

# **Sustainable Forest Products Global Alliance**

Year 4 Quarter 2 Report

Submitted by Metafore and World Wildlife Fund

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**Sustainable Forest Products Global Alliance**  
**Year 4 Quarter 2 Report**  
**January 1, 2006 through March 31, 2006**

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**Sustainable Forest Products Global Alliance**  
**Quarter 2 Report**

January 1, 2006 through March 31, 2006

**1. Introduction**

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

This report summarizes the accomplishments of the two non-governmental partners—WWF and Metafore—for the second quarter (January 1, 2006 through March 31, 2006) of the fourth funding year of the Global Alliance. During this period, WWF and Metafore made substantial progress towards accomplishing the expected achievements defined for the year.

**2. Expected Achievements and Benchmarks**

In November 2002, Global Alliance members and their partners adopted a Results Framework which outlined expected multi-year achievements and related first year benchmarks. During subsequent annual reviews, Global Alliance members have revised the multi-year achievements and drafted benchmarks. The following benchmarks designed for year four (October 1, 2005 through September 30, 2006) of the Global Alliance has been revised at the SFPGA retreat in February 2006.

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

Benchmarks:

- Increase number of government agencies and businesses that agree to source forest products from legal, well-managed forests.
- Increase number of businesses and governments implementing purchasing policies that prefer forest products from legal, well-managed forests.

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

Benchmarks:

- Increase the organizational and technical capacity of producers to manage legally and responsibly (as evidenced (or measured) by number of producer FTN applications).
- Increase the area of forest under improved forest management (as evidenced/measured by participation in (or acceptance/qualification to) producer FTNs).
- Increase the area of forest under effective management as verified by credible certification.

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

Benchmarks:

- Expand technical, policy, and market information availability via Web-based resources and other venues.
- Increase economic value and the number of market links (or trade relationships) between willing buyers and producers.

**3. Global Highlights**

- The number of forest participants<sup>1</sup> in the Global Forest & Trade Network (GFTN) has grown from 41 to 53 companies and the forest area they manage has increased from 14.3m Hectares to 14.9m Ha in this quarter. In addition, 89 companies managing approximately 2.6m Ha are at various stages of the application process. Early discussions are being held with another 101 companies managing 5.6m Ha (up from 95 companies).
- The number of trade participants<sup>2</sup> in the GFTN has increased in this quarter from 246 to 263 companies. These companies currently trade 146 million cubic meters of round wood equivalent (RWE) per year (up from 102 million in the last report), which represent nearly \$340 billion in total sales per year, with forest product sales of roughly \$35 billion per year. They employ nearly 1.1 million people.
- GFTN has generated 238 enquiries from trade participants or applicants who wish to purchase more responsibly from forest participants in the network. To date 88 of these enquiries have become market links where the two organizations are now trading. These market links have an estimated value in excess of \$59 million USD. Of these market links, 64 of the trading relationships were already established, where GFTN is now working with both producer and buyer. Twenty nine of these market links are new trading relationships where the producer has found new markets among the GFTN participants.
- The remaining 150 enquiries remain open for current or future Forest & Trade Network (FTN) participants. These enquiries have a value of in excess of \$200 million USD and range from plywood and paper and to sawn wood and logs. This represents considerable demand for responsibly produced forest products and is a useful indicator which FTNs are using to inspire new FTN membership.
- *Metafore* continued to highlight stories of success related to responsible business practices that raise awareness of responsible forest trade issues through the *In Focus* newsletter and *Metafore's Forest Leadership Forum* weekly newsletter. Subscriptions for both newsletters reached approximately 7000 subscribers.

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<sup>1</sup> Forest participant means a participant who is a forest owner or manager.

<sup>2</sup> Trade participant means a participant who is a processor, manufacturer, trader, specifier, or end-user of wood or paper products.

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

##### Consumer Countries

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

- North America Forest & Trade Network (NAFTN) has added 2 new members: Wood Flooring International, a major importer of tropical hardwood flooring from Latin America, Asia, and Central Africa; and Johnson & Johnson, a global brand-name healthcare products and services company. Johnson & Johnson will work through the NAFTN to increase the proportion of recycled and certified fiber in their consumer product packaging and office paper.
- NAFTN held a meeting of the Americas at the end of February 2006, where GFTN representatives from Brazil, Peru, Bolivia, Central America, and Mexico gathered to refine the strategy and target product lines and companies for participation in the FTN in order to have maximum conservation impact. The NAFTN also brought in several NAFTN participating companies as well as prospects, including BlueLinx, WFI, TBM, J. Gibson McIlvain, and Armstrong Flooring to have meetings with the Latin America & Caribbean (LAC) GFTN staff to discuss engaging suppliers and alternative responsible sources of supply from the region.

##### **GFTN Europe**

- WWF Spain and GFTN in co-operation with the Spanish Government held a very successful high level seminar on Responsible Trade of Forest Products between Spain and Countries in Central Africa in Madrid on 15-16 February. Totally approximately 200 people participated in the whole, or parts of, the seminar, including Ministers from Spain, Cameroon and Congo Brazzaville as well as WWF/GFTN staff, representatives of participants in the Central African and Spanish FTNs, forest industry and forest product industry representatives in Spain and Central Africa, and Environmental NGOs. The seminar was followed by a study trip for the African delegation to 2 companies that are members of the WWF Spain FTN (Grupo 2000). The Spanish Minister of Environment promised to recommend the Ministry of Foreign Affairs to make an effort to give technical and financial support to the countries in the Congo Basin for them to be able to implement Sustainable Forest Management.
- GFTN Europe arranged a study trip to Cameroon between March 23<sup>rd</sup> and 27<sup>th</sup> for the co-ordinators in key countries with regards to trade with the Congo Basin. Co-ordinators from Belgium, France, Spain, UK, China and North America participated. The study trip included field-visits for Central Africa Forest & Trade Network (CAFTN) members and a seminar with a number of important stakeholders in the Congo Basin. A workshop was also arranged where FTN co-ordinators met with CAFTN company representatives individually in order to discuss opportunities for market links. The study trip was very successful and will likely result in visits by a number of European and Chinese companies to CAFTN members.

##### **GFTN Asia**

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

- WWF Japan, together with a coalition of other Japanese NGOs, issued the "Joint NGO Recommendation on Ecologically Ethical Wood Products Procurement." The Recommendation calls on corporations and government agencies to adopt wooden product procurement policies

with the time bound action plans and measurable targets conforming with the Recommendation, and to encourage their suppliers the adaptation of the same policies.

- WWF Japan developed and issued its own purchasing policy for wood products, thereby committing to use only FSC certified or 100% recycled paper or wood products.
- WWF hosted a seminar entitled “Responsible Purchasing of Paper – Environmentally Conscious Virgin Pulp” attended by 220 representatives of large “end-user” companies.
- China Forest and Trade Network provided technical assistance to help member company Anxin Flooring achieve FSC Chain of Custody (CoC) certification, which it was awarded in March at a ceremony in Shanghai.
- WWF China played a key role in the China FSC Working Group. Guiding a multi-stakeholder consultative process, the Working Group elected a Council to oversee development of certification standards that can be recognized by both the FSC and the Chinese government.

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

- Metafore’s year three intern, Richard Chavez, completed interviews with tropical wood importers and sellers of non-traditional hardwood species. Mr. Chavez synthesized the information collected from the interviews into a report titled, *Opportunities for Introducing Non-traditional Tropical Hardwood Species into U.S. Markets*. This report will be presented during the breakout session *Fast wood: The role of plantations in conserving forests* at the Forest Leadership Forum.
- Metafore staff developed the research project for the year four intern. This research will examine the U.S. market for imported, hand-made finished products from developing countries and their utilization of non-traditional tropical hardwoods.
- In March, Metafore staff began recruiting for the year four intern positions in Latin America countries.

### **Forest Certification Resource Center**

- Metafore continued to develop Web portals to the Forest Certification Resource Center and modified the database with updates on certification systems. The first working version with new portals will be online on May 3.

### **Paper Working Group/Environmental Paper Assessment Tool**

- In January, the Paper Working Group convened to discuss the challenges of the completion of the EPAT, such as, supply chain issues and Wal-Mart training. Metafore and the Paper Working Group participants welcomed Wal-Mart into the Early Adopter Circle to pilot and test the EPAT tool. Metafore conducted the 13<sup>th</sup> Paper Working Group quarterly meeting at Toyota Motor Sales, U.S.A. headquarters. This meeting allowed Metafore to present the final changes to the EPAT before the official launch in May.

### **Forest Leadership Forum**

- Metafore continued to finalize the content and speakers for the program’s sessions. Metafore secured new sponsorship from American Forest and Paper Association, PricewaterhouseCoopers, WWF North American Trade Network, and Time Inc.

Latin America and the Caribbean

**WWF Mesoamerica and Caribbean Forest & Trade Network: Jagwood+**

Cost Rica

- The Costa Rican city of Sarapiquí and the Sarapiquí Tourism Chamber (CATUSA) signed Responsible Purchasing Policies with WWF. This provides Sarapiquí with the distinction of being the first municipal government in Central America which has made such a formalized commitment to economic development based on natural resource management and conservation. CATUSA has also played a leadership role in becoming the first Tourism Trade Association in Latin America to commit its members to purchasing independently certified or legally verified wood products.

Panama

- Based in large part on the technical assistance provided by the GFTN, Panama's Asociación Nacional de Reforestadores (National Association of Reforestation) announced that it will pursue FSC group certification of its 40 members with approximately 57,000 hectares of plantations in the latter part of 2006.
- Improved trade contracts were established between the hardwood flooring manufacture (JDS Hardwoods Inc) and Rio Tupiza for 1,500 m<sup>3</sup> of round wood.

Bolivia

- The Bolivian GFTN launched the "Un Arbol" (One Tree) project with the formal support and participation of over 50 architects, designers, construction firms and wood products manufacturers to build national demand for certified wood products. As part of the campaign launch, the GFTN designed a visually impacting and creative stand with educational materials for the highly attended Expoforest Tradeshow held in Santa Cruz, Bolivia in March 2006.
- GFTN Bolivia established a formal relationship with the Bolivian Voluntary Forest Certification (CFV FSC Working Group) to jointly develop and implement the Responsible Purchasing Campaign to increase consumer awareness and subsequently demand for certified wood products in Bolivia.
- The 5 indigenous communities comprised by CIBAPA (90,000 ha in the Bajo Paragua region of the Southwest Amazon ecoregion) and Zapoco (20,000 ha in the Chiquitano dry forest) have complied with the terms of their action plans (written in 2005) by making substantial improvements on-the-ground in their forest management. Both community operations have finalized Action Plans, formally approved by community leaders, and are now members of the GFTN committed to the Stepwise Approach to Achieving Forest Certification.
- WWF continued providing technical assistance to the indigenous community of Momone (located in the Guarayos region of the Southwest Amazon ecoregion) which manages 11,000 ha of lowland tropical forest to establish a Community Forest Management Enterprise with linkages to local manufacturers in the Santa Cruz area.
- United Furniture, an FSC-certified furniture manufacturer with over \$2,000,000 USD in annual sales is preparing its baseline assessment with the GFTN Bolivia and is expected to become a

full member in May 2006. The GFTN has already begun looking for new sources of certified species of interest to United, and market opportunities with European buyers.

- Baseline assessments were also completed for the “Sociedad Boliviana de Cemento” (SOBOCE), Anatina Toys company that is interested in purchasing FSC-certified wood to manufacture toys for export to the European market, and Jolyka, S.A., the flooring manufacturer. Both companies are expected to become official FTN members in the next period.
- The GFTN conducted a legal review by Bolivian lawyers and translation of the basic GFTN membership documents (Memorandum of Understanding between GFTN and member companies, Communications Policy, Responsible Purchasing Policy). These templates are now available for use by all GFTN organizations in Latin America.
- GFTN Bolivia successfully linked the FSC-certified flooring manufacturer, Jolyka, to the aforementioned CIBAPA as a new source of lesser-known species. A purchase agreement between CIBAPA and Jolyka has been negotiated for the 2006 harvest season.
- At the recent Expoforest Business Roundtable, Maria del Carmen Carreras (GFTN Contact person for Bolivia) facilitated business negotiations between the FSC-certified floor manufacturer INPA Parket with CIBAPA and Zapoco. Furthermore, basic supply and price information from community producers was given to the following 14 companies at the Business Roundtable: CIMABEN, ENABOL, Industria Maderera San Luis, MP Trading AG, Los Petunos Industria Maderera, INPA Parket, Especialidades en Madera, Bolivian Roble, Latino Trading, MABET, MADELMA, Bosques Tropicales, MADERVAF, and Altman Montero.

### Brazil

WWF’s activities in Brazil are supported by matching funds.

- Two new baseline appraisals were completed for Condor Florestal managing 38,000 hectares in Mato Grosso State and a community managing over 100,000 hectares inside the extractive reserve of Mamirauá, in Amazonas State. In addition, three action plans have been finalized with Nova Canaa, Santa Adelia (Dotto Group) and Ouro Branco.
- WWF Brazil and Grupo de Compradores de Produtos Florestais Certificados (Certified Forest Products buyers Group) has prepared the draft strategic plan to recruit strategically significant buyers through the Sao Paulo-based Buyers Group in order to provide market impetus and expansion of the SIM program Amazon-wide.
- President Lula approved the forest concession bill that allows Brazilian companies to bid for forest concessions. In the next 10 years the government will open 13 million hectares for bidding that requires audit within three years. The new law also created the Brazilian Forest Service and the Forest Development Fund.

### Nicaragua

- Two Nicaraguan companies, “La Fundación Politécnico La Salle” and “La Mueblería” received FSC Chain-of-Custody Certification with technical assistance from Jagwood. La Fundación Politécnico La Salle is a school providing technical education to young people with limited economic resources, and La Mueblería produces high-quality furniture with distinct design and unique woods.

- A solid market link has been established between PRADA, an FSC-certified plywood manufacturer in Nicaragua and Lamiplay S.A.. PRADA purchased 2 containers of FSC-certified plywood doors for sale in Nicaragua from Lamiplay S.A., and sold 2 containers of FSC-certified plywood to the same company. PRADA also finalized a contract with the Nicaraguan manufacturer, MADENIKSA, to manufacture 5,000 FSC-certified doors for a total price of US\$150,000, and 214,650 lineal feet of tongue and groove flooring for approximately \$30,000.
- Improved trade contracts were established between the FSC-certified company of Hermanos Ubeda and CEPISA in Las Crucetas for 8,654 m<sup>3</sup> of lumber, Martin Salgado and SIPBAA for 900 m<sup>3</sup> of logs), and Raul Laguna and Kiwatingni in Laysiksa for 1,230 m<sup>3</sup> of lumber
- The GFTN negotiated the successful sales of 50,000 board feet of wood from the indigenous community of Laysiksa to MEGA-MADERAS in Guatemala, and 24,000 bf to Exchange (Nicaragua) and Panamerican Woods (Costa Rica) for a total value of \$90,000 USD.
- The community business of the indigenous community of Laysiksa received a full FSC certification assessment and had very few conditions for improvement. As a result, the official certificate is pending and should be issued in May 2006 for the 5,000 ha. community management plan.
- Substantial progress was made on introducing Lesser Known Timber Species into new U.S. markets to reduce pressure on heavily harvested commercial species and increase revenues generated to GFTN Forest landowners in Latin America including:
  - 3 species were identified and samples sent to Toucan Teak (a U.S. company) as a substitute for Western Red Cedar in roofing and siding applications in the Pacific Northwest. Physical testing is currently underway by Toucan Teak.
  - 5 Nicaraguan species were identified with Pan American Woods (an FSC-certified Costa Rican company) for research and development on use as hardwood flooring. As a result of the first trial runs, the NFTN member Wood Flooring International established a joint-venture with Pan-American Woods to produce FSC-certified hardwood flooring for the U.S. market based on Nicaraguan hardwoods. Samples from Nicaragua were also sent to EcoHout (Holland) and Selloro (Panamá) for alternative lumber and flooring applications. Results are forthcoming.

## Peru

- The final Action Plan (based on a thorough field assessment via the Peruvian Stepwise Approach methodology) was completed for the two indigenous community forest holdings of Nueva Shahuaya and Hito Sawawo 40 covering a total of 77,400 hectares. This report and Action Plan was sent to Forestal Venao (a large supplier of mahogany to NAFTA members) that works with the communities, as well as community leaders. Based on recommendations provided in the Action Plan, Forestal Venao has already initiated improvements in its forestry operations and is planning to proceed with a full FSC certification assessment in early 2007.
- After many months of technical assistance by WWF staff to Maderera Bozovich S.A. (Peru's largest hardwood exporter) including visits to the Rio Piedras forest concession, meetings with GFTN members and staff in China, and discussions with U.S. buyers, the company finally made a substantive move forward. The FSC-accredited certifier, SKAL, completed a preliminary assessment of the potential for FSC Certification of the Rio Piedras concessions managed by

Maderera Bozovich in Madre de Dios. WWF has reviewed this evaluation report of 68,000 ha. and offered technical assistance for achieving forest certification. Next steps are pending discussion.

- WWF provided key technical assistance to the following forest concessionaires in order for them to undergo full certification assessments by September 2006.
  - 180,000 ha Consorcio Forestal Amazonico (Atalaya region of Ucayali)
  - 96,000 ha of Maderacre and Maderija in Madre de Dios
  - 81,128 ha. of the Grupo Espinoza in Madre de Dios.
- Numerous samples of 4 Peruvian hardwood species were shipped to the Vietnamese FTN for distribution to various outdoor furniture manufacturers for substitute species for the increasingly rare and problematic Keruing and Yellow Balau asian hardwoods. As a result of these samples and subsequent follow-up, members of the Vietnamese FTN recently traveled to South America to source new species. Results are pending.

### LAC and Vietnam

The GFTN Coordinator for Latin America presented market opportunities for sourcing certified hardwoods from Latin America at 2 industry meetings organized by WWF's Vietnam FTN in the wood manufacturing hub city of Quy Nhon. The coordinator also visited 4 mills (Dai Thanh, ScanCom, Truong Thanh, Vinafor) to determine the possibility of substituting threatened Asian hardwoods with certified LAC species. Specific follow-up meetings were held with ScanCom and Truong Thanh which resulted in price quotes being made by 2 Peruvian manufacturers to supply lesser-known timber species to these Vietnamese companies. Results are pending.

### Asia and the Near East

Activities in the Asia and Near East region are supported by USAID through the *Alliance to build market links to conserve Indonesia's forests* with technical assistance from the GFTN Secretariat (funded through the SFPGA).

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

- The Malaysia FTN extended the membership of furniture manufacturer Borneo Tsang, which has publicly renewed its commitment to responsible timber sourcing and is on track for CoC certification in the near future. This brings the total of three companies in the Malaysia FTN that committed to the responsible purchasing of timber products.
- Additional three forest companies applied to join the Malaysia FTN and developed action plans for stepwise progress to certification.
- WWF Malaysia has helped facilitate the development a National Working Group that is charged with creating a national certification scheme for Malaysia which can be endorsed by FSC.

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

- Indonesia Forest and Trade Network (Nusa Hijau) welcomed its first forest company member, Sumalindo Lestari Jaya II, a producer of mixed tropical hardwood with a concession of 267,000 hectares in Kabupaten Kutai Barat, East Kalimantan. Part of the Sumalindo Lestari Jaya Tbk group, Sumalindo II has become the largest forest in Indonesia to obtain certification from the

Forest Stewardship Council (FSC). Smartwood certified the company after a five year process to improve its forest management in accordance with strict environmental and socioeconomic standards.

- Perum Perhutani, a state-owned forest concession company in Java, signed a Participation Agreement with the Nusa Hijau for five of its 52 Forest Management Units (FMUs). The five FMUs cover an area of over 167,000 hectares, all of which are located in East Java. This brings the total to six companies that have committed to work with the Nusa Hijau to improve its forest management.
- The Indonesia FTN added two more trade participants, PT Diraja Surya in East Java and PT Masterwood Indonesia in West Java. Both are manufacturers of garden furniture which export to the European and US market.
- Two major oil palm producers in Kalimantan signed MOUs with WWF Indonesia, declaring their commitment to pilot assessments of High Conservation Values in their plantations. The lessons learned from these projects will be widely shared and help build national capacity for such assessments elsewhere in Indonesia. This is important because the forests around the High Conservation Value Forest are rapidly being converted into the oil palm plantations.

### **WWF Vietnam Forest & Trade Network**

Activities in Vietnam are supported through matching funds.

- The Vietnam Forest & Trade Network (VFTN) announced its first four official member companies. These new members are the first companies in Vietnam to pass the VFTN membership requirement, thus demonstrating long-term commitments to responsible forest management and trade. They include one timber trading company, Thanh Hoa Co. Ltd., and three successful wood processing and furniture manufacturing companies: ScanCom Vietnam Ltd., Truong Thanh Furniture Corporation, and Dai Thanh Co. Ltd. These companies purchase nearly one million cubic meters of tropical timber per year and can potentially resource much of these from GFTN participants around the globe.

### *Africa*

#### **WWF Central Africa Forest & Trade Network**

- SEFAC Group (managing 400,000 hectares and two mills) has developed the action plan towards certification, and SFCS/TTS, a logging company managing 57,996 hectares and one mill, manifested the interest to organize the pre-audit shortly. In addition, TRC has accepted to organize the pre-audits for three concessions totaling more than 150,000 hectares. This will increase the area of TRC from 120,000 hectares to more than 270,000 hectares.
- One local timber manufacturer (Parquetcam) based in Edea, Cameroon applied for CAFTN membership. This enterprise wants to source timber from community forests benefiting technical support from WWF to ensure that they use legal timber from sustainably managed community forests.
- CAFTN has developed the partnerships to ensure the effective implementation of the action plans:
  - WWF Coastal Project, WWF DGIS Project and local NGOs such as Save our Wildlife, CAFER (Centre d'Appui aux Femmes et aux Ruraux/ Centre for Support to Women and

- Rural Communities) and CIEFE (Centre International d'Etudes Forestières et Environnementales/ Centre for International Forestry and Environment Studies) for TRC Action Plan;
- WWF Jengi Project for Decolvenaere Action Plan;
  - GTZ and Jengi Project for SEFAC Action Plan; and
  - FAO and IRAD (Agriculture and Development Research Institute, Cameroon), WWF DGIS Project, Nature+/FUSAGx (Faculty of the University of Gembloux, Belgium) and Local NGOS for PALLISCO Action Plan
- CAFTN in collaboration with GFTN Europe, WWF Spain and Spanish government organized a high level conference on Responsible Trade in Forest Products between Spain and Central Africa. During the conference, Ministers from Cameroon and Congo, the Representative of the Executive Secretary of the Commission for Central African Forests (COMIFAC) and the Secretary General of the African Timber Organization (ATO) attended and made presentations. On the next day of the conference, the visit to the Luvipol door joinery was organized and attended by the delegations as well. Following the event the Cameroon National Radio broadcasted an interview with the Cameroonian Forest Minister where he expressed his appreciation of the seminar and the field visit. He also urged all logging companies operating in Cameroon to practice sustainable forest management and to achieve credible forest certification.
  - During the GFTN study trip to Cameroon for FTN coordinators from Europe, China and North America, CAFTN has organized field visits to two logging companies and a seminar with key stakeholders in the Congo Basin including Ministry in charge of forestry, GTZ, IUCN, WCS, FAO, SNV, FSC, CED. In addition, representatives from seven logging companies, including TRC-Reef, Decolvenaere, Pallisco, Wijma, SFCS/TTS, SEFAC, and SCIEB met FTN coordinators individually to talk about potential market links to Central Africa.

### **Ghana Forest & Trade Network**

- Four companies (John Bitar & Co. Ltd, Ghana Primewood Ltd., Logs & Lumber Ltd., and Scanstyle Mim Ltd.) managing total of 170,844 hectares have joined Ghana FTN. Combined with Ghana FTN's first member, Samartex Timber & Plywood, five participants hold a total of 44.5% of the total forest reserve concessions in Ghana. These five companies alone exported a total of 72 million dollars in 2004 representing over 34% of the total wood export in Ghana.
- Six Market Links for wood products from Ghana with an estimated value of \$4.7 million have been established while other thirteen Market Link enquiries from UK, Netherlands, Germany, Vietnam and France have been generated with an estimated value of \$11.4 million.
- A national workshop on “Key Impediments to Forest Certification and Sustainable Forest Management in Ghana” was organized by the Ghana FTN, resulting in the key stakeholders’ support on forest certification and Ghana FTN’s program as a potential for the national focus to address problems besetting the forestry sector in Ghana. Participants include representatives of Ministry of Lands, Forestry and Mines, Forestry Commission, Forest Services Division Regional, some District Forestry officers, Civil Society, and Timber Industry and Research Institutions. The workshop was covered by various FM stations in Ghana and appeared in the April 10<sup>th</sup> issue of the Daily Graphic.

*Europe and Eurasia*

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

- Two FSC FM/COC certificates were issued to companies for 1,090,942 ha, including FTN participant ULIL (Ilim Pulp Corporation) for 1,055,759 ha in Siberia
- Five FSC COC certificates were issued to companies, including Russia FTN participants IlimSeverLes and Kotlas PPM (Ilim Pulp Corporation), Solombala Sawmill, and Arkhangelsk Pulp and Paper Mill.
- New inquiries for Russian forest products were received from Obi, Deli-Universal Group, Gerlely & Son Ltd. as well as for larch from Germany.

*Table 1*

*Data is as of March 2006 and may not reflect newly admitted members.*

FTNs	Number of Companies	Status	Hectares	FSC Hectares	M3 Round Wood Equivalent
Australia WWF FTN	8	Potential Participant	263,536	263,536	
Austria WWF Wood Group	10	Trade Participant			
Belgium FSC FTN	14	Trade Participant			
Bolivia WWF FTN	2	Baseline appr. & Action plan completed	110,000		54,000
Bolivia WWF FTN	2	Baseline appr. & Action plan in process			4,000
Bolivia WWF FTN	2	Potential Participant	11,000		800
Brasil FOE CPFC	2	Forest Participant	122,729	122,729	
Brasil FOE CPFC	30	Suspended Trade Participant			
Brasil FOE CPFC	41	Trade Participant	8,647	8,647	
Brasil PFCA	1	Application submitted	25,100	25,100	100,000
Brasil PFCA	9	Forest Participant	1,092,119	963,826	13,600
Brasil PFCA	1	Suspended Forest Participant	40,862	38,000	17,000
Brasil WWF Brasil	6	Application submitted	155,421		50,884
Brasil WWF Brasil	1	Potential Participant	100,000		
Bulgaria WWF DCPO FTN	6	Application submitted	4,000		148,000
CAFTN - Cameroon	2	Application submitted	143,996		92,650
CAFTN - Cameroon	3	Baseline appr. & Action plan in process	240,796		135,820
CAFTN - Cameroon	6	Forest Participant	583,179		311,511
CAFTN - Cameroon	7	Potential Participant	514,410	42,000	10,000
CAFTN - DRC	1	Potential Participant			
CAFTN - Gabon	6	Potential Participant	1,050,000		
China WWF FTN	4	Application submitted			1,718,000
China WWF FTN	2	Forest Participant	425,358	425,358	323,000
China WWF FTN	6	Trade Participant			430,000
France WWF Club Proforêt	11	Trade Participant			
Germany WWF Wood Group	16	Trade Participant			

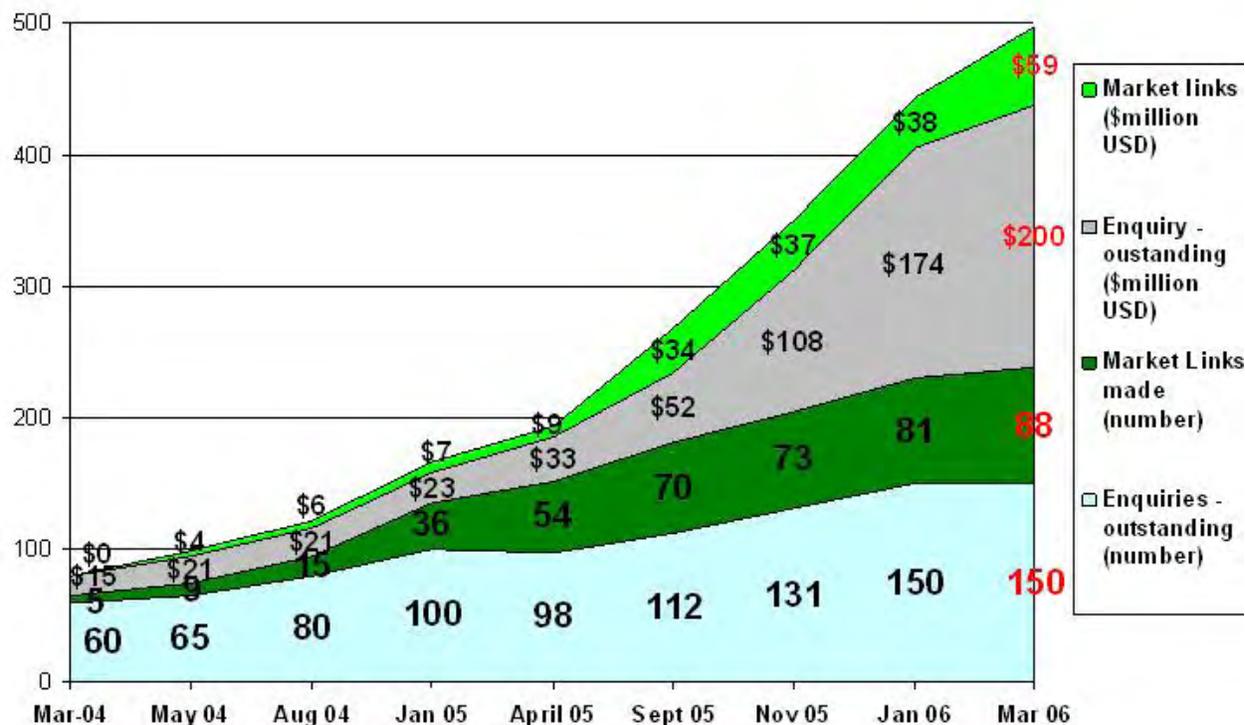
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FTNs	Number of Companies	Status	Hectares	FSC Hectares	M3 Round Wood Equivalent
Ghana FOE FTN	7	Application submitted	167,168		278,000
Ghana FOE FTN	3	Baseline appr. & Action plan completed	103,521		576,000
Ghana FOE FTN	1	Forest Participant	159,000		120,000
Ghana FOE FTN	4	Potential Participant			
Hong Kong EcoWood@sia	7	Trade Participant			
Indonesia WWF Nusa Hijau FTN	6	Application submitted	115,809		4,764
Indonesia WWF Nusa Hijau FTN	6	Baseline appr. & Action plan completed	378,940		938,000
Indonesia WWF Nusa Hijau FTN	5	Baseline appr. & Action plan in process			8,000
Indonesia WWF Nusa Hijau FTN	6	Forest Participant	433,532	269,660	90,300
Indonesia WWF Nusa Hijau FTN	12	Potential Participant	835,600	90,000	380,000
Indonesia WWF Nusa Hijau FTN	3	Trade Participant			7,250
Italy WWF Club per il Legno Ecocertificato	17	FTN Suspended Operations			
Jagwood+ Belize	1	Potential Participant	104,888	104,888	
Jagwood+ Costa Rica	2	Forest Participant	34,445	34,445	
Jagwood+ Costa Rica	16	Potential Participant	44,048	44,048	134,055
Jagwood+ Costa Rica	1	Trade Participant			75,000
Jagwood+ Guatemala	4	Potential Participant	72,895	68,017	
Jagwood+ Honduras	1	Forest Participant	7,970	7,970	
Jagwood+ Honduras	2	Potential Participant	4,149	4,149	
Jagwood+ Nicaragua	1	Baseline appr. & Action plan completed	5,000		
Jagwood+ Nicaragua	5	Baseline appr. & Action plan in process	23,632		
Jagwood+ Nicaragua	3	Forest Participant	13,227	13,227	
Jagwood+ Nicaragua	1	Potential Participant	3,500	3,500	
Jagwood+ Nicaragua	5	Trade Participant			
Jagwood+ Panama	3	Baseline appr. & Action plan in process			
Jagwood+ Panama	2	Forest Participant	3,025	3,025	
Japan WWF Sanshoukai	27	Trade Participant	67,562	20,070	
Malaysia FTN (MFTN)	1	Application submitted			
Malaysia FTN (MFTN)	1	Baseline appr. & Action plan completed			1,577
Malaysia FTN (MFTN)	5	Baseline appr. & Action plan in process	226,260		2,000
Malaysia FTN (MFTN)	2	Potential Participant	108,665		
Malaysia FTN (MFTN)	3	Trade Participant			202,500
Netherlands FSC FTN	1	Other			
Netherlands FSC FTN	16	Trade Participant			
North American WWF FTN	20	Potential Participant			87,040,000
North American WWF FTN	3	Trade Participant			666,000
Peru WWF FTN	6	Potential Participant	182,000		3,000

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FTNs	Number of Companies	Status	Hectares	FSC Hectares	M3 Round Wood Equivalent
Philippines (Malaysia FTN)	5	Application submitted			
Romania WWF DCPO FTN	2	Application submitted			109,000
Romania WWF DCPO FTN	5	Baseline appr. & Action plan in process	48,978		103,700
Romania WWF DCPO FTN	1	Forest Participant	17,440	17,440	47,000
Romania WWF DCPO FTN	3	Potential Participant			256,000
Romanian WWF DCPO FTN	2	Potential Participant	1,075,000	1,075,000	
Russia WWF FTN	6	Application submitted	834,000	800,000	1,080,000
Russia WWF FTN	18	Forest Participant	12,047,000	3,812,586	18,376,305
Russia WWF FTN	3	Potential Participant	249,000	49,000	3,600,000
Spain WWF Grupo 2001	11	Trade Participant	1,027		707,740
Sweden WWF FTN	14	Trade Participant			122,520,000
Switzerland WWF Wood Group	20	Trade Participant			
UK WWF FTN	1	Application submitted			200,000
UK WWF FTN	1	Suspended Trade Participant			
UK WWF FTN	51	Trade Participant			20,827,209
Vietnam WWF FTN	1	Baseline appr. & Action plan completed			
Vietnam WWF FTN	4	Trade Participant			875,000

Table 2. Market Links Progress



## 5. Partnerships and Leverage

### Existing Partnerships

An update on the confirmed partners and leverage is provided below. In addition to USAID's investment of 9.6 million USD (through Year 4), WWF and Metafore have leveraged direct and indirect contributions of 30 million USD from a variety of partners, representing more than 3:1 leverage ratio.

*Table 2: Existing Partnerships and Leverage*

<b>Partner</b>	<b>Role of Partner</b>	<b>Leverage</b>
<i>Corporate</i>		
The Home Depot	Global Alliance charter partner is supporting program activities financially and committed to working with their suppliers to develop sources of responsibly harvested wood products.	\$1,000,000 cash support to WWF \$50,000 cash support to Metafore
Andersen Corporation	Global Alliance partner is supporting program activities financially and committed to working with their suppliers to develop sources of responsibly harvested wood products.	\$100,000 cash \$100,000 in-kind
IKEA	Investing in responsible forestry projects in China, Russia, the Carpathians, the Baltic states, and South East Asia.	\$6,100,000 cash \$72,000 in-kind
Catalyst Paper, (formerly NorskeCanada)	Global Alliance partner is supporting program activities financially and committed to working with their suppliers to develop sources of responsibly harvested wood products and promoting these products in the global marketplace.	\$100,000 cash
Norm Thompson Outfitters	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability. Metafore also worked with NTO to construct a wood products Scorecard to be used by internal buyers.	\$22,000 cash \$19,000 in-kind
McDonald's Corp.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$38,000 cash
Toyota Motor Sales USA, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$35,400 cash
Time, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$55,400 cash \$450,000 in-kind
Hewlett-Packard Co.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$50,400 cash \$380,000 in-kind
Nike, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$48,000 cash \$195,000 in-kind
Starbucks Coffee Company	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$50,000 cash \$60,000 in-kind

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<b>Partner</b>	<b>Role of Partner</b>	<b>Leverage</b>
FedEx Kinko's, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$27,900 cash \$70,000 in-kind
Bank of America	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$40,000 cash
Staples, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$53,400 cash \$205,000 in-kind
Cenveo (formerly Mail-Well)	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$30,400 cash
Quad Graphics	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
L.L. Bean	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
JC Penney Co., Inc.	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
REI	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Hearst Enterprises	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Office Depot	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
RR Donnelley & Sons Company	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Quebecor, Inc	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Fedex Express	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Sveaskog	Swedish state-owned forest company is partnering with WWF-GFTN to broaden the market for certified products.	\$147,000 cash
Forest Products Association of Canada	Provided cash contribution in support of Metafore's Certification Resource Center, and in-kind support to facilitate dialogue between forest products industry and business Buyers regarding the production of environmentally preferable paper.	\$17,000 cash \$25,891 in-kind (\$CDN35,000)
Certified Wood and Paper Association (formerly CFPC Marketing Collaborative)	In-kind support—based on business contributions and dues—in the form of promotion of certified wood and paper products.	\$307,575 in-kind
Various technical assistance providers	Provided in-kind support in the form of software and reductions of fees as a contribution.	\$8,819 in-kind

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<b>Partner</b>	<b>Role of Partner</b>	<b>Leverage</b>
Latin American forest companies in Nicaragua and Costa Rica (11)	Participated in the development and testing of tools to assess production capacity, technical assistance needs, and identify opportunities for growth in the domestic and international marketplace.	\$30,000 in-kind (provided to Jagwood+)
ERM Japan Ltd.	Contributed goods and services for Northeast Asia market assessment	\$14,000 in-kind
PROMPEX – Peruvian institution for exports promotion	Supported participation of GFTN LAC Regional Coordinator at Negocia Madera 2004 trade show in Lima, Peru	\$1,131 in-kind
Lippencott Mercer	Provided in-kind support to Metafore in the form of services.	\$70,000 in-kind
Selloro	Panamanian hardwood flooring company supporting responsible forest management and trade with the indigenous communities of the Comarca Emberá / Wounaan in the Darien Ecoregion, Panama	\$25,000
Local forest products trade associations	Using market benefits to promote sustainable economic development and forest conservation by small landowners, manufacturers and traders in the Dominican Republic	\$25,000
Newly recruited participants of Forest & Trade Networks in LAC, Russia, Africa	As new participants are recruited to FTNs they contribute membership fees and invest in action plans to promote responsible forestry	Significant but as yet not quantified parallel investments and some direct investments
PFCA- Brazil Corporate Producer Group	Companies implementing responsible forest management and supporting operation of Brazil producer group in Belem	\$25,000
Weyerhaeuser	Forest Leadership Forum sponsor	\$25,000 cash
International Paper	Forest Leadership Forum sponsor	\$7,500 cash
Lanoga	Forest Leadership Forum sponsor	\$10,000 cash
TBM Hardwoods	North America FTN participant	\$15,000 cash
BlueLinx	North America FTN participant	\$100,000 cash
Tetra Pak	Investing in the improved management of the world's forests through GFTN, developing a responsible purchasing policy and action plan	\$118,000 cash
Johnson & Johnson	Developing a responsible purchasing policy, North America FTN applicant	\$25,000 cash
Bank of America	Forest Leadership Forum sponsor	\$50,000 cash
<i>Private Foundation/NGO</i>		
WestWind Foundation	Supporting North American FTN activities	\$65,000 cash
Arthur Blank Family Foundation	Supporting North American FTN activities	\$100,000 cash
Blue Moon Fund	Supporting GFTN in North America, Brazil, and China	\$200,000 cash
Rockefeller Brothers Fund	Grant to Metafore to develop market for certified forest products.	\$200,000 cash

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<b>Partner</b>	<b>Role of Partner</b>	<b>Leverage</b>
Ford Foundation	Grant to Metafore to improve forestry practices around the world through promoting and facilitating the increased purchase, use and sale of third-party certified forest products.	\$300,000 cash
Surdna Foundation	Contribution to Metafore to support development of collaborative for marketing certified forest products.	\$225,000 cash
MacArthur Foundation	General support to Metafore.	\$33,000 cash
Forest Trends	Programmatic support to the Global Alliance in the form of a global market assessment; strategic studies on critical issues to forest conservation and poverty alleviation; and dissemination of results.	\$4,000,000 public and private donations
GreenWood/Madre Verde	Community based NGO working in Honduras developing conservation-based SME.	\$35,000 cash
Forest Products Association of Canada (FPAC)	Forest Leadership Forum sponsor	\$75,000 cash
Citigroup Foundation	Building sustainable forest product supply chains in China, Indonesia, Malaysia, Vietnam, Brazil, Peru, Guatemala, Honduras, and Costa Rica	\$150,000 cash
<i>Government</i>		
UK Department for International Development	Supporting development of Forest & Trade Networks in Ghana and Brazil, and reducing poverty in priority ecoregions in LAC by building effective market linkages between indigenous community forest enterprises and manufacturers	\$1,200,000 cash
European Union/WWF Belgium	Sustainable Forest Management – Central Africa Project contributing to Producer Group development	\$1,300,000 in parallel investment
Netherlands Ministry of Foreign Affairs (DGIS)	Sustainable Forest Management Project in Democratic Republic of Congo contributing to Producer Group development.	\$1,100,000 in parallel investment
BMZ	Promoting technical partnerships in forest management in Congo Basin contributing to Producer Group development.	\$50,000 in parallel investment
Congo Basin Forest Partnership/FFEM	Jengi Project technical assistance in Cameroon contributing to Producer Group development.	\$225,000 in parallel investment
Government of Sweden	Vertical integration of responsible community and Small & Medium Enterprises (SME) Bolivian wood products sector.	\$325,000
Government of Belgium	Vertical integration of responsible community and Small & Medium Enterprises (SME) Bolivian wood products sector.	\$80,000
Government of Switzerland	Vertical integration of responsible community and Small & Medium Enterprises (SME) Bolivian wood products sector.	\$426,000
Government of Germany (DED; KfW, GTZ)	Using market benefits to promote sustainable economic development and forest conservation by small landowners, manufacturers and traders in the Dominican Republic (via PROCARYN project)	\$100,000
International Finance Corporation (IFC)	Technical assistance to support responsible producers in Nicaragua	\$150,000
European Union	Supporting FTNs in Africa and Asia	\$4,550,000 cash

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<b>Partner</b>	<b>Role of Partner</b>	<b>Leverage</b>
DGIS (Netherlands)	Community business development, High Conservation Value Forest monitoring, improved forest policies and lessons learned	\$119,000 cash
World Bank/WWF Alliance	Building linkages between communities and manufacturers, implementing wood tracking mechanisms to reduce illegal logging, and developing mechanisms to access credit	\$110,000 cash
European Union/WWF Netherlands and WWF U.K.	Consolidation of forest landscapes protection and management in Choco-Darien Ecoregional Complex	\$2,660,953 cash
<b>TOTAL*</b>		<b>\$28,357,769</b>

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

*Table 3: New Partnerships and Leverage*

<b>Partner</b>	<b>Role of Partner</b>	<b>Leverage</b>
UK Department for International Development	Supporting development of functional Community Forest Management Enterprises with Indigenous Communities in Peru, Bolivia, Colombia, Panama and Nicaragua that reduce poverty by generating employment and earnings for communities, long-term and stable wood supply for manufacturers, and improved policy environment with Civil Society Organizations.	\$600,000 cash
IFC SME Facility	Strengthening of rural indigenous forest enterprises in Nicaragua	\$900,000
IFC SME Facility	Establishment of linkages between indigenous community forest producers and Bolivian manufacturers.	\$700,000
Fundacion Natura (Panama)	Implement indigenous community forest management in the community of Marraganti	\$100,000
American Forest and Paper Association (AF&PA)	Forest Leadership Forum sponsorship	\$15,000 cash
PricewaterhouseCooper	Forest Leadership Forum sponsorship	\$7,500 cash
Pyramid Communications	Forest Leadership Forum sponsorship	\$ 5,000 In-kind
WWF North American Trade Network	Forest Leadership Forum sponsorship	\$10,000 cash
Time Inc.	Forest Leadership Forum sponsorship and EPAT support	\$10,000 cash
<b>TOTAL</b>		<b>\$2,347,500 cash</b>

**Annex 1: Activities Table – October 1, 2005 –December 31, 2005**

Activity	Responsible	Status	Metric																		
			Policy Successes				Tools	Tech. Asst. Person-days	Persons trained				Partners	Number & Hectares for Sustainable Timber Forest						Market links	
			Policy Analyses*	Policy Reform / Development*	Policy adoption*	Policy implementation			Total	Male	Female	Youth		Application*		Participation		Certified		Numbers	Value (US\$)
							Numbers	Hectares					Numbers	Hectares	Numbers	Hectares					
<b>A. Enhanced demand for legal products from well-managed forests</b>																					
<i>A-1 Increase number of government agencies and businesses that agree to source forest products from legal, well-managed forests</i>																					
Corporate outreach	Metafore	on-track																			
Corporate outreach (RPG and KIL)	WWF	on-track																			
- Seminar in Fukushima, Japan								1	150												
- Global Environmental Forum (WWF/Greenpeace/FoE)								1	25												
NA-FTN	WWF	on-track	22																		
Europe: linking to producers	WWF	on-track	1																		
GFTN Asia	WWF	on-track																			
- Japanese Paper Buyers							1	1	220												







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Activity	Responsible	Status	Metric																		
			Policy Successes				Tools	Tech. Asst. Person-days	Persons trained				Partners	Number & Hectares for Sustainable Timber Forest						Market links	
			Policy Analyses*	Policy Reform / Development*	Policy adoption*	Policy implementation			Total	Male	Female	Youth		Application*		Participation		Certified		Numbers	Value (US\$)
							Numbers	Hectares					Numbers	Hectares	Numbers	Hectares					
Bolivia	WWF	on-track											2	110,000							
Peru	WWF	on-track																			
China	WWF	on-track																			
<i>B-3 Increase the area of forest under written commitment to achieve responsible forest management.</i>																					
Indonesia	WWF	on-track										1			6	433,532		269,660			
Malaysia	WWF	on-track																			
Vietnam	WWF	on-track																			
Russia	WWF	on-track										3		2		4	3,812,586				
Ghana	WWF	on-track										1		4	170,844			6	4,700,000		
Central Africa	WWF	on-track												6	583,179						
Mesoamerica and Caribbean	WWF	on-track				7								1	6,592	6	58,667	2	180,000		
Brazil	WWF	on-track												3	325,405	11	1,086,555				
Bolivia	WWF	on-track																			
Peru	WWF	on-track																			



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Activity	Responsible	Status	Metric																		
			Policy Successes				Tools	Tech. Asst. Person-days	Persons trained				Partners	Number & Hectares for Sustainable Timber Forest						Market links	
			Policy Analyses*	Policy Reform / Development*	Policy adoption*	Policy implementation			Total	Male	Female	Youth		Application*		Participation		Certified		Numbers	Value (US\$)
							Numbers	Hectares					Numbers	Hectares	Numbers	Hectares					
- FTN Russia's study tour to Belgium and Netherlands								30													
- Training Workshop in Ghana (WWF/FoE)								28													
- LAC-NAFTN Meeting								14	8	6											
- Responsible Trade of Forest Products seminar, Madrid								200													
Global Wood Advisor	Metafore	on-track				1		80													
Business Action Toolkit	Metafore	on-track																			
Business Case Studies	Metafore	completed				3															
Book on the business rationale	Metafore	on-track																			
InFocus business news	Metafore	on-track				24		200													
Certification Resource Center	Metafore	on-track																			
International professional development	Metafore	on-track																			

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Activity	Respon- sible	Status	Metric																		
			Policy Successes				Tools	Tech. Asst. Person-days	Persons trained				Partners	Number & Hectares for Sustainable Timber Forest						Market links	
			Policy Analyses*	Policy Reform / Development*	Policy adoption*	Policy implementation			Total	Male	Female	Youth		Application*		Participation		Certified		Numbers	Value (US\$)
							Numbers	Hectares					Numbers	Hectares	Numbers	Hectares					
<i>C-2 Increase value and the number of market links (or trade relationships) between willing buyers and producers.</i>																					
Market links	WWF	on-track																		9	20,020,000
International producer seminars	Metafore	on-track																			
Forest Leadership Forum 2006	Metafore	on-track																			
<b>Yer 4 TOTAL</b>			27	0	0	27	28	5	1056	24	13	0	25	58	2,299,694	22	1,519,552	21	5,227,468	18	25,000,000
<b>Year 3</b>			-	-	-	41	69	17	2939	-	-	-	53	-	-	4	657,844	-	-	42	20,400,000
<b>Year 2</b>			-	-	-	24	98	274	1387	-	-	-	555	-	-	31	12,691,203	-	-	28	13,600,000
<b>Year 1</b>			-	-	-	16	9	7	1221	-	-	-	46	-	-	-	1,809,232	-	-	0	-
<b>Grand Total (Years 1-4 Cummulative w/o detail)</b>			-	-	-	108	204	303	6603	13	13	0	679	-	4,599,388	57	24,205,028		5,652,826	88	59,000,000

***Annex 2: Alliance Chronicles***



**Making Markets Work for Forests and People in Ghana**

*Thanks to WWF's Global Forest & Trade Network, buying environmentally friendly lumber in London can help build a school in Ghana.*

*by Julia Cass for WWF*

The ride from Accra—the capital of Ghana—to Samreboi, a sawmill town near the western border, reveals the impact of 50 years of indiscriminate logging and agricultural clear-cutting on the once-extensive forests of this West African nation. During the five-hour drive southwest from the capital to Kumasi, very little forest can be seen because most of the natural forest in central and southern Ghana is gone. Drive west for two more hours and the rainforests that once covered more than one third of Ghana are virtually nonexistent, except for the last 30 kilometers before reaching Samreboi.

Continued deforestation and degradation of the remaining 720,000 hectares (1 ha = 2.47 acres) of forest threaten Ghana's economy, the livelihoods of people who depend on forests, and the world's biological diversity. Ghana's forests are part of the Guinean Moist Forest Ecosystem, identified by WWF as one of the world's most biologically important and diverse habitats. It would be hard to overstate the threat because "when it's gone, it's gone," said George White, Responsible Purchasing Coordinator for WWF's Global Forest and Trade Network (GFTN). He cited the nearby country of Nigeria as an example. "Nigeria used to be covered with forest. Now, there's virtually nothing."

Since 2003, WWF and Friends of the Earth-Ghana (FOE) have been working with logging companies in Ghana to help improve the companies' practices and conserve more of the forests and their wildlife. In December 2004, in a groundbreaking achievement for forest conservation in West Africa, Samartex Timber and Plywood Co. Ltd, one of Ghana's leading producers of forest products, signed an agreement with WWF and FOE to work towards independent certification of environmentally sound forest management practices on the 159,000 hectares under its management. The agreement made Samartex the inaugural participant in the Ghana Forest & Trade Network (Ghana FTN). Since then, eight other companies in Ghana have applied to join the network, six of which have undergone baseline audits of their operations.

Samartex took this important step with the encouragement of two of its major buyers: Timbmet Silverman, a UK timber importer, and Travis Perkins, a UK building materials supplier. Both Timbmet Silverman and Travis Perkins are members of the UK Forest & Trade Network (UK FTN) and have pledged to increase the amount of timber they buy from legal and sustainable sources.

"The Samartex story represents an achievement we envisioned when the GFTN was formed," said Darius Sarshar, GFTN's Responsible Forestry Coordinator. "With a push from environmental

groups, demand for wood from legal and well-managed forests has been increasing. But rising market demand alone is not enough. What we have added through our new partnerships with logging companies like Samartex is much needed help on the supply-side of the equation.”

### Building Demand

The demand chain affecting forests in Ghana begins with Travis Perkins, a publicly-traded company that is a main supplier to the building and construction market and one of the largest companies in the UK. In recent years, the company has been criticized for the sources of wood used in some major government building projects, including a well-publicized Greenpeace protest about renovations to cabinet offices in Westminster.

“We came under pressure from some of our shareholders such as the large pension fund holders who make a point of investing in companies that are seen as environmentally and ethically run,” said Steve Ford, Travis Perkins’ environmental manager. About 15 percent of the company’s clients are builders involved in contracts with the central government, which now requires the use of timber from “legal and sustainable” sources, Ford said. Its other clients are large home builders that also have shareholders who are disturbed when their company’s image is tarnished.

One of Travis Perkins’ major suppliers is Timbmet Silverman, a family-owned company that is the largest importer of hardwood in the UK, with 40 percent of its supply coming from the tropics. “Timbmet was bombarded by its customers asking questions about its sources and wanting certified timber,” White said. “With a push from environmental groups, demand for wood from legal and well-managed forests has been increasing. But rising market demand alone is not enough. What we have added through our new partnerships with logging companies like Samartex is much needed help on the supply-side of the equation.”

Mike Packer, Timbmet’s director of responsible solutions, said that the company’s chief executive is passionate about minimizing their environmental footprint and welcomes the demand for responsibly-harvested timber. “Without market demand, no amount of goodwill or desire to save the world’s forests will have much of an impact.” Timbmet’s difficulty, he said, was a lack of supply of certified wood, especially hardwoods from the tropics where many of the world’s most valuable and threatened forests are located.

### Creating Supply

Timbmet has long had a commercial relationship with Samartex Timber and Plywood Co., a Samreboi-based company with long-term logging concessions on government-owned timber reserves in western Ghana. Samartex also owns a sawmill, veneer mill, and plywood mill. Hundreds of species of flora and fauna—including chimpanzees, forest elephants, and rare red colobus monkeys—inhabit the forests where Samartex extracts timber.

Several forest blocks in the Samartex concession contain forest that has never been logged, and some have been withdrawn from production and set aside by the government as Globally Significant Biodiversity Areas for their floristic value. The company’s commercially valuable timber species

include iroko, African mahogany, utile, and sapele, which are well-established species used for joinery in the UK market. Samartex's sawmill is the largest in Ghana.

In an effort to increase its supply of sustainably-produced wood, Timbmet encouraged Samartex to join the newly established Ghana FTN. "It's a good network, providing a stepwise framework and technical assistance to help companies like Samartex move towards certification by the Forest Stewardship Council (FSC)," Packer said. "We wanted independent checks and verification so there would be no question when we sell to Travis Perkins where the timber comes from."

The Ghana FTN was launched in 2003, based on the need of Timbmet and other buying members of the GFTN's international network. Abraham Baffoe, a Ghanaian forester who worked for FOE, became its coordinator and began trying to recruit timber companies and explaining how FSC certification worked. Initially, he said, "The level of awareness and understanding of certification was very low. Company operators did not understand what forest certification meant and how to get there."

The breakthrough with Samartex—and the other Ghanaian companies that have applied to join the network—came through the encouragement of its major buyer, Baffoe said. "You can explain the concept and they will listen but nothing will happen. If one of their key buyers comes in and says, 'We want certification,' then they will get interested."

For Samartex, Timbmet is one of its biggest customers and "its request had clout," explained Gilmour Dickson, Samartex's forest coordinator. "Right from the beginning we said that there is an increased cost factor and if we get our forests certified we should receive a cost benefit." Timbmet pays a premium for Samartex wood and is favoring them with additional business.

The GFTN provided technical assistance and paid some of the costs of the experts and audits required in the certification process, using funds provided by the U.S. Agency of International Development and the UK's Department for International Development. "To be honest, if you went off on your own seeking FSC certification, there are so many consultants offering services that there is the danger that it would be a long and expensive process," Dickson said. "Thanks to the GFTN, we were able to accomplish this process efficiently."

Since it joined the GFTN, Samartex has received about \$2 million in new business inquiries from buyers in the network. "There is a big demand for FSC certified tropical hardwood and not many companies in a position to supply it," Dickson said.

### Improving Practices

In joining the Ghana FTN, Samartex declared a moratorium on logging in 20,000 hectares of its primary forests, developed benefit-sharing plans with local communities within Samartex-managed concessions, and put together a comprehensive road map for achieving FSC certification by 2007. The company also agreed to exclude from its mills wood from conversion forests managed by third parties.

A serious problem in Ghanaian forestry, Baffoe said, is the collateral damage done by poor felling and hauling practices. "For every tree taken, four or five often go down with it." Since Samartex joined the FTN, this problem has been dramatically reduced in the company's forests. Samartex has

also improved its roads and replaced outmoded hauling machines. “The company has made a lot of improvements in a short period of time,” he said.

As another part of its commitment to the GFTN, Samartex signed social responsibility agreements with communities on the fringe of its forests. It set up a committee, consisting of Samartex managers and village leaders, to determine what the communities needed—school buildings, water systems, a community center—and what the company would provide.

The company, which employs more than 2,000 people in its forestry operations and mills, also is helping develop alternative sources of income for people living in the area. The traditional slash and burn practice used by poor farmers has contributed to a reduction in the cover of natural forests. Part of Samartex’s agreement in submitting to certification is to stop encroachments and prevent illegal hunting on its lands.

“Obviously, to be successful we have to find other forms of income generation,” Dickson said. Some 300 households adjacent to one of the company’s concessions are now involved in an agroforestry project that includes planting fast-growing timber species for eventual sale; cultivating a native plant species from which they extract a natural, low-calorie sweetener; beekeeping; and fish and snail farming. The company also trains and employs 30 professional wood carvers who make bowls and animals out of leftover wood that are sold at international craft fairs and through a Web site ([www.ecocraft.org](http://www.ecocraft.org)).

### Gathering Momentum

Since Samartex became the first member of the Ghana FTN, eight other companies have followed its lead and applied for membership. Two of them have prepared action plans to achieve FSC certification based on the baseline audits of their forests totaling over 85,000 hectares.

In January 2006, Baffoe and an auditor from SmartWood, an FSC-accredited certification body, conducted the baseline audits of the operations of three additional Ghanaian timber companies that are seeking certification and membership in the FTN. A fourth also has had an audit of its forest holdings.

“There are just a handful of big Ghanaian timber exporting companies, and most of them are now either members or applicants,” said Sarshar, adding that the GFTN will now focus on enlisting the country’s numerous small- and medium-sized companies.

Because Samartex has large scale timber harvesting concessions, its membership in the GFTN puts more than 22 percent of Ghana’s production forests on the path to responsible management. When the other companies complete their audits and action plans for certification, that figure will reach nearly 60 percent.

Said Sarshar, “These percentages demonstrate the significant contribution the GFTN is making to retain the rich biodiversity of Ghana’s remaining production forests and ensure that they generate economic value for the country for years to come.”