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Economics And Statistics

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**CAPACITY BUILDING FOR SECTOR INFORMATION -
HELPING COUNTRIES TO BUILD CAPACITY IN ACQUIRING AND
SHARING GOOD QUALITY FOREST SECTOR INFORMATION**

Note by the Secretariat

This document updates the Working Party on the capacity building work that Timber Section has undertaken in Eastern Europe, the Caucasus and Central Asia (EECCA). It explains the approach taken, the strategy that guides the Timber Section's activities in EECCA and looks ahead to planned activities in 2006.

Finally, it invites the Working Party to take note of these developments and invites comment on the effectiveness of the measures in improving forest sector information for the region.

Background

1. Reliable, timely and accurate information is as vital in the forest sector as any other. Without good quality information it becomes difficult to judge the impact of policies, the need for change or to take sound decisions on future directions. Addressing the need for good quality information is one of the challenges facing the countries of Eastern Europe, the Caucasus and Central Asia (EECCA).
2. One indication of the challenge faced by several countries is the variable quality of the information supplied to UNECE/FAO Timber Section through the JFSQ process. Some countries have not returned JFSQ sheets. For those that have, the data are often incomplete. This may simply reflect that countries do not have the data but there may also be problems with the capacity of some of the national institutions that undertake data collection and analysis.

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3. UNECE/FAO Timber Section is fortunate to have a network of country correspondents. While this is an undoubted strength, the network is perhaps least strong in EECCA. The long distances and high cost of travel make it difficult for countries to attend meetings in Geneva and, as a consequence, there is limited contact with country correspondents in these areas. This has made it difficult to keep the network current: countries may not inform the secretariat of changes in correspondents either through retirement or people moving to new posts. So, although the existence of the network is potentially of great value, there has been difficulty in making sure the contacts are up to date. This may explain some of the problems that have been encountered in getting returns from some countries.

4. The forestry and timber activities of UNECE and FAO in EECCA over the period 2005 – 2010, including capacity building work, are guided by a joint strategy. The strategy identifies priorities for future activities, with the improvement in data collection and analysis being a primary one. The strategy also sets out the methods that will be used to implement these activities. The document can be found by following this link: http://www.unece.org/trade/timber/docs/tc-sessions/tc-63/english/TC2005_Add1_Programme.doc

5. Bringing the countries into the existing international networks and integrating them fully is seen as perhaps the most immediate priority. This will help maintain contact between them and other parts of the international community and provides an opportunity for good practice to be shared. There are many similarities in the challenges that countries of the EECCA are working hard to overcome, so meetings where the countries are able to gather and discuss together the common issues are especially worthwhile.

Progress in 2005/2006

Workshop on Building Capacity in Sharing Forest and Market Information

6. As a first important step, the Workshop on Building Capacity in Sharing Forest and Market Information targeted on EECCA countries was held in the Czech Republic in October 2005. Sponsored by the Ministry of Agriculture of the Czech Republic and the FAO Forestry Department/Subregional Office for Central and Eastern Europe, and supported by Forests of the Czech Republic S.E. and the UNECE/FAO Timber Branch, the workshop took place in Prague and Krtiny, south Moravia, from 24 to 28 October 2005. The workshop benefited from the presence of several international speakers who donated their time and, in some cases, their travel costs.

7. The overall objective of the workshop was to help countries to understand the importance of having reliable, accurate and timely information about the sector for sound policy making, and then to help them develop the institutions to provide this information (for their own benefit, but also for the international community as whole). Detailed objectives were:

- (a) to contribute to national capacities for gathering and disseminating forest land-use related data and information;
- (b) to integrate country experts into international networks (e.g. on forest resources assessment, forest products market statistics, forest policy);
- (c) to introduce marketing as a tool that might enhance the economic viability of forestry and also as an aid in combating illegal harvesting and trade through the adoption of transparent forest products markets.

8. Participants attended from the following countries: Armenia; Azerbaijan; Georgia; Kyrgyzstan; Mongolia; Turkey, and Uzbekistan. Regrettably, last minute difficulties prevented colleagues from Kazakhstan, Tajikistan and Turkmenistan from attending. The interest shown and the success of the workshop indicates that the concept is sound and welcome to decision makers in the countries concerned.

9. The report identifies considerable scope for continued cooperation. There was general agreement that this had been a useful beginning: building on the foundation laid by this workshop is the next priority. There was enthusiasm for follow up workshops on the main topic areas. Please see Annex 1 for a full list of the recommendations to emerge from the workshop. For more information, please follow this link: <http://www.unece.org/trade/timber/mis/2005Kritiny.htm>.

Forest Products Marketing

10. The UNECE/FAO Timber Section has continued to seek core funding for the capacity building project, "Delivering Improved Marketing and Market Information in the Forest Sector in south-eastern Europe and the CIS." We have identified partners, both international and in-country, who support the proposal and have helped in its development e.g. EFI and Metla. There is a copy of the one-page summary of this proposal at Annex 2.

11. Another line of enquiry has been a review of EU funding possibilities. The EU programmes for the EECCA region are currently under review, with new arrangements due to be introduced during 2006 for the period 2007-2013. The priorities for assistance are being identified, properly, by the countries themselves. Early indications are that forestry may not feature as one of the priority measures for assistance. Unless countries identify forestry as a candidate for assistance, the new programmes are unlikely to offer scope for forestry measures. Even if countries succeed in introducing forestry measures the challenge to find matching funds remains. The starting point must be securing the recognition that forestry will be an essential component in delivering regional economic development. Support for strengthening the sector, primarily through capacity building, will be vital and therefore countries need to ensure that forestry is given a proper hearing when priorities for future funding are being decided.

Team of Specialists on Support and Contribution to Sustainable Development of the Forest Sector in EECCA

12. The inaugural Meeting of the Team of Specialists on Support and Contribution to Sustainable Development of the Forest Sector in EECCA was held in Budapest from 14 to 16 November 2005. Among the team's objectives is, "improving the sharing and exchange of data, information and knowledge" and "enhancing the capacity of public sector institutions especially, to provide an effective policy and institutional framework." The team will operate from 2005 until 2008 and advise the UNECE/FAO Secretariat, on the implementation of their programmes within the framework of the integrated programme of work as well as being consulted on the formulation of a strategy for FAO forestry activities in EECCA. Please see the report of the first meeting: <http://www.fao.org/regional/seur/events/unece/docs/Report.pdf>.

Looking ahead

Workshops

13. As a follow up to the Workshop on Building Capacity in Sharing Forest and Market Information targeted on EECCA countries held in the Czech Republic, the partners would like to organize topic workshops that would be based in countries within EECCA. This increases the chances of active participation from the target countries. Several countries have expressed an interest in hosting one of the follow up workshops and this is something that now needs to be progressed.

14. Currently UNECE/FAO Timber Section is working with partners FAO; the FOPER Project (www.foper.fi); the Universities of Belgrade, Serbia and Louisiana State, USA) to organize a Balkan Training Workshop on Forest Products Marketing - from Principles to Practice, in Serbia and Montenegro in April 2006. The four-day programme will introduce the principles of effective marketing of forest products. Topics will include an overview of regional and global forest products markets, marketing

fundamentals and the various marketing tools available. Featuring prominent speakers from around the world, it will showcase examples of good practice to help reinforce the principles and to demonstrate how both the overall market and market share may be grown. The workshop will take place in Novi Sad, Serbia and Montenegro from 3 to 6 April 2006. For more information see: http://www.unece.org/trade/timber/Workshops/2006/2006_balkanworkshop.htm.

Points for Discussion by the Working Party

15. Some of the countries of EECCA find it difficult to take part fully in the various networks and discussions that lie at the heart of the JFSQ process, for example. The distances from Geneva, combined with the high cost of attending meetings here, as well as institutional weaknesses at the national level, have deterred or prevented countries from participating fully in this and other international networks. This has contributed to the difficulty for the secretariat of keeping country correspondent listings up to date for EECCA.

16. The Workshop on Building Capacity in Sharing Forest and Market Information held in the Czech Republic in October 2005 tried to address the issue of distance and cost. The organizers paid the travel and accommodation for participants from EECCA. Another factor that helped the success of the Czech workshop was that several international speakers donated their time and expertise. It is the aim, as far as possible, to base future workshops in EECCA .

17. The Working Party is invited to take note of these activities and comment on their effectiveness in improving forest sector information for the region. If any Working Party delegations are interested in contributing to this work, they should contact the secretariat.

Annex 1

Declaration of Krtiny (Prague and Krtiny, Czech Republic 27 October 2005)

We, the experts and stakeholder representatives of the forestry sectors of Armenia, Azerbaijan, Georgia, Kyrgyzstan, Mongolia, Turkey and Uzbekistan, using also inputs provided by nominees from Turkmenistan and Tajikistan (altogether hereafter referred as participating countries), nominated by the responsible Ministries of our countries, participating in the Workshop on Building capacities on Sharing Forest and Market Information held in Prague and Krtiny, Czech Republic, 24 – 28 October 2005, which was organized jointly by the Czech Republic (Ministry of Agriculture and Forests of the Czech Republic S.E.), FAO (Food and Agriculture Organization of United Nations) Sub-regional Office for Central and Eastern Europe, and the UNECE/FAO (United Nations Economic Commission for Europe) Timber Branch,

Considering the increasing societal need in essential environmental and social benefits provided by forests as well as the economic potential of forest land use in terms of wood and non-wood goods and services in the participating countries

Recognizing the need in comprehensive forest resources monitoring, particularly in forest inventories and management planning, reliable forest products statistics as well as in information about forest policies within the respective regions

Recognizing country specifics, such as geographical and climatic conditions, unequal distribution of forests, requiring individual approaches as well as common challenges in sub-regions, e.g. the maintenance and expansion of forest cover and their protective functions in Caucasus and Central Asia sub-regions

Noting that illegal logging of roundwood and related trade, caused partly by lack of alternative energy sources for individual households, leads to uncertainties about the actual development of forests and their management, creates unfair competition and threatens forest ecosystems

Noting the desirability of the active involvement of participating countries into pan-European and global forest land use policy processes and institutions as well as associated networks

Taking into account that differences between national classifications and international information collection systems may require additional resources for adjustments of forest land use related information at the national level

Recognizing international assistance provided by numerous countries and international organizations and institutions and thus the need of coordination

Recommend that governments and state forest authorities:

Establish an adequate policy framework to respond adequately to societal needs for essential social and environmental benefits forests offer, yet will allow to meet market demand for wood and non-wood forest products and services without compromising sustainable development of forest resources

Continue to put high priority on nature conservation and biodiversity in the participating countries and promote production of wood, where the essential environmental functions are not threatened

Foster law enforcement and establish a reliable policy framework including realistic state tariffs as a base for economic prosperity, thus reducing illegal logging and related trade, encouraging investments in the forest sector as well as providing the prerequisite for efficient forest resource assessment

Apply specific measures to combat the destruction of forests resulting from fuel poverty, including, where appropriate, the provision of affordable energy from sources other than local forests

Develop scientific methods of forest resources monitoring, particularly up-to-date methods of forest inventory, build capacities and provide sufficient state funds for regular implementation

Increase capacities and improve quality and reliability of statistics on forest products and services (production, trade consumption, employment etc.) and train companies and selected government employees in marketing and strategic management

Build capacities for collection and dissemination of forest policy information (e.g. a legislation database)

Invest further into the rural areas development, thus raising capacities for carrying out forest monitoring and assessment

Provide public access to forest land use related data and information including inventories, statistics, forest products and services' prices as well as databases on policy instruments and institutions

Coordinate national instruments and institutions of various policy actors related to forest land use and promote cross-sectoral dialogue with other sector's policies that have an impact on forest land use and the forest sector in general

Provide sufficient means for active participation in international networks on forest resource assessment, forest products markets and forest land use related policies and undertake steps towards further harmonization of national inventories and statistics with international requirements

Assist the collaboration on forest land use issues on a bilateral, multinational, sub-regional and European level

Raise public awareness about forests and their benefits, including wood as an environmentally friendly material and energy source

Apply participatory approaches in policy decision making, involving all stakeholder concerned (NGOs, international/local communities)

Recommend that international organizations and institutions:

Support the implementation of the above given recommendations from this workshop in close cooperation with national authorities, using economic development funds (e.g. Official Development Assistance)

Focus on long-term assistance and capacity building rather than short-term financial subsidies

Make use of the considerable existing national expertise to the fullest possible extent and explore, monitor and build upon past, present and planned international assistance provided to participating countries

Integrate the participating countries adequately into international processes and networks by promoting the benefits of cooperation more clearly and by intensifying contacts with the countries including issuing timely invitations to relevant international meetings

Provide assistance to monitoring of forest resources, particularly forest inventories as well as to national forest account and forest resources assessment implementation

Assist national capacity building in market analyze, including collection, validation and dissemination of forest products statistics and support marketing networks and market information systems at the national and international level

Establish an international information network on forest land use related policy institutions and instruments and assist countries in their active participation

Facilitate comprehensive historical assessment and outlook of the entire forest sector for countries and the region/sub-regions working in collaboration with national experts

Assist countries in annual overview publications on forest resources, forest products markets and policy institutions and instruments

Provide assistance to help countries in their existing efforts to introduce sustainable management of forest resources without including certification as a specific pre-condition

Facilitate bilateral mutual support between transition-experienced countries and participating countries

Organize specific follow-up workshops focused on

- (1) Forest Resource Assessment
- (2) Forest Products Markets and Marketing
- (3) Forest Policy Instruments and Institutions, preferably within the next 18 months.

Request the UN Convention on Combating Desertification to draw adequate attention to the development of the forests in the participating countries

This document was approved by the participants in a plenary session of the Workshop on Building Capacity for Sharing Forest and Market Information held in Krtiny (Czech Republic), 27 October 2005.

Annex 2

SUPPORTING SUSTAINABLE FORESTRY IN SOUTH-EAST EUROPE THROUGH SUSTAINABLE FOREST PRODUCTS MARKETING

Background

There is growing recognition of the contribution of forests in meeting the Millennium Development goals, of poverty reduction and sustainable environmental development in particular. In South-East Europe, a richly endowed forest, wood-using industries and a skilled and adaptable labour-force offer the potential of a winning combination provided these factors can be tackled:

1. education of many new private owners in sustainable forest management;
2. focus on skills and techniques that will help marketing of forest products, both wood and non-wood;
3. boosting domestic demand and countering competition from other materials;
4. improved product standards/quality control for domestic and export markets;
5. building confidence among potential investors through the provision of better production and market data.

Addressing these challenges successfully will strengthen the forest sector with the economic, social and environmental gains that would follow. Failing to deal with them risks a weakened forest sector, a declining market share with imports replacing domestic production, worsening rural unemployment, neglected forests and ultimately forest decline with inevitable environmental consequences.

Competitive edge

UNECE/FAO believes that enabling countries to market their products effectively in an increasingly competitive business climate is essential to realize fully the social, economic and environmental benefits that forest uniquely offers and to combat illegal harvesting and trade. It proposes therefore to establish a programme, based on partnership, with the following aims:

1. to support associations of new private forest owners;
2. to encourage trade associations within the main industry sectors such as sawmilling, panel products;
3. to promote the adoption of international information and product standards;
4. to build marketing networks, both domestic and international;
5. to assess the availability of up-to-date forest and forest industry sector information, such as resources (natural and human), processing capacity, trade flows, production, consumption;
6. to introduce forest products marketing into the forestry curriculum in higher education.

Project

The project will provide training in the principles and practice of marketing – the importance of good quality controls, the consistency of products, understanding the needs of customers and building relationships with them, the need for reliable delivery. It will support the collection, storage and exchange

of information about forest products and marketing based on existing international definitions, standards and product descriptions, most probably using an internet-based system. The proposal will include building capacity in the use and maintenance of these information systems so that the target countries themselves will be direct beneficiaries.

Such a facility will provide for exchange of information about product availability allowing potential purchasers to establish contact with potential suppliers. Information on pricing in local currency and euros would enable sellers to assess what is a realistic price for their produce. Systems will be set in place for this information to be updated regularly, with recognised points of contact in each country, which will also be able to feed data into the ongoing UNECE/FAO market analyses and sectoral studies.

Partnership

We seek partners who share our belief that a key element in assuring sustainable forest management and combating illegal trade is sustainable forest products markets and economic development. Specifically we wish to build partnerships with relevant international donor programmes and countries with needs in forest products marketing capacity building and who may be able to offer active participation in the project phases through in-kind support.