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REVIEW OF SECTORAL CLUSTERS

Report of the Ad Hoc Intergovernmental Panel on  
Forests on its second session

(Geneva, 11-22 March 1996)

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I. MATTERS CALLING FOR ACTION

Draft decision

1. The Ad Hoc Intergovernmental Panel on Forests recommends to the Economic and Social Council through the Commission on Sustainable Development, the adoption of the following draft decision:

Matters relating to the third and fourth sessions  
of the Ad Hoc Intergovernmental Panel on Forests

The Economic and Social Council approves:

(a) The request of the Ad Hoc Intergovernmental Panel on Forests to hold its third session in Geneva from 9 to 20 September 1996 and to hold its fourth session in New York for a period of two weeks in 1997;

(b) The Panel's request that provision be made so that the two sessional working groups it intends to establish during its third and fourth sessions, as originally envisaged at its first session, can meet simultaneously.

II. MATTERS BROUGHT TO THE ATTENTION OF THE COMMISSION ON  
SUSTAINABLE DEVELOPMENT

Decision

2. The following decision adopted by the Panel is brought to the attention of the Commission on Sustainable Development:

Additional voluntary contributions to the Ad Hoc  
Intergovernmental Panel on Forests

The Ad Hoc Intergovernmental Panel on Forests expresses its appreciation to those Governments and organizations that made generous voluntary contributions to support the work of the Panel and of its secretariat and, bearing in mind the fact that its work, as envisaged by the Commission on Sustainable Development and the Economic and Social Council, largely depends on the provision of extrabudgetary resources, invites all interested Governments and organizations to consider supporting the Panel with additional voluntary contributions.

III. INTRODUCTION

3. In accordance with the programme of work agreed upon at its first session (E/CN.17/IPF/1995/3), the Panel at its second session addressed two types of issues. A number of programme elements included in the Panel's terms of reference, namely elements I.2, I.4, I.5, II, and III.1 (a) and (b) were subject to a substantive discussion. Other programme elements (I.1, I.3, III.2, IV, and V.1) were subject only to an initial consideration.

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4. The final report of the Panel, containing its recommendations and proposals for action relating to all of the programme elements included in its terms of reference, will be agreed at the Panel's fourth session. This final report will be submitted for consideration by the Commission on Sustainable Development at its fifth session, in 1997.

Programme elements that were discussed substantively

5. The present report includes the Co-Chairmen's summaries of the discussion on the elements under consideration. These summaries have not been subject to negotiation. They are transitional in nature, and the elements that have been put forward for substantive discussion at the second session of the Panel will remain open and start to be negotiated at the third session of the Panel. The summaries do not fully reflect the views of the Group of 77 and China, or, indeed, those of any other group or delegation.

6. Furthermore, they will be supplemented by suggestions for possible recommendations and proposals for action under those programme elements that are to be subject to substantive consideration during the third session of the Panel. This would allow the Panel at its fourth session to consider, in an integrated manner, recommendations and proposals for action emanating from both its second and its third session and, on that basis, to consider programme element V.2 of its work programme, as well as to adopt its final report.

Programme elements that were discussed initially

7. Provisions in this report relating to these programme elements represent a list of the views expressed and proposals made by various delegations during the session in connection with the preparations for a substantive discussion of the elements during the Panel's third session.

IV. CO-CHAIRMEN'S SUMMARY OF THE DISCUSSION

A. Programme elements that were discussed substantively

1. Underlying causes of deforestation and forest degradation (programme element I.2)

8. The Panel considered the report of the Secretary-General on programme element 1.2, contained in document E/CN.17/IPF/1996/2, taking into account the relevant paragraphs of the Non-legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests (Forest Principles) 1/ and chapter 11 of Agenda 21. 2/ The report provided material that could be relevant to many of the other programme elements.

9. The Panel noted that the causes of deforestation and forest degradation were complex and that simplistic conclusions and overgeneralized solutions must be avoided. Many of the factors causing deforestation or forest degradation interact and some are synergistic. Many lie outside the forest sector, while others, such as unsustainable timber extraction, are linked to the forest sector

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itself. Most of the factors are social and economic in character. Inappropriate policy choices and approaches in other sectors can influence deforestation and forest degradation. Poverty and consumption patterns as well as land speculation and land markets may also have a major influence on deforestation.

10. The Panel considered that tenure issues had an important effect on access to, and use of, trees, forest products and forest services. The demand for fuelwood and charcoal to meet basic energy needs also contributes to deforestation and forest degradation. Grazing pressure, unsustainable agriculture, and forest fires are important factors in many regions. In this context, the Panel noted that there were cases where major land areas under forest cover lay outside the direct control of national forest authorities.

11. Many factors mentioned above operate at regional or wider international levels. The Panel felt that long-term changes in consumption and production patterns in different parts of the world were important and could have both positive and negative effects on the sustainable management and use of forests. Their forestry-specific ramifications should be revisited at the next session in the context of the work being done by the Commission on Sustainable Development as well as of the initiative sponsored by Norway on long-term supply and demand for forest products.

12. The Panel considered that international underlying causes of deforestation and forest degradation, including transboundary economic forces as well as transboundary pollution, were important and needed to be further analysed. Factors such as international trade, structural adjustment programmes and external debt could indirectly influence deforestation. Market forces and relative prices, as well as undervaluation of wood and non-wood forest products, have a direct bearing on sustainable management of all types of forests. Dealing with deforestation and forest degradation therefore often requires changes in policies and plans in other sectors.

13. Forests are vital national resources and the Panel encouraged the development of national forest action plans and national forest programmes, which needed to be integrated with other national policies, plans and programmes. Different countries have different forest requirements, affecting both the area and the nature of their forests, and these requirements change over time. The benefits and disbenefits of different types of forest, including forest plantations, need to be appraised in different social, cultural, economic and ecological contexts. The Panel emphasized that there were rational justifications for many changes in forest structure and cover and that deforestation did not necessarily need to be harmful if planned within national policy frameworks for sustainable land use. It was recognized that sustainable management and use of both natural forests and forest plantations, as part of an integrated land-use plan taking into account relevant environmental and socio-economic concerns, fulfilled a valuable role in helping to meet the need for forest products and services as well as to conserve biological diversity. Quality aspects are as important as quantitative measures of forest extent in determining national forest cover. In addition to the economic value of wood forest products, non-wood forest products and the social, economic and

environmental services that forests provide need to be valued and recognized as well.

14. A diagnostic framework to assist countries in identifying the causes of deforestation and degradation that are most significant to them would be useful and should be developed as an aid to effective remedial action.

15. Joint management (where applicable), participatory approaches involving all relevant parties (especially local people) in decision-making, benefit-sharing, and the adjustment of management processes to reflect different economic, social and ecological circumstances can constitute useful ingredients of national action. Policy options for sustainable forest management and effective implementation need to be further defined. The possible benefits of ecoregional approaches to land use and forest planning should also be considered.

16. A number of international legal instruments, *inter alia*, the Convention on Biological Diversity, 3/ the United Nations Framework Convention on Climate Change, 4/ and the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa, 5/ address issues highly pertinent to the management and sustainable use of forest resources. Coordination of the work programmes being implemented under these conventions is essential for achieving the forest-related objectives of Agenda 21 and the Forest Principles.

17. In addition, the Panel recognized that actions to deal with undesirable forms of deforestation were required at the international, regional, national and local levels.

18. The Panel highlighted the following points and actions:

(a) Developed countries should be encouraged to assist developing countries in undertaking case-studies using the "diagnostic framework" described in section III of the report mentioned in paragraph 8 above in order to identify the sequence of causes contributing to changes in the quantity and quality of their forests and to focus attention on where action might be most effective in halting damage and promoting beneficial change. This could largely be based on existing information. The main purpose of these case-studies should be to develop a set of possible options and approaches that might be appropriate for addressing underlying causes, as well as to identify corrective action, and plan for the future. In addition, they could also serve as a means of refining the diagnostic tool, and of achieving the sharing of experiences between countries. In this context, the use of ongoing arrangements, particularly at the regional level, for sharing experiences and for providing forums for policy debate would be useful;

(b) In order to evaluate the significance of changes in forest cover, countries should be encouraged to assess the quantity and quality of forest required to provide the full range of benefits, goods and services needed to fulfil the needs of society now and in the future. These will include many different types of forest, including natural forests, plantations and trees outside forests. Such an analysis should involve all relevant parties. It should examine both quantitative and qualitative aspects of forest, including

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biological diversity, and consider forest strategies in relation to developments in other sectors of the economy, for example, those relating to poverty alleviation, infrastructure development, agriculture and energy, and also take into account possible impacts on neighbouring countries and the environment as a whole;

(c) Accurate and updated information, including data on changes in the quantity and quality of forest cover and land use should be collected and synthesized. Useful data may already exist and these should be used where possible. Gaps in information about qualitative aspects of forest cover should be addressed. The data on forest modification and replacement should be based on databases that are easily accessible and regularly updated;

(d) Capacity-building activities should be supported in terms not only of the formulation of strategies and action plans but also of their implementation, including the formulation and effective implementation of codes of practice. Special attention should also be given to rationalizing and strengthening administrative structures and mechanisms, improving proper planning, management and, in particular, developing and implementing national programmes for sustainable forest management, including emerging participatory management systems;

(e) Donor coordination and international collaboration should be improved, in programmes addressing deforestation and forest degradation;

(f) Participatory approaches and mechanisms should be encouraged for ensuring active involvement of all relevant parties in the review of policies and legislation. Consultations with actors from other economic sectors should be encouraged as part of the process of identifying the underlying causes of deforestation and forest degradation and possible solutions, as appropriate, in each country;

(g) Examples of policies and interventions that had contributed to deforestation, as well as those that had promoted sustainable forest management, with respect to providing specific information on what had proved to be effective or otherwise, should be identified;

(h) Inappropriate policy incentives within the forest sector (and also in some countries inappropriate policies outside the forest sector), including land-use aspects and the need for land reform should be corrected;

(i) Adequate legislation and other measures, including environmental impact assessments, should be promoted, as a basis for action against uncontrolled conversion to other types of land uses.

19. The Panel requested its secretariat, in the course of its preparations for the discussions at the third session of the Panel as well as for the final consideration at the Panel's fourth session, to take into account the underlying causes of deforestation as the basis for action on each of the other relevant programme elements of its programme of work. Government-sponsored initiatives under way in support of this programme element, taking full account of paragraphs 15 and 16 of the report of the Panel on its first session, as well as

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relevant activities undertaken under the United Nations Framework Convention on Climate Change, the Convention on Biological Diversity and the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa, should also be considered.

2. Fragile ecosystems affected by desertification and the impact of airborne pollution on forests  
(programme element I.4)

20. The Panel considered the report of the Secretary-General on programme element I.4 contained in document E/CN.17/IPF/1996/3, taking into account the relevant paragraphs of the Forest Principles and chapter 11 of Agenda 21. That report is divided into two parts reflecting the different nature of the issues contained in the mandate of the Commission on Sustainable Development and the instructions provided in the report of the Panel on its first session (E/CN.17/IPF/1995/3). The Panel first discussed issues related to fragile ecosystems affected by desertification and the effects of drought followed by issues related to the impact of airborne pollution on forests.

Fragile ecosystems affected by desertification and drought

21. The Panel emphasized that desertification and the effects of drought are widespread phenomena affecting forests and other wooded land in arid, semi-arid and sub-humid regions. Desertification and drought are problems of global dimension in that they affect all regions of the world and that joint action of the international community is needed to combat desertification and/or mitigate the effects of drought.

22. The Panel felt that this programme element should be carried forward in close relationship with existing international conventions such as the Convention on Biological Diversity, the United Nations Framework Convention on Climate Change and, in particular, the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa. The work carried out in the conventions should not determine the work of the Ad Hoc Intergovernmental Panel on Forests, but rather complement and enhance it in the context of sustainable forest development.

23. Forest-related action aimed at combating desertification and mitigating the effects of drought should address the underlying causes of these phenomena in an integrated manner, and consider the role of poverty, migration, refugees, land-use planning and policies, food security, and provision of fodder and fuelwood, among many other economic, social and cultural causes, in a manner consistent with the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa, and taking into account the effects of non-sustainable production and consumption patterns as well as those of trade and balanced trade relations.

24. While recognizing that in many areas forest land rehabilitation would be needed, and that this would require external inputs and international assistance

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in support of local and national efforts, the Panel emphasized the need for prevention rather than mitigation and restoration, with emphasis on improved and sustainable management of the already existing natural forest and other vegetation. The restoration of arid, semi-arid and dry sub-humid zones should not, however, focus narrowly on afforestation, but should also deal with the broader issue of forest ecosystem management, including social and economic aspects. The Panel identified the need to strengthen research related to the identification of appropriate species for arid, semi-arid and dry sub-humid land restoration, the rehabilitation of existing vegetation types, and the potential of non-timber forest products. This could be considered by the Committee on Science and Technology established as a subsidiary body of the Conference of the Parties to the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa.

25. The Panel should consider the merits of the application of bottom-up approaches along with top-down approaches, involving all major concerned groups. It emphasized the need to draw more extensively on local and traditional knowledge. These approaches should be supported by an enabling legislative and institutional framework that includes secure rights and access to land. Sustainable development strategies and national forest and land use programmes should be coordinated and could be encouraged, as appropriate. Initiatives for action in regions affected or threatened by desertification and the effects of drought should come from the affected countries.

26. The Panel emphasized the need for donors, international agencies and recipient countries to engage in adequate consultations in order to develop efficient and coordinated programmes of international cooperation on forests consistent with the United Nations Convention to Combat Desertification, and in accordance with the mandate of the Panel, Agenda 21 and the Forest Principles.

27. The Panel noted that, consistent with actions and developments under the United Nations Convention to Combat Desertification:

(a) An integrated approach should be adopted to the management of existing vegetation, reforestation, afforestation and the restoration of fragile forest ecosystems affected or threatened by desertification and/or drought within the overall social and economic development of those areas;

(b) Continuing forest-related analysis and monitoring of past, present and future experiences, including biophysical, economic, social and ecological aspects were important for sustainable forest management. Developing countries should be assisted so as to increase their capacity for these activities;

(c) Partnership, collaboration and sharing of responsibilities involved among local communities, Governments, non-governmental organizations and other interested groups should be strengthened, including long-term institutional and legal arrangements;

(d) Donors, international agencies and recipient countries should engage in consultations in order to develop efficient and coordinated programmes of international cooperation to combat desertification consistent with the United

Nations Convention to Combat Desertification and within the broader mandate of the Panel, Agenda 21 and the Forest Principles;

(e) A closer relationship should be established between reforestation and management of existing forest ecosystems, including in-depth study of traditional agrosylvopastoral systems, for the purpose of benefiting from existing knowledge, including greater attention to the potential of non-timber forest products. International cooperation is also required in this respect.

The impact of airborne pollution on forests

28. The Panel noted that the impact of air pollution on forest health was a problem affecting not only parts of Europe, but also many other parts of the world. The need for a preventive approach to combating air pollution, including considerations of production and consumption patterns, was stressed. The Panel also stressed the importance of the Convention on Long-Range Transboundary Air Pollution and welcomed the widespread and general application of the critical loads approach adopted in the context of this Convention.

29. The Panel emphasized the need for continuing monitoring of the impact of air pollution on forest health, but also stressed the need for continuing action to reduce air pollution, including action to transfer and supply the best available as well as future technology. The solution to the problem had to be based on action outside the forest. A synthesis of the impact of airborne pollutants on forests, in particular in Central and Eastern Europe, and an assessment of ongoing activities and proposals for possible future actions should be examined.

30. The Panel noted that:

(a) An evaluation should be made of the experience of forest decline world wide and of pollutant-related declines where they had occurred and how the countries concerned addressed such decline;

(b) The critical loads approach might be considered by those countries where forests were, or might be, affected by air pollution;

(c) National strategies might include prevention of damaging air pollution and reduction of transboundary pollution;

(d) The potential impact on forest health from inputs of nutrients and pollutants from the atmosphere, acting in combination with other processes such as natural weathering and leaching, should be recognized in forest planning and management;

(e) Programmes monitoring the impact of airborne pollution on forest health in countries of the European Union (EU) and the Economic Commission for Europe (ECE) should continue, and be extended to other areas as required;

(f) Countries should be encouraged to cooperate in activities related to the impact of airborne pollution on forest health, including the dissemination

of information to the public and the access to existing data of potential users including managers and policy makers;

(g) Specific research and field data collection should be continued to support the above-mentioned activities, including work on ecosystem functions where pollutant depositions threatened sustainability;

(h) Other material for incorporation in the report to the Panel at its third session should include a comprehensive study on biomass, management, regeneration and silviculture of native species of arid, semi-arid and dry sub-humid ecosystems; information on emissions of sulphur dioxide in a historical perspective; and acid rain.

3. Needs and requirements of countries with low forest cover (programme element I.5)

31. The Panel considered the report of the Secretary-General on programme element I.5, contained in document E/CN.17/IPF/1996/4, taking into account the relevant paragraphs of the Non-legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests (Forest Principles) and chapter 11 of Agenda 21. That report provided material that could be relevant to many of the other programme elements.

32. The Panel called for a working definition of low forest cover, applicable to all countries. A classification that also took note of the balance between supply of, and demand for, forest goods and services might also be developed, considering the work of the United Nations Framework Convention on Climate Change, the Convention on Biological Diversity and the Programme of Action for the Sustainable Development of Small Island Developing States. 6/ Based on any definition, however, the group of countries identified as having low forest cover are likely to be heterogeneous. Low forest cover has many causes, and the present situation is constantly changing. Some countries are actively expanding their forest, while others are approaching qualification for entry into the low-forest cover category.

33. The restricted area of forests in countries with low forest cover is of especial importance for the production of timber and the provision of a diversity of goods and services. These services, including protection of water catchments, supply of energy, maintenance of biological diversity, contribution to food security, recreation and health rehabilitation, need to be properly evaluated.

34. The conservation of biological diversity, the sustainable use of its components, and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources should be integrated into national forest and land use plans in countries with low forest cover. Many of the forest types in these countries are distinctive or even rare, while the proportion included in nationally designated protected areas is often below average. The possibility of networks of protected areas to be developed at national and

regional levels, linked by corridors and extended by well-managed buffer zones, was referred to.

35. Countries need to consider at national level what could be the optimum level of forest cover they require. Policy options for securing an appropriate supply of forest goods and services need to be defined taking into account the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity. The national designation of a permanent forest estate requires that countries consider the many uses to which it could be put. Countries will also need to assess how far such services could be provided outside the forest sector. Some countries, however, will need to import forest goods or even consider substitution, where practicable. The full environmental costs of such substitution should be evaluated. The reduction of waste and increased efficiency of production of forest goods could make a substantial contribution to conserving forest resources.

36. Additional information may be necessary as a basis for forest action plans in countries with low forest cover, but the information already existing should be used as efficiently as possible. Positive, short-term and intersectoral actions may be needed to address immediate needs both in developed and in developing countries. The action priorities are clearly likely to differ among countries.

37. The Panel noted that many of the issues highlighted under this programme element also arose elsewhere in its agenda, including under programme elements I.4 and III.1. It also emphasized that actions under this programme element needed to be coordinated with action under the Convention on Biological Diversity, the United Nations Framework Convention on Climate Change and the United Nations Convention to Combat Desertification.

38. Turning to action, The Panel noted that:

(a) Countries with low forest cover had a particular need to ensure security of forest goods and services through sustainable management of all types of forests;

(b) Forest conservation programmes needed to be based on considerations of quality as well as quantity, and to pay particular attention to distinctive forest types important for biological diversity;

(c) Plantations should be planned and managed to enhance production and provision of goods and services while taking into account the conservation of biological diversity, the sustainable use of its components, and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources, using indigenous species where possible and taking pressure off natural forests. Forest plantations should not be a substitute for natural ecosystems of high ecological and cultural value;

(d) Participation and cooperation should be promoted at both national and international levels. At the national level, the participation of forest dwellers and local people in decision-making should be enhanced where necessary. Cooperation for capacity-building, technology transfer and finance should be

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promoted at the international level, to improve the abilities of low-forest cover countries to make the best use of their resources;

(e) Relevant and appropriate information should be collected and disseminated where this would be done cost-effectively;

(f) All developed countries, in particular developed countries with low forest cover, should not only protect their remaining forests, but also make efforts to increase their forest cover. Developed countries should assist developing countries with low forest cover in protecting and increasing their forest area. A similar effort should be made for developing countries that were not categorized as having a low forest cover, when they had substantive areas with low forest cover.

39. The Panel requested its secretariat, in the course of its preparations for the discussions at the third session of the Panel as well as for the final consideration at the Panel's fourth session, to take into account current and future discussions on other relevant programme elements of its programme of work, as well as related government-sponsored initiatives under way, taking account of paragraphs 15 and 16 of the report of the Panel on its first session. The Panel also requested the Secretariat to propose a good working definition of low forest cover, and to take into consideration studies on ways of improving the productivity, conservation and enhancement of low-forest cover areas at all levels.

4. International cooperation in financial assistance and technology transfer for sustainable forest management (programme element II)

40. The Panel considered the report of the Secretary-General on programme element II, contained in document E/CN.17/IPF/1996/5. The Panel emphasized that Agenda 21, particularly chapter 11, the Forest Principles and the relevant work of the Commission on Sustainable Development provided the general framework for relevant deliberations in the Panel, which should focus, however, on forest-related aspects of international cooperation in financial assistance and technology transfer. Furthermore, the Panel reiterated that these cross-cutting issues were relevant to all other programme elements within its terms of reference.

41. It was emphasized that international cooperation in finance and technology transfer was essential if sustainable forest management was to be achieved. Critical areas need to be effectively addressed, such as those relating to the transfer and development of environmentally sound technology on favourable terms, as mutually agreed, and the mobilization of financial resources, including the provision of new and additional resources, taking into account principles 10 and 11 of the Forest Principles and the relevant chapters of Agenda 21, with a view to assisting developing countries in pursuing policies and comprehensive strategies for achieving sustainable forest management. The results of the ongoing relevant work in the Commission on Sustainable Development should also be taken into account. Principle 2 (a) of the Forest Principles should be also fully recognized. Special reference was also made to principle 1 (b) of the Forest Principles.

42. The Panel considered statistical data indicating some decline in official development assistance (ODA), both as a percentage of gross national product (GNP) and in some cases specifically as regards forest programmes. The Panel noted that the reliability and usefulness of the statistics would be enhanced if the forestry components of the financial assistance to rural development, environment and natural resource management were taken into account.

43. It was recognized that additional levels of funding from all sources, including investment, were needed to bring about sustainable forest management. Concerns were expressed regarding the lack of real progress in the implementation of commitments accepted in chapter 33 of Agenda 21 which made it more difficult to achieve sustainable forest management world wide. It was stressed, however, that new and additional funding for sustainable forest management should not be realized at the expense of other priority areas. The Panel recognized the important role of ODA in financing sustainable forest management, particularly in the least developed countries. ODA can also play a catalytic role in financing sustainable forest management. More specifically, ODA could be seen as a form of leverage for mobilizing additional funding from all other sources. In this context, it was stressed that serious attempts should be made by donor countries to raise their levels of ODA relevant to forests.

44. The Panel emphasized that existing financial resources, including ODA, should be used efficiently and effectively. This should be facilitated by policy reforms, where appropriate, that favour sustainable forest management. It was also further acknowledged that efficiency could be improved through increased absorptive capacity for financial flows in the developing countries and countries with economies in transition, which, in turn, might require financial support in the area of capacity-building. More efficient and effective programmes will help to attract greater financial resources. National plans and programmes for sustainable forest management should include cost-benefit considerations. The importance of transparency and a participatory approach in the elaboration of forest-related programmes was also highlighted in this context.

45. Concerns were expressed that multilateral financial institutions and mechanisms had imposed conditionalities on developing countries that had not always proved to be fully compatible with the goals of sustainable forest management.

46. The Panel felt that bilateral and multilateral cooperation for financial assistance should take fully into account national priorities formulated under national forest plans, programmes and strategies of recipient countries, and that consultative processes with appropriate national authorities should be enhanced. Better coordination, both among donors and between donors and recipients, should be encouraged to maximize efficiency in the use of existing resources and in technology transfer. Approaches such as forest partnership agreements may offer some promise in this regard but more clarification and further understanding of the scope and purpose of these and of national forest funds are required to avoid confusion and duplication with respect to existing financing schemes and funds. The elaboration of these instruments has to involve all relevant parties.

47. The Panel emphasized that forest-related projects that had global environmental benefits should be supported through Global Environment Facility (GEF) programmes relevant to biological diversity, climate change and international waters. Therefore, it was felt that, at this point, a separate window for forests in GEF need not be created. Concerns were also expressed regarding the overall inadequacy of funds in GEF. Furthermore, the need for GEF forest-related projects to meet the existing eligibility criteria, as well as the need to take into account the guidance provided by the conferences of the parties to relevant conventions, was highlighted.

48. It was also noted that domestic sources of finance needed to be identified and mobilized and that a more conducive environment for viable and profitable forestry business should be created in recipient countries in order to complement ODA and to enhance the predictability and continuity of financing for sustainable forest management.

49. The Panel considered various means for mobilizing additional resources internally, including through such means as rent capture, unimpeded markets, transferable licences/concessions, removal of damaging subsidies, reduction of illegal logging and better valuation of forest products, goods and services.

50. The Panel recognized the potential for generating additional revenues through various innovative mechanisms such as joint ventures and debt-for-nature swaps. The Panel felt that further analysis of these mechanisms was still required. Reservations were expressed in connection with carbon offsets, tradable permits and debt-for-policy-reform swaps. It was noted that some of these mechanisms were already being addressed in other forums such as the United Nations Framework Convention on Climate Change, and the Convention on Biological Diversity and that the Panel should take into full account the outcomes of discussions in those forums. Furthermore, the Panel should take into account the relevant work undertaken by the Commission on Sustainable Development.

51. The Panel considered that the level of financial assistance for capacity-building, including education, should be increased. In so far as infrastructure development for small- and medium-sized enterprises should be increased as well, it was stressed that the private sector had an important role to play in funding these activities.

52. There is a need to encourage stronger participation and investment by the private sector to attain the sustainable development of forest resources. At present, however, the objectives of the private sector do not necessarily support the promotion of sustainable forest management. While the need is recognized for formulating attractive incentives for private sector investments, enabling conditions in developing countries and countries with economies in transition are equally important with respect to attracting these investments. The possibility of elaborating codes of conduct applicable to forestry activities carried out through joint ventures and by the private sector, perhaps initially at the national level, was suggested in this regard.

53. Forest plantations should be given due recognition in view of the role they can play in reducing pressure on natural forests and contributing to sustainable development. Policy frameworks and regulations should be designed in such a way

as to ensure that private investment in forest industry contributes to sustainable development, including enhanced protection and conservation of forest resources.

54. The Panel recognized that sustainable management of forests could be greatly supported through establishing, in a cooperative endeavour between developed and developing countries, institutional and administrative frameworks conducive to foreign investment and the reinvestment of revenues derived from forest activities, as well as to the transfer of technology.

55. Calculation of net investment cost at the national level should be based on priority activities, including development projects, in national forest plans and programmes or other national-level policies. While considering the possibility that deforestation could lead to disinvestment, the Panel recognized that assumptions and methodologies used to estimate net investment had to be clarified.

56. While recognizing that additional information on investment in forestry was desirable and should be pursued, the Panel requested that procedures for data collection should be kept simple. There was also a need to avoid duplication of existing activities. In this regard, the Food and Agriculture Organization of the United Nations (FAO), in cooperation with other relevant agencies and organizations, was requested to continue gathering and collating relevant information, as well as increasing the accessibility of that information to all interested parties.

57. The Panel felt that more emphasis should be given to the formulation of recommendations and options for action on technology transfer. It also highlighted the need to further strengthen North-South and South-South cooperation in technology transfer (including between three or several countries). Moreover, the Panel agreed that technologies in the public domain, which constituted the majority of technologies relevant to sustainable forest management, should be made more easily accessible through greater transparency and broader dissemination of information. Furthermore, transfer of relevant privately owned technologies should be encouraged. The private sector in developed and developing countries should also be encouraged to invest in scientific and technological development activities through joint ventures so as to complement current joint ventures in manufacturing. The Panel also stressed the need for greater reliance on national-level expertise.

58. The Panel considered that priority in technology transfer and capacity-building should be given to the following areas: information dissemination to improve land-use planning and improvement of forest yields; technology and methods that could reduce environmental damages due to current forestry practices; species research for tree improvement for rehabilitation, reforestation and nursery development; technology and methods for retaining forest values, including biological diversity; incorporation of indigenous knowledge in plant utilization; new and renewable sources of energy; environmentally sound logging technologies; and development and implementation of national forest strategies.

59. The Panel noted that the workshop on financing for sustainable forest management, jointly sponsored by the Governments of Denmark, South Africa and the United Nations Development Programme (UNDP), could provide a valuable input into the formulation of concrete recommendations by the Panel to advance the deliberations on issues relevant to financing.

60. The Panel requested that the relevant report of the Secretary-General to be prepared as material for the Panel's deliberations at the third session of the Panel should place greater emphasis on international aspects of financing and technology transfer, and should address, in particular, the following issues:

- (a) Financial resources:
  - (i) Analysis of mechanisms and policy options, including the role of actual and potential international and national financial sources for sustainable forest management;
  - (ii) Suggestions on possible criteria and indicators for monitoring financial flows for achieving sustainable forest management, as well as relevant social and economic dimensions, such as market forces and consumption patterns;
  - (iii) Funding for relevant capacity-building programmes;
  - (iv) Roles and scopes of national environmental funds;
  - (v) Matters relating to pricing, subsidies and deforestation charges;
  - (vi) The relevant role of the private sector, including external trade and investment, as well as analysis of feasibility and desirability of codes of conduct for the private sector in the context of sustainable forest management;
  - (vii) Role of innovative funding sources and mechanisms;
  - (viii) Coordination and synergy between funding sources and organizations;
- (b) Transfer of technology:
  - (i) Assessment of progress achieved since Rio;
  - (ii) Ways and means for:
    - a. Promoting more effective transfer of technology, in both the public and the private domains, including identification of suitable existing and potential mechanisms;
    - b. Strengthening North-South and South-South cooperation;
    - c. Increasing the role of research institutions;

- d. Attracting private sector funding in the development of environmentally sound technologies, including through joint ventures.

5. Assessment of the multiple benefits of all types of forests (programme element III.1 (a))

61. The Panel considered the report of the Secretary-General on programme element III.1 (a), contained in document E/CN.17/IPF/1996/6, taking into account the relevant paragraphs of the Forest Principles and chapter 11 of Agenda 21.

62. The Panel emphasized that assessment of the actual and potential conditions of all types of forests was an essential basis for sustainable forest management, and for a wide range of considerations related to forests at the local, national, regional and global level. The importance of national inventories was underlined.

63. The Panel noted that there were many shortfalls and gaps in existing information. The database regarding both developed and developing countries is uneven. Much attention is still given to timber and forest cover, whereas other goods and services provided by forests such as fuelwood, the sustainable use, conservation and equitable sharing of benefits of biological diversity, soil and water conservation, carbon sequestration and other social, cultural and economic aspects are rarely covered and will need more attention.

64. The Panel stressed that forest assessments should adopt a holistic approach and be user-oriented and demand-driven. There was general agreement on the priority to be given to meeting the needs of forest managers. However, further study would be needed to define the levels of precision required and the specific needs of different users. The need to fully utilize the data already collected was stressed.

65. The Panel further noted that capacity-building at national and local levels was crucial, and should involve all interested parties, including non-governmental organizations, local communities, indigenous people and other major groups. Forest assessment should be multidisciplinary and involve data collection and analysis by local, national and possibly regional as well as international institutions.

66. The Panel emphasized that national forest assessments should use nationally accepted criteria and indicators for sustainable forest management. The need to include qualitative as well as quantitative information on forest goods and services was stressed.

67. While recognizing the widespread application of remote sensing techniques and geographical information systems for forest assessments, the Panel noted the need for ground surveys for some parameters. The Panel also noted that assessments represented a significant financial burden, in particular for developing countries, and that they should therefore be carried out in the most cost-effective manner. In some cases, reallocation of financial resources may be required to support effective forest assessment programmes.

68. National forest assessment programmes should be transparent and accessible to all interested parties. Efforts should be made to harmonize approaches to data collection and analysis in order to enhance comparability among countries.

69. The Panel recognized that inadequate assessment of the contribution of forests to the national GNP had in some cases led to underinvestment in forest management.

70. The current 10-year interval between global forest resources assessments was considered to be too long. Shorter intervals could be considered together with the possibility of continuous updating of data, taking into account the financial implications, that is, the costs of meeting such requirements, for FAO and the developing countries.

71. Concerning international cooperation, the Panel agreed that much work needed to be done on defining the scale, scope, content, frequency, dissemination and availability of data. FAO, in partnership with other international organizations, national institutions and non-governmental organizations, should contribute towards coordinating international efforts on forest assessment. The Panel also agreed that coordination was needed between forest and other related information systems, and stressed the need for South-South cooperation, as well as cooperation at the national level among all interested parties both within and outside the forest sector.

72. The Panel highlighted the following points and actions:

(a) Intensified use should be made of assessment data and remote sensing public domain technology and data already available, all of which should be more widely disseminated. The use of existing FAO data, in combination with other data sets, offers a rich potential for addressing urgent questions in a cost-effective manner. Data interpretation in response to user needs is necessary;

(b) A study of uses and categories of users of forest resources and related information at the international level was required. This would be particularly important when discussing new types of information to be included in the global forest resources assessment;

(c) National-level indicators for sustainable forest management should be integrated into forest assessment. This should be done in a way that is cost-effective and scientifically sound, while recognizing differences in economies and cultures of countries. While some indicators are quantitative, those of some other important goods and services are qualitative but should still be included;

(d) Research on forest inventory and monitoring techniques should be strengthened with a view to expanding the scope of forest assessments to respond to the demand for new information in a cost-effective manner;

(e) The lack of basic information called for capacity-building in data gathering, which should be integrated with strategic planning and decision-making. National institutions for forest assessment should be strengthened as a basic element of action towards sustainable forest management;

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(f) Mobilization of necessary funding should be given due consideration in view of the inadequate financial resources currently available for national-level forest assessments;

(g) Coordination of efforts at international level should be enhanced. FAO should act in partnership with other international organizations, national institutions and non-governmental organizations, and ensure better coordination and avoid overlap between forest and other related information systems;

(h) Interpretation and dissemination of information, including dissemination through electronic means of national-level information, should be ensured for those countries and interested parties that had difficulties in accessing internationally available information.

6. Methodologies for proper valuation of the multiple benefits of forests (programme element III.1 (b))

73. The Panel considered the report of the Secretary-General on programme element III.1 (b) contained in document E/CN.17/IPF/1996/7, taking into account the relevant paragraphs of the Forest Principles and chapter 11 of Agenda 21.

74. The Panel stressed that forests provided a wide range of benefits, some of which were easy to quantify or describe in qualitative terms, while others were more difficult to measure. The close relationship with programme element III.1 (a), (forest assessment) was underlined.

75. The Panel noted that several methodologies for the valuation of forest goods and services were still in the early stages of development and had many limitations. Valuation is often site- and time-specific.

76. The Panel emphasized that economic valuation was only one of many considerations for decision-making, and could not become a substitute for the process of political decision-making on forests, which included wide-ranging aspects such as environmental, socio-economic, ethical, cultural and religious considerations. The risk associated with the disappearance of forests, especially with respect to biological diversity, is not adequately covered by present methodologies.

77. The Panel noted that expensive valuation exercises should not be performed at the expense of more pressing basic needs, such as the development and application of reliable data systems, and the development of strategies and mechanisms to make sustainable forest management a politically achievable objective. A step-by-step process should be implemented to address the various needs in a progressive manner.

78. The Panel recognized that the results of valuation, when applied as a neutral tool, had an important potential, as a source of information to all interested parties, and for increasing public awareness, particularly on non-marketable forest goods and services.

79. Although the potential usefulness of forest valuation methodologies was recognized by the Panel, it felt that their complexity and the costs involved might limit their widespread application. Innovative and simple scientific valuation methods were needed.

80. The Panel noted that activities related to the valuation of forest goods and services provided new opportunities for international cooperation and generation of awareness. This could include training of staff as well as decision makers and work on ways and means to include forest goods and services in national accounts. The need to exchange existing experiences in a number of countries, as well as to establish pilot studies and schemes, was emphasized by the Panel.

81. The Panel highlighted the following points and actions:

(a) Research should be promoted in order to further develop forest valuation methodologies. This should include the exploration of innovative and simple methodologies for collective decision-making on forests that involved various interested parties, such as local communities, and indigenous people;

(b) New forest valuation methodologies should take into account the following criteria: practical applicability, simplicity and clarity, multidisciplinary, cost-effectiveness, orientation towards non-marketable goods and non-quantifiable services, neutrality and scientific validity. This process should remain country-driven and country-specific, and involve sharing of information and experiences between countries;

(c) New research programmes should fully recognize the ecological, social, cultural and religious values of forests, and pay particular attention to global dimensions of climate change, and the sustainable use, conservation and equitable sharing of the benefits of biological diversity;

(d) Further research might need to be undertaken on policy issues related to forest values. In particular, approaches to the inclusion of forest valuation in national resource accounts might be further explored;

(e) A matrix showing the application, geographical scale and data sets required for different forest valuation methods might be prepared.

## B. Programme elements that were discussed initially

### 1. Progress in national forest and land use plans (programme element I.1)

82. The Panel took note of the progress report of the Secretary-General on programme element I.1 (document E/CN.17/IPF/1996/8) and requested that the following points be taken into account in preparation for substantive discussion of this issue during the third session of the Panel:

(a) Terms like "forestry", "forest plans", "forest programmes" and "forest strategies" should be defined properly and used consistently;

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(b) Consideration should be given to all types of forests and utilization patterns in developing as well as developed countries, and countries with economies in transition;

(c) Some countries might prefer to pursue their forest policy goals by other means than formal plans and programmes. Specific decisions in this regard were a prerogative of national Governments;

(d) International guidelines for national forest programmes should be developed;

(e) Actions being undertaken by the Panel in relation to this programme element should take into account those under existing instruments such as the Convention on Biological Diversity, the United Nations Framework Convention on Climate Change and the United Nations Convention to Combat Desertification, in accordance with the Forest Principles and chapter 11 of Agenda 21;

(f) The Panel considered the workshops on "Promotion of national forest and land use programmes" sponsored by Germany and "Sustainable forestry and land use: the process of consensus-building" sponsored by Sweden and Uganda, to be held in June 1996 and October 1996 respectively, to be inputs into the preparations for the substantive discussion on this programme element;

(g) The interface between forests and other land uses must be examined, and national forest plans and programmes must be integrated with wider land use plans in the context of chapter 10 of Agenda 21, as well as socio-economic policies. They must be adopted at a high level in national Government;

(h) Forest plans and programmes should have a long-term approach and be based on the sustainable management of all forest values;

(i) Forest plans and programmes should be country-driven and make maximum use of national expertise, in particular in international cooperation programmes;

(j) It was recognized that, in many countries, Government had the central responsibility for the custodianship and the sustainable management of the forest estate. However, an open, decentralized and participatory process involving local communities and other relevant interested parties, including non-governmental organizations and the private sector, will often enhance effective implementation. National, subnational and local planning systems should be designed to strategically identify priority areas for participatory planning and management systems;

(k) The scientific foundation for forest plans and programmes should be strong and appropriate criteria and indicators could play an important role in this respect;

(l) Forest plans and programmes should be based on sound economic valuation of forest resources, including environmental services and non-timber forest products;

(m) The key role of the forest owner should be recognized. Account must be taken of jurisdiction at various levels within the country;

(n) The rights and interests of forest dwellers and indigenous people, as well as their religious and cultural values, must be recognized and provided for, in the context of national laws;

(o) Forest plans and programmes should provide opportunities to reconcile conflicting interests;

(p) Forest plans and programmes should take into account the impact of international trade and market forces on the national forest sector, in terms of transparent and non-discriminatory market access;

(q) Capacity-building, the strengthening of institutions, and training could be a key to the achievement of national plans;

(r) Poor donor coordination at national and international levels was another impediment that must be considered. An explanation of the current mechanisms in this area should be included in the document for substantive discussion at the third session of the Panel;

(s) Specific mechanisms for the implementation of actions suggested by the Panel should be considered.

## 2. Traditional forest-related knowledge (programme element I.3)

83. The Panel considered the report of the Secretary-General on programme element I.3, contained in document E/CN.17/IPF/1996/9 and Corr.1, prepared for its initial discussion, taking into account the relevant paragraphs of the Forest Principles and chapter 11 of Agenda 21.

84. The Panel emphasized that the substantive discussion should focus principally on the terms of reference for this programme element as determined by the Commission on Sustainable Development at its third session and the Panel at its first session with reference to principles 4 and 5 (a) of the Forest Principles. The Panel recognized that those terms of reference included considerations of how traditional knowledge and practices in their broadest sense could be applied to sustainable forest management. The Panel took note of the statement on biodiversity and forests from the Conference of the Parties to the Convention on Biological Diversity as annexed to the report of the Secretary-General mentioned in paragraph 83 and its relevance for work under different Panel programme elements. The Panel also noted that it would need to take into account the outcome of the Conference of the Parties to the Convention on Biological Diversity at its third session in relation to indigenous knowledge.

85. The Panel recognized that traditional forest-related knowledge, innovations and practices, especially as they related to sustainable forest management and the use of non-timber forest products, constituted an important body of experience that was relevant for the fulfilment of its mandate. This experience

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embraces time-tested, site-specific and socially relevant practices, as well as the innovations and practices of indigenous people, forest dwellers and other local communities, drawn from forestry, agroforestry and agricultural traditions.

86. The Panel noted the need to address the relationship between traditional forest-related knowledge and biological diversity, and to take account of other relevant intergovernmental processes, in particular the Convention on Biological Diversity, so as to avoid duplication or overlap.

87. The Panel recognized the need for its deliberations to focus on traditional forest-related knowledge as it related to sustainable forest management practices, with particular reference to principle 12 (d) of the Forest Principles (concerning appropriate indigenous capacity and local knowledge regarding the conservation and sustainable development of forests). In this context, it requested that, for substantive discussion at its third session, the report contain well-defined proposals for national action, including an exploration of the need for and the feasibility of mechanisms for considering ways and means as regards the effective recognition, protection and equitable sharing of benefits arising from the use of traditional forest-related knowledge related to forest management practices.

88. The Panel agreed that the following issue merited further development: providing technical, technological and scientific advice on traditional knowledge, innovations and practices of forest use and conservation, including:

(a) Development of methods for the acquisition, evaluation and analysis of traditional technologies;

(b) Procedures for the storage, retrieval and dissemination of information;

(c) Identification of constituents, interested relevant parties, users and/or beneficiaries;

(d) Development of tools and mechanisms for protection and benefit-sharing;

(e) Identification and application of methodologies for the appropriate utilization of indigenous and local community ethno-ecological concepts, and establishment of criteria for identification, monitoring and environmental impact assessment, as well as enhanced public education and awareness.

89. The Panel further agreed that the following matters should be addressed during substantive discussion:

(a) Recognition of the key role played by indigenous people, forest dwellers and local communities in defining participatory approaches to forest and land management, with the involvement of all interested relevant parties from both the public and private sectors, and with greater focus on resource management institutions, land-use systems and conflict resolution;

(b) The complexity of the issues surrounding traditional forest-related knowledge, including traditions relating to access and utilization, as well as to knowledge of the resources themselves;

(c) The need for action to study, develop and apply such knowledge for the development of new sustainable forest management approaches;

(d) Options to inventory, document, categorize, protect, store and retrieve traditional forest-related knowledge, including that related to medicinal plants and other non-wood forest products, including the need to protect the information so generated;

(e) Opportunities for the wider application of traditional forest-related knowledge;

(f) Ways and means to ensure effective protection of indigenous rights and payment of royalties on intellectual property rights in the context of national legislation, and to ensure the fair and equitable sharing of benefits, involving local communities and forests dwellers, including ways to determine clearly which individuals belonged to which group;

(g) Approaches to fostering further analysis involving, inter alia, research institutions, indigenous people and non-governmental organizations;

(h) Mechanisms for the exchange of national experiences;

(i) Mechanisms to stimulate programmes for the development of products derived from traditional knowledge, including the involvement of the private sector and financial investments as appropriate.

90. The Panel considered that no application, utilization, study or systematization of traditional forest-related knowledge should take place in a way that could undermine the effective protection of indigenous rights, or the need to ensure the equitable sharing of benefits.

91. The Panel emphasized the need for capacity-building, especially at the local level, as an essential component of all elements of paragraphs 88 and 89 above (in the development of approaches for the use of traditional forest-related knowledge).

92. The Panel felt that the substantive discussion of this programme element would require careful attention's being paid to the financial implications of the proposals to be considered.

93. The Panel agreed that Governments, relevant international organizations, non-governmental organizations and indigenous and local communities should be encouraged to contribute to the preparation of documentation for the third session of the Panel.

94. On the basis of the principle of common but differentiated responsibilities, the Panel noted that developed countries bore a special responsibility in regard to facilitating the necessary conditions for the

conservation and sustainable use of forest biological diversity. This implies a constructive approach to the transfer of technologies and financial resources.

95. Within the context of international cooperation, the Panel suggested:

(a) The consideration of other points including "clearing-house mechanisms", the repatriation of information, and biosafety developments;

(b) Support for joint ventures focused upon the management and development of enterprises in the field of forest-related biotechnology.

3. Criteria and indicators for sustainable forest management (programme element III.2)

96. The Panel considered the report of the Secretary-General on programme element III.2, contained in document E/CN.17/IPF/1996/10, taking into account the relevant paragraphs of the Forest Principles and chapter 11 of Agenda 21, and requested that the following points be taken into account in preparation for substantive discussion during the third session of the Panel.

97. Concerning suggestions for items for discussion contained in paragraph 60 of the report on programme element III.2, the Panel expressed support for examining the possibilities for developing a global consensus on concepts, terms and definitions concerned with sustainable forest management, as well as for promoting ways and means to further expand and intensify activities in the identification of socio-economically, environmentally, biologically and institutionally relevant criteria and indicators for sustainable forest management, with special reference to promoting national initiatives in those ecological and geographical regions or subregions that were currently not covered by, or participating in, ongoing international initiatives. This would include special ways and means to assist those developing countries in which forests and woodlands were essential in meeting basic subsistence needs of rural populations and forest-dwelling peoples.

98. Reservations were expressed regarding the concept of linking ecological zones in different geographical regions of the world (for example, dry zones in Africa, the Near East, Asia, tropical/subtropical America and the Caribbean) as a first step towards achieving internationally compatible criteria and indicators of sustainable management of all types of forests.

99. The Panel also expressed reservations with respect to its position concerning the development of methodologies to quantify indicators currently recorded as qualitative and descriptive, as well as mechanisms to promote cross-sectoral linkages. However, clarification of links between national-level and forest management unit-level activities needs further examination.

100. Some support was expressed for the promotion of ways and means to maximize the exchange of information, experiences and know-how at global level in all issues related to the criteria and indicators for sustainable forest management.

101. In addition, the following specific points were raised:

(a) Criteria and indicators were not an end in themselves, but should be considered tools for achieving sustainable forest management. Criteria assist in characterizing sustainable forest management, whereas quantitative and qualitative indicators provide the basis for assessing progress towards sustainable forest management. Criteria and indicators for sustainable forest management can play an important role in ensuring the scientific foundation for forest plans (related to programme element I.1);

(b) There was a need for a broad spectrum of indicators, considering social, cultural, economic, ecological, legal and policy aspects. Not all aspects are quantifiable. However, this does not make qualitative aspects less important. In many national and regional initiatives, both quantitative and qualitative indicators have already been established;

(c) Criteria and indicators should contribute to improving the scope of forest assessment in terms of social, economic, cultural, religious and environmental values and benefits;

(d) Possibilities and constraints for developing consensus on concepts, terms and definitions concerned with sustainable forest management should be explored;

(e) There should be an analysis of the implications of the proliferation of initiatives for the development of criteria and indicators for sustainable forest management of all types of forests. The extent of convergence among national-level criteria and indicators at the regional level should be analysed;

(f) Development of criteria and indicators for application at regional level, in addition to national level, should be considered. An analysis should be made of the degree of comparability among ongoing initiatives, as well as the degree of compatibility and the appropriateness of convergence among international initiatives;

(g) Experiences at national level should be revised, and engagement of regions/countries not yet participating in any of the ongoing initiatives should be sought;

(h) Development of national-level criteria and indicators should be a gradual process, to be based on national policies for sustainable forest management;

(i) Countries might develop indicators at the national, local and management unit level according to their own needs;

(j) The possibility of forging closer links between ongoing international initiatives, including the International Tropical Timber Organization (ITTO) Objective Year 2000 and the work of other international institutions, as well as of providing support to research through relevant entities should be pursued;

(k) The process of development of criteria and indicators at national level should be simple and transparent and scientifically based, and reflect, inter alia, economic, social and ecological differences;

(l) Criteria and indicators for application at the national level should be developed through a process involving all relevant parties including native forest dwellers and non-governmental organizations;

(m) Field testing and the application of national-level criteria and indicators were an important aspect for further development;

(n) Criteria and indicators might assist in clarifying issues related to certification of forest products. Attention should be given to the link between national-, subnational- and forest management unit-level activities;

(o) Development of criteria and indicators should not constitute a restriction to trade in a sustainable development framework;

(p) Criteria and indicators for sustainable forest management should not be applied so as to restrict the status of a country in relation to ODA.

102. The Panel considered the International Seminar of Experts on Criteria and Indicators for Sustainable Forest Management sponsored by Finland, and to be held in Helsinki from 19 to 22 August 1996, to be an important input into the preparations for the substantive discussion of this programme element at the Panel's third session.

#### 4. Trade and environment in relation to forest products and services (programme element IV)

103. The Panel considered the report of the Secretary-General contained in document E/CN.17/IPF/1996/11. It considered that the preparations for substantive discussion at the third session of the Panel should take into account the following points.

104. The important role of international trade in forest products in promoting sustainable forest management was recognized. However, it was also recognized that trade policies could also have adverse impacts on the conservation, use and sustainable development of forests.

105. While debates on trade, environment and sustainable development were under way in other intergovernmental forums, the Panel deliberations should focus on forests and forest products, in accordance with the Panel's mandate and taking into account chapter 11 of Agenda 21 and relevant paragraphs of the Forest Principles adopted at the United Nations Conference on Environment and Development.

106. In view of the wide range and complexity of the issues involved in the question of trade and environment in relation to forest products and services, the need to draw on the expertise and relevant work being done elsewhere, in particular by the World Trade Organization, the United Nations Conference on

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Trade and Development (UNCTAD), FAO, the United Nations Environment Programme (UNEP), ITTO and the Organisation for Economic Cooperation and Development (OECD), was noted.

107. The following specific points should be taken into account in preparing various sections of the report of the Secretary-General for substantive discussion at the third session of the Panel:

Scope of analysis

108. The scope of analysis should include:

(a) Wood and non-wood products as well as forest-related services from all types of forests;

(b) Domestic trade in forest products;

(c) Promotion of sustainable forest management through mutually supportive roles of trade and environmental policies.

Market access and trade barriers

109. Factors relating to improving market access and dismantling tariff and non-tariff trade barriers that affect exports from both developing and developed countries should encompass:

(a) Findings from case-studies on import and export restrictions imposed by countries on raw and processed forest products;

(b) Tariff escalation and subsidies that distort trade in forest products and negatively affect sustainable forest management;

(c) Findings from case-studies on the relative competitiveness of forest products exports including their value-added products vis-à-vis substitutes and their impacts on sustainable forest management;

(d) Ways and means of eliminating discriminatory trade practices including unilateral restrictions or bans on imports of forest products, in particular from tropical countries.

Certification and labelling

110. Certification and labelling should include:

(a) Link and potential role of voluntary certification in promoting sustainable forest management of all type of forests in a non-discriminatory, science-based, transparent, participatory and cost-effective manner, taking into account the interest of all relevant parties;

(b) Clarification of issues related to certification including its purposes, levels of application, implications for market and trade, governance,

and benefits and costs, as a basis for a framework of international understanding on forest products certification;

(c) With regard to the potential costs and benefits of certification, factors related to the competitiveness of forest products and substitutes.

#### Full-cost internalization

111. Full-cost internalization should include the following items and actions:

(a) In assessing the means to promote the development of the methodology for a full evaluation of forest goods and services, account should be taken of work being carried out under programme element III.1 (b) (methodologies for proper valuation of the multiple benefits of forests) and III.2 (criteria and indicators for sustainable forest management, in particular at the management unit level);

(b) The feasibility and potential costs and benefits of extending cost internalization to both forest products and their substitutes.

#### Market transparency

112. Market transparency should encompass:

(a) Means to strengthen current reporting and capacity-building activities of ITTO, the International Trade Centre (ITC), UNCTAD/GATT and FAO to increase transparency in markets for forest products from all types of forests;

(b) Proposals on how market transparency could be used as an instrument for identifying key market characteristics having the potential to affect trade and forest management decisions such as trade flows, pricing, market structures, transportation and distribution channels. This would also help focus attention on adverse forest practices such as illegal logging. Improvements in market transparency may also improve competition and efficiency in marketing and trade.

#### Promotion of lesser-used species (LUS)

113. This should include ways and means to further promote the marketability of lesser-used species (LUS) through increased investment and research and development (R and D), taking into account existing work done in ITTO and elsewhere. In this context, it should reflect a balance among economic, environmental (including biological diversity-related) and social considerations.

#### Financing and technology

114. This should include ways and means of attracting increased investment in value-added downstream processing and identifying technological needs focus to promote efficiency in productivity and quality of forest products, in particular in the developing countries.

115. The Panel noted that two country initiatives, namely, the Australian Conference on Labelling of Products from Sustainable Forest Management, and the German/Indonesian Expert Workshop on Certification and Labelling, as well as the workshop on certification organized by the University of British Columbia, Canada, and the University of Agriculture, Malaysia, could provide useful inputs into the discussions on programme element IV.

5. International organizations and multilateral institutions and instruments, including appropriate legal mechanisms (programme element V.1)

116. For its initial discussion of this programme element the Panel considered the report of the Secretary-General contained in document E/CN.17/IPF/1996/12. It considered that the preparations for substantive discussion at the third session of the Panel should take into account the following points, actions and items:

(a) The framework of the analysis should be the Panel's mandate, the Forest Principles, and relevant chapters of Agenda 21, in particular chapter 11, as well as relevant decisions of the Commission on Sustainable Development, keeping in mind the dynamic nature of the forest debate which reflected the national as well as the transboundary, regional and global importance of all types of forests;

(b) The ongoing discussions on broader institutional reform within the United Nations system;

(c) The importance of obtaining a clear view of the forest-related work relevant to programme elements I-IV undertaken by organizations, institutions and instruments, and relevant to the final recommendations of the Panel;

(d) In-depth descriptions of activities carried out by international organizations, and multilateral and research institutions at different geographical levels; the necessity of including elements that could ensure as comprehensive and rigorous an evaluation as possible, making full use of existing evaluations; and an assessment of their comparative strengths and gaps, and of the prioritization of areas requiring enhancement, as well as of their current and potential available resources including financial resources related to projects and programmes supportive of sustainable forest management;

(e) The inclusion of descriptions of existing legal instruments related to forests, and recommendations on their coordinated forest-related implementation;

(f) The need to avoid duplication of work with respect to the United Nations Framework Convention on Climate Change, the Convention on Biological Diversity and the United Nations Convention to Combat Desertification;

(g) The existing institutional linkages, accompanied by an analysis of their effectiveness, efficiency and adequacy for meeting current and future demands on the forest sector;

(h) The options for achieving better cooperation and coordination, and for maximizing efficiency and effectiveness, among forest-related international and regional institutions, as well as, if appropriate, for the reorganization of existing structures of governance of those institutions, in order to maximize coordination and the mobilization of their comparative advantages;

(i) The institutional arrangements in other sectors as possible models for developing innovative approaches for adaptation to the forest sector, with a view to identifying future enhanced and better-coordinated institutional arrangements and activities in the forest sector which could provide a clear division of responsibilities accompanied by a clear view of the joint and complementary competence of these organizations with respect to addressing complex forest-related issues;

(j) The options for ensuring enhanced coordination among bilateral and multilateral institutions in order to use available resources for country-driven sustainable forest management strategies in the most efficient and effective manner, keeping in mind in particular the discussions under programme elements I.1 and II;

(k) The linkages and institutional relationships among other organizations such as those involved in research, as well as intergovernmental and non-governmental organizations, and the ways, means and mechanisms to ensure that they contribute effectively to the activities of United Nations organizations engaged in forest-related activities, and suggest possible options for complementarity of activities;

(l) The analysis and recommendations resulting from the Swiss-Peruvian Initiative in support of the preparations for the substantive discussion of this programme element, as well as the results of the meeting of national forestry action plan coordinators, held in The Hague in February 1995.

117. Preparations should also take into account any specific proposals under programme elements I-IV, relevant to programme element V.1.

## V. OTHER MATTERS

### A. Matters relating to the third and fourth sessions of the Ad Hoc Intergovernmental Panel on Forests

118. At the 18th meeting, on 22 March 1996, the Panel had before it a draft decision (E/CN.17/IPF/1996/L.2) entitled "Matters relating to the third and fourth sessions of the Ad Hoc Intergovernmental Panel on Forests".

119. At the same meeting, the representative of Colombia made a statement.

120. The Panel was informed that UNEP wished to withdraw its offer to host the third session of the Panel in Nairobi. The representative of UNEP thanked the Panel for giving UNEP the opportunity to participate in the Panel process and expressed the hope that in the future UNEP would have the opportunity to offer its facilities to the Panel.

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121. The representative of Switzerland announced that the Government of Switzerland would make a financial contribution, the level of which should be determined jointly with the Secretariat, to cover the possible programme budget implications of holding the third session of the Panel in Geneva instead of New York. The purpose of such a contribution would be to facilitate the work of the Panel and possibly to provide for an extra team of interpreters to allow two working groups to meet simultaneously.

122. At the same meeting, the Panel decided to recommend to the Economic and Social Council, through the Commission on Sustainable Development, the adoption of the draft decision as orally amended (see chap. I).

B. Additional voluntary contributions to the Ad Hoc Intergovernmental Panel on Forests

123. At the 19th meeting, on 22 March 1996, the Co-Chairman read out a draft decision concerning voluntary contributions, which the Panel adopted (see chap. II).

VI. ADOPTION OF THE REPORT OF THE PANEL ON ITS SECOND SESSION

124. At the 19th meeting, on 22 March 1996, the Panel had before it the draft report on its second session (E/CN.17/IPF/1996/L.1), as well as an informal paper containing introductory paragraphs to the report and a number of Co-Chairmen's summaries.

125. At the same meeting, after statements by the representatives of the United States of America, Japan, the Philippines, Italy (on behalf of the States Members of the United Nations that are members of the European Union), Canada, Australia and Papua New Guinea, as well as by the observer for Costa Rica (on behalf of the States Members of the United Nations that are members of the Group of 77 and China), the Panel took note of the introductory paragraphs and of the Co-Chairmen's summaries and adopted the report.

VII. ORGANIZATIONAL AND OTHER MATTERS

A. Opening and duration of the session

126. The Ad Hoc Intergovernmental Panel on Forests of the Commission on Sustainable Development held its second session from 11 to 22 March 1996, in accordance with Economic and Social Council decision 1995/318. The Panel held 19 meetings (1st to 19th meetings).

127. The session was opened by the Co-Chairman, Mr. N. R. Krishnan (India).

128. The Director of the Division for Sustainable Development made an introductory statement.

B. Election of officers

129. At the first meeting, on 11 March 1996, the Panel elected Mr. Manuel Rodriguez (Colombia) to the vacant post of Vice-Chairman.

130. At the same meeting, the Panel agreed that Mr. Juste Boussienguet (Gabon) would serve also as Rapporteur.

131. The Bureau of the Panel comprised the following officers:

Co-Chairmen: Sir Martin Holdgate (United Kingdom of Great Britain and Northern Ireland)

N. R. Krishnan (India)

Vice-Chairmen: Juste Boussienguet (Gabon)

Anatoliy I. Pisarenko (Russian Federation)

Manuel Rodriguez (Colombia)

C. Agenda and organization of work

132. At the first meeting, on 11 March 1996, the Panel adopted its provisional agenda, contained in document E/CN.17/IPF/1996/1, which read as follows:

1. Adoption of the agenda and other organizational matters.
2. Implementation of forest-related decisions of the United Nations Conference on Environment and Development at the national and international levels, including an examination of sectoral and cross-sectoral linkages.
3. International cooperation in financial assistance and technology transfer.
4. Scientific research, forest assessment and development of criteria and indicators for sustainable forest management.
5. Trade and environment in relation to forest products and services.
6. International organizations and multilateral institutions and instruments, including appropriate legal mechanisms.
7. Other matters.
8. Adoption of the report of the Panel on its second session.

133. At the same meeting, the Panel approved its organization of work.

D. Attendance

134. The session was attended by representatives of 36 States members of the Commission on Sustainable Development. Observers for other States Members of the United Nations and for non-member States, representatives of organizations of the United Nations system and observers for intergovernmental, non-governmental and other organizations also attended. A list of participants is contained in annex I to the present report.

Notes

1/ Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992, vol. I, Resolutions Adopted by the Conference (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex III.

2/ Ibid., annex II.

3/ See United Nations Environment Programme, Convention on Biological Diversity (Environmental Law and Institutions Programme Activity Centre), June 1992.

4/ A/AC.237/18 (Part II)/Add.1 and Corr.1, annex I.

5/ A/49/84/Add.2, annex, appendix II.

6/ Report of the Global Conference on the Sustainable Development of Small Island Developing States, Bridgetown, Barbados, 25 April-6 May 1994 (United Nations publication, Sales No. E.94.I.18 and corrigendum), chap. I, resolution 1, annex II.

Annex I

ATTENDANCE

Members

Antigua and Barbuda

Australia

Roderick Holesgrove, Gary Dolman, Frank Mcinnell,  
Peter Lawrence

Bahamas

Bangladesh

Barbados

Belarus

Mikhail Kuzmyankou

Belgium

Benin

Bolivia

Brazil

Celso Lafer, Guido da Silva Soares,  
Antonio Fernando Cruz de Mello,  
Antonio Otavio Sa Ricarte,  
Antonio Carlos do Prado,  
Raimundo Deusdarah Filho,  
Rubens Cristiano Damas Garlipp,  
Maria Cristina Weyland Vieira

Bulgaria

Zvetolyub Basmajiev

Canada

David Drake, Ralph Roberts, Jacques Carette,  
Denyse Rousseau, Rosalie McConnell,  
Jennifer Irish, Frank Ruddock, Victoria Berry,  
Jean-Pierre Martel, Martin von Mirbach

Central African Republic

China

Qu Guilin, Zheng Rui, Zhou Guolin, Zhang Zhiqin

Colombia

Manuel Rodriguez, Carmen Silva Pinzon,  
Edgar Otavo Rodriguez, Maria Fernanda Acosta,  
Juan Carlos Espinosa

Finland

Birgitta Stenius-Mladenov, Pekka Patosaari,  
Elias Lähdesmäki, Leena Karjalainen-Balk,  
Markku Aho, Heikki Granholm

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<u>France</u>	Bernard Chevalier
<u>Gabon</u>	Juste Boussienguet, André-Jules Madingou
<u>Germany</u>	Ulrich Hoenisch, Hagen Frost, Eberhard von Schubert, Peter Franz, Peter Fahrenholtz, Dieter Speidel, Christian Mersmann
<u>Ghana</u>	Edward Dwumfour
<u>Guinea</u>	
<u>Guyana</u>	M. Khalawan
<u>Hungary</u>	
<u>India</u>	N. R. Krishnan, S. K. Pande
<u>Iran (Islamic Republic of)</u>	Mostafa Jafari, Hossein Moeini, Hossein Fadaei
<u>Italy</u>	Filippo Anfuso, Filippo Menzinger, Silvano Salvatici, Alfredo Guillet
<u>Japan</u>	Takao Shibata, Harumitsu Hida, Takeshi Goto, Atsuo Ida, Hidenao Sawayama, Hiroaki Shinohara, Kiyohito Onuma, Yutaka Tsunetomi, Kenji Jamigawara
<u>Malaysia</u>	Amha Buang, Thang Hooi Chiew, Abdul Rahim Nik, Hayati Ismail
<u>Mexico</u>	Diana Ponce Lucero Nava, Miguel Antonio Cuesta, Dolores Jiménez Hernández
<u>Morocco</u>	Mohamed Bentaja
<u>Mozambique</u>	
<u>Netherlands</u>	H. S. B. M. van Asperen, A. P. M. van der Zon, P. R. Schütz, A. Berghuizen, A. D. Adema
<u>Pakistan</u>	
<u>Papua New Guinea</u>	Dike ari, Edward Nir, Adam Jai Delaney
<u>Peru</u>	Augusto Freyre, Eduardo Pérez del Solar, Amalia Torres
<u>Philippines</u>	Jose D. Malvas, Jr., Bernarditas C. Muller, Ma. Theresa P. Lazaro

<u>Poland</u>	Edward Lenart, Kazimierz Rykowski
<u>Russian Federation</u>	Anatoliy I. Pisarenko
<u>Saudi Arabia</u>	
<u>Senegal</u>	
<u>Spain</u>	
<u>Sweden</u>	Astrid Bergquist, Michael Odevall, Svante Lundqvist, Ulrika Winroth, Reidar Persson, Christer Hermansson, Ulf Svensson, Jan Sandström, Stefan Wirtén
<u>Switzerland</u>	Philippe Roch, Monika Linn Locher, Heinz Wandeler, Andrea Semadeni, Pierre Muehlemann, Liliane Ortega, Norert Ledergerber, Claude-Georges Ducret, Pascale Morand Francis, Werner Hunziker, Theo Wiederkehr, Andri Bisaz, Manuela Jost Ernst, Franz Schmithuesen, Bernardo Zentilli, Urs Amstutz
<u>Thailand</u>	Sa-nguan Kakhong
<u>Uganda</u>	J. R. Kamugisha
<u>Ukraine</u>	Tatiana Hardashuk
<u>United Kingdom of Great Britain and Northern Ireland</u>	Martin Holdgate, David Bills, Andrew Bennett, Willie Sheridan, Mike Dudley, Bridget Campbell, John Hudson, Anthony Smith, Dawn Bentley, Elizabeth Jones, Robin Mortimer
<u>United Republic of Tanzania</u>	B. S. Kessy
<u>United States of America</u>	Mark G. Hambley, Stephanie Caswell, Mary J. Coulombe, Doug Kneeland, Franklin Moore, Robert McSwain, John Heissenbuttel, Harlan Cohen
<u>Venezuela</u>	Ióle Touron Lugo
<u>Zimbabwe</u>	P. C. Gondo

Non-member States and entities represented by observers

Algeria, Argentina, Austria, Costa Rica, Denmark, Ecuador, Greece, Honduras, Indonesia, Ireland, Kenya, Mauritania, Monaco, New Zealand, Norway, Portugal, Republic of Korea, Turkey, Uruguay, Zambia, European Commission

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United Nations

United Nations Conference on Trade and Development, United Nations Development Programme, United Nations Environment Programme, Economic Commission for Europe

Specialized agencies

International Labour Organization, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, World Meteorological Organization

Intergovernmental organizations

Agency for Cultural and Technical Cooperation, Organisation for Economic Cooperation and Development

Non-governmental organizations

Category I

International Council of Women, World Wide Fund for Nature International

Category II

Greenpeace International, International Committee for European Security and Cooperation, International Union for Conservation of Nature and Natural Resources (IUCN), National Wildlife Federation

Roster or accredited  
to the Commission on  
Sustainable Development

Canadian Pulp and Paper Association, Caribbean Conservation Association, Centre for International Environmental Law, Centre for International Forestry Research (CIFOR), Citizens' Alliance for Saving the Atmosphere and the Earth (CASA), Deutsche Naturschutzring (DNR), Environmental and Energy Study Institute, Friends of the Earth (FOE), Fundación Natura, Fundación Peruana para la Conservación de la Naturaleza, Green Earth Organization, Institut de recherche pour l'énergie, l'environnement et la construction, Instituto Sul-Mineiro de Estudos e de Conservação de Natureza, International Institute for Sustainable Development, Netherlands National Committee for IUCN, Sierra Club, United Nations Association of Sweden in Stockholm, UNED-United Kingdom (UN Environment and Development-United Kingdom)

Annex II

DOCUMENTATION BEFORE THE PANEL AT ITS SECOND SESSION

The Panel had before it the following documents:

(a) Report of the Secretary-General on programme element I.2: Underlying causes of deforestation and forest degradation (E/CN.17/IPF/1996/2);

(b) Report of the Secretary-General on programme element I.4: Fragile ecosystems affected by desertification, and the impact of airborne pollution on forests (E/CN.17/IPF/1996/3);

(c) Report of the Secretary-General on programme element I.5: Needs and requirements of countries with low forest cover (E/CN.17/IPF/1996/4);

(d) Report of the Secretary-General on programme element II (E/CN.17/IPF/1996/5);

(e) Report of the Secretary-General on programme element III.1 (a): Assessment of the multiple benefits of all types of forests (E/CN.17/IPF/1996/6);

(f) Report of the Secretary-General on programme element III.1 (b): Methodologies for proper valuation of the multiple benefits of forests (E/CN.17/IPF/1996/7);

(g) Report of the Secretary-General on programme element I.1: Progress in national forest and land-use plans (E/CN.17/IPF/1996/8);

(h) Report of the Secretary-General on programme element I.3: Traditional forest-related knowledge (E/CN.17/IPF/1996/9 and Corr.1);

(i) Report of the Secretary-General on programme element III.2: Criteria and indicators for sustainable forest management (E/CN.17/IPF/1996/10);

(j) Report of the Secretary-General on programme element IV (E/CN.17/IPF/1996/11);

(k) Report of the Secretary-General on programme element V.1 (E/CN.17/IPF/1996/12).

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