

Sustainable Forest Products Global Alliance

Year 1 Final Report

Submitted by Metafore,

World Wildlife Fund and Forest Trends

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Sustainable Forest Products Global Alliance
Year 1 Final Report
October 1, 2002 through September 30, 2003

Table of contents

Report synopsis	1
Expanded trade linkages	2
Tools for management of high conservation value forests.....	2
Purchasing policies and practices	3
Access to information and resources.....	4
Improved public policy.....	5
Global information base.....	5
Introduction	6
Corporate partnerships.....	7
Global Alliance communication.....	7
Year 1 program achievements.....	8
A. Expanded trade linkages between the suppliers and buyers of legal forest products from well-managed forests to decrease tension between market supply and demand.....	8
A-1 Increase knowledge of market mechanisms and opportunities.....	8
International timber trade flows	8
Markets for community forest products	9
Community/company partnerships	9
North American markets for tropical woods	9
Opportunities in environmental services	9
A-2 Implement GFTN mechanisms to increase supply of legal forest products and link them to markets	10
The producer group network.....	10
Producer group capacity	11
GFTN international coordination.....	11
A-3 Increase linkages between buyers and producers	11
B. Expand application of high conservation-value forest (HCVF) concepts.....	12
B-1 Build tools to facilitate knowledge dissemination to existing partners, businesses, and community/producer networks	13
B-2 Conduct outreach to create awareness and apply concepts.....	13
C. Increase the number of government agencies and businesses implementing purchasing practices that encourage the production and sale of legal products from well-managed forests.	13
C-1 Identify corporate and agency leadership that can initiate movement towards socially responsible purchasing practices	14
Metafore Fortune 100 Study	14
The Paper Working Group.....	14
Purchasing policies in Central America.....	15
Responsible forest investment	15
C-2 Deliver information on benefits of creating and applying appropriate purchasing practices	15

Business case for responsible forest products purchasing	15
Buyers toolkit.....	15
GFTN responsible purchasing guide.....	16
Green building education and training	16
C-3 Create awareness around illegal logging issue in business and government sectors	17
D. Communities, businesses and local governments have access to information and resources that allow them to implement forest management approaches that result in social, economic, and ecological benefits 17	
D-1 Develop processes/tools to facilitate knowledge dissemination to existing partners, businesses, and local governments	17
Certification scheme evaluation framework	18
Questionnaire for assessing schemes	18
Review of forest certification impacts	18
Producer Group Toolkit.....	18
Multi-stakeholder standards setting toolkit.....	19
International professional capacity development.....	19
D-2 Increase communication venues; document lessons learned; and leverage success stories to promote innovation and collaboration.....	19
Education and storytelling.....	19
GFTN communications materials.....	20
Convening	20
Multi-lingual digital documents.....	21
D-3 Build partnerships with targeted communities and producers to increase their: 1) capacity to manufacture value-added products from under-utilized species; 2) knowledge of market forces and policy implications that affect their ability to access resources and, 3) create viable markets.....	21
Micro enterprise Market Development	21
Capacity building workshops	22
E. Improved and informed policy environment to facilitate trade in legal products from well-managed forests through the identification of key opportunities and constraints including policy barriers facing the management of the world’s production forests.....	22
E-1 Carry out studies on policy and regulatory constraints to market access	23
E-2 Conduct outreach to communities, businesses, compile results, identify information and resource needs	23
F. Develop a global information base on well-managed forests, certified forest products and their identified markets.....	24
F-1 Expand database linked Website to house technical, policy and market information	24
Certification resource center expansion	24
Related GFTN sites	25
Annex A: Results framework	A-1
Annex B: Alliance chronicles	B-1

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Report synopsis

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 client countries. In this model, sustainable forest management is rewarded in the global marketplace through trade in responsible wood and paper products. By transforming market behaviors at a global level, a reduction in the trade in illegally harvested or unsustainably managed wood and paper products from developing regions will result. In addition, this transformation unveils opportunities for resource-dependent communities and low-income producers to grow.

During the first year of the Global Alliance (October 1, 2002 through September 30, 2003), WWF and Metafore—as the non-profit founders of the Global Alliance along with USAID—created broad awareness of the Global Alliance’s market-oriented mission and made progress in meeting its public/private approach through corporate partnerships.

- Several high-profile events helped to expand awareness of the Global Alliance, and its public/private mission and market-oriented approach. These included the Secretary’s Open Forum on Illegal Logging with the State Department, Jane Goodall Foundation, The Nature Conservancy, and others; the Global Alliance memorandum of understanding signing event where USAID Administrator Andrew Natsios and the CEOs of WWF and Metafore formalized the Global Alliance. Other activities included the launch of the President’s Initiative against Illegal Logging and the World Forestry Congress.
- As WWF and Metafore worked to develop a circle of corporate support, The Home Depot joined as a corporate partner and financial contributor to the Global Alliance. Andersen Corporation signaled a similar future commitment. Several other leading companies—including Hewlett-Packard Company, Kinko’s, Inc., Norm Thompson Outfitters, Starbucks Coffee Company, Nike, Inc., Staples, Inc., and Time Warner—committed project-focused financial support and business action related to Metafore’s Paper Working Group.

During this initial year, WWF and Metafore, with programmatic support from non-profit Forest Trends, made substantial progress toward building a global business climate where markets work for forests and people. Together, the partners in the Global Alliance:

- cultivated information-rich environments to enhance decision-making on-the-ground in forests in USAID-client countries, and in businesses and other organizations in the developed world
- catalyzed the actions of businesses in developed countries to support well-management forests via their purchasing decisions in the global market for wood and paper products.
- improved the regulatory environments in developing countries to reduce trade barriers trade and create a supportive statutory structure necessary for market incentives to work.

These efforts focused on reaching the expected three-year achievements of the Global Alliance to:

- Expand trade linkages between producers of products from well-managed forests and business buyers.
- Broaden use of tools for better forest management through high conservation-value forest concepts.
- Implement purchasing policies within businesses, agencies and other organizations.
- Increase access to information and resources that improve forest management, business purchasing and regulatory systems.

- Improve governmental policy environments to support efficient trade in products from well-managed forests.
- Provide a global information base of certified well-managed forests and products.

Expanded trade linkages

The actions of the Global Alliance partners enhanced information to guide decisions related to extending trade linkages between producers of products from well-managed forests and business buyers seeking environmentally appropriate and socially responsible wood and paper.

Metafore, WWF and Forest Trends—through complementary efforts—developed a more comprehensive knowledge on the flow of products from forests in developing and transitioning regions and the dynamics of those influential markets that drive trade.

- WWF detailed the flow of Indonesian wood products into the U.S. through both direct imports and indirect imports via other countries such as China and Malaysia.
- Forest Trends analyzed key domestic market flows and trends for community forest products in five states in Mexico.
- Metafore conducted an assessment of U.S. buyers of tropical wood products from South America, Asia and Africa through the integration of both primary and secondary data. This knowledge will be used to educate producers and producer groups in USAID-client countries about market opportunities in North America.

The development of a network of producer groups by WWF expanded opportunities to increase the supply of legal forest products through improved forest management on the ground in developing countries and through direct connections with willing business buyers. Six new producer groups became operational in Brazil, Malaysia, Ghana, Central Africa and Indonesia. Existing producer group activities were expanded in Central America and Russia.

Through these new producer groups, both forest managers and processors commit to a step-wise approach toward certification and receive training and support necessary to achieve a certifiable level of forestry. The groups provide a focus for external assistance and market recognition to ensure committed producers have the incentives and the support necessary to achieve and maintain credible certification. For example, one of these producer groups—the Mesoamerican and Caribbean Wood Group, known as Jagwood+—identified three U.S. companies willing to experiment with the processing of lesser-known wood species from certified operations in Guatemala and Nicaragua.

In coordination with and the support of WWF’s producer group work, Metafore collaborated with the Rainforest Alliance and other organizations to develop a producer capacity assessment tool and test it on seven forest products companies and seven community concessions in Guatemala. The final assessment tool will enhance opportunities for market linkages by allowing producer groups to assess the actual production capacity of their producers relative to local, North American and other export markets.

Tools for management of high conservation value forests

WWF took the lead in expanding the application of high conservation-value forest concepts to improve forest management on the ground. High conservation-value forests encompass the crucial forest areas and values that need to be maintained or enhanced in a landscape as part of responsible forest management. Due to the complexities of scales and ecological and cultural values, identifying and properly managing high conservation-value forest areas can be challenging. This is particularly true for forest managers in developing regions where land-use planning is in flux and responsible forestry is still nascent.

WWF adapted and translated a global toolkit that provides practical methods for forest managers, certifiers and landscape planners to identify, manage and prioritize high-conservation forests. The toolkit is now in use on the ground in Nicaragua, Russia, the Baltic States, and Indonesia. It was employed to train more than 50 people through regional training courses in South East Asia, Latin America, and Central and West Africa. WWF also developed and began implementation of the attendant biological monitoring protocol for high

conservation-value forests to ensure the maintenance and enhancement of conservation values once identified. The protocol was utilized in several training courses in Guatemala, Nicaragua and Costa Rica.

Purchasing policies and practices

Significant advances were made through the Global Alliance in the implementation of purchasing policies within businesses, agencies and other organizations with market leadership potential and significant purchasing power.

- Metafore completed and published an assessment of the solid wood and paper purchasing practices of the largest companies in the U.S., and informed and guided the development of tools and strategies to catalyze business behavior. This exercise identified potential target companies for future engagement.
- Metafore initiated a paper working group consisting of seven large-volume paper and paperboard buyers who embrace social, environmental and economic responsibility in their business practices and transactions. These companies are identifying ways to develop a more predictable and affordable supply of environmentally preferable paper that contributes to forest conservation, and is manufactured in a way that reduces environmental impacts. While sending a concentrated demand signal for environmentally responsible paper to producers in the near-term, this effort attempts to lead the long-term transformation of the global pulp and paper industry to recognize the source of wood fiber as a characteristic with the same level of importance as other performance criteria. This work is of growing importance due to the continued shift of paper making capacity from the developed nations to the developing nations, especially Southeast Asia.

The Global Alliance partners also conveyed an understanding of the intricate relationship between forest health and business wealth through specific tools and educational workshops.

- Metafore completed a business buyers' toolkit that provides clear and concise information to help businesses understand key issues related to global forest conditions such as illegal logging, endangered forests, well-managed forests, efficiency of use, and material selection. This non-prescriptive toolkit provides guidance to companies that value sustainability, environmental and social responsibility, and action related to translating these values into something more substantive. The toolkit supports the development of responsible practices through a step-wise approach that meets the individual objectives and capacities of different businesses.
- Building on Metafore's purchasing policy materials, WWF's GFTN developed a comprehensive responsible purchasing guide for use by medium or large enterprises which purchase forest products--such as primary mills, secondary processors, importers, manufacturers, wholesalers and retailers--wishing to develop or extend a responsible purchasing program. Drawing together the various step-wise approaches that have been developed, the guide details options for purchasing organizations, including members of Forest and Trade Networks (FTNs), to demonstrate compliance with best practice and ultimately with their own purchasing policies.
- Metafore took advantage of some unique educational opportunities to connect green building projects in North America to responsible forest products from tropical communities at scales that match the often limited volumes of producers. Metafore:
 - created and published *Wood for Building Green*, a guide for professionals interested in learning how their specifications for building projects can conserve forests worldwide;
 - designed and implemented a series of workshops where architects, designers and contractors learned how to promote the well-being of forests and the communities that depend on them by specifying wood products responsibly; and
 - sponsored presentations on specifying responsible wood in green buildings delivered to 500 design and construction professionals in more than 50 firms nationwide.

- These actions increased awareness of key specifiers of wood in green building projects in North America, and identified opportunities to support healthy forests and communities in tropical regions through the use of wood from well-managed forests, including lesser-known species, and the elimination of wood from illegal logging.

Recognizing an alignment of interests among business, government and NGO sectors regarding illegal logging in USAID-client countries, Metafore organized and convened the multi-stakeholder workshop *Contributing to the Elimination of Illegal Logging*. Hosted by the American Forest and Paper Association, the workshop brought together representatives from the business community, non-governmental organizations and federal agencies to discuss potential approaches for combating illegal logging. The workshop also identified the potential respective roles of industry, government and other organizations. This collaborative workshop increased awareness of the pervasiveness of illegal logging and the potential for broad collaborative approaches that integrate the various strengths of different entities.

Access to information and resources

The partners in the Global Alliance increased opportunities for communities, businesses and local governments to ensure information-rich decision-making environments related to forest management, business purchasing, and government regulation.

- Metafore completed the primary elements of a certification scheme evaluation framework for helping corporate buyers identify forest certification programs that meet their unique values and objectives. Designed to adapt to the self-motivated behaviors characteristic of North American-based businesses, the framework is a non-prescriptive guide for businesses desiring to purchase forest products that meet their environmental and social objectives. Rather than evaluating standards of different systems based on pre-determined criteria, the framework is tailored to adapt to the values of individual businesses.
- WWF, in collaboration with the World Bank, published the questionnaire for assessing the comprehensiveness of certification schemes. Based on the World Bank/WWF Alliance's criteria for comprehensive certification systems, the questionnaire aids the international community in moving beyond debates about mutual recognition between schemes by providing a gauge against which to assess and track improvement.
- WWF translated a producer group toolkit into Spanish and French, and trained more than 75 staff and partners from the NGO, governmental, and private sectors in using the toolkit for the establishment and operation of producer groups through regional workshops in South East Asia, Latin America, and Central and West Africa, and Russia.
- WWF's *PathFinder* multi-stakeholder, standard-setting toolkit was further developed based on international stakeholder review workshops, translated into Spanish, and made available in various digital formats. The *PathFinder* has been applied on the ground, with success in Guatemala, Belize, Nicaragua, Honduras, and Peru.

Metafore initiated a one-year international professional development program as a means to develop the capacity of USAID-client countries. Through direct work experience, as well as formal training, the Year 1 professional development intern will return to his native Brazil in early 2004 with an elevated capacity to contribute to the global responsible forest management discussion.

The Global Alliance partners implemented a variety of communications activities to provide access to educational and operational tools, tell stories of success, plant the ideas of innovation, and maintain the notion of responsible forest products trade within the context of sustainability.

- Metafore used presentations, workshops and discussions to tell the story of responsible forest products purchasing to businesses and agencies in an effort to inspire new leadership and innovation.
- Forest Trends disseminated market intelligence in a variety of strategic conferences, conventions and workshops to key audiences.

- Forest Trends launched a series of three workshops that promoted horizontal exchanges between forest communities in Latin America. More than 60 community leaders from the seven Central American countries, and Mexico and Brazil met to train each other on various aspects of natural resource management. This included identifying strategies to secure tenure, diversify their resource base, commercialize their products, and improve their standard of living through the sustainable use of resources.

By supporting GreenWood's micro enterprise development program in Honduras, Metafore and WWF built partnerships with targeted communities and producers to increase the capacity to manufacture value-added products from under-utilized species. This effort also sought to improve the knowledge of markets and policies that affect the ability to access resources, and create viable markets for products from well-managed community forests. Community participants were trained in appropriate woodworking technology, sustainable forest management and the development of market links for high-quality wood and non-timber forest products.

Improved public policy

The Global Alliance partners worked toward developing policy environments within governments necessary to support efficient and barrier-free trade in products from well-managed forests. Market mechanisms can only be successful economic incentives for good forest management when they operate within supportive political and legislative frameworks.

- Forest Trends was invited by the National Forest Commission of Mexico provide advice on the creation of the Mexican Forestry Fund for paying communities for generating environmental services. Forest trends participated in an expert workshop to develop this fund and brought global experts on this topic.
- Forest Trends initiated a series of investigative projects to inform policy-makers, communities and other market actors on key issues related to policy barriers, market constraints faced by community and small producer enterprises, and potential scope of community contributions to conservation. This body of work has been targeted to catalyze thinking and action to place community forest at the center of global and domestic forest policy dialogues..

Global information base

Considerable progress was made in improving knowledge of certified well-managed forests and products through a global information base. The broadening of this global information database continues to build an information-rich environment through which business buyers of forest products can make informed decisions. Metafore increased the capacity of the Certification Resource Center to develop and convey market knowledge about forest certification, certified forest products, and other market mechanisms for promoting well-managed forests. This included considerable structural changes to the certification database, the addition of certificates from other third-party certification systems, modifications to the way certification and product information is returned in searches, and new search tools to allow broader access to the certification database via other Web sites. WWF's GFTN also supported and helped develop a European Web-based gateway to responsible forestry, certification, and responsible trade and use of forest products.

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Introduction

The Sustainable Forest Products Global Alliance is a public / private partnership seeking to make markets work for forests and people. The partners in the Global Alliance work together to promulgate a new model for forest conservation and community development where sustainable forest management is rewarded in the global marketplace through trade in responsible wood and paper products, as well as an array of ecosystem services provided by intact forests. By transforming market behaviors at a global level, trade in illegally harvested or unsustainably managed wood and paper products from developing regions will be reduced. Likewise, opportunities for resource-dependant communities and low-income producers will grow.

The Sustainable Forest Products Global Alliance was formalized on May 6, 2003 through a memorandum of understanding signed by the United States Agency for International Development (USAID), the World Wildlife Fund (WWF) and Metafore. WWF and Metafore are non-profit organizations that are both grantees of USAID, and the MOU codified a program funding and coordination relationship that was initiated in October, 2002 with USAID grants to Metafore and WWF. These Global Alliance founders seek to attract both funding and programmatic partners that share the vision of making markets work for forests and people. Forest Trends, a non-profit organization, has been a programmatic partner since inception of the Global Alliance. Likewise, the United States Department of Agriculture, Forest Service International Programs is both a funding and a program partner.

During the first three years of the Global Alliance the partners intend to build the foundation and create the successes for a business climate where markets work for forests and people. Together, the partners work towards several near-term expected outcomes.

- Expanded trade linkages between producers of products from well-managed forests and business buyers seeking environmentally appropriate and socially responsible wood and paper.
- Broad use of tools to facilitate better forest management through application of high conservation value forest concepts.
- Implementation of purchasing policies within businesses, agencies and other organizations with market leadership potential and significant purchasing power.
- Access to information and resources necessary to create information-rich decision-making environments in forest management, business purchasing, and government regulation.
- Improved policy environments within government necessary to support efficient and barrier-free trade in products from well-managed forests.
- A global information base of well-managed forests throughout the world, and products from certified well-managed forests.

This report summarizes the accomplishments of the two non-governmental partners—WWF and Metafore—for the entire first funding year of the Global Alliance; October 1, 2002 through September 30, 2003. This year-end report considers the cumulative progress made over the year, including previously unreported progress in the fourth quarter. Related support projects conducted by program partner Forest Trends are also fully integrated in this report.

The report first describes progress in attracting and developing corporate partners to the Global Alliance, followed by a description of Year 1 activities related to communicating the vision and actions of the Global Alliance. The bulk of the report describes programmatic progress in working towards the expected outcomes for the first three years of the Global Alliance. While interim reports during the first year have been organized along an intermediate results framework, this year-end report is organized under the six primary expected

achievements—and their respective Year 1 benchmarks. These achievements and benchmarks are also summarized in table in Annex A. Several project achievements are highlighted and described in more detail in the *Alliance Chronicles* presented in Annex B.

Corporate partnerships

In the first year of the Sustainable Forest Products Global Alliance, WWF and Metafore worked to build a constituency of North American companies to support market linkages to responsible producers by joining the Global Alliance. The world's largest home improvement retailer, The Home Depot, clearly sees that investing in the Global Alliance as a way to ensure a reliable supply of wood products from responsibly managed forests satisfies its corporate commitment to forest conservation. At the launch of the Global Alliance, The Home Depot publicly announced its support of \$1 million. Window and patio door manufacturer Andersen Corporation recently committed \$100,000 for year two of the Global Alliance.

Negotiations with office supply retailer Staples have progressed and a proposal to support the Global Alliance is currently under review by Staples management. WWF and Metafore have also entered into preliminary discussions with Lowe's—the second largest home improvement retailer—and office products sector leader, Office Depot, on joining the Global Alliance. Several companies—including Hewlett-Packard Company; Kinko's, Inc.; Norm Thompson Outfitters; Starbucks Coffee Company; Nike, Inc.; Staples, Inc.; and Time Warner—have committed financial support and business action and participation associated with Metafore's paper working group project.

In year one, Global Alliance NGO members and partners leveraged the first year of funding from USAID (\$3,500,000) to secure an additional \$4,900,000¹ in cash contributions. This includes \$2,600,000 in corporate contributions; and \$2,300,000 from private foundations, government aid agencies, and other private donors. In addition, the Global Alliance NGO members have also leveraged substantial in-kind contributions from their corporate partners, including staff time, travel, communications, and outreach. For year two, the NGO members plan to capture and report the dollar value of these contributions.

Global Alliance communication

Global Alliance partners engaged in several events specifically to expand awareness of the Global Alliance and its public/private mission and market-oriented approach.

- Secretary's Open Forum on Illegal Logging (April 22, 2003). WWF incorporated the Global Alliance message into this forum with the State Department, Jane Goodall Foundation, The Nature Conservancy, and others. Ron Jarvis of The Home Depot spoke at the event and was quoted in a WWF press release. Due to the presence of Colin Powell and Jane Goodall, the event received extensive media coverage.
- Global Alliance MOU signing event (May 6, 2003). USAID Administrator Andrew Natsios and the CEOs of WWF and Metafore signed the Global Alliance memorandum of understanding. The Home Depot presented a check to WWF, and took part in a lengthy interview with the Editor-in-Chief of *U.S. News and World Report*.
- USAID Global Alliance brownbag (June 16, 2003). Metafore, Forest Trends, WWF, the USDA Forest Service, and USAID collaborated on a lunch-time presentation on the Global Alliance for USAID and State Department staff held at USAID.
- President's Initiative against Illegal Logging launch (July 28, 2003). WWF's president incorporated the Global Alliance message in her remarks following Colin Powell presentation. The Global Alliance was cited as an important element of the President's Initiative.

¹ Includes multi-year commitments.

- World Forestry Congress (September, 2003). Participation by WWF and Metafore included unveiling the Global Alliance display in the exhibit hall and engaging directly with stakeholders and potential supporters.

Numerous Global Alliance communications materials were developed to help secure both programmatic and financial support from key corporations, foundations, ENGOs and government agencies – and to support strong relationships among USAID, WWF, and Metafore.

- Metafore and WWF, with programmatic assistance from Forest Trends, launched a Global Alliance Web site,² and printed fact sheets, an information folder and informational postcards.
- Metafore and WWF developed a conference display that debuted at the World Forestry Congress in September 2003.
- Metafore and WWF provided guidance and information to USAID communications staff in support of the GDA booklet and the GDA pages on the USAID Web site.

Year 1 program achievements

A. Expanded trade linkages between the suppliers and buyers of legal forest products from well-managed forests to decrease tension between market supply and demand

Market mechanisms are the principal vehicle for achieving the goals of the Global Alliance. Improving the efficiency of the global market for wood and paper is central to this approach. Increasing demand for products legally harvested from well-managed forests creates economic incentives for good forest management that can—over time—displace forests products derived from illegal logging or unsustainable practices. Wood and paper are traded in commodity markets that are traditionally driven by performance, quality and price.

The means by which forests are managed and products developed is still relatively new thinking for both buyers and sellers. Wood and paper markets are currently in an early transition stage, moving from a traditional commodity market to one where concerns about the forest management attributes of forest products are on a par with quality, performance and price. As a result, the demand and supply of products derived from well-managed forests is often mismatched, resulting in tension between the supply of products from well-managed forests and demand.

In Year 1 of the Global Alliance, the partners focused on developing the knowledge and tools to facilitate more efficient market linkages. This work was aimed toward three primary benchmarks.

- *Increase knowledge of market mechanisms and opportunities.*
- *Implement GFTN mechanisms to increase supply of legal forest products and link them to markets.*
- *Increase linkages between buyers with producers.*

A-1 Increase knowledge of market mechanisms and opportunities

Global Alliance partners are developing comprehensive knowledge related to the flow of products from forests that are valuable and threatened, the influential markets which drive that trade, and opportunities to encourage more responsible trade.

International timber trade flows

Research on international timber trade flows confirms the growing intricacy of the flow of wood products throughout the world. This indicates a need for purchasers of wood and paper to demand verification that finished products are derived from well-managed forests, no matter the source.

Through the *Alliance to Combat Illegal Logging in Indonesia*, WWF identified the distribution chain of buyers of **Indonesian** wood products³. This work compiled a comprehensive picture of the flow of Indonesian wood products into the U.S. through both direct imports and indirect imports via other countries such as **China** and **Malaysia**, which both import substantial amounts of timber from Indonesia. East Asia (principally

² www.globalforestalliance.org

³ The publication of this material is planned for the second year of activities under the Global Alliance.

Indonesia) was found to supply a majority of the tropical timber—and nearly all of the tropical wood furniture—imported into the U.S. in 2002. The U.S. is the second-largest direct importer of Indonesian plywood and the largest direct importer of Indonesian wooden furniture. At the same time, the U.S. imports more than half of China's exports⁴ of furniture, a substantial portion of which is imported from Indonesia.

Markets for community forest products

Forest Trends completed the first-ever market study for community forest products in five states in **Mexico**. Preliminary findings were presented at the Mexican Forestry Congress (Expo Forestal) in August 2003 to key policy makers, community forest owners, and industry. The findings are being used by the Government of **Mexico** in the design of the Community Forestry Project (PROCYMAF). Forest Trends has designed and initiated additional market scoping studies in **China, India** and **Brazil**.

In addition to analyzing key domestic market flows and trends, there are contracted studies in each of the **Southeast Asian** countries documenting the exports to China, drawing on China import data as a starting point.

China appears to be an important potential market for community-based producers of hardwoods and higher-value pine in Brazil and Mexico. Through an industry roundtable held in Vancouver, Canada in April 2003, participants such as Weyerhaeuser Company, the American Forest and Paper Association, the Forest and Paper Association of Canada, and the Center for International Trade in Forest Products advised Forest Trends and the Center for International Forestry Research (CIFOR) on the strategic market intelligence project in **East Asia** and **China**.

Community/company partnerships

Building on the pioneering work of IIED, Forest Trends collaborated with the University of British Columbia, to develop a database on successful community-company partnerships in the forest industry. This effort initially focuses on experiences in **Brazil** and **Mexico**. This database and the information within will be accessible to other organizations, communities, and industry in a way that will encourage updates and additions by others.

North American markets for tropical woods

Seeking to develop an information-rich environment to facilitate natural market connections between forest products producers in developing countries and forest product buyers in North America, Metafore conducted an assessment of U.S. buyers of tropical wood and wood products through the integration of both secondary data and primary research.

Metafore conducted personal interviews with 10 companies that import tropical hardwoods to better understand their market needs and challenges. This allowed Metafore to also educate these companies on illegal logging, forest certification and other responsible forest product trade issues. Based on this research, Metafore created a database of North American businesses that import tropical woods from **South America, Asia** and **Africa**. This information will be used to create market profiles and other outreach materials for the purpose of educating producers and producer groups in USAID-client countries about the North American wood products market.

Opportunities in environmental services

The nascent market for environmental services provides opportunities for additional market mechanisms for creating incentives to halt illegal logging and encourage sustainable forest management. Forest Trends and members of the Katoomba Group participated as advisors to the **Mexico** Forestry Fund for Ecosystem Services, which will finance conservation on community lands. Pilot projects will test and promote a market for environmental services for activities in 115,000 hectares of priority forest watersheds. This innovative mechanism will channel fiscal resources from payments for water supply to the fund to mitigate the costs of watershed management through forestry in tropical, cloud, and temperate forests in community-owned lands.

⁴ China is now the world's largest furniture exporter. U.S. imports from China have been increasing rapidly since 1996.

Forest Trends continues to be invited to advise Mexican Forest Agency in new policies related to poverty and market linkages with conservation.

A-2 Implement GFTN mechanisms to increase supply of legal forest products and link them to markets

In many countries the quality of forest management is significantly lacking. At the same time, both the institutional framework and many of the resources required to improve forest management are limited. It can take several years for a forest manager to make the improvements necessary to achieve a level of forestry that can be certified as well-managed. Currently, there are almost no incentives for forest managers during this process. The Global Alliance partners strengthened the capacity of WWF's Global Forest and Trade Network, including the development of a network of producer groups designed to improve forest management on the ground in developing countries and connect products from well-managed forests with willing business buyers.

The producer group network

WWF's Global Forest and Trade Network producer groups are associations of forest industry producers, processors and traders committed to achieving or supporting responsible forest management and credible forest certification. Members are typically forest owners or managers who are working towards, or have already achieved credible forest certification, and forest product processors and manufacturers who are working towards excluding illegal timber from their supply chains and trading increasing quantities of credibly certified forest products. As part of the phased approach, uncertified members are required to meet strict entry requirements, commit to a time-bound action plan that puts them 'on track' to credible certification and certified supply chains, and undergo periodic third party verification of progress. The groups provide a focus for external assistance and market recognition to ensure committed producers have the incentives and the support necessary to achieve credible certification.

Through the producer groups, WWF's GFTN is implementing mechanisms to improve forest management in USAID-client countries. WWF's GFTN has expanded existing producer group activities to **South America, Central and West Africa, Russian Far East, Siberia, and South East Asia**. There have been several key developments in the producer group network this year.

- Six new producer groups became operational in:
 - **Brazil** (two groups, one with a specific focus on community forestry producers in Acre)
 - **Malaysia**
 - **Ghana** (October 15 launch)
 - **Central Africa** (October 15 launch)
 - **Indonesia** (October 16 launch)
- The existing Russian producer group expanded into **Siberia** and the **Russian Far East** with two new companies already signed on as observers.
- The existing **Mesoamerican** and **Caribbean** producer group was strengthened through the initiation of formal relationships with different national organizations dedicated to trade in commerce with common objectives including AGEXPRONT in **Guatemala**, FIDE in **Honduras**, the Cámara Forestal in the **Dominican Republic**, PROCOMER and the Cámara Forestal in **Costa Rica**, and the Cluster Forestal in **Nicaragua**.
- Groundwork was completed for establishing producer groups in **Bolivia, Peru and Vietnam**; all slated for launch in 2004.

There are strong signals that buyers and producers are interested in the producer group concept and the step-wise approach to improving forest management.

- At the June launch of the Brazil Producer Group, the Regional Integration Minister announced the approval of the first credit line for a forest management project in the Amazon. In granting the loan to Jurua—a founding member of the producer group—the Minister strongly emphasized the Bank of

Amazonia's priority for supporting the forest management in the Amazon through the ProFloresta credit program.

- GFTN partner, the Tropical Forest Foundation (TFF), collaborated with the PT Suka Jaya Makmur (SJM) concession in **West Kalimantan** and The Home Depot to arrange and track a shipment of plywood to the U.S. with credible assurance that the wood originates from a legal forest concession where reduced impact logging is practiced. SJM is a strong candidate for membership of the Indonesian producer group, and through such membership it could take the additional steps to achieve certification of its forests and the plywood sourced from them.
- Homebase in the U.K. is funding its garden furniture supplier to join the local **Malaysia** producer group.
- Five **Ghanaian** companies signed declarations of their intention to join the new producer group following the October launch.

By launching producer groups in South America, Central and West Africa, the Russian Far East and Siberia, and South East Asia, the GFTN is pursuing a much broader and more global approach to increasing supply of certified products. The new producer groups have been launched where some of the largest remaining intact areas of boreal and tropical forests are located. Based on limited data available on applicant and prospective producer group members, there are already potentially more than three million hectares in the pipeline heading toward improved forest management⁵.

Producer group capacity

Metafore developed a producer capacity assessment tool and tested it on seven forest products companies and seven community concessions in the Mayan Biosphere Reserve in the Peten region of **Guatemala**. This work was done in collaboration with several organizations, including the Rainforest Alliance. The assessment clarified the production capacity of the businesses and concessions, identified opportunities for emerging markets, and evaluated market access points for several lesser-known species. The assessment process will be further tested and refined in the future. The revised tool will be made available as a means for producer groups to assess the actual production capacity of their producers relative to both local, North American and other export markets.

GFTN international coordination

Creating strong market links that facilitate integration into world markets for producers of responsible forest products requires a sophisticated, globally coordinated strategy. WWF's GFTN provides the framework for global coordination, but it is vital that WWF establish a strong central unit to ensure coordination of activities and communication of lessons learned across its broad network of entities. Key outputs related to building the capacity of the GFTN include:

- GFTN secretariat team including director, global producer group coordinator, global market links coordinator, operations manager, and communications manager has been assembled and is meeting and communicating on a regular basis.
- The GFTN membership requirements, three-year business plan, annual operating plan, and communications strategy have been drafted.
- The inaugural meeting of the GFTN executive management group was held in June 2003.

A-3 Increase linkages between buyers and producers

WWF's GFTN provides opportunities for direct links between producers of products from well-managed forests in USAID-client countries and willing buyers in both developed and developing countries.

⁵ This data set includes applicant/prospective members in Central Africa, Indonesia, Guianas, Russia, and Malaysia. Area data was not available for Brazil, Ghana, or elsewhere in Latin America.

The GFTN producer group network is generating market link opportunities in the garden furniture sector, indoor furniture and fitted kitchen manufacturers. The German Window and Door Manufacturers Association has asked the Malaysian FTN to identify 50,000 m³ of suitable timber, and a consortium of independent Dutch buyers is looking to place orders through producer group members. One UK business has asked the GFTN to identify 1,000 m³ per month of various sawn timbers.

WWF Bolivia and CADEFOR (host of the Bolivian Producer Group) developed and shipped a display of wood products made from certified, lesser-utilized **Bolivian** species prepared by to the UK FTN, the WWF 95+ Group. The display materials were very well-received at the SPOGA trade fair.

Jagwood+—the GFTN producer group for the Mesamerican and Caribbean region—collaborated with certified companies and governments to document supply information for certified wood product availability in **Costa Rica, Guatemala, and Nicaragua**. Jagwood+ developed a formal guide to wood available in **Costa Rica** (prices, species, dimensions, quality, contact information), which is being distributed to different firms.

Working with Exchange S.A.—a high-end furniture manufacturer in **Nicaragua**—Jagwood+ is developing a small cluster of enterprises dedicated to creating furniture from certified wood. Along with Exchange, these include indigenous communities in **Nicaragua's** Atlantic Coast, small manufacturers, and the U.S.-based Berkeley Mills East-West Design. Following a visit by the chief executives to Nicaragua, Berkeley Mills indicated they will out-source the manufacturing of one certified product line via Exchange.

Jagwood+ identified three U.S. companies with definite interest in experimenting with the processing of lesser-known wood species from certified operations in **Guatemala and Nicaragua**. This linkage between U.S. secondary manufacturers and Central American suppliers shows great promise.

In an effort to promote more successful market linkages, WWF also re-focused the market-oriented FTNs (located predominantly in **Europe**) to emphasize purchasing policies and links to producer groups. The re-focusing was initiated through:

- A review of current FTN membership.
- The preparation and distribution of an updateable GFTN Europe handbook, containing a range of documents and templates relevant for FTN coordinators.
- Entering European FTN managers in the Wood Science Foundation Course of the British Institute of Wood Science with the aim to increase the knowledge about wood and the international wood trade.

The German FTN was re-launched with stricter criteria for member companies and a stronger focus on excluding timber from illegal or controversial sources. This re-focusing strategy builds on GFTN's growing success as evidenced by the growth in certified wood sales in Switzerland. The 31 company members of the Swiss Forest and Trade Network, the *Woodgroup*, sold more than 28 million Euro worth of FSC-labelled products in 2002, double the amount sold in 2001.

B. Expand application of high conservation-value forest (HCVF) concepts

Some forest areas and forest types deserve special attention because of their unique ecological or cultural values. These forest areas embody unique ecosystems, support endangered species, contain old trees, provide value to the communities in which they grow and represent other unique ecological or cultural values. These "high conservation-value forests" comprise the crucial forest areas and values that need to be maintained or enhanced in a landscape as part of responsible forest management. They vary in scale and the level of development that can occur before their value is negatively affected. Due to the complexities of scales and ecological and cultural values, identifying and properly managing high conservation value forest areas can be challenging. This is, particularly true for forest managers in developing regions where land use planning is in flux and responsible forestry is still nascent.

In Year 1, the Global Alliance partners expanded the application of HCVF concepts to guide forest management practices and the development of responsible forest products. These efforts were focused on building and disseminating high conservation-value tools working toward two primary benchmarks.

- *Build tools to facilitate knowledge dissemination to existing partners, businesses, and community/producer networks.*
- *Conduct outreach to create awareness and apply concepts.*

B-1 Build tools to facilitate knowledge dissemination to existing partners, businesses, and community/producer networks

WWF adapted a global toolkit for identifying and managing high conservation-value forests (HCVF) at regional levels, and translated it into Spanish and French. *Identifying high conservation-value forests at a national level: a practical guide* provides practical methods for use by forest managers to meet standards related to high conservation-value forests. It also details how certifiers can assess high conservation-value forests and how landscape planners prioritize different land uses. The guide also covers ways purchasers implement policies concerned with high conservation-value forests. The toolkit can also be used in the absence of national or regional definitions for high conservation values.

WWF also developed and began implementation of a biological monitoring protocol for high conservation-value forests in order to ensure the maintenance and enhancement of high conservation values once they have been identified. The final Spanish version of the biological monitoring protocol for HCVF was prepared after on-the-ground verification in Nicaragua. A related article was accepted by CATIE's "Revista Forestal," which is a useful tool for disseminating technical tools to the professional forestry community in Latin America.

Validated by two Colombian researchers on the PRADA S.A. industrial forestry operations in Nicaragua, the biological monitoring protocol resolved a pre-condition related to biological monitoring established by an FSC-accredited certifier. This research allowed PRADA to become the first fully-integrated, industrial-level plywood manufacturer certified in Southern Central America.

B-2 Conduct outreach to create awareness and apply concepts

The HCVF toolkit is being utilized in **Nicaragua, Russia, the Baltic States, and Indonesia**. It was employed to train more than 50 participants through three regional training courses in **South East Asia, Latin America, and Central and West Africa**. The courses contributed significantly to the development and implementation of HCVF projects in these regions by:

- clarifying the roles HCVF and other approaches can play in broad questions of land-use planning and conservation priority setting;
- increasing understanding of the detailed application of the concept in specific situations;
- strengthening people's confidence by increasing knowledge on how the relatively new concept of high conservation-value forests has worked in other situations similar to their own; and
- developing a sense of community between current practitioners to increase opportunities for future networking, faster problem-solving and greater innovation in the future.

The biological monitoring protocol was utilized in several training courses including:

- Peten, **Guatemala** in July (over 20 participants),
- **Nicaragua** in June (15 participants including AID and WWF staff), and
- **Costa Rica** in August (15 participants).

C. Increase the number of government agencies and businesses implementing purchasing practices that encourage the production and sale of legal products from well-managed forests.

The Global Alliance seeks to achieve its goal primarily through market mechanisms. Catalyzing leadership action among businesses, agencies and other purchasers of wood and paper products is critical to the success of this approach. As a growing number of high-profile buyers insist that the products they purchase are demonstrably from well-managed forest and legal operations, the market as a whole will move towards responsible forest products purchasing as a common practice.

During Year 1, the Global Alliance partners worked to increase awareness of the relationship between wood and paper purchasing and global forest conditions, and translate that awareness into demand for products legally harvested from well-managed forest. This work was aimed towards three primary benchmarks.

- Identify corporate and agency leadership that can initiate movement towards socially responsible purchasing practices.
- Deliver information on benefits of creating and applying appropriate purchasing practices.
- Create awareness around illegal logging issue in business and government sectors.

C-1 Identify corporate and agency leadership that can initiate movement towards socially responsible purchasing practices

Global Alliance partners sought out leaders who have the ability to influence their businesses, communities and organizations, and who see the opportunity in working toward a future where market demand for wood and paper products ensures that forests throughout the world are well-managed.

Metafore Fortune 100 Study

Metafore conducted and published a survey of major public corporations. The research helped guide Metafore's efforts to catalyze business practices, and has been used as a means to increase awareness within the business community of the relationship between purchasing of wood and paper and global forest health. Metafore completed and published an assessment of the solid wood and paper purchasing practices of the largest companies in the U.S. according to Fortune Magazine. Of the 96 companies surveyed, 43 percent responded. Metafore used the results to inform and guide the development of tools and strategies to catalyze business behavior, including identifying potential target companies for future engagement. Published in March 2003, the report⁶ has since been distributed to respondents, partners, and at events such as the World Forestry Congress. The report also helped Metafore secure the opportunity to present the study's findings at the Recycled Paper Coalition annual meeting.

The Paper Working Group

Metafore's Paper Working Group engages several leading corporations who buy paper products on a global scale in sending a concentrated demand signal for environmentally responsible paper to producers in the near-term. The end-goal is the long-term transformation of the global pulp and paper industry to one in which the source of wood fiber is as important as its performance.

Metafore launched the Paper Working Group in April 2003, after working with two leading retailers to assist them in overcoming obstacles related to implementing their forest products purchasing policies. The retailers and Metafore determined that collaboration among other like-minded, large-volume buyers, manufacturers and users of paper would be even more productive.

The paper working group currently consists of seven large-volume paper and paperboard buyers⁷ who embrace social, environmental and economic responsibility in their business practices and transactions. The goal of the group is to identify ways to develop a more predictable and affordable supply of environmentally preferable paper that contributes to forest conservation, and is manufactured in a way that reduces environmental impacts and results in a reduction of waste. As defined by the group, environmentally preferable paper also achieves one or more of the following objectives:

- More efficient use and conservation of raw materials through manufacture of lighter basis-weight papers, appropriate use of grades, design for reuse, recycling;
- Minimization of waste through recycling, source reduction and using recycled content;
- Conservation of natural systems through sustainable forest management, protected areas, and restoration of degraded ecosystems;
- Cleaner production through greenhouse gas reduction, pollution reduction, energy efficiency and related factors;

⁶ Forest Product Procurement Policies of the Fortune 100 Companies: A Metafore Summary Report. March 2003.

⁷ Hewlett-Packard Company; Kinko's, Inc.; Norm Thompson Outfitters; Starbucks Coffee Company; Nike, Inc.; Staples, Inc.; and Time Warner.

- Community and human well-being;
- Economic viability of environmentally preferable paper; and
- Credible verification of environmental claims.

In August, Metafore initiated work on Phase I of the project, which includes a series of strategic assessments that identify opportunities for increasing the supply of environmentally preferable paper. This effort resulted in a proposed Phase II blueprint for achieving the outcomes desired by the group.

Purchasing policies in Central America

Jagwood+ completed a global analysis of purchase preference policies in both the public and private sectors. Jagwood+ is using these findings to inform purchasing policies of hotel chains, wood processors, and artisans in **Nicaragua, Costa Rica** and **Panama**. After finalizing a specification document for architects and construction firms Jagwood+ began training on the topic via the appropriate trade associations in **Costa Rica**.

In **Nicaragua**, WWF formalized four new purchasing policies with the Holiday Inn Managua, Desarrollo Eco Forestal, Furniture Lolo Morales and Simplemente Madera in Nicaragua—formally committing them to utilizing certified wood. Four additional purchasing policies were agreed to by four other firms in Costa Rica.

Responsible forest investment

WWF also released its *International Guidelines for Investment Policies that Impact the Forest Industry*, which will be presented at the World Bank hosted Forest Investment Forum, October 22-23, 2003.

C-2 Deliver information on benefits of creating and applying appropriate purchasing practices

On first glance, companies that are not wood or paper suppliers see little or no connection between the success of their businesses and forest conditions, particularly at a global level. The Global Alliance partners worked to convey an understanding of the intricate relationship between forest health and business wealth—both through broad messages and tools and via specific targets such as the green building movement.

Business case for responsible forest products purchasing

Metafore compiled and synthesized extensive material for making the business case for responsible forest products purchasing. The business case is the rationale for enhancing the well-being of forests and the communities that depend on them—through responsible wood and paper purchasing practices—while improving business prosperity. Elements completed to date include pieces on the value of forest ecosystem services to business, the contribution of responsible forest product purchasing to corporate social responsibility, risks inherent with purchasing forest products, and gains from the efficient use of forest products. These components provide material necessary to formulate a range of education and communication materials, including an executive briefing document, a digital presentation package, journal and news articles, and presentations.

Buyers toolkit

Metafore completed a business buyers' toolkit, which provides clear and concise information to help businesses understand key issues related to forest health. This toolkit also provides guidance for developing and implementing wood and paper procurement policies that eliminate products from illegal logging operations and favor those from well-managed forests.

Catering to the individual, self-motivated behavior characteristic of North American-based businesses, the toolkit is non-prescriptive, but provides guidance to companies that value sustainability, environmental and social responsibility, and exhibit a readiness to translate these values into actions. The various elements of the toolkit support the development of responsible purchasing of wood and paper practices through a step-wise approach that meets the unique objectives and capacities of individual businesses.

The toolkit introduces businesses to the variety of issues that should be considered when purchasing forest products. It also provides useful tools to assist them in the procurement of environmentally responsible wood

and paper products. This robust toolkit consists of several integrated components that can also be used as standalone materials depending on the issue and the needs of the intended audience.⁸

- Five (5) action briefs that explain broad issues including illegal logging, endangered forests, well-managed forests, efficiency of use, and material selection.
- Four (4) policy implementation tools that aid in crafting and implementing forest product procurement policies
- Six (6) fact sheets that provide more detailed information and guidance in specific areas such as forest certification, step-wise approaches, species alternatives and wood grades.

GFTN responsible purchasing guide

Taking advantage of and building on the purchasing policy research and materials development conducted by Metafore for the North American context, WWF's GFTN developed a comprehensive responsible purchasing guide, *Responsible purchasing of forest products*, for use by medium or large enterprises which purchase forest products--such as primary mills, secondary processors, importers, manufacturers, wholesalers and retailers--wishing to develop or extend a responsible purchasing program. GFTN advocates a stepwise approach to responsible forest products purchasing recognizing that such a commitment takes time to develop and become effective. Drawing together the various step-wise approaches that have been developed, the guide details options for purchasing organizations to demonstrate compliance with best practice and ultimately with their own purchasing policies. For organisations that are members of a Forest and Trade Network (FTN), this guide will prove useful in meeting FTN membership requirements as the principles within the guide are in line with FTN membership requirements. The guide will be published in early 2004.

Green building education and training

The expanding green building movement in North America provides a unique opportunity to connect projects designed by innovative architects and builders to responsible forest products from tropical communities at scales that match the often limited volumes of producers. Responding to this opportunity, Metafore developed an array of educational materials and conducted multiple workshops and presentations aimed at increasing the awareness of key specifiers of solid wood in green building projects in North America. These materials identified opportunities to support healthy forests and communities in tropical regions through the use of wood from well-managed forests, including lesser-known species, and the elimination of wood from illegal logging and endangered forest areas. Metafore developed and implemented several products and services.

- Designed and sponsored a series of one-day workshops aimed at architects, designers, contractors and building owners, where participants learned how to promote the well-being of forests and the communities that depend on them by specifying wood products responsibly and earning wood-related credits within a variety of green building programs. Wood for Building Green workshops—attended by over 200 professionals—were held in six cities around the U.S. (San Francisco, California; Portland, Oregon; Cleveland, Ohio; Honolulu, Hawaii; Maple Grove, Minnesota; and Los Angeles, California).
- Developed a comprehensive digital presentation on responsible wood specification and procurement for incorporation in the *Wood for Building Green* workshop series.
- Sponsored presentations delivered to more than 50 firms nationwide, which reached a total of 500 design and construction professionals.
- Created and published the 27-page *Wood for Building Green*⁹ for wide distribution through the workshop and other means, and created a digital version for Internet distribution. The guide is a

⁸ Completed at the early fall of 2003 these toolkit elements will be integrated into the revised Metafore web site (www.metafore.org) by the December of 2003, and will be compiled and published in printed form in the future.

⁹ Wood for Building Green: A Practical Guide. Resources for Architects and Builders. 2003 edition.

cornerstone document for professionals interested in learning how their projects can conserve forests worldwide. It also includes sections on illegal logging, high conservation value forests, alternative species and alternative lumber grades, as well as providing specific guidance in wood specification for green building.

C-3 Create awareness around illegal logging issue in business and government sectors

There is a general alignment of interests among business, government and NGO sectors based in North America regarding illegal logging in USAID-client countries. Each sector has different reasons for concern and different capacities to apply. Collaboration among these groups is necessary to increase awareness of the pervasiveness of illegal logging and the potential for broad collaborative approaches that integrate the various strengths of different entities.

Metafore organized and convened a workshop to discuss international illegal logging as it pertains to the North American forestry industry. Held on September 5, 2003, in Washington D.C., the *Contributing to the Elimination of Illegal Logging* workshop was organized and conducted by Metafore, and hosted by the American Forest and Paper Association. This workshop brought together 34 representatives from the business community, trade associations, non-governmental organizations and federal agencies to identify and discuss potential approaches for combating illegal logging, and the respective roles of industry, government and non-governmental organizations.

Metafore prepared a workshop synopsis that summarized the discussion, evaluated the positives and negatives of pursuing specific measures to curb illegal logging, and outlined potential next steps workshop participants could pursue as a working group to make an impact. Hard copies of the synopsis were printed and circulated to all participants and other stakeholders, and a digital version was created for Internet distribution.

Metafore presented at a second workshop on illegal logging on September 30, 2003, at the Sustainable Forestry Initiative in Denver, Colorado. Metafore's presentation outlined the business case for taking action on illegal logging to the forest industry audience. It also summarized the multi-stakeholder discussions from the earlier *Contributing to the Elimination of Illegal Logging* workshop.

D. Communities, businesses and local governments have access to information and resources that allow them to implement forest management approaches that result in social, economic, and ecological benefits

In order for market mechanisms to work as a means for promoting good forestry and reducing illegal logging, all parties involved must be well-informed on the issues, opportunities and techniques. This includes a greater understanding of the communities and businesses that produce forest products, the governments that create the operating framework and economic exchange, and the businesses that seek to purchase wood and paper products produced in environmentally appropriate and socially responsible ways.

In Year 1 of the Global Alliance, the partners focused on creating information-rich environments for decision-making across a wide range of target areas, working toward three principal benchmarks.

- *Develop processes/ tools to facilitate knowledge dissemination to existing partners, businesses, and local governments.*
- *Increase communication venues, document lessons learned, and leverage success stories to promote innovation and collaboration.*
- *Build partnerships with targeted communities and producers to increase their 1) capacity to manufacture value-added products from under-utilized species; 2) knowledge of market forces and policy implications that affect their ability to access resources and, 3) ability to create viable markets.*

D-1 Develop processes/tools to facilitate knowledge dissemination to existing partners, businesses, and local governments

The partners in the Global Alliance developed and disseminated a variety of tools to inform decision-making for business buyers of forest products in North America and Europe, and for forest managers and producers in USAID-client regions. These ranged from tools for evaluating certification systems from a buyer's perspective to a suite of tools to improve the forest management skills of producers in developing regions.

Certification scheme evaluation framework

Metafore completed the primary elements of the certification scheme evaluation framework. The framework serves as a tool for helping corporate buyers identify forest certification programs that meet their unique values and objectives. Designed to adapt to the unique self-motivated behaviors characteristic of North American-based businesses, the framework is a non-prescriptive guide for businesses desiring to purchase forest products that meet their environmental and social objectives. Rather than evaluating standards of different systems based on pre-determined criteria, the framework is tailored to the values of individual businesses.

Metafore incorporated feedback from corporate, academic, and policy reviewers and completed work on two specific tools designed to support the framework¹⁰.

- A detailed report comparing the structure of the three primary third-party certification systems operating in North America—the CSA International, Forest Stewardship Council and Sustainable Forestry Initiative schemes.
- An attribute matrix so businesses can rank their internal environmental and social objectives and match those objectives specific attributes of various certification systems. This helps guide the identification of certification systems that best meet the particular objectives of a business.

Questionnaire for assessing schemes

In collaboration with the World Bank through its Alliance for Forest Conservation and Sustainable Use, WWF published the *Questionnaire for assessing the comprehensiveness of certification schemes* (QACC)¹¹. Note that Metafore's evaluation framework will allow for assessments to be made against user-defined criteria, while the QACC employs the World Bank/WWF Alliance's eleven criteria for comprehensive certification schemes/systems. The questionnaire will aid the international community in moving beyond debates about mutual recognition between schemes by providing a gauge against which to assess and track the improvement of all schemes. The WWF GFTN will use this tool to assess certification schemes and clarify its certification policy.

Review of forest certification impacts

Forest Trends completed a review of the impact of forest certification on communities, and published it in English and Spanish for Web distribution. Forest Trends introduced the report at the World Bank in April 2003 and to USFS in July and September 2003 to inform participants of opportunities and challenges for involvement in this area.

Producer Group Toolkit

WWF completed several key outputs related to the *Producer Group Toolkit*.

- The *Producer Group Toolkit* was translated into Spanish and French.
- More than 75 WWF staff and partners from the NGO, governmental, and private sectors were trained using the toolkit on the establishment and operation of producer groups, including an introduction to the stepwise—or modular implementation and verification (MIV)—approach to certification through three regional workshops in **South East Asia, Latin America, and Central and West Africa**. An additional training was held in **Eastern Europe/Russia**.
- A Spanish version of the producer group toolkit was used to communicate the full requirements of membership in the **Mesoamerican and Caribbean Wood Group, Jagwood+**.
- Field testing and regional adaptation of the producer group toolkit MIV tool was initiated in the **Dominican Republic, Nicaragua, and Russia**.

¹⁰ These certification evaluation tools will be integrated into the revised Metafore web site (www.metafore.org) by the December of 2003 and linked to related elements of the buyer's toolkit.

¹¹ Available at www.forest-alliance.org

Multi-stakeholder standards setting toolkit

Interest in creating forest standards based on a wide representation of interest groups has increased rapidly over the past few years, and there are national initiatives for developing standards worldwide. A standardized, global methodology for such groups is needed to facilitate this process. The multi-stakeholder, standard-setting toolkit, now called the *PathFinder*, is a series of instruments to support and empower multi-stakeholder working groups in developing forest certification standards. The *PathFinder* was further developed based on international stakeholder review workshops, translated into Spanish and Chinese, and made available online¹² and on CD-ROM.

Substantive progress has occurred in four Central American countries on the application of the *PathFinder* to the on-the-ground development of national standards. The specific use of this model in multiple situations by the Central American public and private sectors indicates its usefulness.

- WWF utilized the *PathFinder* to develop a National Certification Working Group (CONISFORGUA) housed with matching support from **Guatemala's** Forestry Trade Association. A regional meeting held in Coban, Guatemala was attended by 76 members of the private sector, government and NGOs to initiate the application of the *PathFinder* to the development of national standards. A similar meeting attended by 56 participants was held in Huehuetenango.
- WWF held a workshop with the **Belizean** government to present the *PathFinder* to 26 members of different sectors. Given the general lack of understanding related to certification, the approach has shifted to applying the step-wise approach to several operations. This involves conducting visits to certified operations in Guatemala, rather than jumping into the development of standards at this point in time.
- WWF began providing direct support to **Nicaragua's** working group by applying the *PathFinder* to resolve weaknesses identified by the FSC in that country's draft standards and internal working group policies.
- WWF staff assisted with the first national meeting in **Honduras** to initiate development of standards in that country via the *PathFinder*.
- The *PathFinder* is being used train participants at a meeting of **Latin American** certification national initiatives in Iquitos, **Peru** in October.

International professional capacity development

Metafore engaged Estevao do Prado Braga, formerly with IMAFLORA in **Brazil**, in a one-year program as an international professional development intern. Through direct work experience, as well as formal training through a three-week seminar on forest and natural resources administration and management sponsored by the USDA Forest Service International Programs, Mr. Braga will return to Brazil in early 2004 with an elevated capacity to contribute to responsible forest management in his native country and South America, broadly.

D-2 Increase communication venues; document lessons learned; and leverage success stories to promote innovation and collaboration

Global Alliance partners implemented a variety of communications activities to provide access to educational and operational tools, tell the stories of success, plant the ideas of innovation, and maintain the notion of responsible forest products trade within the context of sustainability.

Education and storytelling

Metafore used presentations, workshops and discussions to tell the story of responsible forest products purchasing as a means to educate businesses and agencies and inspire new leadership and innovation.

¹² www.piec.org/pathfinder/

- Metafore staff designed and delivered a workshop—part of a month-long sustainability training program—to Oregon-based companies, non-governmental organizations and government leaders on current and emerging issues facing global forests. This workshop included possible purchasing policies and action steps that support more responsible trade.
- Through a presentation at the GFTN Annual Meeting for the Americas in **San José, Costa Rica** and as a panelist for the discussion “Nuts and Bolts of Forest and Trade Networks around the Globe,” Metafore’s president and CEO specifically related Metafore’s experience and knowledge of the North American market and opportunities for southern industries to access northern markets through shared market intelligence.
- Metafore president and CEO moderated a panel of business leaders who addressed the views of customers on forest certification at the 60th annual Truck Loggers Association held in Vancouver, British Columbia.
- Integrating environmental and social considerations into corporate policy set the stage for Mr. Ford’s keynote presentation at the Window and Door Manufacturers Association’s annual meeting in Bal Harbor, Florida. There he addressed the growing emphasis on corporate governance and accountability as it relates to the forest products industry. He also discussed the need for sustainable sources of wood and a consistency and transparency related to social and environmental reporting.
- Metafore conducted two workshops for corporate, government, and non-profit audiences at The Sustainability Forum in Portland, Oregon: (1) *Do You Know Where Your Paper Comes From?* and (2) *Environmentally Responsible Supply Chain Practices for Forest Products*.
- As a presenter at the annual meeting of the Recycled Paper Coalition in San Francisco in June 2003, Metafore discussed the challenges faced by many corporations as they attempt to implement their paper purchasing policies.
- In July 2003, Metafore’s Ford participated in a workshop with the Organic Cotton Exchange to share experiences in promoting change through market mechanisms.

GFTN communications materials

WWF developed some materials highlighting the Global Forest and Trade Network:

- An exhibition stand highlighting GFTN has been developed for use by European FTNs in connection with events such as seminars and trade fairs.
- A poster highlighting GFTN and the FTNs to be used as template for posters of individual FTNs in connection with events such as trade fairs and seminars.

Convening

Forest Trends participated in a variety of conferences, conventions and workshops as a means to educate key audiences.

- Forest Trends presented the preliminary findings of the *Who Conserves the World’s Forests* study at the World’s Parks Congress in Durban, **South Africa**. The organization also identified that community conservation is an important lynchpin in a landscape approach to conservation that will be of increasing importance.
- Forest Trends also gave a presentation of Who Conserves the World’s Forest strategic study regarding community conservation approaches at Conservation International’s distinguished lecturer series.
- Forest Trends engaged in several activities at the World Forestry Congress including:
 - Hosting an event for participating indigenous and peasant communities from Latin America. This event was organized to foster communication among the 45 participants and identify

- potential areas for collaboration. It helped secure counterpart local support for upcoming events in the region and identified new partners in **Argentina, Bolivia, Chile** and **Peru**.
- Chairing a panel on priorities for dry tropical forests in which participants from **Honduras, Mexico, Colombia, Costa Rica** and **Nicaragua** discussed the need for land-use planning as means for involving community and government in community-based solutions to forestry.
 - Participating as rapporteur for the Spanish working group at the Indigenous People's Forestry Forum designed to produce a statement on behalf of participating indigenous peoples; and
 - Shadow translator at a meeting of the Global Forestry Caucus, which acts as an advocate for community forestry issues in international fora.
- Forest Trends was technical advisor and participant in the Forest Investment Forum convened by the World Bank, International Finance Corporation (IFC), World Business Council for Sustainable Development (WBCSD), and WWF in Washington, D.C. Preliminary findings were presented on community–company partnerships in **Brazil**. The private sector investors and companies present expressed strong interest in the database being created as part of this work on business models, which will include the research findings from the completed IIED study on Africa, Europe and Asia. FAO has also expressed interest in linking this database to its on-going program of dialogue with the forest industry on community suppliers.
 - Forest Trends also presented preliminary findings of its market research on company/community partnerships in **Brazil** during the 8th Brazilian Forestry Congress, and distributed more than 140 copies of the results and 40 copies of the Web site CD. The presentation attracted interest from pulp and paper plantation companies desiring to understand how to better form company/community partnerships—with Forest Trends playing an intermediary role.
 - Forest Trends presented key trends and lessons learned on company/community partnerships at the Latin American Community Forestry Workshop held in Belém, **Brazil**. Diverse community, NGO, donor, and government participants from the region requested future meetings in their own countries to follow up on promising business models.

Multi-lingual digital documents

Recognizing the multi-lingual nature of its target audience—and that about eight percent of the visitors to the Forest Trends Web site are from **Latin America**—Forest Trends ensured that its organizational Web site is fully functional in English and Spanish, with selected publications in Portuguese, Chinese and Japanese. CDs with copies of the Web site in both languages were circulated to the network of forest communities and other interested forest industry players that may not have reliable Internet connections.

Trendlines, Forest Trends' electronic newsletter, has prompted high demand for collaboration. It has also resulted in providing additional information to users in more than 60 countries, and copies of publications in all languages for their libraries.

Forest Trends, along with IMAZON and IIEB from **Brazil**, published and distributed a CD with key publications on community forestry in two languages.

D-3 Build partnerships with targeted communities and producers to increase their: 1) capacity to manufacture value-added products from under-utilized species; 2) knowledge of market forces and policy implications that affect their ability to access resources and, 3) create viable markets

Micro enterprise Market Development

Metafore and WWF supported GreenWood's three-part program of micro-enterprise development in **Honduras**. This program focused on training in appropriate woodworking technology, sustainable forest management and the development of market links for high-quality wood and non-timber forest products through GreenWood's local network of artisans and sawyers. Highlights from the first year include:

- GreenWood obtained approval for its innovative guamil management plan for 64 hectares of secondary forests in El Carbón from the forestry authority for the government of Honduras. The organization also provided active support and coordination for sustainable forest management plans for another 1,754 hectares.
- Artisan sales were promoted at four public fairs. Also, artisans representing the GreenWood-affiliated KATAHA cooperative received honorable mention for cultural value at the first National Exposition of Artisanry, held at the National Gallery of Art in Tegucigalpa. Over the course of the year, more than 30 artisans received training from GreenWood.
- During the final quarter of Year 1, GreenWood spearheaded a boatbuilding workshop in Copén, Honduras— where 17 local sawyers were trained and two 30-ft. riverboats were built (see Alliance Chronicles).
- Participation of certified furniture producers in the large Honduran trade show *ExpoJuniana* held in San Pedro Sula. New markets were identified for the production of furniture in the tourist destination sites of Roatan and the northern coast of Honduras. Promotional materials, and standardized quality control and order forms were developed and helped achieve three new orders and sales for products.

Throughout the year, GreenWood staff met regularly with artisans from every major furniture training site (El Carbón, Jocomico, Sabá, Piedras de Afilas, Las Delicias and Las Camelias) to improve quality and the integration of forest management with artisan production.

Capacity building workshops

Forest Trends co-organized the first in a series of three workshops with local partners that seek to promote horizontal exchanges between forest communities in Latin America. More than 60 community leaders from the seven **Central American** countries plus **Mexico** and **Brazil** met to train each other on various aspects of natural resource management. Communities identified strategies to secure tenure, diversify their resource base, commercialize their products, and improve their standard of living through the sustainable use of their resources. As a result of this workshop:

- At least one-third of the communities have begun to use the valuation methodology;
- The participating **Brazilian** community of Port de Moz was encouraged to move forward in their struggle for tenure recognition after meeting with key **Central American** organizations that have gone through similar processes and shared lessons learned;
- Demand for a subsequent event for **Amazon/Andean communities** in five of these countries has exceeded capacity; and
- Requests came from as far as **India** to obtain the workshop proceedings and promote exchanges between **South Asia** and **Latin America**.

One result of Forest Trends information sharing on new environmental service markets with **Central American** communities was the World Bank Group's approval of a \$850,000 grant for indigenous community projects in **Costa Rica**. This is a country where perennial crops are grown under shade in buffers around natural forests. The grant will fund feasibility studies with local communities and the development of sustainable management practices with high carbon sequestration potential. It will also extend learning to communities in 12 related eco-zones in other parts of **Central America**.

E. Improved and informed policy environment to facilitate trade in legal products from well-managed forests through the identification of key opportunities and constraints including policy barriers facing the management of the world's production forests

Market mechanisms can only be successful economic incentives for good forest management when they operate within supportive political and legislative frameworks. In many USAID-client countries public policies intended for one purpose can unwittingly create barriers to efficient trade in products from well-managed forests.

In Year 1 of the Global Alliance, the partners focused on identifying these policy barriers and extending that knowledge to those who need it most. This work was aimed toward two key benchmarks.

- *Carry out studies on policy and regulatory constraints to market access.*
- *Conduct outreach to communities and businesses, compile results, identify information and resource needs*

E-1 Carry out studies on policy and regulatory constraints to market access

Forest Trends initiated a series of key studies to identify constraints to market access that can be overcome through modification of governmental policies and regulations.

A New Agenda for Forest Conservation and Poverty Reduction: Making Markets Work for Low Income Producers, a new publication by Forest Trends co-sponsored by CIFOR and IUCN, calls on governments, private sector leaders and environmental NGOs to make markets work for low-income producers to achieve conservation and poverty alleviation goals. The report identifies market opportunities and policy barriers to greater community benefits from their forest stewardship. The findings were presented at several key international venues including, the Background Paper of the United Nations Millennium project Task Force 2 on Hunger, the international symposium “Biodiversity after Johannesburg: The Critical Role of Biodiversity and Ecosystem Services in Achieving the UN Millennium Development Goals” in London, co-sponsored with the United Nations Development Program, United Nations Environment Program, Equator Initiative, The Nature Conservancy, and others on March 3-4, 2003.

Forest Trends conducted a strategic analysis to examine the limitations of formal protected area systems in saving the world’s biodiversity, while highlighting the contributions and key role of human-managed systems. Initial findings have identified least 500 million hectares of forests, sacred groves and cultural sites, agro-forestry and secondary vegetations managed for long-term goals by communities and low-income producers who conserve biodiversity values.

An additional study was initiated to deepen the understanding of the unintended costs and consequences of over regulation by reviewing the historical rationale of regulations in forestry, reviewing its practice and application, assessing equity issues in regulation, and identifying issues and lessons for reforming regulatory systems. This work identifies the role of regulations on small-scale forest producers and provides a framework to analyze these barriers and identify potential alternatives to these types of regulations.

E-2 Conduct outreach to communities, businesses, compile results, identify information and resource needs

Forest Trends and IUCN chaired the Civil Society Advisory Group of the ITTO. Forest Trends also chaired the panel for “Communities, Forests and Trade: New Opportunities” during the most recent International Tropical Timber Council meeting in Yokohama, Japan. On this panel were community leaders from **Peru**, **Central America**, and **Papua New Guinea** who each presented their views.

Forest Trends also presented a study on the relationship between plantations and natural forests at the United Nations Forum on Forests Intercessional Experts Meeting on planted forests held in **New Zealand** on March 24-30.

Regulatory barriers in farm forestry and natural forest harvesting in **India** continue to greatly reduce the returns to smallholders and communities from forestry and encourage illegal practices. Even where reforms have liberalized rules, many officials lack training and continue to apply old standards. Based on the preliminary findings of a market scoping carried out for **India**, Forest Trends provided inputs into the design of the World Bank—Government of India forest sector study carried out in relation to the proposed Jharkhand forestry project.

Forest Trends assessed different institutions working on community forestry and markets during a scoping trip in **Brazil**. This trip resulted in 25 interviews with people from 14 organizations in Brasilia, Belém and Sao Paulo. As a result of that effort, Forest Trends has been invited to advise and present market intelligence at global and national levels through collaboration with IMAZON, IIEB, IMAFLORA, GTNA, and Foro Amazonico Occidental.

In addition, WWF's work with the private sector in Nicaragua through Jagwood+ was of strategic importance in the preparation of Nicaragua's new Forestry Law—approved in late August 2003—which requires the government to actively promote independent certification as well as specify the use of certified wood in relevant wood purchases for public works projects.

F. Develop a global information base on well-managed forests, certified forest products and their identified markets

The Global Alliance is facilitating a change in market behavior whereby the standards by which forests are managed and products developed are attributes as important to buyers as performance, quality and price. This transition into new behavior within forest products trade requires an information-rich environment through which business buyers of forest products can make informed decisions. Knowledge about well-managed forest practices and sources of products from certified well-managed forests is lacking among business buyers in particular.

In Year 1 of the Global Alliance, Metafore's existing global database of certified well-managed forests and certified products was used as the primary platform for expanding access to this basic market knowledge. Partners continued to focus on a single benchmark to expand a database-linked Web site to house technical, policy and market information.

F-1 Expand database linked Website to house technical, policy and market information

Certification resource center expansion

Metafore's Certification Resource Center is based on a relational database specifically designed to track forest and forest product third-party certifications on an individual business and forest unit basis at a global level. It also includes several sophisticated search tools and a Web site¹³ focused on forest certification information with direct access to the database via the various search tools. During Year 1 of the Global Alliance, Metafore increased the capacity of the Certification Resource Center to develop and convey market knowledge about forest certification, certified forest products, and other market mechanisms for promoting well-managed forests.

- Structural changes to the certification database now allow far greater flexibility in the storage and retrieval of data. These changes were necessary to enhance the ability to manage data already in the database, as well as increase the ability to accept data from other certification schemes.
- While the database was created around global data on Forest Stewardship Council certifications, data on CSA International certificates were added to the database through a cooperative agreement with the Forest Products Association of Canada. Metafore initiated discussions with the American Forest and Paper Association regarding adding SFI certificate information into the global database. The Association is still considering participation.
- Modifications were made to the way in which certification and product data is returned in searches on the Web site, improving the functionality of that central site and the usability of the data displayed.
- New search tools were developed to allow the certification database to be accessed directly through an unlimited number of Web sites, expanding audience accessibility. This tool debuted through an agreement with the Certified Wood and Paper Association, as the "certified product finder" on its organizational Web site¹⁴. Metafore initiated discussions on the application of this search tool interface with several other organizations and businesses as a means to broaden the reach of the database.
- Metafore also initiated a dialogue with several key certifiers and other organizations, including Smartwood, Forest Stewardship Council – U.S., and Scientific Certification Systems, and the

¹³ www.certifiedwood.org

¹⁴ www.cwpa.info

American Forest and Paper Association, with the goal of improving the consistency and efficiency of the way that certified forest and product data is collected, stored and displayed.

- Metafore updated several pages of the CertifiedWood.org Web site to educate users on key issues, such as forest certification and illegal trade in forest products. This included a revised discussion on the Convention on International Trade of Species (CITES) and a more detailed description of the treaty and the changes in tree species listed under CITES. A revised description on the certification comparison matrix compares basic elements of the four primary certification schemes in North America. It also reflects the changes in standards, guidelines and processes experienced by these systems. Metafore completed a revised description of the four certification systems that reflect changes in the standards and the assessments written in a common format.

Related GFTN sites

WWF's GFTN has supported and helped developed a European Web-based gateway to responsible forestry, certification and responsible procurement, trade and use of forest products. The gateway is planned to be launched in January 2004, and will be placed under the Forests for Life section of the WWF Web site www.panda.org.

WWF continued to maintain and expand the multi-lingual Web site on forest certification and responsible wood sourcing (www.forestandtradeasia.org). The site has country portals for Malaysia, Indonesia (in English and Bahasa), China/Hong Kong (in English and Chinese), Papua New Guinea, and Vietnam (in English and Vietnamese).

Annex A: Results framework

<i>Global Alliance Years 1-3 Achievements</i>	<i>Year 1 Benchmarks</i>
A. Expanded trade linkages between the suppliers and buyers of legal forest products from well-managed forests to decrease tension between market supply and demand.	<ul style="list-style-type: none"> ● Increase Global Alliance knowledge of market mechanisms and opportunities ● Implement GFTN mechanisms to increase supply of legal forest products and link them to markets ● Increase linkages between buyers with producers
B. Expanded application of high conservation value forest (HCVF) concepts to guide the production and sale of forest products	<ul style="list-style-type: none"> ● Build tools to facilitate knowledge dissemination to existing partners, businesses, and community/producer networks ● Conduct outreach to create awareness and apply concepts
C. Increased number of government agencies and businesses implementing purchasing practices that encourage the production and sale of legal products from well-managed forests.	<ul style="list-style-type: none"> ● Identify corporate and agency leadership that can initiate movement towards socially responsible purchasing practices ● Deliver information on benefits of creating and applying appropriate purchasing practices ● Create awareness around illegal logging issue in business and government sectors
D. Communities, businesses and local governments have access to information and resources that allow them to implement forest management approaches that result in social, economic, and ecological benefits.	<ul style="list-style-type: none"> ● Develop processes/tools to facilitate knowledge dissemination to existing partners, businesses, and local governments ● Increase communication venues; document lessons learned; and leverage success stories to promote innovation and collaboration ● Build partnerships with targeted communities and producers to increase their: 1) capacity to manufacture value-added products from under-utilized species; 2) knowledge of market forces and policy implications that affect their ability to access resources and, 3) create viable markets
E. Improved and informed policy environment to facilitate trade in legal products from well-managed forests through the identification of key opportunities and constraints including policy barriers. facing the management of the world's production forests	<ul style="list-style-type: none"> ● Carry out studies on policy and regulatory constraints to market access. ● Conduct outreach to communities, businesses, compile results, identify information and resource needs
F. Develop a global information base on well-managed forests, certified forest products and their identified markets	<ul style="list-style-type: none"> ● Expand database linked Website to house technical, policy and market information

Annex B: Alliance chronicles

See attached.