, 1992-6 (DG VIII)

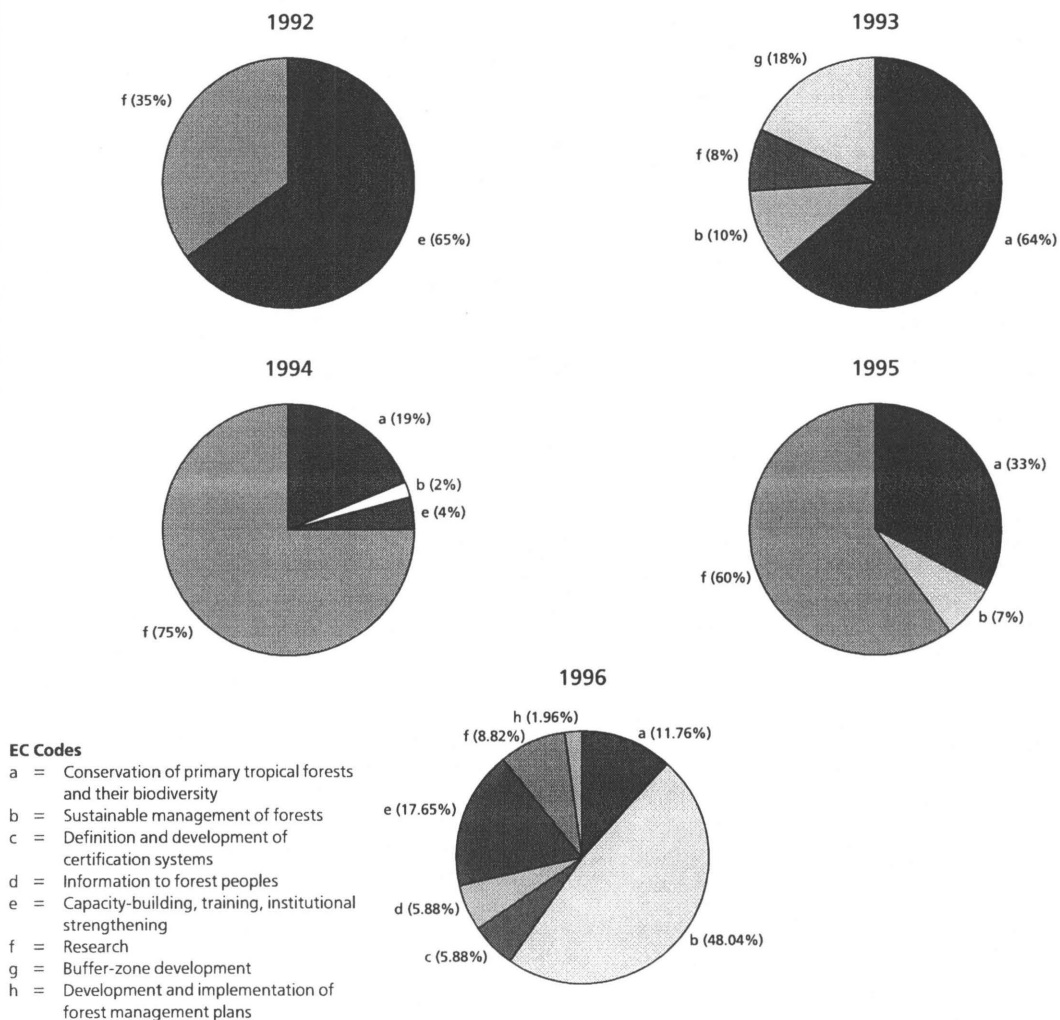
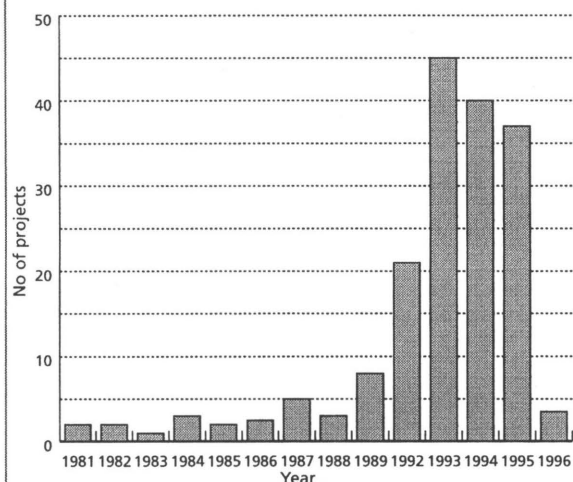
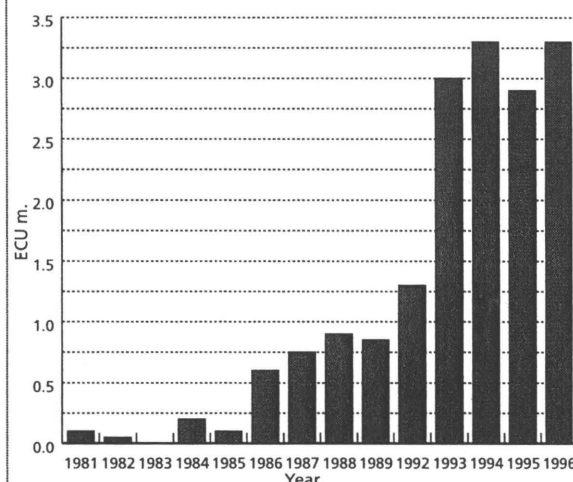


Figure 15 Number of tropical forestry projects funded (all countries) under budget line B7-6000, 1981-96



(Note: 1990, 1991 data not available)

Figure 16 Commitments to tropical forestry projects (all countries) under budget line B7-6000, 1981-96



(Note: 1990, 1991 data not available)

evident from Figures 15 and 16.²³

Since 1993, the relative size of projects funded under the NGO budget line has increased (Figure 16), while the number has progressively declined (Figure 15). The average project size has stayed modest, however, relative to other budget lines, and the number of NGO projects is still high relative to the total commitment of funds. Over the period 1992-6, the budget line funded 42% of all tropical forestry projects, in terms of numbers (140 projects out of a total of 333), though the total sum expended was less than 4% of the total (ECU 13,793,108 out of a total of ECU 359,838,435). The average grant sizes in each case were ECU 98,522 (NGO budget line) and ECU 1,080,596 (all projects) respectively – thus the average NGO grant was only 9% of the overall average for all tropical forestry projects.²⁴

In terms of geographical distribution, ACP countries have received significantly more project awards than ALA over the last 5 years. The average grant size in each case is very similar (Table 9).

In terms of commitments for forestry projects under this budget line, there has been a steady increase in funding over recent years, with a major change of scale occurring in the mid-1980s, at the time of the Africa famine and growing interest in NGO activities among the European public. Following a familiar pattern, there was also a significant increase in funding under this budget line in 1993, in the immediate aftermath of the UNCED Conference.

946/B7-6200: Ecology in developing countries/ Environment in developing countries

The EN946 (Ecology) budget line became B7-5040 (Environment in Developing Countries) in 1992. Until the creation of the dedicated Tropical Forestry budget

Table 8 Average size of tropical forestry projects (all countries) under budget line B7-6000, compared to the average size of all tropical forestry projects, 1992-96 (ECU m.)

	1992	1993	1994	1995	1996
B7-6000:	0.066	0.065	0.081	0.112	0.462
compare: all forestry projects	1.177	0.626	0.993	0.992	0.856

(Source: Planistat, 1997)

Table 9 Geographical distribution of projects, NGO budget line, 1992-6 (ECU)

	No. of Projects	Total Commitments	Ave. Project Size
ALA Region	48	4,602,800	95,891
ACP Region	92	9,190,308	99,895

(Source: Planistat, 1997)

line (B7-5041/6201), EN946 was a significant source of funding for tropical forestry projects. The 946 budget line was co-managed by DG VIII, DG I and DG XI. Since the creation of the Tropical Forestry budget line, it has funded fewer mainstream forestry projects, and focused increasingly on allied topics such as biodiversity. Funding to ACP states under this budget line is shown in Figures 17 and 18. Its annual budget has varied as follows: 1993, ECU 30m.; 1994, ECU 20m.; 1995, ECU 13m.; 1996, ECU 15m.

The new Environment budget line is jointly managed by DG IB and DG VIII, so the amounts available to DG VIII are only a proportion (currently 50%) of the overall total available.

Total commitments to tropical forestry projects in the ACP countries under these budget lines in the period 1986-96 are given in Table 11. It is evident that only a small proportion of the commitments under the budget line are nowadays used for projects which can be

23. These statistics refer to the budget line as a whole, not merely to the ACP countries.

24. The figures for overall forestry commitments in this paragraph refer to all tropical forestry projects in the Commission, not merely to DG VIII.

Table 10 BL 6000 – NGO forestry projects of ACP & ALA states (ECU)

	ACP Countries		ALA Countries	
	Commitments	No. Of Projects	Commitments	No. Of Projects
1981	17,000	2	0	0
1982	12,000	2	0	0
1983	9,000	1	0	0
1984	261,000	4	190,000	3
1985	17,000	2	63,000	2
1986	54,000	3	60,000	1
1987	712,000	6	470,000	3
1988	868,000	3	883,000	5
1989	861,000	7	270,000	3
1990	na	na	na	na
1991	na	na	na	na
1992	730,194	12	660,597	9
1993	1,586,258	30	1,424,038	16
1994	2,336,396	30	900,070	10
1995	2,423,362	16	496,622	10
1996	2,114,098	4	1,121,473	3

(Source: Planistat, 1997)

classified as 'tropical forestry'. The only significant investments in tropical forestry projects in the ACP area in recent years, under this budget line, were in 1993, in the aftermath of the UNCED Conference.

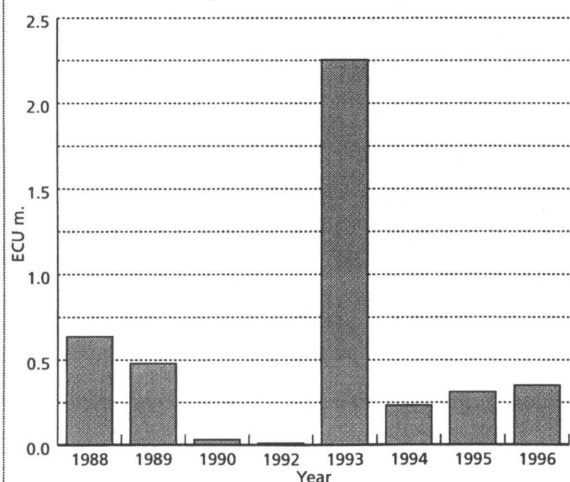
5. PROJECT CYCLE MANAGEMENT

The Commission has greatly increased the rigour of its project management procedures in recent years. An 'integrated approach to Project Cycle Management' was introduced in 1992 (EC, 1993a), and the use of the

Logical Framework is now routine. These innovations followed extensive criticism of Commission procedures, with lack of clarity of project management being frequently cited as a major cause of poor performance.

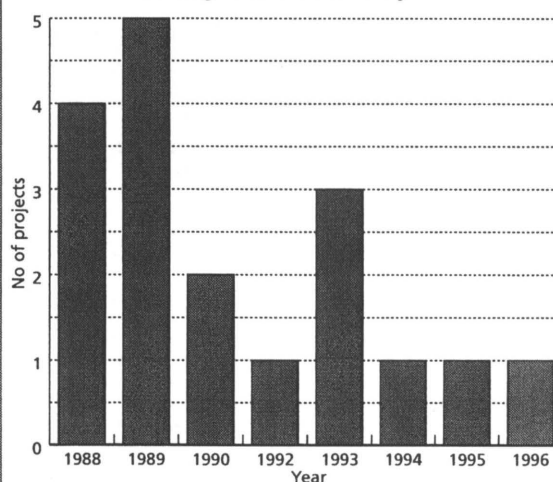
Increased efforts are also being expended on staff training in an attempt to upgrade the skills of the Commission's mainly generalist staff. Short training courses are now available for headquarters personnel, and training and applied workshop activities have also been arranged in beneficiary countries. The development of new tools – guidelines, handbooks and training

Figure 17 Ecology/Environment Budget Lines: Funding to ACP states only



(Note: 1991 data not available)

Figure 18 Ecology/Environment budget lines: funding to ACP States only



(Note: 1991 data not available)

programmes on particular sectoral issues – forms an integral part of the process. An extensive programme of staff training and awareness creation is now under way within the Commission, based on the *Forest Sector Development Co-operation Guidelines*, Volumes II and III of which are largely concerned with project cycle management and provide detailed checklists and working materials.

5.1 Phases of the project cycle

The Project Cycle involves six distinct phases: programming, identification, formulation, financing, implementation and evaluation. Procedures for each phase differ according to whether the project is funded from the EDF or the budget line.

Under EDF arrangements, the NIP negotiations are crucial, with the characteristics – and the limitations – earlier discussed (see section 2.5). Indicative programming involves the establishment of general guidelines and principles for co-operation between the Community and each ACP state. This covers sectoral and thematic matters and sets out a number of the ideas for projects which might be taken up during the term of the financial protocol. The detailed sequence of operations and responsibilities for project implementation under Lomé IV is given in Table 12.

The 1995 Regulation states that co-financing with Community Member States and other bodies is desirable to encourage greater coordination (Article 5). However, to date, Member States' inputs to EDF project proposals have been limited to information provided to the internal review committee.

Budget line arrangements are much more *ad hoc*. Proposals are submitted to the Commission by independent agencies (NGOs, research institutions, etc.), either directly or via a Delegation overseas. Less often (though increasingly), terms of reference for a project are drawn up by DG VIII staff (either within policy units or the geographical desks). Project proposals are judged partly for their conformity with the Regulation and with the norms and standards laid down in the *Guide for Financing Projects*. Projects must be presented in Logical Framework format. First selection is carried out by the Commission services, according to the criteria of the budget line. Opinion is sought from the relevant Desk, Delegation and technical services. Requests are presented to the Steering Committee for advice, and proposals are then accepted or rejected or sent back for amendment.

In the case of a project conceived in DG VIII or a project design prepared by consultants, a bid for tender is made for the selection of the implementing organisation. A contract is drawn up, outlining the terms of reference and budget, and this is signed by the Commission and its partner.

As regards forest sector development co-operation, a series of nine interlinked (and sometimes overlapping) *themes* provide an analytical framework to ensure that project cycle management is adapted to the needs of different types of forests and different actors within them. These nine themes are summarised in Table 13.

Social Impact Analysis and Environmental Appraisal procedures are both built into forest sector development co-operation. Projects are categorised into five classes as regards social impact, and four classes as regards

Table 11 Ecology/Environment budget lines (946 & B/L 6200) – tropical forestry funding (ACP states only) 1986–96 (ECU)

Year	Commitments	No. of Projects
1986		
1987		
1988	635,000	4
1989	480,000	5
1990	33,000	2
1991	na	na
1992	12,532	1
1993	2,255,300	3
1994	233,000	1
1995	313,000	1
1996	350,000	1

(Source: IFSC, 1991; Planistat, 1997)

Table 12 Lomé IV project implementation process for programmable funds

Activity	Responsibility
Draw up project dossier	Recipient government
Appraise project dossier	Jointly
Submit project dossier to EU	EU Delegate
Prepare financing proposal	EU Delegate
Submit financing proposal to EDF Committee for approval	EU Delegate
Review and decision by EDF Committee	Commission and Member States
Sign financing agreement	Jointly
Decide on tendering procedure	Jointly
Prepare tender dossier	Recipient (NAO)
Approve tender dossier	EU Delegate
Evaluate tenders	Recipient (NAO)
Approve tenders	EU Delegate
Sign contracts	Recipient (NAO)
Commence implementation	Recipient
Authorise payments	EU Delegate
Effect payments	Paying Agent
Monitor and evaluate	Jointly
Resolve disputes	Joint ACP-EU Committee

(Source: Koning, 1997: 138)

Table 13 Themes in Project Cycle Management in Forest Sector Development Co-operation

T1	T2	T3	T4	T5	T6	T7	T8	T9
Policy, Legal & Institutional Framework	Conservation of Ecosystems and of Biodiversity	Sustainable Forest Management	Creation of Forest Resources	Harvesting, Processing, Marketing, Trading	Certification	Forestry Education and Training	Forestry-Related Research	Forestry Info and Communication

(Source: Guidelines for Forest Sector Development Co-operation, *Forests in Sustainable Development*, Volume 1 Strategic Approach, 1996, European Commission DG VIII)

environment (the classes differing according to whether or not the intervention is likely to have a positive, neutral or negative impact, and the magnitude of the effect). In each instance, the classification provides a trigger to further action; this might include calling on specialist advice or specific requirements for management. Social and environmental appraisal principles and procedures are reviewed in Volume I of the *Forest Sector Guidelines* (see section 4.1).

5.2 Evaluation

Since the UNCED Conference and the introduction of Tropical Forestry budget line, the responsible services have become more and more subject to critical questions from inside and outside the Commission concerning the utilisation of funds available for forestry projects and the relevance of funded projects to the objectives of the budget line, as well as, more generally, the Lomé and Maastricht agreements. Despite considerable strengthening in recent years, the effectiveness of evaluation procedures is still widely questioned. The external orientation of the key scrutiny methods (EDF committee and in-country management within the ACP partners), as well as the lack of adequate resources and the heavy reliance on external consultants, have all been cited as weakening learning capacity.

The EDF allocates money specifically for evaluations, mid-term reviews and final reports; desk officers and Delegations are responsible for the straightforward cases, and the Evaluation Unit for the more difficult situations. All EDF projects are evaluated on completion. Impact evaluations (end-of-project plus a specified period) are not currently built into the financing agreements for individual projects, though these are occasionally undertaken using the Evaluation Department's own budgeted resources. There are also broad process evaluations at country programme level. According to the Lomé Convention, evaluations have to be done jointly with the ACP country. This has resulted in a greater participation of developing countries in project evaluations than is the case with most international donors.

The monitoring of the national indicative programmes is primarily the responsibility of the (ACP) National Authorising Officer and the EU delegate. The monitoring of EDF projects has frequently been criticised as weak. Staff shortages in both the Delegations and DG VIII, the paucity of staff experienced in evaluation, the lack of suitable information, preoccupation with administrative and financial duties (particularly the management of consultants) and lack of adequate mechanisms for feedback into decision-making processes are said to account for many of the

difficulties (Cracknell, 1989).

In line with a requirement of the Regulation of 1995, the Tropical Forestry budget line is being evaluated 1997 by an external European consultancy due to report in April 1998.²⁵

6. PROJECT REVIEWS

Some general shifts in focus can be identified in the Commission's approach to tropical forestry, such as a growing recognition of the 'social dimensions' of projects, involving greater participation of local populations and other stakeholders. There has been a move away from exclusion-oriented preservation strategies towards sustainable management and development involving local communities. The number of policy-oriented studies has also increased, focusing on such themes as the clarification or elaboration of particular policies, research into policy areas, and ways of operationalising policy. Recent policy studies have included an investigation of the changing pattern of the international timber trade, particularly that associated with increased logging activities in the Congo Basin by companies based in the newly industrialised countries of the Pacific rim (WWF, 1997), and the drawing-up, testing and training, of the *Guidelines*, as discussed above (Box 2).

The budget line is also being used to fulfil international and internal obligations on tropical forests. For instance:

- The Convention on Climate Change identifies deforestation as a major source of greenhouse emissions. A study has been commissioned on CO₂ sequestration by reforestation to mitigate climate change. This investigates the role of reforestation as a carbon sink, and considers the potential for joint implementation by the EU and ACP countries of appropriate initiatives (B7-6201/96.01).
- Timber certification – see Box 3
- The consolidation of knowledge (as called for in the Council Regulation of 1995), and the drive to greater coherence, complementarity and coordination of the aid activities of the EU Member States, as laid down in the Maastricht Treaty.²⁶
- The development of a regional approach in the face

25. According to the 1995 Tropical Forest Regulation, Article 12 'In 1997 the Commission shall submit to the European Parliament and the Council an overall assessment of operations to promote tropical forests financed by the Community'.

26. The ODI project, one component of which is production of this Sourcebook, forms part of this initiative.

of new threats to tropical forests. This is being achieved through the promotion of policy dialogue between stakeholders (including high-level policy dialogue, as in the case of the Congo Basin initiative and the World Commission on Forests and Sustainable Development) and international training activities. The Congo Basin initiative is briefly reviewed in Box 4.

7. CONCLUSION

Like many international donor agencies, DG VIII has been forced to adapt rapidly to the increased prominence

given to tropical forestry in recent years. The manner in which this has occurred has been influenced by a large number of factors, some internal (the management structure of the EDF, for example) and some shared, to a greater or lesser degree, by all Directorates-General within the Commission. Though the place of tropical forestry within the aid programme of DG VIII remains problematic in many ways, significant progress has been made in developing a strategic orientation, which engages not only the technical departments but also the geographical line management.

One illustration of the extent of the advances which have been made is provided by progress on the

DG
VIII

BOX 3 Timber Certification

Over the last few years, DG 1B and DG VIII have shown a keen interest in the role timber certification might play in promoting sustainable tropical forest management. This accords with the emphasis on the use of market-based instruments such as labelling in the EC's Fifth Environmental Action Programme (EC, 1993b), and also responds to the European Parliament's repeated calls for the regulation of the tropical timber trade. Attention has been focused on ITTO's 2000 target, which argues that all tropical timber entering international trade by the year 2000 should originate from a sustainably managed source.

Since the late 1980s, there has been a growing convergence between EC development policies aimed at promoting sustainable forest management and its trade policies geared towards stimulating the trade in timber from sustainable sources. Recently the EC has taken three important decisions that place priority on the role of certification within its wider strategy for tropical forests:

- Regulation for the Generalized System of Preferences (GSP) which controls privileged access for Third World Products to the European market.
- 1995 Regulation on Tropical Forests, in which certification figures as a prominent issue in the negotiation of the new legal basis for support for tropical forests from the EC budget. The Regulation gives special attention to a number of areas for EC support including the elaboration and implementation of certification systems based on independent evaluation of wood produced in tropical forests according to agreed principles for sustainable forest management. These systems should form an integral part of envisaged internationally harmonised certification systems for all kinds of timber and timber products (Article 4c).
- Protocol 10 to the Lomé Convention includes support for the definition and development of certification systems as one of its priority areas. The Protocol advocates 'supporting the definition and the development of certification systems for timber produced from tropical forests bearing in mind sustainable forest management principles as part of the envisaged internationally harmonised certification systems for all kinds of timber and timber products'.

The Council agreed that the implementation of certification systems should form one of the priorities in the allocation of the ECU 250 m. of EC assistance between 1995 and 1999. The European Parliament had proposed the introduction of

an independent certification system for all forests by 1997.

To support these initiatives, the Commission has engaged in:

- policy networking through informal and formal working groups at the European and international levels.
- funding research and pilot schemes, through commissioning background reports, and the CIFOR criteria and indicators study for instance.

The Commission is also involved in the follow-up to the Ministerial Conference on the Protection of Forests, held at Helsinki in 1993, which looks particularly at criteria and indicators of sustainable forest management (SFM) at a pan-European level. Three groups of 'needs' (for setting out the transition to SFM) can be identified at the international level:

- finance for poorer countries to cover the costs of improving forest management, etc.
- sharing information, research and technology (through the TREES ('Tropical Ecosystem Environment Observations by Satellite') Programme and co-operation with FAO on satellite data;
- coordination between international initiatives.

The Commission has been concerned to avoid a proliferation of forest labels, which could confuse consumers and distort the internal market.

DG VIII activities on certification have included:

1993: funding a study by ESE on the possibility of introducing a Timber Protocol in the Lomé IV Convention.

1994: organisation of a seminar/meeting on production methods (African Timber Organisation).

1994: co-financing of a study commissioned by ITTO on certification.

1995: production of a draft programme for the promotion of sustainable forest management and certification in Western and Central Africa.

1996: harmonization of International Institutional Arrangements (Indufor Oy of Finland)

1996: Forest Certification Advisory Group (secretariat provided by IIED)

This has involved studies managed by WWF-Belgium and Tropenbos, both in Cameroon, on (respectively), the harmonisation of different initiatives on certification, in Central and West African countries, and criteria and indicators for sustainable forest management.

EC strategy on Timber Certification is also discussed in Section 3.3 of Chapter 5 on DGXI.

recommendations of the 1991 IFSC report. This report presented a series of recommendations for improved coordination, including the development of an overall strategy for the Commission for tropical forestry; guidelines for headquarters and Delegation staff on the identification and formulation of projects in line with this strategy; guidance on appropriate budgetary provisions; improved coordination of the programmes of the various directorates-general; better liaison with multinational agencies, Member States, associated states and NGOs; and enhanced capacity for monitoring and evaluation.

All of these issues have been addressed, with DG VIII playing a significant part. Influential policy documents such as Protocol 10 of Lomé IVbis, the Strategy Paper, the 1995 Regulation and the forthcoming Regulation

have been agreed and promulgated. Support documents and activities such as the *Guidelines for Forest Sector Development Co-operation* and its associated training and awareness-raising programme have been prepared and undertaken. These, together with the increased policy orientation of the budget line, have all served to heighten the profile of tropical forestry within the aid activities of the Commission, particularly in support of the EDF.

BOX 4 European Commission Approach to Forestry Issues in the Congo Basin

The rainforests of the Congo Basin are among the most biologically diverse in the world, making up one quarter of the world's surviving stock of tropical moist forests, and three-quarters of the rainforests of Africa. With the depletion of much of the West African forest cover, the attention of the logging industry is now turning to Central Africa, and the international donors may have an important role to play in ensuring that the forests of the sub-region are brought rapidly under sustainable management.

However, the region is also a demanding environment for sustainable forestry. Political uncertainty, high levels of public indebtedness and, in some instances, long histories of poor resource management all present major challenges, especially with regard to the sound husbandry of long-cycle resources such as forests. Low population densities in rural areas (particularly in the high forest zones) limit the potential for local participation in forest management. Poor forest management practices and lack of transparency of forest resource allocations have been widely cited as encouraging environmental degradation.

Donor influence in this context is limited. Weak institutional capacity leads to low absorptive capacity for development aid in both state and civil society. The region has not hitherto been a major priority area for most European donors. Outside of Cameroon, few bilateral donors have significant portfolios. Aid portfolios are problematic throughout the Region, and a generally poor history of aid effectiveness provides an additional disincentive to increased investment by the international community. In more than one instance, adoption of a long-term perspective would seem unthinkable at the present time.

Devising a strategy for support to forestry in such a context presents a major challenge. The national level is generally weak, as is the environmental lobby within it; the regional level has potential, but without a firm foundation in national policies, is felt to offer few possibilities for self-sustaining action in favour of sustainable forest management. The EC's Congo Basin approach aims to make a public case and open the debate on forests, which will also create the necessary preconditions for transparency and equity. The strategy proposes a programme of policy dialogue, awareness creation and public discussion on forest as a complement and a support to existing programmes (for example, the Commission's own ECOFAC project [Box 5]). It involves three main threads: a Donor Conference (to bring together the

main donors in the region and set in motion a process of inter-donor dialogue), support for a Public Hearing (to open the debate to all stakeholders in civil society), and training of decision makers on implementation of national forest strategies and an integration into the international discussion on forests (EU/EDI training programme).

Donor conference: This was held in Brussels in April 1997, and brought together the main international donors for the region, who met to assess one another's activities, seek to avoid duplication, and to explore pathways which might lead to better future collaboration, coordination and coherence.

Donors confirmed their desire to support the region and work together, with a series of future meetings to facilitate this. Strong endorsement was given to the regional initiative, the *Conférence sur les écosystèmes de forêts denses et humides d'Afrique centrale* (the 'Brazzaville Process').

World Commission on Forests "Forest Conservation and Development Policy Dialogue in the African Region."

(UNDP): This initiative aims to contribute to the enhancement of institutional and policy reforms and initiatives in the framework of sustainable forest management. The EC was a major donor for the Hearing in the Africa Region, held in Cameroon in May, 1997. This focused on high-priority areas (identified through a consultation period), and was attended by representatives of stakeholder groups, including those who normally have little opportunity to express their views. Emphasis was on the design of pragmatic mechanisms for inducing reform based on consensus. The outcome will be the formulation and promotion of practical strategies and mechanisms for improving the management and conservation of regional forest resources.

EU/EDI co-operation: Forestry Policy training

programme: This aims to help countries to: design, internalise and implement national forest policies, with a view to ensuring sustainable economic development; promote the harmonisation of forest policies in the Congo Basin and with IPF; initiate consultation between countries of the Basin, and encourage dialogue with other countries facing similar forest development issues. The programme will run through regional level workshops, and exposure training.

Box 5 'ECOFAC' (Conservation et Utilisation Rationnelle des Ecosystèmes Forestiers en Afrique Centrale)

ECOFAC was funded under the 6th EDF and began operations in 1992. The first phase was completed in December, 1996, and a second phase was then funded, also of four years' duration. Its main objective is to promote the conservation and rational use of the Central African forests on a regional basis, through a series of measures designed to increase the awareness of forest-dependent populations to conservation issues and to offer them alternative means of income-generation. In this way, pressure on the natural resources of the forests will be relieved and the living conditions of the dependent populations improved. ECOFAC works at a number of sites in six countries of the Central African region: Cameroon, Congo, Equatorial Guinea, The Central African Republic and Sao Tomé Príncipe. There is a *Cellule de Coordination* in Brazzaville. Zaire was originally expected to participate, but suspension of EC funding to the country in 1992 led to the withdrawal of this component.

The project is based on the hypothesis that the diversification of the local economy, in terms of both products and activities, is the best way to guarantee the conservation of the ecosystem. A series of activities is being promoted aiming to exploit locally-available materials in a sustainable fashion (sun-dried and ceramic bricks, roofing materials, oil palm presses, etc.).

Different strategies have been promoted in different areas, leading to a comparative appreciation of the conditions for success. For example, the Central African Republic opted for an approach involving rapid development at relatively low cost through the use of expatriate technical skills and inputs, while Cameroon preferred to invest heavily and in a longer-term perspective in the creation of local capacity, able to exploit locally available materials. While the former strategy led to impressive results in the shorter term, these proved of very limited benefit to the local populations which remained heavily dependent on the resources of the forest. The latter strategy thus appears the preferred option in most instances.

Initially conceived as a set of fairly independent protected area projects, the project has gradually adopted a more complementary approach, seeking to bring together the various components through a series of regular meetings and workshops. Despite some difficulties in reconciling the regional and national components, and in ensuring maximum local ownership, the Project can claim some success in demonstrating the ways in which regional forces can be brought to bear on constituent member states, to encourage them to adopt sustainable practices in the management of their biodiversity.

This approach will be consolidated during the second phase, in recognition of the regional aspect of many of the major conservation challenges (eg. legislation over hunting, controls over poaching activities in frontier areas, forestry policy, conservation of marine turtle populations, etc.) ECOFAC's long term aim is to build upon the experience of the first two phases of the project to reinforce the transition from a geographically-based project to a technical one, offering significant and sustainable benefits on a regional basis.

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ACRONYMS

ACP	African Caribbean Pacific
ALA	Africa Latin America
DAC	Development Assistance Committee
DG	Directorate General
ECOFAC	Conservation et Utilisation Rationnelle des Ecosystèmes Forestiers en Afrique Centrale
EC	European Community
EDF	European Development Fund
EDI	Economic Development Institute
EIB	European Investment Bank
ERM	Environmental Resources Management
ESE	European Strategies Europe
ETFAG	European Tropical Forest Advisory Group
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FSC	Forest Stewardship Council
GDP	Gross Domestic Product
GNP	Gross National Product
GSP	Generalized System of Preferences
IFSC	International Forest Science Consultancy

IIED	International Institute for Environment and Development
ITTO	International Tropical Timber Organization
NIP	National Indicative Programme
NAO	National Authorising Officer
NGO	Non-Governmental Organisation
ODI	Overseas Development Institute
OECD	Organization for Economic Co-operation and Development
PICS	Project Information and Control System
QSG	Quality Support Group
RIP	Regional Indicative Programme
SFM	Sustainable Forest Management
TFAP	Tropical Forestry Action Plan
TREES	Tropical Ecosystem Environment Observations by Satellite
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Programme
WWF	World Wide Fund for Nature

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Note on currency: on 1 September, 1997, US\$ 1 was equivalent to ECU 1.09.

DG XI

Annett Görne and Michael Richards

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1. EVOLUTION OF INVOLVEMENT IN TROPICAL FORESTRY

1.1 The evolution of DG XI and present structure

In 1972, the European Council recognised the need to take measures to protect and improve the environment at the grassroots level, and therefore set up a small 'environment and consumer protection service' within DG III, the DG responsible for industrial policy and the internal (EU) market. In 1981 this 'service' was raised to the status of Directorate-General XI. In response to the growing body of EU environmental legislation, as well as the need to develop new instruments and 'administrative structures for environmental management', DG XI was restructured in 1989 and renamed 'Legal Affairs and Implementation, Relations with other Institutions and the future EEA¹, Finance and Contracts'.

In 1995, DG XI was again renamed as 'Environment, Nuclear Security and Civil Protection', and restructured into five Directorates as shown in Figure 1. Unit D4, 'Global aspects of the environment: climate change, geosphere and biosphere' – normally referred to as 'Global Environment' – is responsible for forestry activities.

1.2 The evolving role of DG XI in forestry activities

Initially the actions of the DG III 'environment service' were restricted to attempts to influence international organisations such as FAO (through the TFAP) and ITTO, and support of forestry activities through these organisations. With the 1989 restructuring, the 'Global Environment' budget line B4-3046 was created in response to the growing desire to undertake global environmental actions. The budget line was later renamed 'Contribution to International Environmental Activities' and renumbered B7-8110, and is jointly managed by Units D4 and A4, 'International Affairs, Trade and Environment'. B7-8110 is used mainly for supporting international fora, workshops and small-scale field projects in the four main areas of global environmental action: forestry (all types of forest, but predominantly tropical forest); biodiversity; climate change; and the ozone layer.

However, management of the budget line is subsidiary to the main roles of DG XI, and especially Unit D4, which have been to develop EC policy and strategy in these four areas, prepare the Commission's political position at international fora, and to represent it at these fora. Unit D4 coordinated the production of 'Towards Sustainability – A European Community Programme of Policy and Action in relation to the Environment and Sustainable Development' (European Commission, 1992), a statement of EC strategy on global environment issues.

Unit D4 was also responsible for writing the Commission's official long-term environmental plan: 'Programme of Policy and Action in Relation to Environment and Sustainable Development'. It has taken an active part in the initiatives stemming from

UNCED: the Inter-Governmental Panel on Forests (IPF), the Commission for Sustainable Development (CSD), and the international Conventions through the various Conferences of the Parties. It is particularly concerned with the process leading to a possible Forest Convention. Mention should be made of the close collaboration with the other DGs, especially DG IB, for example, in their mutual interest in the Brazil Pilot Programme, and through participation of the Unit D4 General Administrator in the Inter-Service Steering Committee on Forests.

2. STRUCTURE OF AID DELIVERY

Budget line B7-8110 is divided among Units A4, A5 'Technical Co-operation with Third Countries', D2 'Nature Protection, Coastal Zones and Tourism' and D4 (see Figure 1). Each Unit puts forward an annual proposal of intended actions and a budget. The Resources Group of DG XI, consisting of the Director General, the Deputy Director General, the Assistant of the Director General, the Directors of the five Directorates and the Head of Unit A2 (Finance), decides on the distribution of the funds at the end of the year (but can change it in mid-year), although in practice the proportion going to each Unit is fairly constant.

According to its official objectives (EC *Official Journal* 1996, p.1581), Unit D4 uses its share of the budget line to support small-scale projects in the field, as well as workshops, seminars, conferences and publications, with the objectives of:

- safeguarding the ozone layer;
- influencing the relationship between energy and the environment, especially in terms of global warming;
- protecting forests;
- protecting biodiversity; and
- influencing other global environmental issues, including desertification and the 'population environment relationship'²

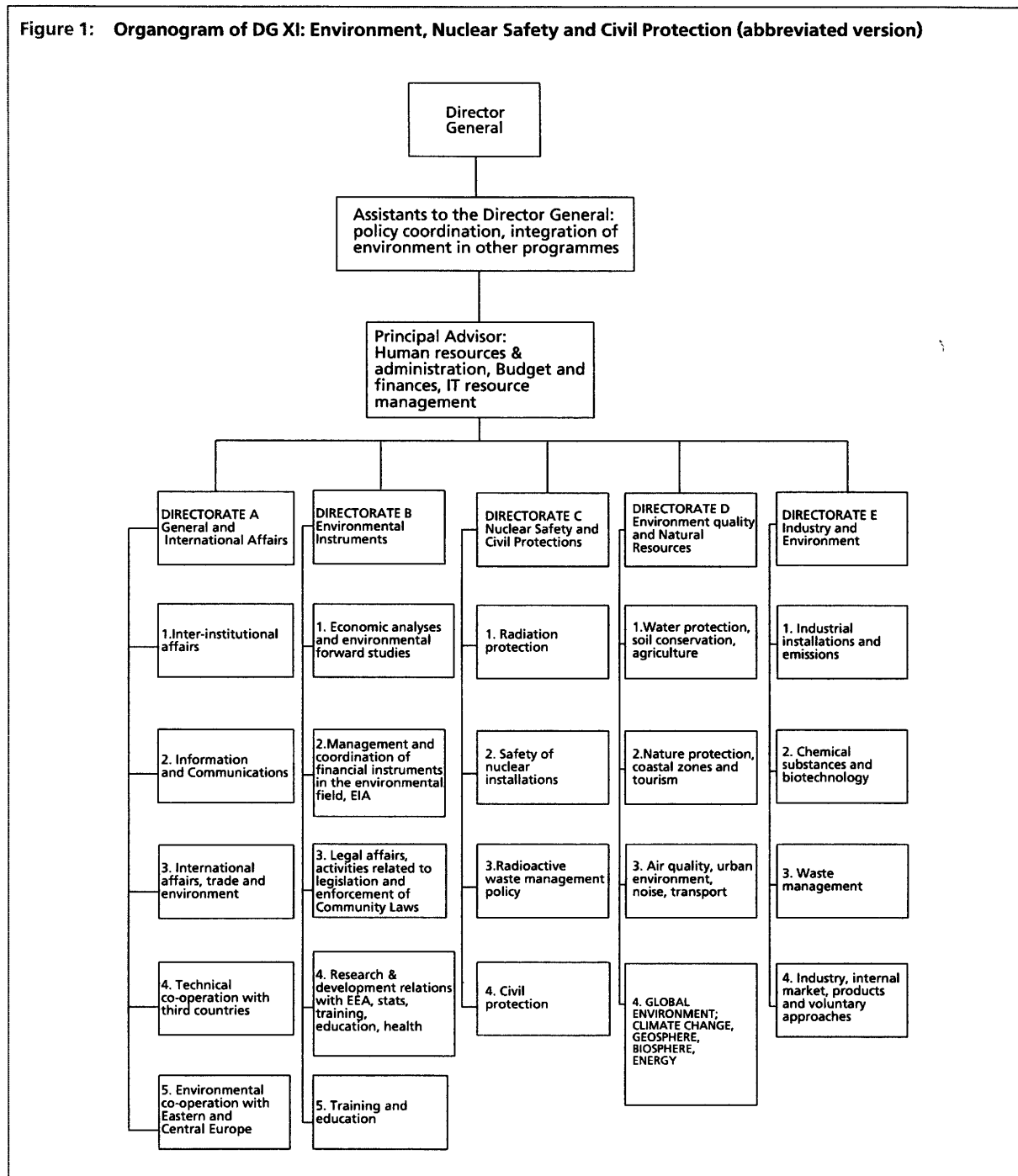
There is no fixed budget for tropical forests under budget line B7-8110, since the budget has to support all of these action areas, and is subject to internal DG XI negotiations. Table 1 shows the total budget, the proportion going to D4, and the proportion spent on forestry projects. A large proportion of the budget goes on 'statutory contributions', i.e. to meet on-going commitments like annual support to the Biodiversity Convention Secretariat (ECU 30,000), and support for the Berne and Vienna Conventions on international trade and the environment, as well as actions within DG XI itself, for example to develop DG XI's 'Strategy on Forests' over the 1997-8 period. Unit D4 has most flexibility in terms of using its share of the budget for forestry projects. In fact most of the flexible share of the budget has been spent on forestry and biodiversity projects. This has been because this part of the budget line has been mainly demand-led³, and there have been

2. This objective is due to be removed from the EC *Official Journal* in 1998. The only action was a project on Antarctica in 1992. Responsibility for these actions has been passed to the Environment budget line B7-6200.

3. Although once, in 1993, a call for proposals was put out.

1. European Environment Agency

Figure 1: Organogram of DG XI: Environment, Nuclear Safety and Civil Protection (abbreviated version)



few project requests dealing with climate change or the ozone layer.

At the appraisal stage, aid delivery has been in the hands of the D4 'General Administrator' in charge of the budget line, who since 1991 has been either a forester or a geographer. Project implementation has tended to be mainly in the hands of North-based institutions, especially universities, international NGOs and research organisations, as these have been the main budget line applicants (see section 4.4).

In-house technical responsibility for forestry currently rests with the D4 General Administrator, an experienced tropical forester from Peru. The ratio of the budget to in-house forestry expertise is a little less than

ECU 1 m. per advisor per year.

(Main source: personal communication, D4 administrative assistant)

3. TROPICAL FORESTRY DEVELOPMENT STRATEGY

3.1 Past strategy

Because of its limited budget, B4-3046 became (more or less by accident) the budget line for small projects which would have 'fallen through the net' of DG I and DG VIII with their preference for larger projects.

Table 1. DG XI forestry commitments: distribution of B7-8110 budget to D4 and forestry projects 1991-6 (ECU)

	1991	1992	1993	1994	1995	1996
B7-8110		3,690,000	4,200,000	4,200,000	4,200,000	4,400,000
D4 share			2,380,000	2,350,000	2,597,750	1,944,000
Forestry	1,027,772	724,325	1,196,302	1,056,997	1,083,197	560,430*

* Projects approved to November 1996.

Initially (until 1990) it was used to fund meetings, workshops, studies, publications and field projects which dealt with climate change and the ozone layer. Forestry projects only came in from 1991 as a result of the EC-wide pressures discussed in Chapter 2. Funding of forestry was also significantly increased following the 1992 UNCED Conference.

Until 1996, Unit D4 of DG XI did not have a strategy document which specified the objectives of its budget line, and decisions concerning project selection and regional distribution were at the discretion of individual budget line managers. The emphasis up to 1995 reflected a concern for issues related to trade and the environment, especially as regards the 'strategic' actions - conferences, studies, workshops, etc. Also there was an observable regional influence in project distribution when the budget line was managed by a French forester (an increase in Francophone projects in 1991 and 1992), and by a Portuguese geographer (Brazil had most projects and expenditure in 1993 and 1994). In 1995, the latter left for a long-term technical assistance assignment to the Brazil EU delegation to work on the Brazilian Pilot Programme. This was financed from the B7-8110 budget line. The current General Administrator took over in September 1995.

The main emphasis of past forestry interventions under B7-8110 has been in the areas of:

- sustainable natural resource management both inside and outside protected areas, focusing in particular on new approaches like extractive reserves and community reserves;
- support to local communities and indigenous peoples; and
- policy development (D4 General Administrator, personal communication).

More than half of all the activities financed have involved conferences, workshops and publications (see section 4.2). The system has been predominantly reactive in the sense that the direction of the budget line has largely depended on the nature of the applications for funding received. However, it is clear that there is (or has been) sufficient flexibility for DG XI to define its own projects. There have also been several attempts to encourage DG XI financing of the Global Environment Facility (GEF). The absence of an EC representative on the GEF Board in 1995 and 1996 resulted in a reluctance to approve the funding involved; from DG XI as a whole, this was ECU 3 m. in 1995 and ECU 7 m. in 1996.

3.2 Current and future strategy

In 1996 Unit D4 produced a strategy paper entitled 'Philosophy of Budget Line B7-8110' (Ruiz Murrieta, 1996), to be applied from the end of 1996 onwards. This outlines the following priority areas for forestry:

- projects, studies or meetings producing outputs aimed at supplying the knowledge required for developing the EC's long-term strategy, especially on global forestry issues, to 'assure EU leadership in the negotiations under international agreements and other relevant international fora';
- projects promoting the implementation of articles relevant to forests contained in the International Conventions, as well as implementation of the eleven elements of the work programme of the IPF;
- projects promoting certification, criteria and indicators, regional strategies, national forest plans, networks and/or any other major instruments for the conservation and sustainable development of forests, taking into consideration the economic, environmental, social and cultural dimensions of forestry as well as the participation of all the main stakeholders;
- projects promoting indigenous peoples' rights to their territories and natural resources, traditional management practices, and indigenous participation in project design and national land-use planning.

In practice, this will mean that a more strategic and 'global' approach will be adopted than hitherto, with an enhanced interest in:

- activities that will help the EC develop its position in international fora;
- policy development at the national, regional and international levels;
- support to forestry activities related to the international Conventions; and
- support to indigenous peoples.

In addition to the above, the following indications were given on the future direction of DG XI's actions by the D4 General Administrator:

- DG XI projects will in future overlap less with activities supported by DG IB and DG VIII, particularly by supporting themes which are of lower priority for other DGs or which complement priorities on other budget lines, for example, initial strengthening of indigenous peoples' organisations, NGOs, etc., which can be supported on a larger

- scale through the Tropical Forests budget line (B7-6201);
- the funds will be distributed more equally among the three main geographic regions (in 1996 no further projects were approved for Brazil);
 - DG XI will extend its support of networks of NGOs and community-based organisations (CBOs), especially in indigenous and marginalised communities. It supports the African Forest Action Network (AFAN), currently comprised of NGOs from Francophone Africa but to be extended to the whole of Africa. It has also supported the Grupo de Trabalho Amazonico (GTA), a network of approximately 400 NGOs and CBOs. Supporting local organisational capacity of the 'civil society', especially in Central Africa, will form an important part of D4's future strategy;
 - Unit D4 is particularly interested in supporting regional initiatives like the Association of Amazonian Universities (UNAMAS) and the Central American Alliance for Sustainable Development, and in efforts to develop South-South coordination – for example, building links between regional initiatives in the areas of forest policy development and 'social forestry' curriculum development;
 - Unit D4 will fund a smaller number of projects (about 10 per year instead of 20–30) with an increase in the size of project, mainly because of lack of staff;
 - D4 will become more pro-active in project selection by encouraging particular organisations to request funding;
 - D4 plans to develop a Strategy on Forests by the end of 1998.

Most of the pressure for change in DG XI's strategy has come from within the EC – especially the discussions in the Inter-Service Group on Forests (personal communication, D4 General Administrator).

3.3 Strategy and policy development in the area of the timber certification

DG XI has an important role in shaping the EC's position on timber certification and to this end has a technical officer working in Unit D4, an economist (with a trade policy background) who is a seconded national expert in post since 1995. This DG XI officer works closely with the DG I 'Trade and Environment Unit'⁴ responsible for negotiating the EC trade position at the World Trade Organization (WTO), and specifically with WTO's Trade and Environment Committee, and in other multilateral negotiations (e.g. EC-Mercosur, EC-ASEAN), as well as with a DG VIII official who represents the EC at ITTO meetings. The Unit D4 General Administrator represents the Commission at meetings of the Intergovernmental Panels on Climate Change and Forests and has prepared position papers for these.

One of the main tasks of the DG XI General Administrator has been to try to identify an EC/EU position on certification. This has involved a continuous

process of consultation (rather than negotiation) between the different stakeholder interests represented in the EC, which range from European industrial concerns (represented in DG III), European forestry management (DG VI), the internal EU market (DG XV) and consumer policy (DG XXIV), to the research (DG XII), sustainable development (DG VIII and DG IB) and global environmental (DG XI) concerns. Representatives from all these DGs are invited to meetings of the Inter-Service Group on Certification, which meets two or three times a year. The DG XI officer is the overall coordinator of the Group and tries to maintain a balance between all the interests, rather than pushing a particular viewpoint. There have also been several meetings of the 'National Experts' Group on Timber Certification' involving representatives from the Member States.

Building on these sets of meetings, the DG XI officer was responsible for a 1996 Commission Staff Discussion Paper 'EU Policy Options on Forest and Timber Certification'. This internal Commission paper presents useful background analysis and discusses the pros and cons of four options open to the EU: reliance on market forces (but facilitating their action); actively contributing to the development and definition of certification standards; establishing a voluntary EU-level certification scheme; and other instruments, including the use of preferential tariffs, promotion of forest management plans, national forest plans, forest registration and a global forest convention.

In terms of the direction of the debate on ways to use the timber trade to encourage sustainable forest management, there has been a clear shift in the EU from a 'stick' to a 'carrot' approach. In the early 1990s various Member States, or green lobbies within them put forward trade-related proposals involving import bans and consumer boycotts with the objective of discouraging unsustainable logging in the tropics; for example a proposal by the Netherlands and Austria to ban the import of 'non-sustainably' produced tropical timber, and proposed Dutch legislation for compulsory certification of timber by 2000.

The realisation that such measures are illegal,⁵ counterproductive or impractical has left two main possible instruments: voluntary certification – there have been several recent Member State (Germany, Netherlands, Denmark) initiatives to develop certification schemes; and the use of preferential tariff levels, as in the proposed EC Generalised System of Trade Preferences. EU legislation permits discretionary tariff reductions when suppliers follow the ITTO Guidelines on sustainable forest management. While this is programmed to become operational in 1998, there is some debate as to whether it represents a trade barrier and so contravenes international trade legislation. The proposed levels of tariff reduction are not yet known but will be partly dependent on the degree of processing.

Within the EU, the position has been generally against the certification of European forests. This has been due partly to the fear of possible high costs of certification if these are not passed on to the consumer,

4. DG I Unit: Multilateral commercial policies and questions relevant to WTO and OECD.

5. Owing to the principle of non-discrimination in WTO trade rules, i.e. a product cannot be refused access because of its being assigned a particular characteristic (European Commission, 1996, p.7).

Table 2. Distribution of DG XI forestry projects by region 1991–6

REGION	1991	1992	1993	1994	1995	1996 ^a	Total
Global	10	9	7	8	3	5	42
Regional ^b	2	3	8	5		1	19
South America	2	5	8	4	8	1	28
Central America			1	1	3		5
Africa	4	3	3	2	2		14
Asia	2			2	2		6
Total	20	20	27	22	18	7	114

^a up to November 1996

^b involving two or more countries in a region.

especially for small production forests (down to 1 ha in Portugal, for example). This is a concern shared by some tropical producer countries which also see 'eco-labelling' as a new trade barrier. Another major European fear is that timber products will become less competitive than non-timber products if significant costs are passed on to the consumer.

The D4 certification technical officer also uses funds from budget line B7–8110 to promote understanding of the process and feasibility of certification, for example through some small 'tracing' projects. As well as several important certification initiatives coming under DG VIII (see Box 3 in the chapter on DG VIII), there are two DG IB projects financed under the Tropical Forests budget line: the CIFOR study 'Testing Criteria and Indicators for the Sustainable Management of Forests' co-financed by Germany, USAID and Ford Foundation; and a Forest Stewardship Council project involving training and the promotion of national consultation processes in several countries in Latin America and Asia. There is also a market study of *Arabopsis* spp. under DG VI, which is attempting to gauge how much consumers are prepared to pay for certified timber and to shed light on the impacts of certification.

4. PROJECTS FUNDED BY REGION, TYPE AND SIZE

4.1 Definition of forestry

A broad interpretation of the term 'forestry' was used for DG XI. Many of the projects involved wider activities which in some way aim to develop, either directly or indirectly – for example through projects focusing on indigenous peoples' issues – the knowledge basis or institutional capacity for forestry (and biodiversity in general) conservation and management.

4.2 Geographical distribution

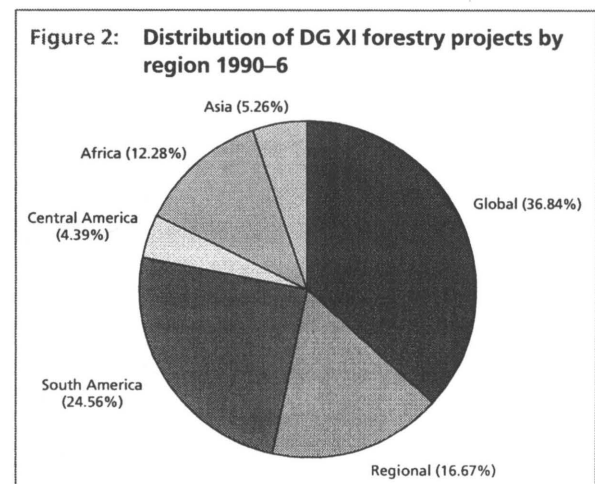
Table 2 presents a breakdown of the 114 forestry projects approved for funding since 1991, classified according to the regional classification used in Unit D4. Figure 2 indicates that over half the projects have been either global or regional. These have often been workshops, conferences and research studies directed

at global forestry issues, but particularly in the Amazon region. Including country-specific projects, 33 projects have been directed at the Amazon region. Of the 53 non-global/regional projects, South and Central America received over 60%.

Over the 1991–96 period, ECU 5.6 m. was committed to these 114 projects. Figure 3 presents the regional distribution of these financial commitments. This emphasises further the large share of South America especially in comparison with Asia and Africa. Figures 4 and 5 present the distribution of projects and financial commitments from B7–8110 among the main receiving countries over the 1991–6 and 1991–5 periods respectively, leaving aside the regional and global projects. These data show Brazil to be the main beneficiary of this budget line, especially in terms of financial commitments – almost ECU 1.6 m. over the 1991–6 period. Other significant beneficiaries (ranging between ECU 88,000 and ECU 220,000) were Côte d'Ivoire, Gabon, Colombia, Cameroon, Peru, Mexico and French Guyana. This partly reflects the influence of budget line managers and the greater organisational capacity in Latin America to make requests.

4.3 Project type

In Table 3, the 114 tropical forestry projects are divided between field projects (54) and non-field or 'strategic'



projects (60): the latter included 28 studies and information diffusion projects (publications, films, videos, etc); 27 workshops, seminars and conferences; and 5 projects supporting the development and implementation of international Conventions. Recently there have been fewer studies and information diffusion projects, and more projects in support of international conventions. Up until 1996 there was a trend towards more field projects, but in 1996 only one of the seven projects was a field project. Table 3 indicates that

sustainable forest management and biodiversity conservation-related projects have maintained a consistent importance, bearing in mind the drop in the number of overall projects over the last two years, and a downward trend from the early 1990s in projects on indigenous people, timber and energy issues.

Table 3 and Figure 6 show that the most common types of projects were associated with sustainable forest management, including non-timber forest products (SFM/NTFPs), and biodiversity conservation/environmental protection, including extractive reserves. These two categories accounted for 60% of all projects and 63% of field projects. Next in importance were education, training and consciousness-raising projects, indigenous peoples, and social and participatory aspects of forestry, including local institution building (mainly field projects). There were also 9 timber related projects (industry and trade aspects), none of which were field projects.

Figure 3: Distribution of DG XI financial commitments to forestry by region 1991-6

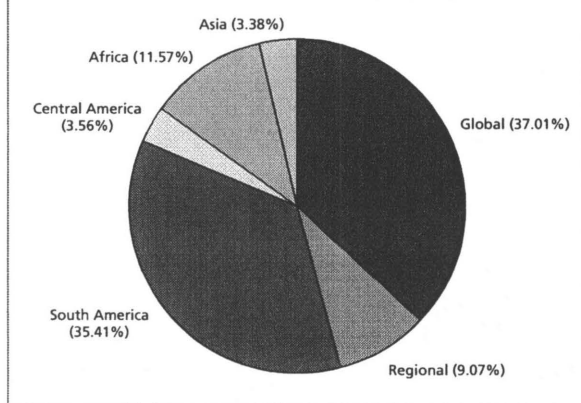


Figure 4: Distribution of DG XI forestry projects between countries 1991-6

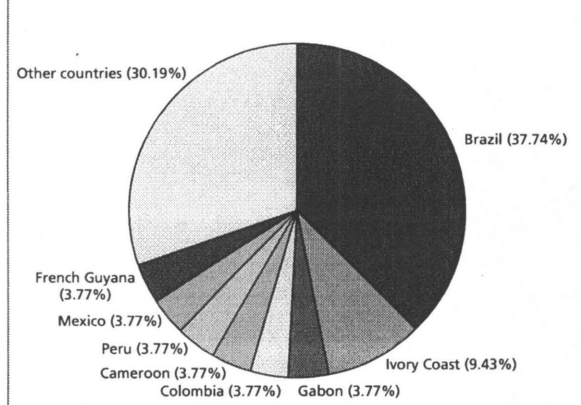
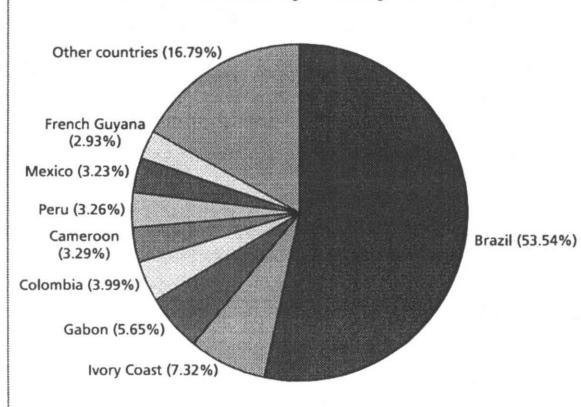


Figure 5: Distribution of DG XI forestry financial commitments by country 1991-5



4.4 Distribution of projects by type of organisation

Table 4 and Figure 7 present the distribution of projects by the type of organisation requesting and implementing the projects. They show that academic and research institutions, and national and international NGOs (the latter tailing off markedly over the last two years) have been the main beneficiaries of the budget line, absorbing between them 86% of the projects. There is a view in DG XI that, at least until 1995, there were too many 'strategic' projects being carried out by Northern academic and research institutions, with only a limited impact on forest conservation and local livelihoods. Almost three quarters of the organisations have been based in the North, and among them France (26 projects), UK (15 projects), the Netherlands (13 projects), and Belgium (9 projects) have been most prominent. While in 1996 no projects were funded for organisations based in these four countries, 5 of the 7 projects were in favour of North-based organisations. Of the 30 developing country organisations supported, 13 have been Brazilian and 8 have been in Francophone Africa.

Table 4 disguises an important trend towards a greater proportion of the commitments to developing countries. Up to 1992, over half of the finance committed was to be expended in 'the North'; in 1993 and 1994 there was an approximately equal budgetary distribution between the North and developing countries, but since 1995 budgetary control has been very strict – about 80% of the budget must now be spent in the developing country.

4.5 Size and duration of projects

Project size under B7-8110 has been small in comparison with the other DGs. Financing is limited to 50% of total project costs for field projects and 30% for 'strategic' projects up to about ECU 60,000 and ECU 25,000 respectively – although, legally, there is no maximum project size. The fall in the number of projects over time (Table 2) has led to a slight increase in the size of project: from 1991 to 1994, the average project size was ECU 45,000, while over the 1995-6 period it has been almost ECU 66,000. In 1996 the

Table 3. Distribution of DG XI forestry projects by themes 1991–6

Themes	1991	1992	1993	1994	1995	1996	Total field projects	Total other projects
SFM/NTFPs ¹	5	2	9		7	3	17	25
Biodiv./env. protection	7	10	9	6	4	2	17	9
Education/training	1		2	4	3		1	9
Indigenous peoples	1	2	3	2		1	5	4
Social forestry/participation	2	1	1	2	2	1	7	2
Timber/trade	4	2	1	2				9
Agroforestry		2	1	2	2		5	2
Energy		1	1				2	
Total	20	20	27	22	18	7	54	60

¹ Sustainable forest management including non-timber forestry products.

average project size was ECU 80,000. Since the strategy is to finance fewer projects, this trend is set to continue. By their nature, many of the projects have been very short. Workshops, seminars, etc., may last only a few weeks, while even the field projects generally have a duration of no more than one year.

5. PROJECT CYCLE MANAGEMENT

5.1 Application

Since DG XI's budget line is less well-known than those of the other DGs, those submitting a proposal to DG XI have usually had personal contact with one of the present/former administrators in charge of the tropical forests budget lines, at international meetings, during project missions, etc. They are often re-directed to DG XI from DG IB and DG VIII. While, in theory, proposals should come through the EU Delegations, in practice they are sent directly to DG XI. They can be

made at any time.

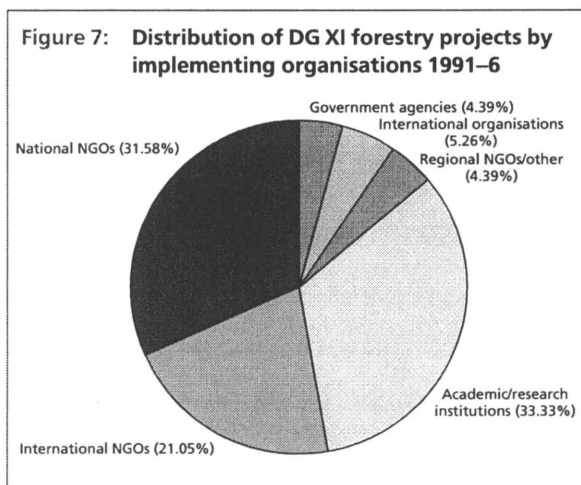
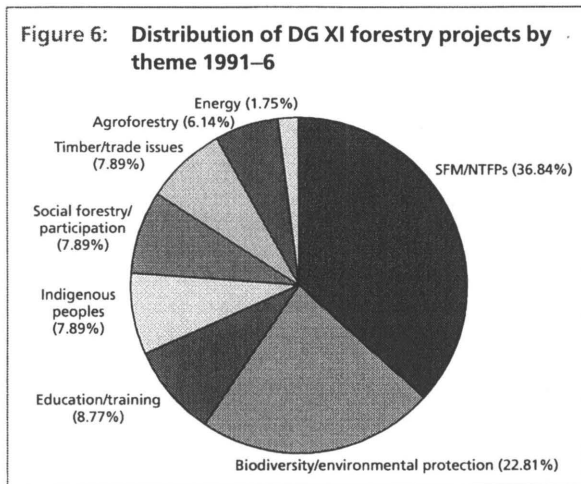
Since 1995, the system in DG XI has become more organised; proposals are now made using standard application forms. Proposals must now include: a letter of request; a technical description of the project; a budget; confirmation of additional/provisional income by co-financiers of the project (if not, the co-financing is regarded as pending); information about the applying organisation; bank references; a copy of the document specifying the organisation's legal status; financial statements for the previous two years; and details of previous contracts with the EC. While a logical framework is not mandatory, some NGO applicants have submitted their proposal with one.

5.2 Appraisal and approval procedures

The project must correspond with the budgetary criteria set out in the latest version of the EC *Official Journal*, and be in accordance with the recently developed 'Philosophy of budget line B7-8110' (Ruiz-Murrieta,

Table 4. Distribution of DG XI projects by implementing organisations 1991–6

	1991	1992	1993	1994	1995	1996	Total
Government agencies			1	1	2	1	5
International organisations			1	1	1	3	6
Regional NGOs/other organisations		1	3	1			5
Academic and research institutions	8	9	9	8	2	2	38
International NGOs	12	3	4	4	1		24
National NGOs		7	9	7	12	1	36



1996). The project must either be located in a developing country or, as in the case of a workshop in Europe, involve participants from developing countries.

Proposals are subject to a technical evaluation; in the case of tropical forestry projects, this is carried out by the General Administrator in Unit D4. Other advisers in Unit D4 are called in according to the nature of the proposal, such as those involved with international negotiations, timber certification, and biodiversity. If the proposal is basically acceptable, Unit D4 asks the applicant to modify it. In general, projects need considerable modification to be acceptable (personal communication, D4 General Administrator).

Project proposals received under B7–8110 are technically approved within DG XI. The chain of approval is as follows:

- D4 General Administrator
- Director of DG XI D
- Deputy Director-General of DG XI
- A2 Financial Unit (to prepare a provisional contract)
- Deputy Director-General of DG XI
- DG XX Financial Control
- DG XIX Budget
- Receiving organisation (to sign contract)
- A2 Financial Unit

The whole procedure usually takes about a year to

complete, but can be speeded up when a high quality proposal is received (personal communication, D4 General Administrator).

5.3 Monitoring and evaluation

Up to the present, D4 technical staff have had little time for monitoring and evaluating the projects. Interim and final project reports have also been of poor technical quality. Until 1996, no project had been subject to an evaluation. However, this situation is expected to change from 1997, both with the more strategic approach being developed and with the decision to fund fewer projects (Ruiz Murrieta, 1996).

5.4 Constraints to more effective project management

Apart from the lack of monitoring and evaluation, the main problem perceived in D4 is the high percentage (over 50%) of non-EC contract staff. This situation results in a high turnover rate among seconded national experts and contracted staff, and therefore a considerable proportion of staff at any one time being at some point on the learning curve or using up the time of more permanent staff in the closer staff supervision required.

6. PROJECT PROFILES

6.1 Research and development of natural resources of indigenous communities in the Ucayali Region (RENACO), Peru

This project approved in 1994 was a research study implemented by Paris University and aimed at promoting sustainable natural resource management in the Peruvian Amazon. The main activities were to undertake an inventory of natural resources, and research indigenous peoples' (Shibibo and Cunibo) knowledge of NTFP uses, mainly for nutrition and medicinal purposes, and traditional forest management systems.

The project resulted in a description of the nutritional and medicinal uses of more than 100 plants, and generation of knowledge on the cultural and spiritual aspects of traditional forest management. The EC contribution (ECU 49,820) comprised 48% of the total cost and was mainly spent on travel expenses and daily allowances for the Paris University staff involved. It was considered a successful project by the D4 General Administrator.

6.2 TREES

The TREES project (Tropical Ecosystem Environment Observation by Satellite) was established in 1991 as a joint activity between the EU Joint Research Centre (JRC) in Ispra,⁶ and the European Space Agency (ESA), with the objective of collecting and analysing satellite data sets over tropically forested areas, and developing new approaches to the monitoring of forest cover. The TREES I project (1991–4), managed by DG XII, resulted in the first global tropical rain forest classification map

6. The EU Joint Research Centre in Ispra has been part of DG XII, but became independent in 1995.

with a 1 km resolution covering Africa, Latin America and South-East Asia. It was co-financed by the European Parliament Fund (EPF) and DG XII (MTV⁷ Unit Programme).

The second phase (TREES II, 1995–9), which is mainly managed by Unit D4 of DG XI, aims to develop a prototype 'operational Tropical Forest Information System' which will continuously monitor changes in forest cover. It will pay particular attention to deforestation 'hot spots' which can then become the focus for intensive and detailed observation, leading to more accurate data on the 'causes' of deforestation. There is a strong emphasis in the project on diffusion of the information to an 'identified community of users'.

The budget allocated to TREES II is approximately ECU 9 m., most of this coming from budget line B6–7920⁸ (*Activitiés de soutien scientifique et technique aux politiques communautaires sur une base concurrentielle*) in DG XI and approved under the 'Competitive Support to the Commission' budget line of the IVth Framework Programme. DG XII contributed ECU 235,00 in both 1995 and 1996.

7. CONCLUSIONS

The main roles of DG XI are representation of the EC at international environmental fora such as the CSD, the IPF, and the international Conventions, and the development of EC global environment policy. Management of the budget line 'Contribution to International Environmental Activities' (B7–8110) is therefore not its main activity. Unit D4 – known as 'Global Environment' – is responsible for the share of the budget line going to forestry and biodiversity projects. A considerable share of the budget line goes on supporting the international fora already mentioned. Another important role of DG XI is representing the Commission's position on timber certification at the appropriate international fora,⁹ and coordination of EC and wider EU consultation on certification issues, although developing a consensus position on this is problematic because of the diversity of stakeholder interests among the DGs.

Using a broad interpretation of 'forestry', over the 1991–6 period some ECU 5.6 m. were committed to 114 small forestry projects (an average of just under ECU 50,000 per project). Forestry and biodiversity compete with other global environmental 'sectors' such as the ozone layer, climate change and global warming, but in practice there has been little demand for the latter. At the appraisal stage, aid delivery has been in the hands of the Unit D4 General Administrator, who since 1991 has been either a forester or geographer. Project implementation has tended to be mainly in the hands of North-based institutions, especially universities, international NGOs and research organisations, as

these have been the principal budget line applicants, but support in the future will be orientated more to South-based CBOs, NGOs and their networks.

Over half the projects financed have been 'strategic' or non-field projects involving meetings, workshops, research studies, networks, publications, etc., although the recent trend has been towards more field projects. The emphasis for both field and non-field projects has been on sustainable forest management, including non-timber forest products, and biodiversity or forest protection. Wherever possible, support has been given to innovative approaches like extractive and community reserves, to local communities and indigenous peoples, and to policy development, especially where such activities help the EC develop its position in international fora.

More than half the projects have been global or regional rather than country-specific, and over half of these have been directed at the Amazon region. In addition, Brazil has been the main beneficiary of the country-specific commitments, followed by Francophone African and other Amazonian countries. It is clear that the General Administrators managing the budget line have had considerable influence in this regional distribution. Future priorities for the budget line include, as well as a more even regional distribution (no projects were approved for Brazil in 1996), fewer and larger projects which will complement rather than imitate projects from the other DGs. There will also be more support for promoting the local organisational capacity of 'civil society', especially in Africa, for indigenous peoples, for certification and for activities which will feed into the knowledge base for a long-term EC forestry strategy and help DG XI develop its position at international fora. DG XI is due to develop a 'Strategy on Forests' by the end of 1998.

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7. Monitoring of Tropical Vegetation (MTV) is part of the Space Applications Unit at the EU Joint Research Centre.
8. The B6–7920 budget funds activities only after a call for tender has been made, and is shared with other DGs. TREES II was the only tropical forestry related project in DG XI to be funded from it.
9. Except ITTO, for which DG VIII provides the representative.

ACRONYMS

AFAN	African Forest Action Network
CBO	Community-based Organisation
CIFOR	Centre for International Forestry Research
CSD	Commission for Sustainable Development
DG	Directorate-General
EC	European Community
EEA	European Environment Agency
EPF	European Parliament Fund
ESA	European Space Agency
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GEF	Global Environment Facility
GTA	Grupo de Trabalho Amazonico
IPF	Inter-Governmental Panel on Forests
JRC	Joint Research Centre
ITTO	International Tropical Timber Organization
MTV	Monitoring of Tropical Vegetation
NGO	Non-Governmental Organisation
NTFP	Non-timber forest product
OECD	Organization for Economic Cooperation and Development
SFM	Sustainable forest management
TFAP	Tropical Forestry Action Plan
TREES	Tropical Ecosystem Environment Observation by Satellite
UNAMAS	Association of Amazonian Universities
UNCED	United Nations Conference on Environment and Development
USAID	United States Agency for International Development
WTO	World Timber Organisation


 DG
XI
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1. EVOLUTION OF DG XII'S INVOLVEMENT IN TROPICAL FORESTRY

1.1 Establishment of the Framework Programme on Science and Technology for Development

In 1980 the Second United Nations Conference on Science and Technology for Development drew attention to the need for a greater research and development effort to improve the living conditions of the world's poorest populations (European Commission, no date). The resulting Vienna Programme of Action had two main objectives: to strengthen the scientific and technical resources of developing countries and to reorganise the existing procedures governing international relations in the field of science and technology (European Commission, 1989). These provided the background for a Resolution by the Council of Ministers, dated 18 November, 1980, which underlined the importance of developing research capacities oriented particularly towards food crop production in developing countries, and the need to promote complementarity between research centres in the European Community and in developing countries (European Commission, 1989).

Following this, in 1982, the Council of Ministers adopted, for an initial period of three years (1983–6), a Framework Programme of Science and Technology for Development (STD). Managed by Directorate-General XII for Science, Research and Development, this programme provided support for research in the two critical areas of tropical agriculture, and tropical medicine, health and nutrition (European Commission, 1989). The first phase (STD1) concentrated on promoting the existing tropical research capacity in European institutions. It was evaluated as having been successful, fulfilling its aims through high quality projects (Wilson *et al.*, 1988). The demand was such that only 60% of the proposals which were considered 'worth funding' could actually be supported. The Evaluation Committee (see section 6) therefore recommended that the programme be continued for a second framework period and with an increased budget.

1.2 STD2 and STD3

The increased budget of the second Framework Programme (STD2, 1987–91) was justified by the recognition that developing countries 'are hard hit by the economic crisis and [that] budgetary restrictions at national level seriously threaten allocations to agricultural research at a time when demographic trends make it necessary for them to be increased' (European Commission, 1994a).

STD2 and STD3 continued with the same general objectives and research themes. They gave more emphasis, however, to previously neglected sectors such as production systems and – in response to the Commission's commitments in various international fora – to sustainable management of the environment (European Commission, 1996a). None of the STD Framework Programmes had a specific budget line for tropical forestry. Forestry-related projects were funded

as part of agriculture, and particularly within the following subsectors: improvement of agricultural production; conservation and better use of the environment; and production systems (European Commission, 1989).

1.3 The Fourth Framework Programme (INCO-DC)

Following the ratification of the Maastricht Treaty on European Union in 1992, all Community activities in the field of research, technological development and demonstration were brought together within the 'European Community Framework Programme for Research and Technological Development (RTD)'. The fourth Framework Programme, which was adopted in 1994 with a duration of five years (1994–8), comprises four activities:

- (1) RTD and demonstration programmes;
- (2) co-operation with third countries and international organisations (INCO);
- (3) dissemination and exploitation of results;
- (4) stimulation of the training and mobility of researchers.

Activity 2, also known as 'INCO', aims to add value to Community RTD through targeted co-operation with activities external to the Community (European Commission, 1996b). It is further subdivided into three parts:

- A. Scientific and technological co-operation in Europe
- B. Co-operation with non-European industrialised third countries
- C. Scientific and technological co-operation with developing countries

Research related to developing countries is funded within the third of these parts, commonly abbreviated as 'INCO-DC'. Its principal aim is to enable developing countries 'to be associated with the generation of knowledge and innovative and appropriate technologies necessary for the solution of their specific problems and to reach a sustainable development level' (European Commission, 1996b). Its main objectives are:

- to promote the role of relevant high quality RTD in development and economic co-operation;
- to encourage scientific collaboration between Europe and developing countries, among developing countries, and within Europe;
- to help reinforce and maintain RTD capacities, including human capital in developing countries;
- to contribute to maintaining a competence in Europe in scientific sectors of mutual interest and in those pertinent to problems of developing countries;
- to capitalise on the experience gained during the implementation of previous Community Science and Technology co-operation activities;
- to take into consideration the political obligations of the Union and the recommendations of international fora such as the Rio Conference (UNCED – Agenda 21) concerning research in developing countries.

The general objectives of INCO-DC are wider than those of its STD forerunners. It includes activities

previously implemented under the umbrella of economic co-operation policy such as the programme of International Scientific Co-operation (bilateral co-operation in RTD fields of interest to a non-EU country) and AVICENNE (regional RTD co-operation with non-EU Mediterranean countries in fields of mutual interest to the entire Mediterranean region). It places greater emphasis on funding activities that support or complement other EC policies and the Community's political commitments (such as those arising from the UNCED Conference).

The focus of INCO-DC is on regional issues of mutual interest to the collaborating agencies. It will, however, support the involvement of developing country scientists in topics of global importance that extend beyond regional boundaries and need to be dealt with in a global context. These issues include the assessment and conservation of natural resources, the greenhouse effect, pollution, desertification, control of urban growth, pandemics and communicable diseases (European Commission, 1996b).

The thematic content of INCO-DC is considerably broader than that of the preceding STD programmes and covers four sectors, each of which has a dedicated budget:

- sustainable management of renewable natural resources, with subsectors on policy research, basic natural resources and research on ecosystems;
- sustainable improvement of agriculture and agro-industrial production, covering production systems, applied socio-economic sciences, post harvesting technologies, crop production, animal production and silviculture;
- health;
- additional sectors of mutual interest, which include information and communication technologies, non-nuclear energy, biotechnology, materials and production technologies (European Commission, 1996b).

Forestry research can be funded under three of the above sectors, with slightly different emphases. Within the natural resources sector, the ecosystems subsector funds research on natural forests, including, for example, such topics as biodiversity assessments and genetic studies, and also agroforestry and the socio-economic aspects of buffer zone management. Within the agriculture sector, the silviculture subsector focuses particularly on man-made forests and forest industries. Lastly, the additional sectors of mutual interest may also offer funding opportunities for topics such as remote sensing, biomass (fuelwood) production and processing, or genetic engineering of trees (*Official Journal*, 15 March 1996).

2. STRUCTURE OF AID DELIVERY

2.1 Budget allocation

For STD1, STD2 and STD3, the Council of Ministers was responsible for adopting each Framework Programme together with its budget. Since the ratification of the Maastricht Treaty (1992), this is now the joint responsibility of the Council and the European Parliament. Together they allocate the total Framework

budget and determine how it is to be split between the different areas (such as INCO) and activities (e.g. INCO-DC). Within INCO-DC the distribution of the budget to the four sectors (natural resources, agriculture, health, and additional sectors) must also be approved by both the Council and the Parliament (European Commission, 1996b). There is no budget specifically earmarked for activities related to tropical forestry. Forestry proposals must, therefore, compete with other proposals in each of the relevant sectors. Beese (no date) has suggested that the initially low levels of funding for tropical forestry were due to the small number of proposals received rather than the prioritisation of other sectors.

Advice is provided by the INCO Regulatory Committee, consisting of representatives of the Member States (often from the Ministry for Research or the Ministry for External Relations). This Committee meets on an *ad hoc* basis whenever new decisions concerning the Programme need to be taken. Its advice feeds into the preparation of a work programme by the Commission (DG XII), which must then be endorsed by the Committee.

Each Framework Programme has several calls for proposals (see section 5.1) and it is the responsibility of the officers in DG XII to divide the programme budget equally among these (three in the case of INCO-DC). DG XII has about 30 people working on INCO-DC, of whom 16 are professionals. Only one of these is concerned (part-time) with tropical forestry projects.

As can be seen from Table 1, each Framework Programme has had a bigger budget than its predecessor. The volume of funding for agricultural research has also risen from ECU 30 m. (STD1) in 1983 to ECU 126 m. (INCO-DC) in 1994. As a proportion of the total, however, funding for agriculture has declined from 75% to 60% over the same period. Nevertheless, forestry funding has increased both in terms of value (from ECU 2.2 m. in STD1 to ECU 15.8 m. in STD3), and as a proportion of the total Framework budget (from 5.5% in STD1 to 13% in STD2 and STD3).

2.2 Co-funding

All projects supported through the Framework Programmes are co-funded, with the Commission's contribution not normally exceeding 50% of the total project costs. Project proposers are expected to match the funding provided. Where the accounting procedures of a collaborating institution are not able to identify the exact project costs (e.g. proportions of salaries, capital and maintenance costs), the Commission will pay up to 100% of any additional incremental costs incurred. These may include additional staff needed for the project, capital equipment, direct running costs (e.g. travel, computing) and indirect overhead costs that are necessary to support the research (European Commission, 1996b).

2.3 Accompanying measures

A fund for accompanying measures is included in INCO-DC under the 'Additional Sectors of Mutual Interest'. Consisting of about ECU 2.5 m. per year, it is used to finance meetings, networks, liaison with international organisations, training and dissemination of results (European Commission, 1996b). The only

Table 1: Total budgets (in ECU m.) of successive Framework Programmes and the amounts and percentages dedicated to agriculture and forestry

Framework Programme	Total budget (ECU m.)	Agriculture ^a ECU m. and as percent of total	Forestry (ECU m.)	Forestry as % of agriculture	Forestry as % of total
STD1 (1983–86)	40	30 (75%)	2.2	7 %	5.5%
STD2 (1987–91)	80	50 (63%)	10.4	28 %	13%
STD3 (1991–94)	124	73 (59%)	15.8	22 %	13%
INCO-DC (1st Call, 1995)	59	39 (66%)	4.8	12 %	8%
INCO-DC (1994–98)	209	126 (60%)			

(Source: Data calculated from DG XII Archives)

^a The agriculture budget includes all forestry activities. In the case of INCO-DC, the figure comprises money spent under the subsectors 'natural resources' and 'agriculture', both of which fund forestry projects.

activity related to tropical forestry that has been financed through this fund is the European Tropical Forest Research Network (see section 6).

3. STRATEGY AND POLICY

3.1 Definition of 'research'

The definition of research given in the information package accompanying the Call for Proposals (European Commission, 1996b) emphasises two conditions:

- projects must be pre-competitive, i.e. the research results would require further development to produce marketable products or processes;
- projects should be innovative, representing a step forward in the state of the art and including substantial original work.

Both these conditions ensure that the Framework Programme funds pure rather than applied research. INCO-DC covers scientific research activities but does not fund technical assistance and the supply of infrastructure, nor the unilateral transfer of technology or demonstration projects. For these and other applied research activities there are more appropriate sources of funding, such as the various budget lines in DG IB and DG VIII, with which INCO-DC aims to collaborate.

3.2 Definition of 'tropical forestry'

A definition of tropical forestry does not exist within DG XII. Beese (no date) states that 'the orientation of forestry research under the STD programme is not the result of strategic selection after receiving proposals'. Similarly, the evaluation of the STD2 programme noted that 'the subject areas covered ... merely reflect the submission of proposals rather than a defined policy of priorities' (Nelson *et al.*, 1992).

Thus, the exact types of projects funded within the forestry sector are at least partially dependent on the scientific officer in charge of tropical forestry. Originally this officer was an agricultural economist, followed from 1992 to 1994 by a microbiologist and, most recently, by an industrial forester. The latter classified all projects dealing with 'woody plants' as projects on tropical forestry. This approach is in line with the

current inclusive approach to forestry, covering everything from shrubs to non-timber forest products.

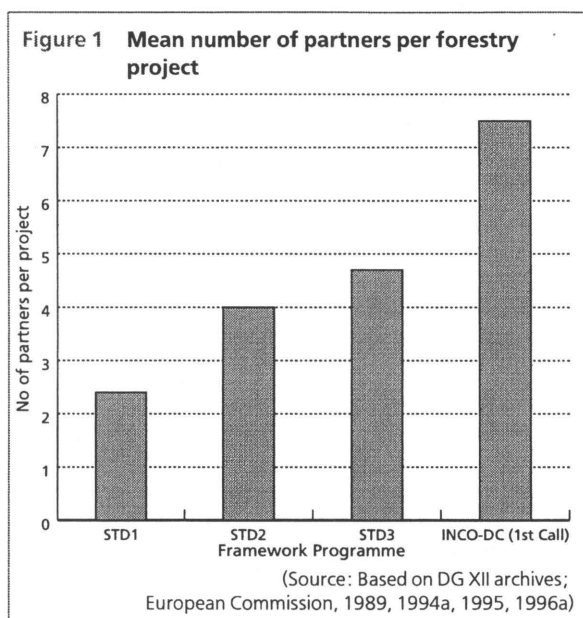
It is this broad definition of forestry that has been used in calculating the data relating to forestry projects in this chapter. For this it was necessary to examine the summaries of all funded projects and subjectively assign them to a 'forestry' or 'non-forestry' category. In so doing, forestry was considered to include all activities from agroforestry and natural forest management to tree breeding and physiology (see section 4.4).

3.3 Tropical forestry strategy

The lack of a definition of tropical forestry is probably related to the fact that there is no fund specifically earmarked for this sector, nor a strategy relating to tropical forestry research. In response to a recommendation by the STD2 evaluation panel, a policy on EC research is under preparation. A first draft was proposed to the Council in December 1996. However, this policy deals more generally with agriculture and provides little specific guidance on forestry. Potentially the most relevant document is the 1995 Council Regulation on 'Operations to Promote Tropical Forests', but its effect on the Programme objectives and content has yet to be ascertained.

As will be seen in section 4.4, the projects funded under the three STD Framework Programmes were heavily weighted towards research on mycorrhiza and genetic improvements of single tree species, the latter being predominantly economically important species such as coconut and date palms, or species useful for wood production and soil conservation. This was in line with the Frameworks' emphasis on improving the food supply in developing countries and their resulting focus on agricultural production.

With the start of STD2 (1987–91), many of the projects stated that one of their main objectives was to achieve the 'sustainable use' of particular resources. This may have been in part as a result of the STD1 evaluation, which required that all agricultural proposals should include an assessment of their potential environmental impact (Wilson *et al.*, 1988). There was no obvious change in the types of project funded, however, until the present INCO-DC Framework Programme, which has taken on board many of the



issues highlighted by the UNCED Conference in 1992.

As already outlined in section 1.3, INCO-DC now includes a sector on the sustainable management of renewable natural resources in addition to the original agriculture and health sectors of the STD Programmes. Its focus is on promoting the conservation and use of natural resources in ways that are ecologically, economically and socially sustainable (European Commission, 1996b). Judging by the first Call for Proposals (1995), under which seven forestry projects have been funded, there has been a complete move away from the relatively 'pure' genetics and mycorrhiza projects of the STD Programmes to more 'applied' research (see section 4.4).

The time-lag between changes in the international debate on forestry and their impact on the funding priorities of the STD and INCO-DC Programmes can in part be explained by the fact that the specific objectives, work programme and budget are decided at the beginning of each Framework Programme (*Official Journal*, 15 March 1996). It is difficult, therefore, quickly to adapt the direction of the research thrust in response to regional and global developments. The officers responsible for INCO-DC do have a certain amount of flexibility, however, as new priorities within the scope of the overall Programme objectives are set for each Call for Proposals (European Commission, 1996b). Furthermore, the timely evaluation of each

Framework Programme allows appropriate action to be taken for the subsequent Programmes (Nelson *et al.*, 1992). Thus the recommendation by the STD1 evaluation team that support for tropical forestry research should be increased, did result in more than a doubling of the proportion of funding going to forestry in STD2 (see Table 1).

4. ANALYSIS OF PROJECTS BY REGION, TYPE AND SIZE

4.1. Number of projects

As shown in Table 2, the number of projects related to tropical forestry increased from 16 (STD1) to 33 (STD2) and 34 (STD3). Under the first Call for Proposals of INCO-DC seven forestry projects were selected for funding out of a total of 71 projects in the agriculture and natural resources sectors. This proportion is slightly lower than in the previous two Framework Programmes but may still be increased in the second and third Calls for Proposals.

4.2 Number and type of partner institutions

As can be seen from Figure 1, the number of partners collaborating on forestry projects has been increasing steadily from STD1 to INCO-DC. Under STD1 all projects focused on bilateral North-South partnerships, mirroring the traditional form of Member States' co-operation. The increase under STD2 was due to the incorporation of more North-North links into projects. Thus 85% of STD2 projects involved more than one EU Member State, compared with only 25% in STD1. From STD3 onwards, the involvement of at least two EU organisations and one partner institute has been a requirement (European Commission, 1994b). INCO-DC goes even further and favours projects with more than one Southern participant (European Commission, 1996b), such that, in the seven projects funded in the first Call for Proposals, the ratio of European to developing country partners is about 1:1.

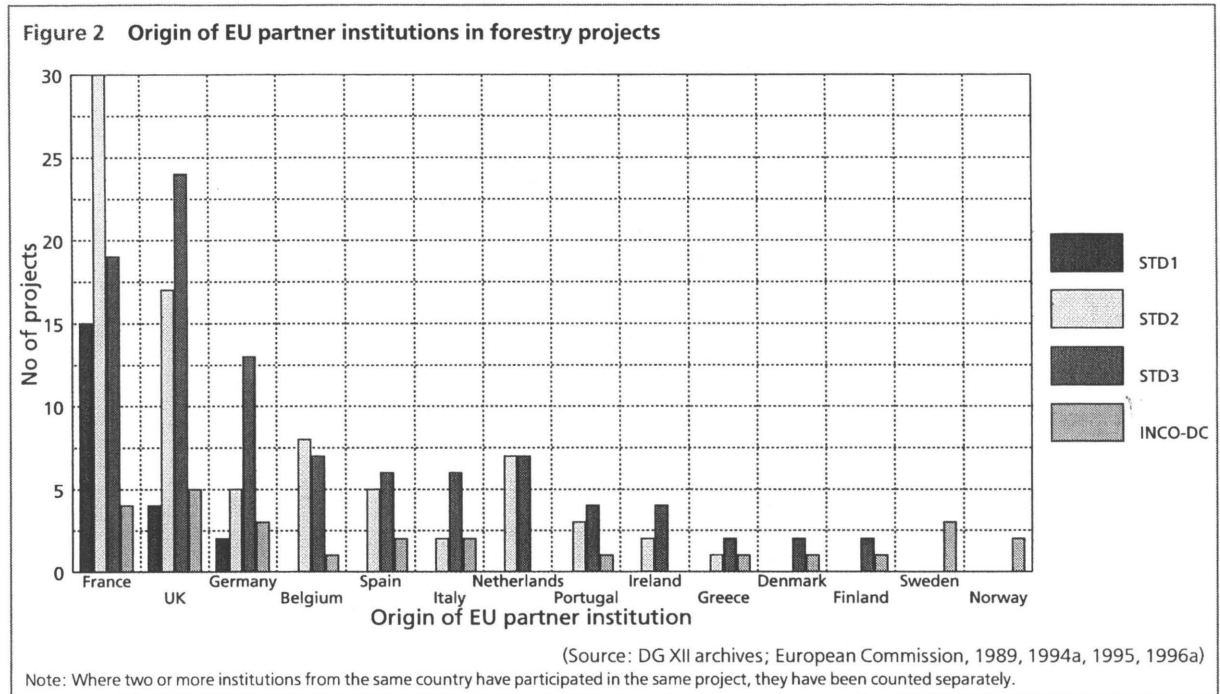
The successive Frameworks have seen a gradual improvement in the quality of the North-South partnerships within projects. Under STD1 several projects included developing country institutions which were, in fact, the local 'branch' of the EU partner (European Commission, 1989). Others had contracts that did not

Table 2: Number of agriculture and forestry projects in successive Framework Programmes

	STD1	STD2	STD3	INCO-DC ^a (1st Call)
Agriculture proposals received	1280	1632	1283	669
Agriculture projects funded (including forestry)	228	179	157	71
Forestry projects funded	16	33	34	7

(Source: Based on DG XII archives; European Commission, 1994a, 1996a)

^a Under INCO-DC 'agriculture' is taken to include both the 'natural resources' and 'agriculture' sectors, as forestry projects can be funded under both.



specify how the money would be distributed between the partners (Nelson *et al.*, 1992). This may have been because of the initially weak research capacity of many Southern institutions, resulting in projects which were initiated and defined by the EU partner rather than being the result of true collaboration. From STD2 onwards this situation improved, and from STD3 on all contracts have had to contain detailed information about the distribution of money among the participants and have required the partners to be non-affiliated (European Commission, 1996b). In all four Framework Programmes universities and research organisations have received the largest share of funding for tropical forestry research, while government and non-governmental organisations have played only a minor role. The majority of projects have been and still are proposed by European research institutes (Nelson *et al.*, 1992).

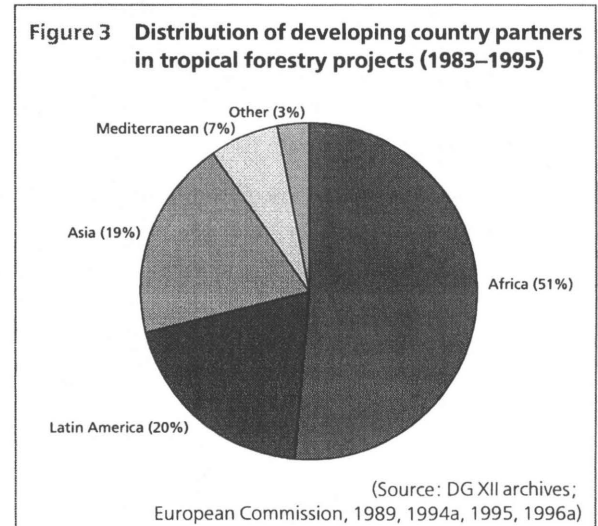
4.3 Geographic spread of partner institutions

4.3.1 European partners

Figure 2 shows the distribution of EU project partners in the successive Framework Programmes. Under the initial STD1 Programme, 15 out of a total of 21 participants were French, with the remainder being British or German. Since then, research groups from most of the EU Member States have participated in a number of projects, although French and British institutions account for over half the total number of forestry project participants to date. This is likely to be primarily attributable to the colonial history of these two countries and their resulting larger number of tropical research specialists. As projects are selected with regard to their scientific quality, DG XII prefers to fund ten high-quality projects proposed by the same country rather than ten projects of a lower quality proposed by several countries (Beese, no date).

4.3.2 Southern partners

The programme differentiates four regions within the South: Asia, Africa, Latin America and the Mediterranean region. Over half of the developing country participants in forestry-related projects to date have been from Africa (Figure 3), with Senegal (16 projects) and Côte d'Ivoire (12 projects) receiving a particularly large share of funding. The dominance of African countries represented in the projects is not because of a preference for collaboration with Africa but results from the low number of Asian and Latin American partners in the proposals submitted (Beese, no date). The high percentage of Francophone West African countries is probably correlated with the dominance of French research institutes participating in the programme. Within Asia it is Malaysian and Indian institutes which have been most actively involved (6 projects each), while Brazilian institutes have been the most frequent participants (10 projects) from Latin America.



Recently the number of projects with more than one Southern partner has been increasing. In these projects South-South links are almost entirely between institutes in the same country or region, and only rarely involve institutes from more than one region.

4.4 Thematic spread

There has been no official categorisation of the forestry-related projects funded by the Framework Programmes so far. The thematic analysis in Table 3 is based, therefore, on project summaries provided by the applicants (DG XII archives; European Commission, 1989, 1994a, 1995, 1996a). The different research themes have broadly been grouped as being 'pure' or 'applied' in nature. Projects listed under pure research deal with single species, their genetic improvement, their physiology, etc., and mostly aim to improve the production of woody biomass. This type of project was clearly predominant in the early Framework Programmes, and still made up the majority in STD3. Nevertheless, by the time of STD3, nearly half the projects could be classed as 'applied' and were more concerned with forest ecosystems as a whole. The latter is the only kind of project that has been funded under the first Call for Proposals of INCO-DC, indicating that there has been a clear shift in priorities. To what extent this shift is the result of a policy decision in DG XII or merely reflects a shift in the type of proposal being submitted is unclear (see also section 3.3).

4.5. Project size and duration

As shown in Figure 4, the average size of forestry projects has quadrupled over the period of the four Framework Programmes, rising from ECU 136,000 (STD1) to ECU 682,000 (INCO-DC). The largest project funded under STD1 (worth ECU 400,000) was smaller than the smallest project funded under INCO-DC (nearly ECU 500,000). In part this increase in scale is accounted for by the greater number of partners involved in recent projects. The amount received per partner has only risen from around ECU 57,000 (STD1) to ECU 99,000 (STD3), and even dropped slightly to ECU 90,000 in the first Call for Proposals of INCO-DC.

In general, it is the EU partners who receive the largest share of project budgets. This is explained by a number of factors (J. Kreysa, former DG XII scientific officer in charge of forestry, pers. comm., 1996):

- salaries of EU researchers tend to be two or three times higher than those paid in developing countries;
- travel expenses for developing country researchers to come to Europe are usually included in the budgets of their EU partners;
- equipment costs are often included in the budget of the project coordinator (usually in the EU), because the export of research equipment is tax-free and therefore cheaper than equipment purchased in the developing country.

The average duration of projects has increased from 30 months (STD1) to 40 months. The great majority of

Table 3: Thematic content of forestry-related projects

Theme		STD1	STD2	STD3	INCO-DC (1st Call)
Pure research	Genetic improvement of single tree species	3	9	7	—
	Nitrogen fixation, mycorrhiza, symbiosis	6	10	7	—
	Physiology	—	1	3	—
	Genetic diversity of economically important trees	1	1	2	—
Sub-total		10	21	19	0
Applied research	Ecosystem modelling	—	1	5	1
	Agroforestry, agro-silvo-pastoralism	2	5	3	—
	Non-timber forest products	—	—	2	1
	Conservation	—	—	1	—
	Reforestation	—	—	1	1
	Wood market (fuel, construction)	—	1	—	1
	Inventory, natural resources management	2	3	2	1
	Entomology	2	—	—	1
	Energy	—	2	—	—
Networking	—	—	1	—	
Sub-total		6	12	15	7
Total		16	33	34	7

(Source: DG XII archives; European Commission, 1989, 1994a, 1995, 1996a)

projects – over 90% – are funded for either 36 or 48 month periods.

5. PROJECT CYCLE MANAGEMENT – INCO-DC

5.1 Calls for proposals

Under INCO-DC there have been three Calls for Proposals (1995, 1996 and 1997), each one specifying research priorities covered by the work programme. Calls are usually made in March and proposals have to be submitted by September. They are evaluated by the following February and contracts for successful projects may be signed from June onwards (European Commission, 1996b).

5.2 Eligibility requirements

The proposal must fall within the scope and objectives of the work programme and respond, in particular, to the terms set out in the current Call for Proposals. All proposals must involve at least two non-affiliated participants from different Member States or one participant from a Member State and one participant from a state associated with the Programme (Iceland, Liechtenstein, Norway, Israel). Projects must have at least one participant from a developing country and preference is given to proposals involving at least two non-affiliated participants from developing countries in the same region. Projects are expected to demonstrate a significant and balanced level of participation between all partners (European Commission, 1996b). Proposals can be submitted by industrial firms (of any size), universities and higher education institutions, research organisations, governmental organisations, NGOs, etc.

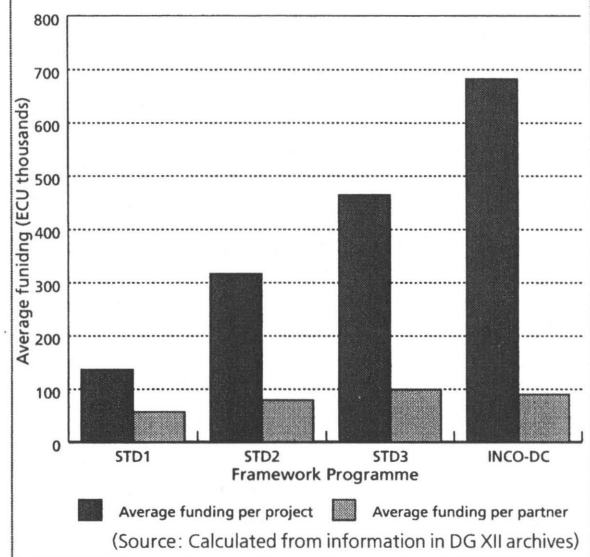
5.3 Evaluation and selection of proposals

DG XII staff verify the eligibility of the proposals received. Each proposal then undergoes a confidential scientific evaluation by three independent experts, chosen from an 'expert data-base' of highly reputed scientists, most of whom have been recommended by members of the INCO Regulatory Committee. During a period of three weeks about 200 experts evaluate the proposals with regard to their technical feasibility and their scientific relevance. The expert evaluation produces a shortlist containing about 40% of the original project proposals.

After the scientific evaluation, 32 regional experts (eight for each of the four regions of Asia, Latin America, Africa and the Mediterranean) from developing countries are invited to assess the relevance of the proposals for their region. This consultation further reduces the shortlist to about 20% of the original proposals (European Commission, 1996b; J. Kreysa, pers. comm., 1996). This shortlist is subject to external consultation with international organisations and other donors engaged in the funding of projects in the South. These organisations investigate whether the same or a similar project is being, or has recently been, funded, and whether there are related projects in the region.

Parallel to the external consultation, an internal consultation with Commission services concerned with RTD activities in the South (DG IB, DG VIII) takes

Figure 4 Average funding (ECU) per forestry project and partner institution



place. The internal consultation process is comparable with the external. Its additional goal is to confirm that the project proposals comply with DG IB's and DG VIII's agreements with developing countries (e.g. the Lomé Convention). Although demonstrating a commitment to better collaboration between different parts of the Commission, the internal consultation is often slow and produces little response.

At the end of the consultation process, DG XII staff rank the proposals and prepare a final shortlist. In addition to the prime concern about scientific quality, the main criteria for project evaluation are:

- feasible and convincing objectives;
- innovative, original work;
- precompetitive nature;
- realistic scientific, technical and economic benefits for the Southern country, as well as a European dimension to demonstrate the mutual interest of the partners;
- ability for high quality management;
- evidence of impact on sustainable development and coherence with EC or Member States' development activities in the region;
- interdisciplinary approaches where appropriate (European Commission, 1996b).

A Management Committee, consisting of representatives of all the DGs concerned, meets to examine the evaluation process and comment on the final shortlist. Based on this, DG XII staff make a definitive selection.

5.4 Contracts and payments

The successful applicants are then able to negotiate their contracts, providing more detailed financial information, including the distribution of funding between partners, and submitting an appropriate technical annex (the 'project description') for inclusion in the contract. The Commission may require modifications (technical, financial) to the proposal and the whole procedure may take some months to be completed. The technical annex is an important part

of the contract as it defines which research tasks are to be accomplished by each of the contracting parties, as well as fixing a timeframe for the activities. It also provides the baseline against which progress reports are assessed by DG XII staff in order to take decisions about continued funding of the project (European Commission, 1996b).

The project coordinator is responsible for the submission of reports, consolidating and summarising the work of all the contractors. Technical progress reports and cost statements must be submitted to the Commission every 12 months and at the end of the project.

All payments are made in ECU via the project coordinator. An advance payment of approximately 40% of the total EC support is made within two months of the signature of the contract by all the contracting parties. Subsequent payments are normally made annually within two months of the approval of the progress reports. A retention (10% of the EC contribution but not more than ECU 500,000) is withheld until all final documents (technical and financial) have been received and approved by the Commission (European Commission, 1996b). This payment procedure can pose difficulties for smaller research organisations with insufficient reserves to cover their costs in advance. Problems arise in particular because of the delays which can occur between the approval of the interim progress reports and the release of the next tranche of funds by the Commission (Nelson *et al.*, 1992). Small organisations may also be hard pushed to find the necessary resources to cover the cost of preparing the proposal.

BOX 1 The European Tropical Forest Research Network (ETFRN)

Established by the European Commission in 1991, the European Tropical Forest Research Network (ETFRN) is unique amongst DG XII funded projects in not having a specific Southern partner. Its objectives are to:

- encourage EC scientific co-operation;
- initiate EC-developing country joint research activities;
- cooperate with international organisations;
- collect and exchange information;
- participate in EC research planning;
- publish a newsletter.

ETFRN works through national nodes (key research institutions) in the EU and associated countries of the European Free Trade Association. A coordination unit is responsible for the activities of the network, and publishes the ETFRN newsletter to provide information on activities and institutions within and outside Europe. The unit serves as a useful contact point for Southern institutions seeking to collaborate with a European partner in the preparation of joint research proposals (Beese, no date). Originally based in Germany, the coordination unit has recently moved to the Tropenbos Programme in the Netherlands. Funding was initially provided under the tropical forestry sector of STD3 and has been continued under the Fund for Accompanying Measures of INCO-DC. It is planned that ETFRN will become self-financing by the turn of the century.

5.5 Monitoring and evaluation

During the early STD Framework Programmes the scientific officers had time to visit each of the current projects at least once a year. Under the INCO-DC Programme, however, the workload of the scientific officers is much greater and there is less time for monitoring, to the extent that some projects are never visited. Monitoring and evaluation must, therefore, be achieved by reading progress reports and through meetings with the project coordinators who generally come to Brussels once or twice during the project's lifetime (J. Kreysa, pers. comm., 1996; Nelson *et al.*, 1992). In exceptional cases the Commission may ask an independent expert to undertake further analysis of a particular project.

6. PROGRAMME EVALUATIONS

6.1 Evaluation procedures

Each Framework Programme has been subject to an independent external evaluation. Ideally these are meant to be scheduled so that their conclusions and recommendations can feed into decisions about the following Programme. This was achieved for both STD1 and STD2. The evaluation report of STD3, however, is still outstanding.

The evaluation of each Programme is organised by the evaluation unit of DG XII and carried out by an independent panel of experts. In the case of STD1 the panel consisted of three agricultural and two medical experts (Wilson *et al.*, 1988), while five agricultural and four medical scientists were called upon to evaluate STD2 (Nelson *et al.*, 1992). Each evaluation consisted of meetings with Commission staff, reviews of a sample of projects (20% for STD1 and nearly 40% for STD2) based on their progress reports and, in some cases, on-site visits. In the case of STD2, a questionnaire was also sent to project coordinators and participants.

The main objective of the STD1 evaluation, which took place before most of the projects had been completed, was to review the Programme as a whole and make recommendations for its future (Wilson *et al.*, 1988). The STD2 evaluation focused both on individual projects and on issues associated with the Programme as a whole (e.g. whether the promotion of scientific co-operation between EU Member States and developing countries had been achieved; how significant the programme was in terms of strengthening European research capacities; and how relevant it was to the economic and social development of developing countries) (Nelson *et al.*, 1992).

Projects in STD1 were evaluated on the basis of the following criteria: importance of problem; expected impact; scientific quality; efficiency; importance to a) food self-sufficiency, and b) promotion of medicine, health and nutrition; originality; complementarity; and collaboration. The first three criteria were prioritised. Quality was assessed as excellent, good, fair, poor or unacceptable. Over 85% of the 85 projects reviewed were considered to be 'good' or 'excellent' in terms of addressing important issues, having a good expected impact and being of sound scientific quality. 'Efficiency' and 'collaboration' were more often rated as being 'poor' or 'unacceptable'. The evaluation criteria

used for individual projects are not given in the STD2 report.

6.2 Programme achievements

Both evaluations reached many of the same conclusions. The STD Programme was praised for being well designed and extremely cost-effective (with administrative costs being kept as low as 5%). It improved the research capability of developing countries through the input of additional resources to their institutions, and played a particularly important role in contributing to staff development through training. The Programme was considered to have made the Community more widely known and had a positive effect on its image in developing countries. Both evaluations recommended that the Programme be continued with increased funding in order to overcome the financial constraints that had led to some excellent projects having to be rejected.

6.3 Constraints and recommendations

While the STD1 evaluation had commended the small and focused nature of projects funded by the Programme, the STD2 evaluation considered that these were too costly in administrative terms. This was particularly true, given the inadequate staffing levels which severely limited the ability of Programme officers to provide advice on project preparation and to monitor and evaluate projects. The second evaluation recommended both an increase in the number of Commission staff and the establishment of external expert panels to strengthen the monitoring and follow-up of projects. It highlighted particular dissatisfaction amongst project participants about the delays that could occur in the transfer of funds from the Commission, leading to a situation in which Northern institutions regularly had to provide bridging funding to their Southern partners.

Both evaluations highlighted shortcomings in the nature of the collaboration between Northern and Southern partners. Individual responsibilities needed to be better defined and efforts made to ensure that linkages were of 'mutual benefit in the spirit of true partnership' (Wilson *et al.*, 1988). The STD2 evaluation recommended that planning and review meetings for all partners should be budgeted for and enforced in all projects.

With respect to thematic priorities, the STD1 evaluation noted that the balance between technical areas was good. Within agriculture, however, it recommended a change in emphasis away from improving 'food self-sufficiency', with its narrow focus on food crops, towards achieving 'food security', which would include projects dealing with important non-food crops such as cotton, trees and forests. On the whole it was recommended that greater multi-disciplinarity be promoted in projects, a feature considered to be particularly important for tackling the complexity of agricultural problems. While the STD1 evaluation praised the diversity of projects funded, the STD2 evaluation thought that too many subjects were being covered with insufficient attention being given to identifying research thrusts. It noted the absence of a clearly defined EC policy on research in agriculture and health, as well as a lack of procedures for allocating resources between the two sub-programmes (see section 3).

Both evaluations emphasised the need to ensure that all research was in accordance with international ethical standards. It was recommended that agricultural projects should be screened with respect to their contribution to sustainable agricultural production and their effect on the ecological stability of a particular habitat.

7. CONCLUSION

Since 1983 four successive Framework Programmes for Research and Technological Development have successfully funded a large number of tropical forestry research projects, bringing together EU and developing country institutions in mutually beneficial partnerships.

Research funded through DG XII differs from that funded by the development budget lines in DG IB and DG VIII in that it is meant to be fundamental rather than applied. While there is some collaboration among the DGs on project selection, the different project cycle methodologies mean that there is relatively little scope for linking DG XII research projects to development or research projects funded by other DGs. In part this is also because of the small number of staff responsible for the Framework Programme. The resulting weak management capacity is particularly problematic in that it hampers effective project monitoring and evaluation.

Between the first STD1 Framework Programme and the current INCO-DC Programme, projects have become larger both in total funding volume and in the number of research collaborators. After an initial trend towards increasing the number of European participants, a balance now seems to have been reached with approximately equal numbers of Southern and EU partners. Projects as a whole have also become more multi-disciplinary in nature, reflecting the recommendations of international fora such as the UNCED Conference in 1992.

Within the forestry sector, projects have seen a complete shift away from the early focus on individual species and woody biomass production to a concern with forest ecosystems and the role of trees in multi-faceted production systems. The Programme could be much improved, however, through the development of an EC strategy on tropical forestry research to help focus the limited funds more effectively. Planning forestry research would also be facilitated by the introduction of defined procedures for allocating budgets between the various thematic sectors of the Framework Programme, with the possibility of ring-fencing an amount for tropical forestry.

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ACRONYMS

DG	Directorate-General
EC	European Community
ETFRN	European Tropical Forest Research Network
EU	European Union
INCO-DC	Co-operation with Third Countries and International Organisations – Scientific and Technological Co-operation with Developing Countries (second Activity of the 4th Framework Programme)
NGO	Non-Governmental Organisation
RTD	Research and Technological Development
STD	Science and Technology for Development
UNCED	United Nations Conference on Environment and Development

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DG V, DG VI and DG XVI

David Brown

THE STRUCTURAL FUNDS

The European Community has a number of programmes aimed at the development of disadvantaged areas and sectors within the territories of the European Member States. These exist to promote the overall harmonious development of the Member States of the European Union, and to encourage their 'convergence' in economic terms. The most important of the programmes brings together four separate funds, known collectively as the Structural Funds. These are the European Regional Development Fund (ERDF); the European Social Fund (ESF), the European Agricultural Guidance and Guarantee Fund (EAGGF), and the Financial Instrument for Fisheries Guidance (FIFG).¹ For the period 1994–9, the Structural Funds have at their disposal a total allocation of Ecu 141.471 billion. Management of the Funds is the collective responsibility of DG V (Employment, Industrial Relations and Social Affairs), DG VI (Agriculture), and DG XVI (Regional Policies).

Structural Funds are available as non-reimbursable grants, on the basis of co-financing ('part-financing') with the relevant Member States. The level of co-financing depends on the objective of the programme, and is up to a maximum of between 50 and 85%. There are five sets of priority objectives:

- Objective 1:* Structural adjustment of regions whose development is lagging behind
- Objective 2:* Economic conversion of areas seriously affected by industrial decline
- Objective 3:* Combatting long-term unemployment and facilitating integration into working life of young people and those threatened with exclusion from the labour market
- Objective 4:* Preventive measures to combat unemployment associated with industrial change
- Objective 5a:* Structural adaptation of agriculture and fisheries
- Objective 5b:* Economic diversification of vulnerable rural areas

The relevance of the Structural Funds in the present context relates to the few overseas territories of the Member States located in the tropics. The main ones are the four overseas *Départements* of France, Martinique, Guadeloupe, Réunion and Guyane, all of which have the same legal status as any other French *départements*.

Only Guyane (French Guiana) possesses any major forest resources. The review which follows is restricted to this one territory. A brief description of the place of forestry in the economy of Guyane is provided in Box 1.

Box 1: The Overseas Department of Guyane

Guyane is the only region of the European Union on the South American continent. With an area of 90,000 sq. km. (the size of Portugal) and a border of 1 000 km. with Surinam and Brazil, the territory is much closer to its South American neighbours than it is to its main markets in Europe (7,500 km. distant) or to the other European territories in the Caribbean (Guadeloupe, for example, is 1,500 km. away). However, communications with its neighbours are very poor, as are internal communications within the territory. 10% of the national population is accessible only by river transport.

The population of Guyane is presently 136, 775 (1993 Census), growing at between 4.7 and 6% (one of the highest growth rates in the Union). There is a sizeable immigrant population, approximately one-third of the total. Population density in the rural areas is low, at only 1.44 persons per square kilometre. 70% of the population is under 35 years of age.

Tropical moist forests cover 90.4% of the territory, consisting almost entirely of *forêt domaniale* (state forest), which occupies 7.5 million (92%) of the total forested area of 8.14 million hectares. There is one national park of 2 million hectares (*le Parc national de la forêt guyanaise*), two national reserves of respectively, 100,000 hectares (*camp de Nouragues*) and 75,000 hectares (*montagnes de la Trinité*), and a regional national park of 100,000 hectares.

Timber production represents a small though significant sector of the economy, with about 15% of total agricultural production (Ecu 12–14 m. per annum) and 400 workers. Expansion of the timber industry is inhibited by a number of factors: distance from European markets; high production costs (significantly above those of neighbouring countries such as Brazil); shortages of skilled manpower; low levels of internal demand; poor communications; high species diversity (up to about 160 species per hectare); low commercial value and profitability.

In forestry terms, Guyane is best known for its research and teaching facilities. There is a forestry college at Kourou, *l'Ecole Nationale du Génie Rural, des Eaux et des Forêts, ENGREF* (an *école d'application* of the system of *grandes écoles*). Kourou is also the site of major research facilities, with branches of a number of French research institutions (CIRAD-Forêt, INRA, ORSTOM, etc.). These are formed into a *groupement d'intérêt scientifique* known as SYLVOLAB. The *Office Nationale des Forêts* (ONF) also has important operations in Guyane.

The forests of Guyane are noted for their exceptional species diversity of both flora and fauna (1,200 species of vertebrates, and 7–10,000 species of vascular plants, including 1,000 species of trees, eleven times as many as in metropolitan France). France is seeking to develop Guyane as a major European research and teaching laboratory for ecological forestry.

DG V/
VI/XVI

1. The French acronyms are respectively: FEDER, FSE, FEOGA and IFOP.

SUPPORT FROM THE STRUCTURAL FUNDS TO GUYANE

Forestry in Guyane is eligible for support from the Structural Funds in relation to Objective 1, on the basis of its relatively low per capita GDP (only 46% of the GDP of metropolitan France, and 58% of the European average). 75% funding is available to Guyane from the Funds, with the remaining 25% being contributed by the French Government.

Guyane presently receives support from all the four constituent funds (EDRF, ESF, EAGGF and FIFG). In relation to tropical forestry, the main direct investment from the Funds has been the sum of Ecu 2.879 m. over 5 years (1994–9)² under the EAGGF, awarded to the *Office Nationale des Forêts* to cover management costs and equipment for the creation of a sustainably-managed production forest of 550,000 ha. Activities include inventory, demarcation, silvicultural management and single-purpose road construction. Counterpart funds are being provided by France (Ecu 1.97 m.) and the timber industry (Ecu 0.60 m.). A number of other activities have forestry components, including tourism development in forest areas, for which Ecu 0.7 m. is being provided from the ERDF; research on tropical forest ecosystems (Ecu 9.7 m. from the ERDF); and human resource development (Ecu 35.8 m. from the ESF). Additional investments from the Funds which may have important forestry impacts include the Ecu 24 m. invested by the ERDF in road building programmes.

DG V/
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2. All the sums indicated in this paragraph refer to the period 1994–9.

