

# **Sustainable Forest Products Global Alliance**

Year 3 Quarter 3 Report

Submitted by Metafore and World Wildlife Fund

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**Sustainable Forest Products Global Alliance**  
**Year 3 Quarter 3 Report**  
**April 1, 2005 through June 30, 2005**

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## **Sustainable Forest Products Global Alliance**

### **Quarter 3 Report**

April 1, 2005 through June 30, 2005

#### **1. *Introduction***

The Sustainable Forest Products Global Alliance is a public/private partnership that seeks to make markets work for forests and people. Together, the partners in the Global Alliance work to advance a new model for forest conservation and community development in USAID-presence countries in which sustainable forest management is rewarded in the global marketplace. By reducing trade in illegally harvested or unsustainably managed forest products, opportunities for resource-dependent communities and low-income producers will grow.

This report summarizes the accomplishments of the two non-governmental partners—WWF and Metafore—for the third quarter (April 1, 2005 through June 30, 2005) of the third funding year of the Global Alliance. During this period, WWF and Metafore made substantial progress towards accomplishing the expected achievements defined for the year.

#### **2. *Expected Achievements and Benchmarks***

In November 2002, Global Alliance members and their partners adopted a Results Framework which outlined expected multi-year achievements and related first year benchmarks. During subsequent annual reviews, Global Alliance members have revised the multi-year achievements and drafted benchmarks. The following benchmarks were designed for year three (October 1, 2004 through September 30, 2005) of the Global Alliance.

##### **Expected Achievement A: Enhanced demand for legally produced products from well-managed forests through implementation of responsible purchasing practices by businesses, government agencies, and other organizations.**

Benchmarks:

- Increase number of government agencies and businesses that agree to source forest products from legal, well-managed forests.
- Increase number of businesses and government agencies implementing purchasing policies that prefer forest products from legal, well-managed forests.
- Expand dissemination of business tools for buyers of forest products.
- Improve tools related to implementing responsible purchasing practices.

##### **Expected Achievement B: Increased supply of products legally produced from well-managed forests that generate social, economic, and ecological benefits through improved forest management.**

Benchmarks:

- Increase number of producer group members.
- Increase the area of forest under written commitment to achieve responsible forest management.
- Improve technical assistance and information to improve access to markets.

**Expected Achievement C: More efficient trade of legal forest products from well-managed forests through the development and dissemination of information that enhances decision making of willing buyers and sellers.**

Benchmarks:

- Increase the understanding of markets and trade flows.
- Increase the informed interaction between buyers and producers.
- Increase (trade indicator) of producer group members.
- Expand database-linked Website to house technical, policy, and market information

**Multiple Expected Achievements**

The Global Alliance partners also identified the following cross-cutting benchmarks:

- Disseminate trade knowledge to partners, businesses, and community/producer networks.
- Increase communication venues, documents describing lessons learned and success stories to promote innovation and collaboration.
- Foster an enabling/improved policy environment that promotes forest conservation.

***3. Global Highlights***

- Participation in WWF's Global Forest & Trade Network (GFTN) remained steady at 401 this quarter, with 371 trade participants<sup>1</sup> and 31 forest participants<sup>2</sup> managing 12,955,156 ha (See Table 1: GFTN Participant Summary). Refined estimates indicate that the combined sales turnover of the trade participants is more than 348 billion USD per year, with sales of forest products more than 27.6 billion per year. We had previously estimated total annual sales turnover to be 209 billion USD.
- GFTN has tracked another 14 buyer enquiries for products from producers in its Forest & Trade Networks. GFTN is tracking 170 enquiries total with a value of 65.6 million USD. To date, 60 of these enquiries have matured into successful trade relationships ("market links"), meaning that 6 new market links were forged in the past quarter. The estimated value of trade represented by these 60 market links is 14.1 million USD.
- WWF and the World Bank launched the second phase of their Forest Alliance at the United Nations Forum on Forests. The two Forest Alliance partners will pursue expanded targets and goals for 2010. With a responsible forest management target that has been reformulated to include a sub-target on forest area committed to certification through a monitored, stepwise approach, greater alignment between the WWF/World Bank Forest Alliance and the WWF GFTN is anticipated. It is expected that this alignment may open up new sources of funding for GFTN activity, which would amplify the USAID seed funding for GFTN.
- WWF and Metafore raised awareness of responsible forest trade issues with key audiences over the past quarter with notable media coverage and targeted outreach including:

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<sup>1</sup> Trade participant means a participant who is a processor, manufacturer, trader, specifier, or end-user of wood or paper products.

<sup>2</sup> Forest participant means a participant who is a forest owner or manager.

- Metafore continued to reach key audiences with the *In Focus* newsletter. Designed to bring stories of success related to responsible business practices, the *In Focus* newsletter targets businesses that operate on a global scale.
- Metafore published the *Responsible Wood and Paper Purchasing: The Experiences of the Fortune 100* report. Metafore examined the environmental reporting activities of Fortune 100 companies to see where wood and paper purchasing practices fit in the overall context of environmental issues facing companies today.
- In May, Metafore and WWF participated in the Gravure Association of America Environmental Workshop, attended by approximately 100 representing a cross section of the supply chain that rely on the gravure printing method for their business. Metafore acted as a key program advisor and presented on environmentally preferable paper, while WWF presented on certified forest management as an aspect of environmentally preferable paper.
- In May, Metafore also gave a presentation on successful business and NGO collaboration efforts to the Business/NGO Partnerships and Stakeholder Engagement Conference, researched and organized by Ethical Corporation.
- In June, Metafore made a presentation on opportunities for NGO and business collaboration related to responsible purchasing to communicators and businesses of the forest products industry at the Wood Promotion Network Communications Roundtable during the Global Forest and Paper Summit.
- Metafore made a presentation in June to provide a greater understanding of environmentally preferable paper to the Oregon Natural Step network. Attendees consisted of businesses and organizations concerned with responsible purchasing practices of paper and wood products.
- In June, Metafore also spoke to approximately fifty papermakers and members of the Northwest Pulp and Paper Association on the role of customers in defining and demanding environmentally preferable paper.
- WWF participated in the first International Smart and Green Building Technologies and Products Conference and Expo in Beijing, March 28-30. In a presentation to the conference, WWF alerted participants of the environmental and social impacts of illegal logging and unsustainable clearing and harvesting, as well as introduced the Chinese version of GFTN's *Responsible Purchasing of Forest Products*.

#### **4. Regional Highlights**

##### Consumer Countries

##### **Professional Development Program/Lesser-known species strategies**

Metafore's year 3 intern, Richard Chavez, arrived from Nicaragua in April and began the program of work designed to develop greater understanding of market opportunities for the use of lesser known species. Metafore developed a strategy to create case studies that describe successful and failed attempts to introduce lesser known species into the North American market. Richard conducted several interviews with companies involved with introducing and marketing lesser known species in North America.

##### **Global Wood Advisor**

Metafore created and distributed the second edition of the Global Wood Advisor, a market newsletter targeting producers of responsible forest products in USAID-funded market

development initiatives in client countries. Metafore used a network of sixty individuals to distribute the GWA to the target audience of producers in USAID presence countries.

### **WWF North American Forest & Trade Network**

WWF's North American Forest & Trade Network (NA-FTN) experienced an increasing demand from companies seeking counsel on responsible purchasing and investment this past quarter. The NA-FTN currently has three applicants, including two tropical wood importers and a building products distributor, and is engaging with ten other wood and paper-buying companies, from across the supply chain, who are interested in participating.

### **Forest Leadership Forum**

Metafore completed several planning activities related to the Forest Leadership Forum. Metafore developed content related to the program's three primary themes, and invited several stakeholders to serve as Forest Leadership Forum program advisors. These advisors will provide guidance and direction on developing the program and speaker selection. Metafore confirmed several sponsorship commitments from stakeholders.

### **Paper Working Group**

In June 2005, Metafore conducted a forum for environmental and social stakeholders regarding the Environmental Paper Assessment Tool (EPAT). For the period April 2005 – June 2005, Metafore continued to work with business buyers to monitor the results of the EPAT trial test and synthesize recommendations from trial test participants. Meanwhile, Metafore confirmed three new "early adopters" of the EPAT, including R.R. Donnelley & Sons, Quebecore World and FedEx Express. The Early Adopters contribute matching funds and resources to the design of the EPAT in addition to testing and piloting early versions of the tool. With participation from the Paper Working Group and EPAT Early Adopter Circle, Metafore held business focus groups to begin scoping the design of the EPAT Web technology, the point-of-entry to the EPAT on the World Wide Web. Using matching funds, Metafore developed storyboards depicting the would-be Web technology and began testing the ideas in the storyboards through a series of live Webcasts with stakeholders.

### **International Market Seminars**

Metafore, in coordination with WWF's Mesoamerican and Caribbean FTN, Jagwood+, completed international seminars in Nicaragua, Costa Rica, Panama. Metafore conducted an additional two seminars in Colombia. Ana Alicia Eid Chajtur, Metafore's 2nd year intern presented her findings on the market for secondary manufactured wood products to responsible producers. Approximately 30-50 participants attended each seminar and included producers, local governments, NGOs and academia. Additional seminars are planned for the fourth quarter in Brazil, Bolivia, and Ecuador.

### **Forest Certification Resource Center**

Formerly the Certification Resource Center, the FCRC was reconstructed to provide comprehensive, objective information on forest certification. Content was selected, developed, and updated to fit the new architecture.

The criteria and scope of the certification comparison matrix was revised to provide a snap shot of the different certification systems and how they approach elements common to each system, such as governance, accreditation, verification and product tracking and labeling.

Metafore created new content pages to include in the Forest Certification Resource Center. Descriptions of specific certification systems, profiles of emerging certification systems throughout

the world, and examinations of the step-wise approach and reduced impact logging verification programs related to responsible forest management were added to the FCRC.

The search tool redesign was completed to provide data for CSA, FSC, and SFI certification schemes. The new search tool features product category search engine with the ability to refine searches at any time. CSA Chain-of-Custody companies were added to the database.

### **GFTN Europe**

In May, GFTN member companies and industry organizations came together in a signed statement to support the proposed European Union (EU) action plan for Forest Law Enforcement, Governance, and Trade, but stressed that self-regulation and voluntary measures are not sufficient to tackle the problem of illegal timber trade. The companies called upon the European Commission and EU governments to adopt new EU legislation which makes it illegal to import all illegally sourced timber and wood products into European markets. Approximately 65% of the 80 companies and organizations that signed are GFTN members. The company statement is in line with WWF's call for additional legislation to outlaw the import of illegally sourced/logged products to Europe.

A study commissioned by GFTN partners, the United Kingdom (U.K.) Timber Trade Federation and U.K. Department for International Development (DFID), concluded that verified legal or certified hardwoods, specifically hardwoods from outside of Europe, command price premiums of up to 30% in the U.K. Certified softwoods did not command a premium because of greater availability and better distribution. Trade in certified products now dominates a large section of the U.K. softwood trade. The study can be found at GFTN's Asia Website - [www.forestandtradeasia.org](http://www.forestandtradeasia.org).

Also this quarter, GFTN's *Responsible Purchasing of Forest Products* was translated into Swedish. The Swedish FTN boasts 18 members and has been responsible for 13 market enquiries.

### **GFTN Asia**

WWF's activities in Japan and China are supported by matching funds.

Four Japanese companies - Canon Sales Co., Inc., Ricoh Co. Ltd., ASKUL, and Oji Paper - joined Japan Forest & Trade Network members Fuji Xerox Co., Ltd. and Mitsubishi Paper Mills Ltd., in adopting responsible paper purchasing policies that emphasize the need for sustainably sourced paper.

Also this quarter, Japan FTN member Fuji Xerox Co., Ltd., in collaboration with its affiliate Fuji Xerox Office Supply Co., Ltd., ITOCHU Corporation, and Oji Paper Co., Ltd., shipped the first cargo of Forest Stewardship Council (FSC)-certified woodchips to be used for copy and printer paper that Fuji Xerox will supply starting this summer. The 12,000 tons of woodchips were produced from eucalyptus trees in New Zealand owned by Southland Plantation Forest Company of New Zealand Ltd. The plantation company is partly owned by Fuji Xerox and Fuji Xerox Office Supply. The woodchips will be processed into certified paper for copy machines and printers bearing the Fuji Xerox brand for use in Japan.

WWF's newly-established China Forest & Trade Network now has eleven applicants.

### **Latin America and the Caribbean**

#### **Mesoamerican and Caribbean Forest & Trade Network: Jagwood+**

Jagwood+ has established its presence in the region with the following activities:

## Panama

- Jagwood+ helped to develop two business plans in the Darien ecoregion. One of them is a business plan for Chunga in Rio Tupiza. Chunga is a non timber forest product and it is the raw material for basket construction. It is obtained from the central part of a mature palm leaf. The artisans are mostly women. Right now a census of the raw materials is being made to determine the amount available during the first year of production. Soon, a Forest Management Plan will be initiated to fulfill the requirements of responsible resource extraction. The second business plan is for the forest community company “Rio Tupiza” in the Darien which is managing 26,720 ha over 25 years. The objective of the plan is to ensure security and stability for the natural resources, and revenue and involvement for the community.
- Jagwood+ provided a seminar with key Panamanian architects and engineers and potential buyers of the wood from the Rio Tupiza communities in the Darien, such as sawmills, flooring manufacturers, and door manufacturers. The purpose of the seminar was to promote communication among the participants in the supply chain of the wood coming from Rio Tupiza. FSC, the National Society of Civil Engineers, the Forestry Chamber and the National Association of Plantations also participated.
- The Panamanian firms JDS Hardwood Industries Inc., Plywood Orozco S.A., and Selloro S.A. have signed responsible purchasing policies.

## Nicaragua (Activities supported with matching funds through the IFC/GFTN project)

- Nicaraguan firms Madeniksa, La Mueblería, and the ecotourism project Sacuanjoche Adventure Lodge have signed responsible purchasing policies, demonstrating their commitment to increasing the use of certified wood in the products they offer.
- Through a Jagwood+ collaboration, Exchange, a Nicaraguan certified furniture manufacturer, has purchased 12,000 board feet of Cedro Macho (*Carapa guianensis*), Santa María (*Calophyllum brasiliense*) and Mahogany (*Swietenia macrophylla*) from the community operations Layasiksa and Bloque SIPBAA. Mega-Maderas, a Guatemala-based company has also placed a purchase order for 50,000 board feet of sawn lumber of Cedro Macho (*Carapa guianensis*) from Layasiksa and Bloque SIPBAA.

As follow up to the Jagwood+ sponsored Buyers’ Mission in early April, Jagwood+ has provided technical assistance on complying with market requirements to La Mueblería, Fundación Politecnico La Salle, Madeniksa, Richwood, and Don Bosco. The technical assistance has been of special importance to La Mueblería since they have a purchase order from a client in the United States and it is their first export experience.

## **Bolivia**

New WWF staff have been hired to provide technical assistance on responsible forest management to the communities in an effort to ensure a stable supply of raw materials to meet growing demand. Additionally, a GFTN point person for Bolivia was hired to link enquiries for Bolivian certified wood products with certified companies and conduct an internal analysis of market potential for certified wood products, identify appropriate Bolivian companies for Responsible Purchasing Policies, and work with the architectural and design communities (per the Central American model).



## **Peru**

The Association for the Investigation and the Integral Development (AIDER), with the financial support of government of Netherlands, has assisted association of 5 native communities of the ethnic group Shipibo-Konibo in Ucayali to achieve forest certification. WWF-Peru, in partnership with USAID through the CEDEFOR project, has provided technical assistance to AIDER over the past several years. The certification of 35,000 ha represents the first-ever certification in Peru.

The promotion of producers' and buyers' links was a priority during this period. Four chains of production were forged between 5 processors (CIKEL, Triplay Amazónico S.A.C, Aserradero Anaconda, Maderera Palacios, and Exportimo), 1 concessionaire (Forestal BTA) and 1 Resource Manager (AIDER). The importance of establishing chains of production between timber producers (concessionaries) and timber processors is to guarantee not only non-controversial timber sources, but also the sustainable management of permanent production forests. WWF-Peru has been working with the producers to implement action plans for improving their forest management.

WWF-Peru organized the first-ever Timber Trade Fair in Madre de Dios, on March 17 -18. (This took place last quarter but was not included in the previous report.) Over 1400 m<sup>3</sup> in timber products were sold, valued at more than US\$ 625,000. This event hosted a total of 350 participants, including concessionaries and entrepreneurs from Cuzco, Arequipa, Juliaca, Puno and Lima. A negotiating roundtable resulted in commercial agreements for the sale of forest products of 22 different species. Of the total volume negotiated, more than 490 m<sup>3</sup> corresponded to Lesser Known Species for an estimated value of US\$ 65,000 and 400 m<sup>3</sup> corresponded to mahogany of non-controversial sources for an estimated value of US\$ 460 000.

WWF project partner Exportimo has developed a commercial promotion plan for 2005 for furniture pieces constructed with the LKS species *Cachimbo* and *Capirona*. Exportimo also established agreements to purchase timber from 6 communities assisted by AIDER. These communities will provide *Cachimbo* and *Capirona* timber to Exportimo on an on-going basis.

## **Brazil**

The GFTN's community producer group in Brazil, WWF Brazil, Centro dos Trabalhadores da Amazonia (CTA), and the São Paulo Friends of the Earth buyer group participated in a conference to discuss relationship improvement, innovative solutions for challenges in production and logistics, trading systems, and alternative species. The meeting gathered more than 35 buyers, producers, and NGO representatives. The community producer group shared its strategy to improve supply capacity and services to buyers and its 2005 production season data. By the end of the conference, more than 450 m<sup>3</sup> of certified lumber were ordered from the community producer group by designers, architects, and other small- and medium-sized companies based in São Paulo. This represents a doubling of the business generated from last year's conference.

The Brazilian Amazon Certified Forestry Producers Group (PFCA) has achieved full legal and financial independence and in June recruited a new Executive Secretary, Ilana Gorayeb. Until March this year the PFCA was funded through a WWF GFTN/DFID project and the Executive Secretary was employed by project partner Imazon, a Belem-based research organization. PFCA members manage approximately 90% of the total certified area in Brazil. The PFCA are expected to sign an affiliation MOU with WWF Brazil and WWF GFTN later this year.

With the depressing conclusion to a study conducted by Imazon into the feasibility of stepwise certification in Para state, cripplingly low dollar exchange rates, delays by the authorities in issuing new harvesting permits (AUTEX) and illegal land invasions affecting certified companies, 2005 has

so far been a very bad year for forest certification in the Brazilian Amazon. However, in June WWF Brazil launched its Modular Implementation and Verification (MIV, or SIM in Portuguese) program in Acre state jointly with partners FSC Brazil, Imaflora and Assimanejo, a local forest industry association. An initial group of four companies managing 60,000 hectares of forest will undergo baseline appraisals over the coming months. Assimanejo members mostly supply Brazil's enormous domestic market for carcassing and joinery timbers. The MIV program in Acre will seek formal affiliation with the GFTN later this year either as part of an expanded PFCA or as an independent Forest & Trade Network.

Another success came this quarter when Brazil's Congress approved a new public forest concessions law as an important step to fight illegal deforestation and to better manage public forests for sustainable production. Under the law, a Brazilian forest service will be created to establish an annual concession plan of public forests for private use. The duration of the concessions will be defined according to the harvest cycle, with contracts being renewable for a maximum of 40 years. There will also be an independent auditing of the concessions, and all certifiers must be accredited by the forest service. A National Forest Development Fund will also be created to manage funds derived from managing the public forest concession. The Forest Fund will receive 70 per cent of all income, with the other 30 per cent going to Ibama, the country's official environmental agency, to be used for patrolling activities. WWF-Brazil worked closely with the government to advise on the development and passage of this important law. The proposed law will now go to the Brazilian Senate for final approval. If all goes as expected, the first concessions may be signed in the second semester of 2006.

#### Asia and the Near East

##### **WWF Malaysia Forest & Trade Network**

The Malaysia FTN held a two-day exhibition and open forum on *Market Links Between Producer and Consumer Countries in the Timber Industry* in Sabah, Malaysia. Over 60 representatives of companies holding natural forest management units and representatives from private, government, and academic associations were in attendance. The effort succeeded in raising awareness of the GFTN and its objectives as well as providing WWF staff with valuable feedback on stakeholder perceptions and needs.

##### **WWF Indonesia Forest & Trade Network: Nusa Hijau**

Nusa Hijau has completed baseline appraisals in five forest districts in East Java managed by the parastatal Perum Perhutani, the world's largest teak producer. The plantation forests in the five districts cover 140,000 hectares. Certification action plans are currently being prepared for the districts and it is expected that Perhutani will become the first forest member of Nusa Hijau next month. The Tropical Forest Trust has been working with Perum Perhutani in Central Java since 2003.

Nusa Hijau has produced new checklists for use in baseline appraisals for both forests and mills. The new checklists, designed using the Modular Implementation & Verification framework, combine GFTN, ITTO and FSC requirements with those of the Indonesia Legality Standard, published by USAID project partner in Indonesia, The Nature Conservancy. The Indonesia Legality Standard was prepared following a lengthy process of stakeholder consultation and defines requirements across a wide range of areas, including several areas of national legislation that are ambiguous, conflicting or otherwise difficult to audit against. The new checklists should greatly

simplify the audit process for both auditor and forest manager by clarifying the specific tasks required for certification to be achieved in Indonesian forests.

Africa

**WWF Central Africa Forest & Trade Network/Ghana Forest & Trade Network**

Following on a series of outreach meetings, two new companies have applied to join the Ghana FTN.

These two companies in Ghana and three logging companies in Cameroon have now undergone baseline appraisals with assistance from the GFTN. The next step will be to complete certification action plans for both mill and forest operations. Several more companies will follow over the next few months, including a major Ghanaian plantation teak exporter.

Europe and Eurasia

**Russia Forest & Trade Network: Russian Association of Environmentally Responsible Timber Producers (RAERTP)**

WWF Russia is consulting with members of the Association of Environmentally Responsible Timber Producers of Russia on proposals to seek formal registration of the organization as a separate legal entity and relaunch it as the Russian Forest & Trade Network later this year. The proposals include the introduction of new membership requirements in line with GFTN requirements, four categories of membership and replacement of the Coordinator position with a new Executive Director. The Association has 17 members and 22 applicants from all corners of Russia. The members manage or source from over 12 million hectares of forest, and are responsible for over 25% of Russia’s total national log production and over 85% of the total certified area in Russia.

WWF Russia, in association with partner company LesExpert, has developed a detailed new technical standard for production and chain of custody controls for saw mills in Russia. The new standard has been field tested and the members of the Association of Environmentally Responsible Timber Producers of Russia have agreed to adopt it. The standard will improve mill efficiency and organization, as well as ensuring reliable wood origin traceability that complies with international certification standards. Following the collapse of the U.S.S.R., no regulatory requirements exist in Russia for controlling or documenting the origin of timber.

Following the success of the Association of Environmentally Responsible Timber Producers of Russia over the last three years, IKEA has approved USD 215,000 of additional funding for the Association over the next 3 years. Funds are also allocated for certification training and identification of HCVF as part of a total forest certification funding package of USD 875,000.

Table 1

*Data is as of May 2005 and may not reflect newly admitted members.*

FTN	No. of Companies	Status	Hectares Managed	Wood Volume Traded (m3)

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<i>Austria</i>				
WWF Wood Group	9	Trade Participant <sup>3</sup>		
<i>Belgium</i>				
FSC FTN	16	Trade Participant	0	
<i>Brazil</i>				
FOE CPFC (Buyers)	21	Suspended Trade Participant		
	48	Trade Participant		
PFCA (Producers)	2	Application submitted	37,100	100,000
	8	Forest Participant <sup>4</sup>	889,443	30,600
<i>Bulgaria</i>				
WWF Carpathians FTN	6	Application submitted	4,000	140,000
<i>Central Africa</i>				
WWF CAFTN - Cameroon	6	Application submitted	872,000	305,000
	4	Potential Participant	830,000	0
WWF CAFTN - DRC	1	Potential Participant	0	
WWF CAFTN - Gabon	6	Potential Participant	1,050,000	
<i>China</i>				
WWF China FTN	5	Application submitted	425,358	80,000
<i>France</i>				
WWF Club Proforêt	11	Trade Participant		
<i>Germany</i>				
WWF Wood Group	13	Trade Participant	0	
<i>Ghana</i>				
FOE Ghana FTN	5	Application submitted	109,981	60,000
	3	Baseline appr. & Action plan completed	103,521	96,000
	1	Forest Participant	159,000	120,000
	4	Potential Participant	0	
<i>Hong Kong</i>				
EcoWood@sia	10	Trade Participant		
<i>Indonesia</i>				
WWF Nusa Hijau FTN	1	Application submitted	3,250	
	2	Baseline appr. & Action plan completed	171,340	125,000
	3	Baseline appr. & Action plan in process	2,601,700	700,000
	5	Potential Participant	757,260	95,000
	1	Trade Participant	4,000	
<i>Italy</i>				
WWF Club per il Legno Ecocertificato	17	Trade Participant		
<i>Japan</i>				
WWF Sanshoukai	30	Trade Participant		
<i>Mesoamerica &amp; Caribbean</i>				
Jagwood+ Belize	1	Potential Participant	105	

<sup>3</sup> Trade participant means a participant who is a processor, manufacturer, trader, specifier, or end-user of wood or paper products.

<sup>4</sup> Forest participant means a participant who is a forest owner or manager.

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Jagwood+ Costa Rica	20	Potential Participant	79,743	209,055
Jagwood+ Guatemala	4	Potential Participant	65,775	
Jagwood+ Guyana	3	Potential Participant	2,210,000	
Jagwood+ Honduras	3	Potential Participant	12,119	
Jagwood+ Nicaragua	9	Forest Participant	52,045	
	2	Potential Participant	3,925	
	2	Trade Participant	0	
<i>Malaysia</i>				
WWF Malaysia FTN	2	Application submitted	108,665	2,500
	1	Potential Participant		
	3	Trade Participant	10,000	
<i>Netherlands</i>				
FSC Netherlands FTN	101	Trade Participant		
<i>North America</i>				
WWF North American FTN	13	Observer		
<i>Peru</i>				
WWF Peru FTN	6	Potential Participant	182,000	1,000
<i>Romania</i>				
WWF Carpathians FTN	12	Potential Participant	35,815	1,509,000
<i>Russia</i>				
RAERTP	6	Application submitted	800,000	1,000,000
	13	Forest Participant	11,854,668	23,826,705
	3	Potential Participant	249,000	3,600,000
	1	Trade Participant		
<i>Spain</i>				
WWF Grupo 2000	2	Suspended Trade Participant		
	11	Trade Participant		
<i>Sweden</i>				
WWF Skog 2000	1	Suspended Trade Participant		
	18	Trade Participant		
<i>Switzerland</i>				
WWF Wood Group	24	Trade Participant		
<i>United Kingdom</i>				
WWF-UK FTN	55	Trade Participant		

## 5. Partnerships and Leverage

### Existing Partnerships

An update on the confirmed partners and leverage is provided below. In addition to USAID's investment of 7.5 million USD, WWF and Metafore have leveraged direct and indirect contributions of 27.8 million USD from a variety of partners, representing more than a 3:1 leverage ratio.

*Table 2: Existing Partnerships and Leverage*

<b>Partner</b>	<b>Role of Partner</b>	<b>Leverage</b>
<i>Corporate</i>		
The Home Depot	Global Alliance charter partner is supporting program activities financially and committed to working with their suppliers to develop sources of responsibly harvested wood products.	\$1,000,000 cash support to WWF \$50,000 cash support to Metafore
Andersen Corporation	Global Alliance partner is supporting program activities financially and committed to working with their suppliers to develop sources of responsibly harvested wood products.	\$100,000 cash \$100,000 in-kind
IKEA	Investing in responsible forestry projects in China, Russia, the Carpathians, the Baltic states, and South East Asia.	\$6,100,000 cash \$72,000 in-kind
NorskeCanada	Global Alliance partner is supporting program activities financially and committed to working with their suppliers to develop sources of responsibly harvested wood products and promoting these products in the global marketplace.	\$100,000
Norm Thompson Outfitters	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability. Metafore also worked with NTO to construct a wood products Scorecard to be used by internal buyers.	\$22,000 cash \$19,000 in-kind
McDonald's Corp.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$38,000 cash
Toyota Motor Sales USA, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$35,400 cash
Time, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$55,400 cash \$450,000 in-kind

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<b>Partner</b>	<b>Role of Partner</b>	<b>Leverage</b>
Hewlett-Packard Co.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$50,400 cash \$380,000 in-kind
Nike, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$48,000 cash \$195,000 in-kind
Starbucks Coffee Company	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$50,000 cash \$60,000 in-kind
FedEx Kinko's, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$27,900 cash \$70,000 in-kind
Bank of America	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$40,000
Staples, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$53,400 cash \$205,000 in-kind
Cenveo (formerly Mail-Well)	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$30,400 cash
Quad Graphics	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
L.L. Bean	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
JC Penney Co., Inc.	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
REI	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Hearst Enterprises	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Office Depot	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind

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<b>Partner</b>	<b>Role of Partner</b>	<b>Leverage</b>
Sveaskog	Swedish state-owned forest company is partnering with WWF-GFTN to broaden the market for certified products.	\$147,000 cash
Forest Products Association of Canada	Provided cash contribution in support of Metafore's Certification Resource Center, and in-kind support to facilitate dialogue between forest products industry and business Buyers regarding the production of environmentally preferable paper.	\$17,000 cash \$25,891 in-kind (\$CDN35,000)
Certified Wood and Paper Association (formerly CFPC Marketing Collaborative)	In-kind support—based on business contributions and dues—in the form of promotion of certified wood and paper products.	\$307,575 in-kind
Various technical assistance providers	Provided in-kind support in the form of software and reductions of fees as a contribution.	\$8,819
Latin American forest companies in Nicaragua and Costa Rica (11)	Participated in the development and testing of tools to assess production capacity, technical assistance needs, and identify opportunities for growth in the domestic and international marketplace.	\$30,000 in-kind (provided to Jagwood+)
ERM Japan Ltd.	Contributed goods and services for Northeast Asia market assessment	\$14,000 in-kind
PROMPEX – Peruvian institution for exports promotion	Supported participation of GFTN LAC Regional Coordinator at Negocia Madera 2004 trade show in Lima, Peru	\$1,131 in-kind
Lippencott Mercer	Provided in-kind support to Metafore in the form of services.	\$70,000 in-kind
Selloro	Panamanian hardwood flooring company supporting responsible forest management and trade with the indigenous communities of the Comarca Emberá / Wounaan in the Darien Ecoregion, Panama	\$25,000
Local forest products trade associations	Using market benefits to promote sustainable economic development and forest conservation by small landowners, manufacturers and traders in the Dominican Republic	\$25,000
Newly recruited participants of Forest & Trade Networks in LAC, Russia, Africa	As new participants are recruited to FTNs they contribute membership fees and invest in action plans to promote responsible forestry	Significant but as yet not quantified parallel investments and some direct investments
PFCA- Brazil Corporate Producer Group	Companies implementing responsible forest management and supporting operation of Brazil producer group in Belem	\$25,000



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<b>Partner</b>	<b>Role of Partner</b>	<b>Leverage</b>
<i>Private Foundation/NGO</i>		
WestWind Foundation	Supporting North American FTN activities	\$65,000 cash
Arthur Blank Family Foundation	Supporting North American FTN activities	\$100,000 cash
Blue Moon Fund	Supporting GFTN in North America, Brazil, and China	\$200,000 cash
Rockefeller Brothers Fund	Grant to Metafore to develop market for certified forest products.	\$200,000 cash
Ford Foundation	Grant to Metafore to improve forestry practices around the world through promoting and facilitating the increased purchase, use and sale of third-party certified forest products.	\$300,000 cash
Surdna Foundation	Contribution to Metafore to support development of collaborative for marketing certified forest products.	\$225,000 cash
MacArthur Foundation	General support to Metafore.	\$33,000 cash
Forest Trends	Programmatic support to the Global Alliance in the form of a global market assessment; strategic studies on critical issues to forest conservation and poverty alleviation; and dissemination of results.	\$4,000,000 public and private donations
GreenWood/Madre Verde	Community based NGO working in Honduras developing conservation-based SME.	\$35,000 cash
<i>Government</i>		
UK Department for International Development	Supporting development of Forest & Trade Networks in Ghana and Brazil, and reducing poverty in priority ecoregions in LAC by building effective market linkages between indigenous community forest enterprises and manufacturers	\$1,200,000 cash
European Union/WWF Belgium	Sustainable Forest Management – Central Africa Project contributing to Producer Group development	\$1,300,000 in parallel investment
Netherlands Ministry of Foreign Affairs (DGIS)	Sustainable Forest Management Project in Democratic Republic of Congo contributing to Producer Group development.	\$1,100,000 in parallel investment
BMZ	Promoting technical partnerships in forest management in Congo Basin contributing to Producer Group development.	\$50,000 in parallel investment
Congo Basin Forest Partnership/FFEM	Jengi Project technical assistance in Cameroon contributing to Producer Group development.	\$225,000 in parallel investment

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<b>Partner</b>	<b>Role of Partner</b>	<b>Leverage</b>
Government of Sweden	Vertical integration of responsible community and Small & Medium Enterprises (SME) Bolivian wood products sector.	\$325,000
Government of Belgium	Vertical integration of responsible community and Small & Medium Enterprises (SME) Bolivian wood products sector.	\$80,000
Government of Switzerland	Vertical integration of responsible community and Small & Medium Enterprises (SME) Bolivian wood products sector.	\$426,000
Government of Germany (DED; KfW, GTZ)	Using market benefits to promote sustainable economic development and forest conservation by small landowners, manufacturers and traders in the Dominican Republic (via PROCARYN project)	\$100,000
International Finance Corporation (IFC)	Technical assistance to support responsible producers in Nicaragua	\$150,000
European Union	Supporting FTNs in Africa and Asia	\$4,550,000 cash
<b>TOTAL*</b>		<b>\$24,832,316</b>

\*Note: In addition to the funds leveraged through the partners detailed in the table above, WWF has invested **\$679,000** of its own core funds (from member dues, individual donors, and other support) to the effort.

*Table 3: New Partnerships and Leverage*

<b>Partner</b>	<b>Role of Partner</b>	<b>Leverage</b>
RR Donnelley & Sons Company	EPAT early adopter circle.	\$10,000 cash \$10,000 in-kind
Quebecor, Inc.	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Fedex Express	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
DGIS (Netherlands)	Community business development, High Conservation Value Forest monitoring, improved forest policies and lessons learned	\$119,000 cash
World Bank/WWF Alliance	Building linkages between communities and manufacturers, implementing wood tracking mechanisms to reduce illegal logging, and developing mechanisms to access credit	\$110,000 cash
European Union/WWF Netherlands and WWF U.K.	Consolidation of forest landscapes protection and management in Choco-Darien Ecoregional Complex	\$2,660,953 cash
<b>TOTAL</b>		<b>\$2,949,953</b>

**Annex 1: Activities Table – October 1, 2004 – June 30, 2005**

Activity	Responsible	Status	Metric						
			policy successes	tools	tech asst. person -days	# trained	partners	hectares	market links
<b>A. Enhanced demand for legal products from well-managed forests</b>									
<i>A-1 Increase number of government agencies and businesses that agree to source products from legal, well-managed forests</i>									
NA-FTN	WWF	On-track	1						
GFTN participation and purchasing policies	WWF	On-track							
- Central America architect			1						
- Japan paper buyers			4						
Corporate Outreach	Metafore/WWF	On-track							
- European Paper Meeting	WWF				1	30			
- Japan certification seminar	WWF				1	160			
- Japan certified wood fair (dept. store)	WWF					100			
- Mie Prefecture certification seminar/exhibit					1	160			
- Paper supply chain seminar	WWF				1	25			
Government									
	WWF								
<i>A-2 Increase number of government agencies and businesses implementing purchasing policies that prefer forest products from legal, well-managed forests.</i>									
NA-FTN	WWF	On-track							
Paper Working Group	Metafore	On-track					9		
Brazil Buyer FTN	WWF	On-track							
<i>A-3 Expand dissemination of business tools for buyers of forest products.</i>									
Weekly news brief <i>In Focus</i>	Metafore	On-track		36		618			
Action briefs/fact sheets	Metafore	On-track							
International Seminars	Metafore	Completed				170	5		
Risk assessment fact sheets	WWF	completed		10					
GFTN RPG/ Participation Requirements / Procedures	WWF	completed		2					
- NA-FTN RPG				1					
GFTN Responsible Tracking Guide		On-track							
<b>B. Increased supply of legal products from well-managed forests</b>									
<i>B-1 Increase the number of producer group members</i>									
GFTN Producer Group participation / network expansion	WWF								
Indonesia							1		
- Bahasa RPG				1					
Malaysia							1		
Ghana							1		

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Russia							1		
Central Africa									
Brazil									
Mesoamerica & Caribbean							11		
Peru									
- supply chain workshop w/AIDER						6			
Bolivia									
Vietnam									

Activity	Responsible	Status	Metric						
			policy successes	tools	tech. asst. person-days	# trained	partners	hectares	market links
<i>B-2 Increase the area of forest under written commitment to achieve responsible forest management</i>		On-track							
GFTN Producer Group progress	WWF							278,000	
Indonesia									
- Baseline appraisal checklist				1					
Malaysia						60			
Ghana									
Russia									
- Tech. standard for production/CoC				1					
Central Africa						4			
Brazil									
Mesoamerica & Caribbean									
Peru								35000	4
Bolivia									
- HCVF guide				1					
Vietnam									
China									
<i>B-3 Provide technical assistance and information to improve access to markets</i>									
Professional Development Program	Metafore	On-track				1			
Global Wood Advisor	Metafore	On-track		2					
<b>C. More efficient trade of legal products from well-managed forests</b>									
<i>C-1 Increased understanding of markets and trade flows</i>									
Lesser known species	WWF/Metafore	On-track							
GFTN market data	WWF	On-track							
<i>C-2 Increase informed interaction between buyers and producers</i>									
GFTN coordination	WWF	On-track							
- EMG meeting, Moscow						1	11		
- Asia regional meeting, HK						1	35		
- EMG meeting, Stockholm						1	9		
- Brazil conference (WWF, CTA, FOE)							35		
Trade visits/fairs	WWF								
- Peru Timber Trade fair							350		

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- Panama seminar on supply chain communication					1				
<i>C-3 Increase (trade indicator) of Producer Group members</i>									
GFTN market links	WWF	On-track							35
<i>C-4 Expand database-linked Website</i>									
Forest Certification Resource Center	Metafore	On-track					1		

<b>D. Multiple Expected Achievements</b>									
Forest Leadership Forum	Metafore	On-track							
Illegal logging awareness	Metafore	On-track			2		1		
Marketing and story telling	Metafore/WWF	On-track			5	690			
Responsible forest investment	WWF	On-track							
WWF-WBCSD policy on certification	WWF		1						
CITES listing of ramin	WWF		1						
Companies' statement on EU FLEG-T	WWF		1						
Brazil forest concession law	WWF		1						
<b>TOTAL</b>			<b>10</b>	<b>55</b>	<b>19</b>	<b>2460</b>	<b>31</b>	<b>313000</b>	<b>39</b>
<b>Year 2</b>			<b>24</b>	<b>98</b>	<b>274</b>	<b>1387</b>	<b>555</b>	<b>12691203</b>	<b>28</b>
<b>Year 1</b>			<b>16</b>	<b>9</b>	<b>7</b>	<b>1221</b>	<b>46</b>	<b>1809232</b>	<b>0</b>
<b>Grand Total (Years 1 – 3 Cumulative)</b>			<b>50</b>	<b>162</b>	<b>300</b>	<b>5038</b>	<b>632</b>	<b>14813435</b>	<b>67</b>

<b>Metric</b>						
<b>policy successes</b>	<b>tools</b>	<b>tech. asst. person-days</b>	<b># trained</b>	<b>partners</b>	<b>hectares</b>	<b>market links</b>

**Annex 2:**

**SFPGA Third Quarter Report, July 05**

**WWF Global Forest & Trade Network Chronicles**

***Support from Diverse Sectors Helps WWF Promote Responsible Forest Management and Trade***

Over the past quarter, prominent corporations and other organizations confirmed new support for WWF's Global Forest & Trade Network (GFTN). The funding and technical assistance that USAID has provided to WWF and Metafore under the Sustainable Forest Products Global Alliance has enabled them to advance a new model for forest conservation and community development in USAID-client countries in which sustainable forest management is rewarded in the global marketplace. One of the most important effects of USAID's support under its Global Development Alliance model has been to leverage significant involvement for the work of WWF and Metafore from diverse sectors. As evidenced in several compelling stories, this support is leading to tangible results for WWF's GFTN.



**European Commission Approves 3.5 Million € Grant for WWF GFTN in Asia and Africa.** The European Commission (EC) approved a grant worth nearly €3.5 million (US \$4.2 million) over five years to support the WWF GFTN's efforts to improve management of forest resources and prevent illegal logging of tropical forests in Africa and Asia. The grant will help GFTN strengthen the ability of corporations and communities that produce forest products to implement stepwise approaches to achieving forest certification and timber tracking systems, to verify that their forest products are legally produced. The unsustainable often illegal harvesting of forests represents a major threat to tropical forest ecosystems and their associated biodiversity in the targeted African and countries. Illegal harvesting activities also threaten the livelihoods of local communities and undermine the efforts of both private and public sector organizations to develop viable approaches to forest management. At the same time, there is increasing demand among buyers of forest products for products that are verified as legal and certified as responsibly produced.



and  
and  
Asian

“This grant from the European Commission will help us to significantly increase capacity in Asia and Africa to bring forest products from legal and responsibly managed sources to market,” said Darius Sarshar, GFTN's producer group coordinator.

A photograph showing several workers in a sawmill. They are surrounded by large stacks of cut lumber. One worker in the foreground is wearing an orange shirt and light-colored pants, looking towards the stacks. Other workers are visible in the background.	<p>Workers at a sawmill belonging to Decolvenaere - a Belgian company working with WWF's GFTN to receive FSC certification - earn three times Cameroon's minimum wage.</p>
<p>(c) WWF-Canon/Olivier VAN BOGAERT</p>	

**Tropical Forest Foundation Joins Forces with WWF GFTN.** World Wildlife Fund (WWF) and the Tropical Forest Foundation (TFF) entered into an agreement recognizing their mutual interest in promoting responsible forestry and providing economic opportunity by increasing the

trade in responsible wood products. This partnership is designed to accelerate sustainable forest management and reduced-impact logging (RIL) practices. TFF and WWF will collaborate on many activities, including developing pilot projects between GFTN and TFF programs in Brazil, the Guianas, Indonesia, and Central Africa that link producer group members and RIL-verified products to the market. Contingent upon its success, the pilot program will be expanded to other regions.



"TFF's track record of delivering on the ground RIL training and other sustainable forestry principles combined with WWF's global outreach presents a win-win opportunity for both organizations and for tropical rainforests," said TFF President Carl Gade.

**Renewed Corporate Support and Measurable Results for the GFTN in Russia.** Some of the most significant progress that the WWF GFTN is deriving from multi-sector support is occurring in Russia. With financial support from USAID and IKEA, membership in GFTN's forest & trade network in Russia has grown from three in early 2003 to a current level of 17. IKEA recently approved US \$215,000 of additional funding for GFTN activities in Russia over the next 3 years. The Russia network's core objectives are to create market links for member products; provide technical assistance in forest management and chain of custody (CoC) certification; and assist members with communications with government agencies, NGOs, and the media. The members, which include some of Russia's largest producers of logs, sawn timber, and pulp and paper, manage 1.8 million hectares of FSC-certified forests and a combined forest lease area of over 12 million hectares. The vast majority of these hectares are now committed, through membership in the association, to credible certification over the next 10 years. In addition, there are now a significant number of new applicants to the group, including small, medium, and large producers from all regions in Russia including Siberia and the Russian Far East.

