

# Common Elements of EC Tropical Forestry Aid

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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, *DGXII* 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).<sup>1</sup> 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')	<b>DG IB</b> and DG VIII
B7-3000	'Aid and co-operation with Asian developing countries'	Article 930	<b>DG IB</b>
B7-3010	'Aid and co-operation with Latin American developing countries'	'Financial and technical co-operation with Latin America and Asia developing countries'	
B7-6200	'Environment in Developing Countries'	B7-5040 prev. Article 946 ('Ecology in Developing Countries')	<b>DG VIII</b> and <b>DG IB</b> (co-managed)
European Development Fund (Lomé)	presently EDF 7 (LoméIV <i>bis</i> ) National and Regional Indicative Programmes	EDF 1-6 (Lomé 1-4)	<b>DG VIII</b>
B7-6000	'Community Participation in actions in favour of developing countries, carried out by NGOs'	Article 941 'Co-financing with NGOs'	<b>DG VIII</b>
B7-8110	'Contribution to international environmental activities'	B4-3046 'Global environment'	<b>DG XI</b>
Frameworks INCO-DC	Currently 4th. Framework Programme for Research and Technological Development	Framework Programmes for Science and Technology for Development (STD)	<b>DG XII</b>



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

	1992	1993	1994	1995	1996
Forestry aid					
DG 1B <sup>b</sup>	60.7	53.2	84.5	73.5	29.5
DG VIII <sup>c</sup>	44.3	22.3	20.8	17.7	33.7
DG XI <sup>b</sup>	0.72	1.2	1.06	1.08	0.6
DG XII <sup>c</sup>	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 <sup>d</sup>	4025	3956	4672	4207	n/a
Forestry Aid as % Total Aid	<b>2.7</b>	<b>2.0</b>	<b>2.4</b>	<b>2.2</b>	<b>n/a</b>

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
NTEP	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.