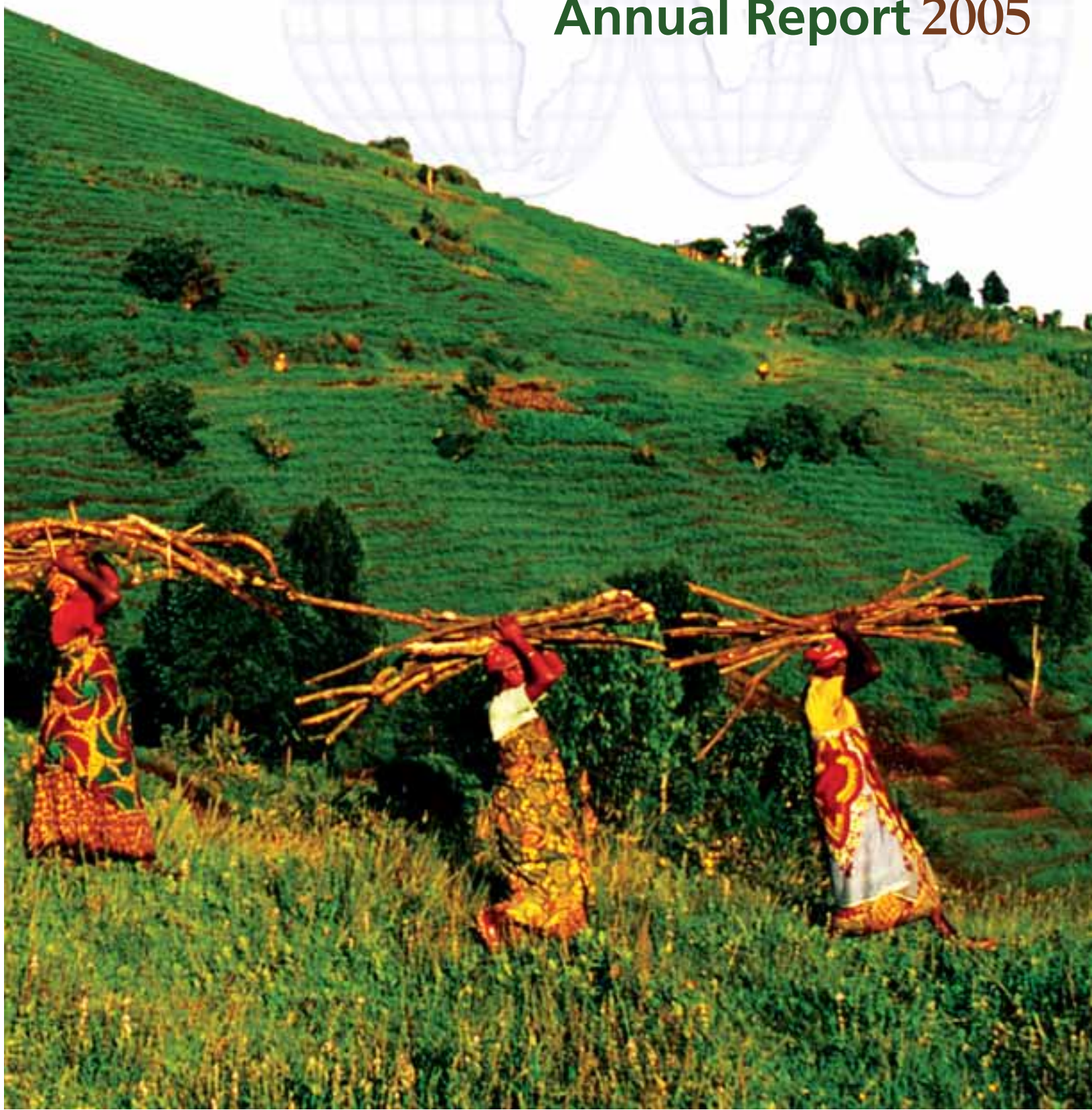


W W F / W O R L D B A N K

G L O B A L F O R E S T A L L I A N C E

Annual Report 2005



Mission

The World Bank/WWF Alliance for Forest Conservation & Sustainable Use is a response to a crisis—the continued depletion of the world's forest biodiversity, and of forest-based goods and services essential for sustainable development. The goal of the Alliance is a significantly reduced rate of loss and degradation of all forest types.

In pursuit of this goal, the Alliance works with governments, the private sector, and civil society to achieve three targets by 2005:

- 50 million hectares (124 million acres) of new forest protected areas
- 50 million hectares (124 million acres) of existing highly threatened forest protected areas secured under effective management
- 200 million hectares (495 million acres) of production forests under independently certified sustainable management

(1 hectare = 2.47 acres)

The Alliance will make every effort to achieve these targets across a broad range of forest types and geographic regions.

The Alliance is founded on the following guiding principles:

- recognition of the potential for sustainable management of forests and of the contribution this can make to sustainable development
- mutual respect for each Alliance partner's complementary strengths
- commitment to finding ways to achieve more than either organization could accomplish independently
- commitment to a responsive, flexible, and transparent manner of developing and carrying out joint activities

Message from James Leape and Dr. Paul Wolfowitz

2005 was a significant year for the World Bank and WWF. Each institution—under new leadership—assessed its role in global efforts to fight poverty and conserve nature. These efforts were challenged by increasingly severe environmental degradation, health and humanitarian crises, and the adverse effect of extreme weather patterns in many of the world's natural habitats. Amidst these troubling trends, creative approaches to conservation and poverty alleviation—with support from our partners—have yielded encouraging results.

The WWF/World Bank Alliance for Forest Conservation & Sustainable Use (Alliance) dates back nearly a decade and has helped initiate projects that are historic, both in their ambition and their targets. Our goal is to sustain the forest resource base on which people depend for their livelihoods and essential environmental services.

Perhaps the best known example is the Amazon Region Protected Area (ARPA) initiative, which is tripling the Amazon network of parks and extractive reserves in the face of tropical deforestation. The initiative is supported by a public-private partnership between the government of Brazil, the World Bank, WWF, the Global Environment Facility, the Brazilian Biodiversity Fund, and the German Development Bank. Less than four years into the program, 13.5 million hectares of new federal and state strict nature protection areas were created—including the magnificent Tumucumaque Mountains National Park. Another 7.5 million hectares of new sustainable use areas were created to benefit local communities. And an additional 8 million hectares of parks are being strengthened under the program. In total, this represents a protected area larger than the United Kingdom that conserves biodiversity, resists deforestation, and supports local communities.

The Congo Basin Forest Partnership has also benefited from the Alliance and its partners. It created the 3.6 million hectare Sangha Tri-National forest landscape spanning Cameroon, Central African Republic, and Republic of Congo. This multilateral project received the first internationally recognized certification of a forestry operation in the region and was also supported by other organizations including the Canadian Aid Agency (CIDA), the United Kingdom Department for International Development (DFID), and the European Union (EU).

To date, the Alliance has assisted more than 50 countries and other partners to implement international conventions for biological diversity, desertification, and climate change. By mobilizing expertise and resources to accelerate investments from both the public and private sectors, the Alliance is helping developing countries reach for the triple dividend of environmental conservation, poverty alleviation and sustainable development.

As the Alliance looks toward the future, we are determined to achieve even more ambitious results by working with the private sector. Through the WWF Global Forest & Trade Network (GFTN), the Alliance will assist companies to combat illegal logging, improve transparency, and adopt best forest management practices. The GFTN includes more than 300 companies in some 30 countries that manage almost 20 million hectares of forest. These operations support families and communities and employ over 1.5 million people.

Together with the International Finance Corporation (IFC) and the GFTN, the Alliance will expand its partnership with community-owned and other small and medium-sized enterprises to help them obtain much-needed capital and expand the adoption of responsible management practices.

We are committed to applying the lessons learned from the Alliance's efforts into the core business of our respective institutions. For WWF, this includes our new efforts to scale up our conservation efforts in outstanding ecological regions and in global markets. For the World Bank, this includes our renewed commitment to good governance and efficient stewardship of resources, as a means to reducing poverty and achieving sustainable development.

We invite you to seek us out in the countries and international fora where we are working to expand the range of partners, instruments, tools, and mechanisms. We look forward to reporting to you even greater progress in coming years on forest conservation and sustainable use within healthy and productive landscapes.



James Leape
Director General
WWF



Dr. Paul Wolfowitz
President
World Bank Group

Introduction: Results of the Alliance's Target-Driven Approach

The Alliance had its genesis at the Special Session of the General Assembly of the United Nations ("Rio +5") convened to consider progress towards sustainable development five years after the 1992 World Summit on Sustainable Development in Rio de Janeiro. Prompted by the discussions of major sustainable development topics at the Special Session, the World Bank's environmental and social development staff prepared discussion papers guided by these discussions, asking three questions: Where is the world now? Where should the world aim to be by 2005? What role should the World Bank be seeking to play in helping to achieve the objectives suggested for 2005?

A resulting analysis by the Bank's forest staff suggested that quantitative global goals for forest conservation and management should be considered by the international community. This suggestion harmonized well with targets that WWF had adopted under its Forests For Life campaign, and a dialogue was initiated between the two organizations about how to best combine their respective strengths to make progress toward a shared vision for the world's forests. The consensus emerging from these discussions was that the two organizations, working together as an alliance, should use their influence and experience to achieve results that would be transformational at the global level.

Staff at the World Bank and WWF enacted this approach by setting global targets for the achievement of new protected areas, the effective management of existing but threatened protected areas, and the certified sustainable management of production forests outside of protected areas. These ambitious targets (see Mission) were set high enough that they could only be achieved if a wide range of global, regional, national, and local organizations joined the Alliance and took up the challenge of the targets. They were defined in quantifiable terms so that progress could be readily reported, and best practices as well as challenges to meeting the targets could be analyzed.

At the conclusion of the first phase of the Alliance, it is clear that the targets succeeded in ways both

expected and unexpected. The two targets on protected areas can squarely be considered successes. At the conclusion of 2005, over 56 million hectares of new forest protected areas had resulted from Alliance activities and about 83 million hectares were in the Alliance portfolio for effective management of protected areas, surpassing the target in both cases. This success can be attributed to a number of factors including influential leaders and visionary coalitions of governments that took up the challenge of the Alliance targets, Alliance support for field programs directly contributing to the targets, and capacity-building tools developed by the Alliance and utilized by field practitioners and policy makers.

In conjunction with the formation of the Alliance, the government of Brazil embraced the Alliance targets on protected areas to launch an effort to triple the amount of protected areas in Brazil's Amazon Basin, the largest tropical forest protected area initiative in history. In Central Africa, heads of state and forest sector ministers from the Congo Basin countries received Alliance support to initiate a transboundary effort to cooperate on the formation and management of protected areas and forest sector policy that has had far reaching results leading to a regional conservation treaty signed in 2005 by seven heads of state. The protected area Management Effectiveness Tracking Tool (METT), developed and disseminated with Alliance support under its Learning and Capacity Building function, has been implemented by WWF, the World Bank, the Global Environment Facility, and an expanding array of partners as the standard tool for measuring progress and devising strategies for protected area management effectiveness.

While the protected area targets can be considered unequivocal successes in numeric terms, the target on certified sustainable forest management is a success of a different sort. The Alliance was launched around the same time that independently verified forest certification was first gaining traction as a tool for achieving sustainable forest management. WWF at the time was devoting resources to implementing certification as a means of improving the environ-

mental, social, and economic outcomes of forest management, while the Bank was analyzing how to engage more effectively in the forest sector in part by incorporating certification into its policies and safeguards guiding Bank lending and its impacts on the forest sector.

Given this level of activity by the Alliance partners and the commitment to certification demonstrated by others — and the fact that a sweeping solution was necessary to safeguard the world's forests outside of the 11% of forests in protected areas — it made sense to set an ambitious target that would be achieved as certification gained momentum and was taken up by the forest conservation community. It became apparent, however, that the implementation of certification required that a great deal of groundwork be in place at the national and regional level before certification could work, and that there were technical and administrative barriers to certification for companies that would require innovative solutions. At the conclusion of the Alliance's first phase in 2005 about 32 million hectares of forests outside protected areas had been certified in countries eligible for World Bank lending.

This progress represents a significant global contribution to sustainable forest management. Alliance support for national certification working groups, through funding and technical support, has enabled certification to gain ground in many countries and regions where WWF and the Bank work. Participation in WWF's Global Forest & Trade

Network — designed to help forest products companies make progress toward certification — exceeds 300 influential companies driving certification in forested countries through their purchasing and forest management practices. Capacity building tools such as the Forest Certification Assessment Guide have been created to guide support for and the practice of credible certification. With urging from WWF, the Bank adopted an Operating Policy on forests enabling it to engage more proactively in promoting certification for tropical forests. The pace of forest certification under credible systems such as the Forest Stewardship Council is increasing rapidly and will continue to be an important cornerstone of the Alliance.

The expected and unexpected results of pursuing a target driven approach have validated the vision of the Alliance's creators and those who have participated in the management of the Alliance in its first phase. Pursuing quantitative targets has proven to be an excellent means of defining the Alliance scope of work and approach, focusing funding and technical support for field projects, guiding the development of tools, cultivating the involvement of partners, and communicating progress and challenges to stakeholders. Even as the Alliance partners refine and refocus their activities and redefine the targets, the target-driven approach will continue to be a hallmark of the Alliance as it looks toward the future.

**see Annex 5 for regional summary of achievements toward Alliance targets.*

The Alliance in Action

The Alliance focuses its work in line with two underlying themes:

- target-driven activities with the potential to deliver significant benefits in terms of on-the-ground activities
- learning and capacity-building activities that help shape the attitudes and agendas of institutions with a major stake in the way the world's forests are governed and managed

Target-Driven Activities in the Field: Africa

The Brazzaville Heads of State Summit

In February 2005, six years after the first Yaoundé Summit, the Heads of State of seven participating Congo Basin countries (Cameroon, Central African Republic, Chad, Democratic Republic of Congo, Equatorial Guinea, Gabon, and Republic of Congo) gathered for a second summit in Brazzaville. This summit provided an opportunity to mark the achievements of the Yaoundé process to date and

take several more important steps toward forest conservation in the Congo Basin. The Alliance provided crucial support for this Summit at a critical juncture in the Yaoundé process and thus helped to ensure the success of this meeting.

At the summit, the Presidents of the seven countries signed a legal agreement recognizing the Central African Forest Commission (COMIFAC) as the forum for decision making on forest development policy for the Central African region. The Presidents of Cameroon, Gabon, and Republic of Congo also formally agreed to cooperative management of the 14.6 million hectare Dja-Minkebe-Odzala Tri-National (TRIDOM) Landscape, enhancing regional capacity to counter forest threats such as illegal logging. This area alone constitutes 7.5 percent of Congo Basin forests and is a significant test of the ability of regional capacity to achieve integrated conservation and development within a remote and relatively pristine landscape. In a dramatic gesture, French President Chirac made a commitment that within ten years France will import forest products only from certified, sustainably managed forests for use in public works.

An Effective Protected Areas Network in the Congo Basin

Support for the Yaoundé process has been an underpinning of Alliance progress toward all three targets since the process was initiated. A visionary, transboundary effort to coordinate approaches to forest sector management among the countries of Africa's Congo Basin, the process was initiated by an agreement among the heads of state of six Congo Basin countries at a 1999 summit meeting in Yaoundé, Cameroon. That first summit was envisioned by WWF, the World Bank, and partners working with the Alliance, and it was made possible by Alliance support.

The Yaoundé Declaration that resulted from the summit, a 12-point strategy guiding the efforts of the respective countries, has continued to guide forest conservation and sustainable use projects across the region as additional countries have joined the original six, and it has served to focus continued Alliance support in the region. The Congo Basin Forest Partnership, a program of the U.S. Department of State announced at the Johannesburg World Summit on Sustainable Development with a five-year commitment of US \$53 million, is built to a large extent on the operational framework and political commitment developed in the Yaoundé process. Government entities including the EU, DFID, and CIDA have also played important roles in supporting the process.

Roughly 6,755,782 hectares of protected areas have been established in the Congo Basin since the 1999 Yaoundé Summit.



BaAka tribesmen performing a celebration dance, Central African Republic

The Sangha Tri-National Foundation

In 2002, the governments of Cameroon, Central African Republic (CAR) and Republic of Congo took a major step toward realizing regional forest sector cooperation by agreeing to establish and manage a trans-boundary forest complex called Sangha Tri-National (*Tri-national de la Sangha*, TNS). The TNS is located in the Northwestern Congolian Lowland Forest ecoregion and covers a total surface area of some 28,000 km², including the three contiguous National Parks of Lobeke in Cameroon, Dzanga-Ndoki in Central Africa Republic and Nouabale-Ndoki in Congo, and their buffer zones. The TNS region is one of the most important conservation areas in Central Africa. In addition to a diversity of habitats, the area contains large populations of Central African mega fauna including forest elephants, lowland gorillas, chimpanzees, and bongo.

Recognizing the need to strengthen the long-term financing of conservation activities in the TNS, the government representatives of the three countries — as well as partners such as WWF, national and local protected area authorities, German Corporation for Technical Assistance (GTZ), and

Wildlife Conservation Society (WCS) — identified the possibility of creating a conservation trust fund with the objective of contributing to the financial management of the three parks, both in terms of conservation and in terms of sustainable management of natural resources in the peripheral zones, and to provide support to trans-border activities. The concept of the trust fund also grew out of recommendations from the report “Feasibility Study on Financing Mechanisms for Conservation and Sustainable Management of Central African Forests” funded by the Alliance and is one of the priorities of the sustainable financing component of the “*Plan de Convergence*” that constitutes the framework of the COMIFAC.

It is expected that the fund — known as the TNS Foundation — will be officially created by September 2006. It will have four “windows” for providing funding: one for each of the three national parks and one for trans-border activities. Potential sources of financing the fund include governmental allocations, revenues from tourism and safari hunting, the private sector, and international agencies. Several donors, from both the public and the private sector, have already confirmed their commitment. Through WWF-Germany’s efforts, a



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WWF staff monitors logging operations, Gabon

unique and innovative partnership was launched with a private German investor, the Krombacher Brewery, to raise funds through a targeted marketing campaign. US \$3 million have been secured through this innovative program. The German Development Bank (KfW) will endow US \$6 million and the French Development Agency (*Agence Française pour le Développement*, AFD) has made a firm commitment to contribute US \$3.6 million.

Responsible Forest Management Gains Foothold in West Africa

Working in collaboration with the WWF Global Forest & Trade Network (GFTN, see sidebar) and with key partners like the Tropical Forest Foundation (TFF), the Alliance seeks to apply financial support to accelerate implementation of responsible forest management in West and Central Africa and provide economic opportunity for participating companies. Reduced impact logging (RIL) — defined by the UN Food and Agriculture Organization as “intensively planned and carefully controlled implementation of [forest] harvesting operations to minimize the impact on forest stands and soils” — is a key component of GFTN participants’ efforts to achieve certification. The GFTN encourages its participants and applicants to utilize RIL, provides a framework and tools for stepwise improvement in forest management, and facilitates links to responsible buyers for FTN participants practicing RIL.

As a part of this commitment to encouraging RIL, the Ghana FTN (managed by Friends of the Earth Ghana in partnership with the GFTN) recently commissioned FORM International to conduct an assessment of one Ghana FTN participant — Samartex —

and one applicant to determine what sort of RIL training in various harvesting disciplines would be needed for both companies’ managers and workers. The anticipated benefits to the companies and their forests would be both economic and environmental.

Experts from FORM visited the Ghanaian forest concessions operated by the two companies to observe operations such as mapping and planning, harvesting, safety procedures and equipment, waste disposal, record keeping, and road construction and maintenance. These observations led to a set of recommendations that both companies should implement in order to be as compliant as possible with the principles of RIL. Based on findings from the FORM assessments, Friends of the Earth — in its capacity as manager of the Ghana FTN — organized a training workshop on RIL techniques in Takoradi, Ghana for half a dozen Ghanaian timber companies and processors. Subsequent to this activity, Samartex became the first formal member of the Ghana FTN.

Target-Driven Activities in the Field: East Asia and the Pacific

Governmental Implementation of Forest Protected Area Management Plans in China

Over the past 20 years China has established more than 2,200 protected areas at the national, provincial, and local levels. This national system of protected areas covers about 15 percent of the nation’s area and is a key element for conservation of globally important biodiversity values and securing a sustainable future for China.

In past years, direct and indirect Alliance support has helped promote the governmental adoption of a protected area management effectiveness scorecard. This scorecard revealed that forest protected areas in China face significant management challenges. Previous and ongoing support from the Global Environment Facility (GEF) in China has resulted in the design and implementation of management plans in more than 20 protected areas. Among others, the formulation

and implementation of protected area management plans have been proven to be a useful tool for securing protected area effective management.

The Alliance is now supporting a project to assess the challenges and opportunities related to the adoption of management plans for forest protected areas and to support planning and implementation activities aimed at strengthening the management capacity of forest protected areas in China. This activity is based on extensive use of the protected area management effectiveness scorecard in China and in other GEF-sponsored initiatives. An important policy outcome of this project, initiated in 2005, will be information, input, and experiences gathered from extensive interviews with protected area staff that will help improve the ongoing design of China's protected areas law.

Important Step for Certification in China

Before independently verified, credible certification can be implemented in a country, a complete set of forest management stakeholders including forestry companies, environmental groups, government officials, and others must undergo a complex process of agreeing to the technical application of certification standards and setting up governance systems in their country. Due to the complexity of this work, outside assistance is often important in helping the process succeed (see story below on Bulgaria). Recognizing this need, the Alliance is engaged in all of the regions where it works to provide funding and technical support to certification working groups and standard-setting processes. In previous years the Alliance has provided support for the national standard setting process in China and will remain involved as this process goes forward.

Women of the forest-dependent Baima people, Sichuan Province, China



© WWF-Canton / Michel GUNTHER

In 2005, WWF China and the Chinese Academy of Forestry (CAF), with strong financial and technical support from the Alliance and the World Bank, paved the way for the Forest Stewardship Council-China (FSC China) initiative by co-initiating the FSC China working group. The working group consisted of 107 representatives from a broad spectrum of society, including government, academia, forest management units, timber processing enterprises, social groups and other NGOs. The group elected an 18-person council that will lead to the development of China's certification standards.

Through WWF-China, the Alliance has also worked with the Heilongjiang and Jilin forestry departments to foster responsible forestry through forest certification. Besides capacity building and field research, WWF-China has provided technical support to the Youhao Forestry Bureau in Heilongjiang province and Baihe Forestry Bureau in Jilin province. In April 2005, the Bureau, with a total forest area of 420,000 hectares, became China's first state-owned forests to be certified under the FSC. WWF's GFTN also launched its China Forest & Trade Network with eight distributors, manufacturers, and exporters of forest products from mainland China and Hong Kong.

China is a major player in the global forest products market, both as a producer and consumer. Its market for industrial timber, pulp, and paper is the second largest in the world, outranked only by the United States. Given China's massive role in the world's timber market, certification in China is a critical strategy for mitigating the destructive environmental impacts of poor forest management on a worldwide scale. In addition, China is increasingly exporting wood in value-added products so a growing share of its wood imports represents the ecological footprint of end-consumers in other countries.

Stemming Illegal Logging in Indonesia

Indonesia is endowed with forests recognized to be among the most bio-diverse in the world. These forests not only provide habitats for a wide range of flora and fauna, but also play a pivotal role in supporting economic development, the livelihoods of the rural poor, and the provision of environmental services. However, over the last 50 years Indonesia has lost approximately 25-40% (40-60 million hectares) of its forest cover. Unsustainable forest exploitation has resulted in environmental degradation, species extinction, social conflict, lost government revenue, and the failure to maintain forest resources for future generations. While pressures on forests arise from a number of different sources and result from a complex interaction of forest and non-forest regulatory policies, it is generally recognized that a major source of forest degradation and deforestation in Indonesia has been illegal logging.

Starting in 2002 and continuing through 2005, WWF and World Bank staff working cooperatively through the Alliance have facilitated a comprehensive assessment of illegal logging and law enforcement in Indonesia in order to determine realistic and effective prevention, detection, and suppression measures which multiple stakeholders can implement to curb illegal logging. The Alliance has drawn together inputs from multiple stakeholders to devise a systematic, comprehensive, time-bound framework that multiple stakeholders can adopt to curb illegal logging and improve law enforcement in



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Farmer returning from the forest, Shaanxi Province, China



Dyak indigenous people living near certified commercial forest, East Kalimantan, Indonesia

Indonesia. These measures not only tackle illegal logging and poor law enforcement, but also address issue, which are symptomatic of Indonesia's problematic forest sector.

Moving forward, the Alliance will continue to work with the many agencies and organizations concerned with illegal logging in Indonesia to implement the action plan. An important result of the project in 2005 was that the President of Indonesia — prompted in part by the findings of the Alliance activity — issued a decree instructing the Ministers of twelve agencies concerned with the forest sector; the Indonesian Attorney General; heads of police, intelligence, and military forces; and Governors and Mayors to eradicate illegal logging and trade throughout Indonesia. The comprehensive “Presidential Instruction” directed these officials to take action against persons involved in illegal logging and trade, enhance law enforcement and governance, address corruption, and other directives supporting the eradication of illegal logging.

Most recently, the Alliance initiated an activity in Indonesia to assist the Ministry of Forestry to develop and test the feasibility of financial mechanisms that can help to expand and accelerate plantation development to support a sustainable and revitalized forest products industry. It is anticipated that this activity will help to further ease pressure on natural forests by promoting the establishment of forest plantations for industrial purposes.

A Growing Consensus on Protection for the Heart of Borneo

In late 2005, Indonesia's Minister of Forestry issued a statement that the government of Indonesia would prohibit the conversion of tropical rainforest for oil palm plantations along the border of Kalimantan Province and will instead actively pursue rehabilitation of 1.1 million hectares of degraded forestlands for future palm oil development. This announcement followed a period of information gathering, policy formation, and recommendations to the government by organizations including the World Bank and WWF on the issues of illegal logging and crucial measures to carefully manage Indonesia's remaining forests (see activity above). The announcement was a dramatic conclusion to a workshop on the “Heart of Borneo” convened by the Minister of Forestry and attended by more than 100 non-government participants, eight government departments having a stake in forest sector management, and ten districts in Kalimantan.

Environmental groups including WWF had opposed the government's plan to set up a giant oil palm plantation in Kalimantan covering an area of 1.8 million hectares, fearing that it would threaten the rich biodiversity of the island of Borneo. Under the initial plan, the plantation project would have covered part of the Heart of Borneo area on the Kalimantan border. WWF Indonesia executive director Mubariq Ahmad said the Heart of Borneo should always be kept protected because “In the last 10 years,



© WWF-Cannon / Tanjung BANGUN

A farmer surrounded by burning forest, Tanjung Putting National Park, Kalimantan, Indonesia

researchers from all over the world had found 361 new species in the Heart of Borneo, ranking it among the most pristine and diverse yet poorly known biodiversity centers on the planet. About three new species are found every day and many more will be found if we protect the area.” In 2005 WWF recently announced the discovery of a new carnivore in the Kayan Mentarang National Park, East Kalimantan, considered part of the Heart of Borneo.

Vietnam Forest & Trade Network Swings Into Action

Supported by Alliance initiatives on forest certification, WWF — in partnership with Vietnam's Ministry of Agriculture and Rural Development — launched the Vietnam Forest & Trade Network (Vietnam FTN). The Vietnam FTN is the first-ever network to promote business links between producers of responsible forest products in Vietnam and concerned buyers around the world. The announcement was made in Ho Chi Minh City at the International Furniture and Handicraft Fair. The Vietnam FTN is a chapter of WWF's GFTN. One of the largest suppliers of outdoor furniture in the world committed to joining the Vietnam FTN and is urging its contract manufacturers in Vietnam to follow suit.

There is great potential to build responsible forestry in Vietnam using certification as a key tool. The Vietnam FTN provides a supportive framework in which forest managers can work towards credible

certification. In addition, it facilitates links with a global network of responsible buyers, helping to stimulate a vibrant Vietnamese forest industry. The services and market links provided by the Vietnam FTN will assist Vietnamese state forest enterprises to comply with Vietnamese government reforms aimed at modernizing state owned enterprises and helping bring them into the increasingly competitive global market.

Vietnamese exports of wood products have tripled since the mid-1990s, making the manufacture of wooden furniture for export one of the fastest growing industries in the country. The more than 1,200 companies involved in timber processing require approximately two million m³ of wood per year. Increased timber imports are feeding the industry, and the resulting footprint that Vietnam leaves on the forests of other nations is significant.

Target-Driven Activities in the Field: South Asia

A New Paradigm for Forest Conservation and Poverty Alleviation in India

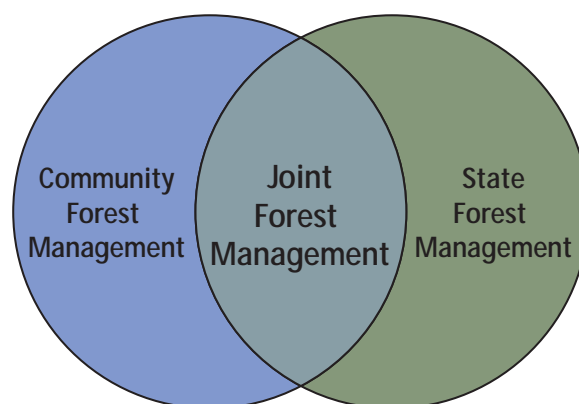
The past two decades have seen a paradigm shift in natural resource management all over the world and India in particular in which management decisions have shifted to a more decentralized level of governance, with increased public involvement in these decisions. Such moves toward a participatory and community-based approach are a new direction from

the traditional top-down models of policymaking that historically have been prevalent since the introduction of scientific forest management in India.

To analyze this shift and assess how it might be harnessed to promote sound forest sector management and strengthen the links to poverty alleviation, the Alliance sponsored a study to develop viable options for conservation and sustainable management of forest resources. The study tested the hypothesis that the current joint forest management system in India is only a partial step towards the sustainable development of the community living in the forested regions. A complete step would have to combine forest management objectives with sustainable rural livelihoods to achieve the goals of sustainable forest management.

The study found that Joint Forest Management — the management of state forestlands jointly by the state and the local community with joint sharing of benefits — can result in benefits for forests and people including increased community interest and participation in forest management, increased regeneration of degraded forests, increased economic benefits

for communities, and improved public stature of official forestry agencies. The studies supporters and participants, which included the Alliance, World Food Programme, Government of Andhra Pradesh, the Orissa Forest Department, Forest Survey of India, United Nations Environment Programme UNEP), and others will now focus on utilizing these results to find ways improve the livelihoods of the forest-dependent people living in poverty while conserving biological diversity in India's forests.



Partnerships for Responsible Forestry

The Global Forest & Trade Network (GFTN) — an important Alliance partner driving progress on the responsible forest management target — is WWF's initiative to eliminate illegal logging and improve the management of valuable and threatened forests. By facilitating trade links between companies committed to achieving and supporting responsible forestry, the GFTN creates market conditions that help conserve the world's forests while providing economic and social benefits for the businesses and people that depend on them.

With Alliance-supported programs helping to lay the groundwork, in 2005 the GFTN launched Forest & Trade Networks (FTNs) or made important progress in countries including Russia, Vietnam, China, Malaysia, Ghana, Cameroon, and Bolivia. The more than 300 companies that participate in the GFTN manage over 15.7 million hectares of forests committed to certification; have annual forest products sales exceeding US \$31 billion per year; buy or sell in excess of 146 million cubic meters of forest products per year; are engaged in 88 trading deals with other GFTN participants; and employ about 1.1 million people globally.

The GFTN benefits from partnerships with organizations and companies including US Agency for International Development, International Finance Corporation, the European Community, Tropical Forest Foundation, IKEA, and Tetra Pak.

Target-Driven Activities in the Field: Europe and Central Asia

Assessing the Credibility of Certification Systems in Eastern Europe

In order to assist the managers of the Alliance to assess which types of certification can be counted as progress toward its target on sustainable forest management, the Alliance engaged a consultant to complete the field testing and resulting updates to the Questionnaire for Assessing the Comprehensiveness of Certification Schemes/Systems (QACC). The Alliance's need for this tool arose for three reasons.

First, certification systems to promote sound forest management have proliferated since the launch of the Alliance in 1998, a situation requiring the development of a common and systematic framework for Alliance managers to evaluate different systems for their adherence to desirable attributes of good governance across a variety of political and institutional arrangements. This reason has recently become of higher importance for the World Bank in guiding it through the implementation of their forest policy. For WWF and its GFTN, there are continuing questions on the effectiveness of different certification systems. Second, a tool was needed for the assessment of emerging systems still in the design stage so that technical assistance packages could be tailored to whatever attributes were most needed to ensure effective and consistent implementation of the system in question. Third, in an increasing number of countries national and/or regional standards for forest certification are being developed. The Alliance is actively supporting development of such standards. The QACC could help to assess whether standards would respond to requirements defined in the questionnaire.

Alliance consultant ProForest used the QACC to assess FSC and Programme for the Endorsement of Forest Certification systems (PEFC) in six World Bank client countries in Eastern Europe. Since several of these countries did not have FSC and PEFC systems or national standards in place, WWF also contracted the consultant to use the QACC in

six countries in Western Europe. In this way the QACC was applied in enough situations to determine its suitability as a tool for assessing certification systems as well as supporting the development of systems. Subsequently, the Alliance further refined the QACC in response to comments that had been received from stakeholders of global forest certification activities.

Outcomes of the activity included the updating of the Alliance Criteria and Requirements for Credible Certification based on the results of the field applications, as well as revision of the QACC to make it more rigorous in its coverage and better aligned with the Alliance criteria and requirements. Scheduled for release in 2006, the streamlined tool (to be called Forest Certification Assessment Guide, FCAG) provides an objective and neutral method for evaluating the variety of certification systems now being employed against the uniform criteria recognized by the Alliance partners. WWF and the World Bank now propose to assess and rate national certification systems in all forested World Bank client countries where either of the Alliance partners has operational programs in order to provide guidance to Alliance staff in those countries, with the exercise to be repeated at appropriate intervals.

Forest Certification in Bulgaria

Dating back to 2000, the Alliance has played an influential role in promoting forest certification in the forested countries of the Caucasus. In Bulgaria, for example, beginning in 2001 the Alliance supported a national certification working group, including commissioning a study to review the group's procedures and draft certification standards and formulate technical recommendations for the process. Later, the Alliance supported development of a series of training workshops in Bulgaria (and Croatia) to facilitate the uptake of certification by key groups. After these projects concluded, the Bank remained engaged in a dialogue with Bulgaria in the context of preparing the World Bank-Government of Bulgaria Forest Development Project guiding forest sector policy.



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Indigenous Evenke woman in the forest with reindeer herd, Sakha-Charuoda National Park, Sakha Republic (Yakutia), Russian Federation

In 2005, this comprehensive engagement paid off when the Bulgarian Ministry of Agriculture and Forestry announced plans to certify 30 percent of the country's state-owned forests, or one million hectares, to the standards of the FSC by the end of the decade. The first two FSC certificates in Bulgaria were also made official in 2005: 20,000 hectares managed by a state forestry unit and 2,000 hectares managed by a private forestry cooperative. This progress was made possible with cooperation of the United Nations Development Project (UNDP) Rhodope Project and the Bulgarian National Forestry Board.

In addition, a forestry certification information center was established in WWF's office in Bulgaria with the purpose of offering integrated information about the forest certification process and its practicalities. Various stakeholders in Bulgaria have benefited from its services and are now supporters of the FSC mechanism.

Responsible Market Activity in Russia

Russia harbors one of the largest areas of intact boreal forest in the world, home to endangered species such as the Siberian tiger, as well as valuable and

threatened forests in many other regions within its huge land mass. With market forces such as the rapidly expanding demand for wood fiber in China causing pressure on the forests of Russia, the need for responsible management of these forests is urgent.

For the Russia FTN (WWF GFTN's branch known in Russia as the *Association of Environmentally Responsible Producers of Forest Products*), 2005 was a year of strong progress in terms of growing membership and increasing hectares of forest certified under the FSC. Certification had developed at a modest rate in Russia until 2003, when it totaled about 349,000 hectares. However, the pace of newly certified hectares began to pick up exponentially in 2003, with the total certified area reaching about 7,360,000 hectares by the end of 2005. Much of this growth is a direct result of efforts from the Russia FTN, which receives funding from US Agency for International Development and Ikea.

Nearly half of the certified forest area in Russia is managed by Russia FTN participants and their suppliers. Certified forest area of Russia FTN members and their suppliers increased by more than 2.1 mil-

lion hectares in 2005, including more than 1.6 million hectares in Siberia. Russia FTN participants receiving certification in 2005 include forestry companies and sawmills. The Russia FTN has participants and applicants from Northwest and Central Russia, the Caucasus, and the Ural, with increasing activity in Siberia and the Russian Far East. Russia FTN participants account for 54 percent of total pulp and paper export, 29 percent of fiberboard export, 16 percent of sawnwood export, and 14 percent of plywood export from Russia.

A Landscape Level Perspective in Russia

The landscape approach to natural resource management is a fertile crossroads for scientists, practitioners, and policy makers to meet and develop joint approaches; integrate environmental, economic, and social dimensions into their approaches; and promote and communicate ecosystem and natural hazard management solutions for sustainable development at the ground level. There exists a growing demand from politicians, private industry, and international

Vracanska Mountains, northwestern Bulgaria



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© WWF / Kevin SCHAFER

An Amur or Siberian tiger lying in the snow

and intergovernmental organizations for robust landscape-level solutions for the management of high conservation value forests (HCVF). Many countries are increasingly interested in aligning their natural resource management practices with the requirements of new legislation and international agreements and processes such as Convention on Biological Diversity (CBD), UNESCO World Heritage Convention, European Landscape Convention, and voluntary forest certification.

In order to help answer this demand, in May 2005 the Alliance helped convene the conference Critical Areas in a Landscape: From Theory to Mapping and Management in Tbilisi, Georgia. Representatives of research organizations, government, and conservation organizations from 12 countries on four continents met to discuss how to develop and implement landscape applications in specific forested regions (Carpathians and Caucasus regions were case studies); how to translate the increased scientific knowledge of landscapes into pragmatic and implementable guidelines and regulations at national and subnational levels; and how to strengthen the understanding of landscape contributions to socioeconomic welfare and development.

The conference led to agreements to continue to collaborate on discussions and activities as a network; initiate a series of technical meetings on specific top-

ics (one of these, on the topic of HCVF, was held in December 2005 in Arkhangelsk); develop network projects to be implemented in 2006 and 2007 including joint expeditions for the mapping of critical forest landscape areas in specific regions like the Caucasus and the publication of a Landscape Analysis applications manual; and to design and launch international projects on forest landscape monitoring and management.

Target-Driven Activities in the Field: Latin America and the Caribbean

Amazon Region Protected Areas Initiative

In what might be considered the most significant progress to date in protecting the Amazon, the Government of Brazil, the World Bank, WWF, the

GEF, and the German Development Bank - KfW, in 2002 launched the largest, most ambitious effort ever made to safeguard tropical forests, protecting some of the world's richest and most biologically important among them. The initiative, known as the Amazon Region Protected Area (ARPA) initiative, creates a system of approximately 80 reserves and parks, preserving intact an area roughly the size of California.

In the face of an announcement by the Brazilian government that some 2.6 million hectares of forest were destroyed in 2004, 2005 was a year of significant progress for ARPA. During the year, ARPA financial resources were used to strengthen and consolidate 12 parks, ecological stations, and biological reserves covering seven million hectares. Ahead of schedule, ARPA surpassed its target of creating nine million hectares of new strict protected areas (9.9

A logger uses oxen to drag logs, Rhodope Mountains, Bulgaria



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million hectares created) and approached its target of creating nine million hectares of new sustainable use reserves (5.9 million hectares created) by 2007. Recent analyses show that the areas created and supported under ARPA are effective tools for slowing the “arc of deforestation” in the Brazilian Amazon. WWF contributed US \$3.3 million dollars to the ARPA Trust Fund to secure long-term financial sustainability, a contribution matched by the GEF. WWF also announced its intent to raise an additional \$6.7 million dollars by June 2007 to protect these vital areas in perpetuity.

In addition to providing technical support for the formation of strict protection reserves, and sustainable use reserves, and fundraising efforts to help the ARPA initiative realize its full potential, the Alliance partners will harness the recent passage of new Brazilian forest sector law as an opportunity to support the protection and sustainable management of additional forest lands in the Brazilian Amazon.

Creative Finance for Responsible Forestry in Latin America

In April 2005, Alliance support enabled WWF’s Latin America program to analyze a financial mechanism aimed at assisting Peruvian forestry concessionaires. The objective of the analysis was to stimulate the creation of tangible incentives for producers and processors committed to responsible forest management and trade in certified forest products from the tropical lowlands of Peru, Bolivia, and Nicaragua. Through analysis of the Peruvian case, elements that could be replicated or avoided in the design of a similar financial mechanism for Bolivia and Nicaragua could be determined.

The financial mechanism, known as the CEDEFOR Trust, is named for a partnership between WWF-Peru and USAID known as Forest Certification and Development. CEDEFOR began operations in May 2003 to promote the modernization of the Peruvian forestry sector, consolidate the forestry concessions process with sustainable forest management plans, and support voluntary forest certification under FSC standards. As a part of this effort, it was decided to develop a financial mechanism, the CEDEFOR Trust, aimed at

new forestry concessionaires to finance forest extraction and wood transport to processing centers.

The Alliance-supported analysis of CEDEFOR Trust concluded that the financial mechanism was successful in creating incentives for sustainable forest extraction activities, which often confront barriers in accessing conventional financing systems; creating a system in which established financial institutions oriented toward rural small and medium-size enterprises participates actively in the operation and administration of a financial mechanism; providing a platform of support services to borrowers that provides technical support and the development of business capabilities in addition to finance; and mandating a Concentration on forestry activities. Some problematic aspects were also detected, including a high rate of delinquent payments on loans from the trust.

WWF will now consider the results of the analysis to determine if the model financial mechanism can be replicated elsewhere in Latin America.

A Solution Matched to the Magnitude of the Challenge

The Amazon Region Protect Areas initiative is knitting together sweeping safeguards for the tropical forests of the Amazon to ensure the survival of some of the Earth’s richest biological treasures. A partnership among the Government of Brazil, the Brazilian Biodiversity Fund (FUNBIO), the German Development Bank (KfW), the GEF, the World Bank, and WWF, the program is a ten-year effort to bring 12 percent of the Brazilian Amazon under protection and establish a US \$220 million trust fund to finance the effective management of protected areas in perpetuity.

Brazil initiated ARPA as a response to the global challenge targets for forest conservation issued by the Alliance. Seed funding from the Alliance helped lay the groundwork for the future success of ARPA.



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Indigenous Cashinahua girl, near Alto Purus Reserve Zone, Ucayali, Peru

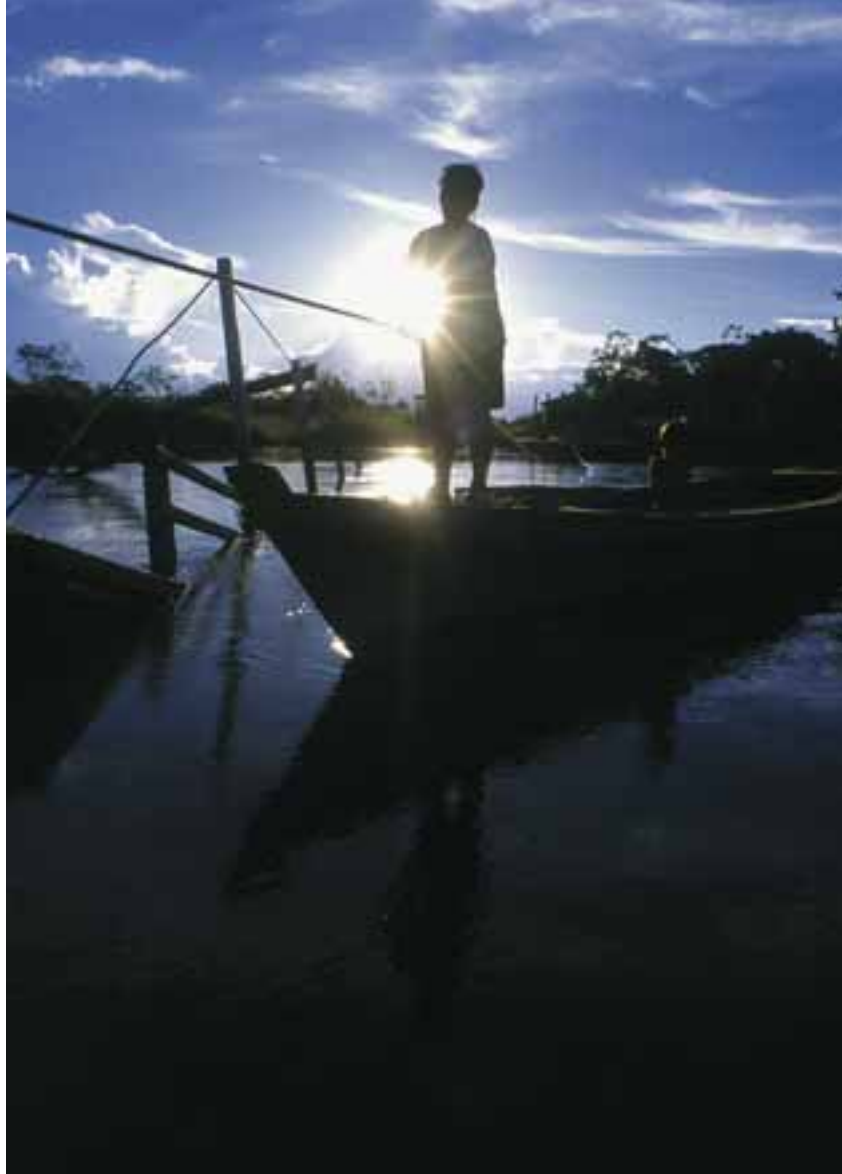
Log Tracking System Adopted by Peruvian Government

The reduction of illegal forest harvesting through efficient and more proactive systems of supervision and control is a basic need for Peru and many other countries. There is an urgent need to develop modern tools that offer greater flexibility and efficiency for governments in the supervision and verification of appropriate implementation of forest extraction permits, as well as by the forest owners and forest industries that want to comply with the standards established for forest management and industrialization of forest products.

Chain of custody (COC), a key element of forest certification, is defined as the monitoring process of the product distribution channel from the standing tree in the natural forest or plantation to the end use of the product. COC aims to guarantee the origin of the raw material produced in the forest. One of the main difficulties of implementing COC described by institutions and projects interested in certification is the cost and the time that must be invested in its implementation and supervision.

Working under the framework of the Alliance, WWF's GFTN developed a database management program meant to make developing and implementing robust COC controls simpler and more cost effective, contributing to easier and quicker achievement of certification. Called PandaTrack, the system is flexible and can be used in different countries for wood coming from natural forests as well as plantations. The system will assist the forestry sector in complying with independent certification conditions, and governments in complying with CITES requirements (CITES is the international convention on trade of endangered species). The system will also help companies document information regarding extraction, processing, and exportation of timber products under legally-established standards. PandaTrack was adopted by the government of Peru in 2005.

"We are encouraged that this chain of custody system has been officially adopted by the government of Peru to develop an online system for tracking wood produced in that country," said Steve Gretzinger, GFTN's Latin America coordinator.



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Sunset over the Manuripi River in Manuripi National Wildlife Reserve, Pando, Bolivia

“Among other benefits, this system will enable the government to illustrate how it meets its mahogany quotas by ensuring that exported wood is derived from well-managed forests.”

Bolivian Communities on the Road to Certification

With financial support from the Alliance and complemented by technical assistance and tools provided by WWF, Bolivian indigenous communities underwent assessments in late 2005 to determine their ability to achieve certification. The indigenous communities of Zapocó and Bajo Paraguá have received certification support through the WWF GFTN stepwise approach to certification, known in Bolivia as the Sistema de Aproximación Gradual al Manejo y Certificación Forestal.

WWF Bolivia has applied the stepwise approach as a tool for technical assistance and links to the market. Despite the fact that the process of forest management and community involvement are separate disciplines and present different challenges, the evaluations indicated the need to reinforce social aspects of the forest management plans within the communities.

The community of Bajo Paraguá is located in the southeastern region of Amazonia; the community of Zapocó is located in the Chiquitano forest.

IFC Support Assists Nicaraguan Companies on Road to Certification

With funding from the International Finance Corporation (IFC) — the World Bank Group’s arm promoting sustainable private sector investment in developing countries — and technical support from WWF, two Nicaraguan enterprises received chain of custody certification assuring that their production process, starting with the purchase of certified raw material, complies with credible, independently verified certification standards.

“Working with woods that come from correctly managed forests is a responsible choice. In Nicaragua, the forests are being plundered and with the idea of leaving something for our children, we have opted for certification,” said Danilo Cedeño, manager of one of the companies to be certified.

As part of this commitment, one of the companies has purchased sawn wood from the Layasiksa community in the North Atlantic Autonomous Region (RAAN), where WWF is developing a forest management project with the area’s indigenous people. Both companies received technical advice from WWF-Central America as part of the Alliance-supported project *Improving Efficiency and Competitiveness in Nicaragua*.

Learning and Capacity Building

Demonstrating Linkages Between Forest Conservation and Poverty Alleviation

How does the sustainable use and conservation of forests benefit poor people? To what extent are such benefits reflected in national poverty reduction strategies and economic planning processes? To date, stakeholders in forest conservation have yet to make a compelling case to policy makers in government finance ministries and development agencies that forest conservation contributes to poverty reduction. There is relatively little analysis of the contribution of forests to rural livelihoods, nor of the measures required to capture or expand the potential.

The World Bank-housed Program on Forests (PROFOR), in partnership with IUCN, ODI, CIFOR and Winrock International, is building a body of knowl-

edge, based on real examples, to show how locally and sustainably managed forests can help enhance rural livelihoods, conserve biodiversity, and contribute to the Millennium Development Goals. Case studies are being carried out in Tanzania, Guinea, Nepal, India, Indonesia, Laos, Honduras, and Mexico. In addition to the case studies, the partnership is developing a Poverty-Forests Linkages Toolkit that will help others to better understand how forests contribute to livelihoods.

The toolkit will include: a set of rapid appraisal methods to gather information on economic and other contributions from forests to households, especially the poor; methods for analyzing field data for the potential role of forests in reducing poverty and policy options for improving the contribution of forests to rural livelihoods; suggestions for how to frame the results so as to be relevant to planners, gov-

Miskito people float hardwood planks downstream, La Mosquitia, Honduras



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© WWF-Canton / Michel GÜNTHER

BaAka children, Minkébé, Gabon

ernment agencies, and other institutions and organizations at both local and national levels; and a series of case studies that illustrate the contribution of forest resources to households and an analysis of the impact of forestry policies and programs.

WWF and IKEA Collaborate on Forest Conservation

In 2002, WWF and IKEA began a three-year cooperation to jointly promote responsible forestry in priority regions around the world. The goals of the partnership's efforts have been to promote legal compliance in forestry and trade, reduce unsustainable logging, and strengthen multi-stakeholder based forest certification and management.

The Alliance financially supported this initiative to ensure dissemination of activity results to countries receiving aid from the International Development Association (an arm of the World Bank providing interest-free credits and grants to the poorest developing countries) in the Europe and Central Asia region and beyond. For example, the Alliance has supported an activity promoting HCVF management approaches to natural forests in Mozambique.

Together, WWF and IKEA have planned and implemented a series of projects in China, Russia, Bulgaria, Romania, Estonia, Latvia, and Lithuania. The projects are important steps in implementing IKEA's forest action plan and in achieving WWF's conservation targets.

By 2005, the cooperation had achieved significant results, including:

- In Romania, 7,000 hectares of forest owned by nine communities had achieved certification, and the cooperation also played a key role in the government's commitment to certify 1 million hectares of state forest.
- In Romania and Bulgaria, nearly 700 people had been trained in certification and responsible forest management.
- In Latvia, five demonstration forests had been established to show forest owners and managers the benefits of responsible forestry.
- Three global tool kits had been produced and tested in various countries to help identify and manage particularly important forest areas —

High Conservation Value Forests (HVCFs) — and to encourage certification and improved forest management.

- In China, hundreds of forest officers and scientists had been trained in responsible forestry and certification methods.
- In China, the Jilin Province Forestry Department had included HCVF identification in the 5-year provincial forestry development plan.
- In Russia, timber companies with 12 million hectares of forests under lease had committed themselves to responsible forest management by joining the GFTN.

- In Russia, more than 300 strategically chosen persons had participated in training courses and seminars on responsible forest management.

While acknowledging these achievements, both organizations also acknowledge that many challenges remain. Therefore, in 2005 WWF and IKEA began a second phase of work. In the coming three years — up to June 2008 — the two organizations will extend most of the existing projects and expand into other areas of common interest.

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Children from a forest-dependent community, Caucasus region

Conclusion: Looking Back in Order to Move Ahead

With the initial phase of the WWF/World Bank Global Forest Alliance having been completed at the end of 2005, those of us responsible for having created and developed the Alliance naturally find ourselves reflecting back over the high points and lessons of the Alliance since its inception in 1997, as well as the activities of 2005 since our last annual report. 2005 was a period in which we consolidated progress toward our targets and carefully applied the lessons of seven years to forming a plan for the future of the Alliance.

The potential of the Alliance to achieve significant, measurable results for forest conservation and sustainable use was borne out as the Alliance capped 2005 with important progress on all three targets. As described earlier in this report, the targets for estab-

lishing new forest protected areas and improving the management of existing protected areas were surpassed. Progress toward the target on sustainable management shows that momentum is growing as millions of hectares of forest land were certified under independent forest certification systems meeting Alliance standards. Perhaps more important, Alliance methodologies and tools for achieving these targets were widely adapted and applied by key stakeholders and constituents, magnifying the role of the Alliance beyond the projects it directly supports in the field.

The reach and influence of the Alliance in 2005 were evident in several momentous developments. Working through the Alliance, staff of WWF and the World Bank contributed technical input to help

Woman returning from the forest, Democratic Republic of Congo



© WWF-Canon / Martin HARVEY

ensure the success of a meeting among Heads of State and Ministers of Congo Basin nations that produced a formal agreement to coordinate a 2.8 million ha. transboundary protected area among three nations, establishment of a trust fund for the long-term management of the area, and the signing of a landmark regional treaty committing the countries of the region to work together to conserve their forests. In 2005 the Alliance also supported a comparative analysis of certification systems in Eastern and Western Europe. The results of this analysis will help guide Alliance investment in certification support projects, measure ongoing progress toward its certification targets globally, and stimulate development of national certification standards in countries such as China consistent with international standards of best practice.

The achievements of 2005 are representative of notable outcomes from Alliance support to field programs over the past eight years. In addition to progress toward quantitative targets reported here, the equally important but more difficult to measure impact of the tools, methodologies, and best practice lessons disseminated by the Alliance’s “learning and capacity building” initiative has had a profound impact on an increasingly diverse universe of stakeholders. The initiative has influenced debates on forest conservation and forest-dependent livelihoods in a broad variety of public fora, and leveraged new and additional financial and in-kind support directed toward the Alliance goals.

Concurrently with assessing progress in 2005 and over the course of the Alliance, we have kept sight of the need to learn from our experience and to compare results to date with our initial expectations. Some of the more important lessons we have learned include:

- The value of visionary targets. Despite low expectations from some stakeholders and funders when the Alliance was created, we have proved that ambitious targets can leverage significant contributions from a community dedicated to a vision. Even when not achieved, ambitious targets like the Alliance target on certification

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Lumber mill near the Dzanga-Sangha Reserve, Central African Republic

can help define issues, stimulate the search for solutions to problems, and generate momentum toward future achievements.

- A focus on forests in the broader landscape. A shift to a broader focus on improving forest management utilizing an integrated landscape approach, rather than focusing narrowly on individual protected areas or certified forest management units, has allowed the Alliance to bring into play a broader range of tools and to engage an expanding array of partners to achieve tangible and durable results in both middle-income and low-income countries.
- The difficulty, and importance, of articulating the linkage of the Alliance program with dialogues on development policy. In order to stay relevant and effective, the Alliance must show relevance with broad frameworks such as the Millennium Development Goals and not just the classical “environmental” elements. Facilitating these cross-linkages and making them functional remains a crucial challenge if the Alliance is to remain responsive to its diverse range of donors and allies. When the Alliance has succeeded in influencing policy — such as the 2002 World Bank policy on forests — the results have enabled rapid and sustained progress.
- The importance of engaging with the private sector. Forest products companies, and the global markets they drive, are perhaps the single most

influential force affecting the management of forests and the well-being of forest-dependent workers and people. By deciding to utilize the economic power of demand and supply, and incorporating technical guidance from environmental business experts, committed companies can help reduce illegal logging and bring forests under certified management. They can also serve as a source of finance for implementing positive changes in the business sector. The Alliance must continue to utilize programs such as the Global Forest & Trade Network to influence the private sector in support of Alliance goals.

We are committed to embracing these lessons as the building blocks for further partnership between WWF and the World Bank, and we are convinced that the Alliance has an increasingly important role

to play in reversing the process of forest loss and degradation and harnessing the potential of forests to improve livelihoods. Making the most of this role will require us to build up our resources, expend these resources efficiently, and rely on support from — and engagement with — new collaborators. We welcome this challenge.



Bruce Cabarle
*Managing Director,
Forest Program
and Alliance Co-Chair
WWF*



Gregor Wolf
*Senior Environmental
Specialist
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The World Bank*

Children in a logging village, East Kalimantan, Indonesia



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Annex 1: Alliance Activities in FY2005

Africa

The COMIFAC Heads of State Summit
The Sangha Tri-National Foundation
Responsible Forest Management Gains Foothold in West Africa

East Asia and the Pacific

Governmental Implementation of Forest Protected Area Management Plans in China
Important Step for Certification in China
Stemming Illegal Logging in Indonesia
A Growing Consensus on Protection for the Heart of Borneo
Vietnam Forest & Trade Network Swings Into Action

South Asia

A New Paradigm for Forest Conservation and Poverty Alleviation in India

Europe and Central Asia

Assessing the Credibility of Certification Systems in Eastern Europe
Forest Certification in Bulgaria
Responsible Market Activity in Russia
A Landscape Level Perspective in Russia

Latin America and the Caribbean

Amazon Region Protected Areas Initiative
A Solution Matched to the Magnitude of the Challenge
Creative Finance for Responsible Forestry in Latin America
Log Tracking System Adopted by Peruvian Government
Bolivian Communities on the Road to Certification
IFC Support Assists Nicaraguan Companies on Road to Certification

Learning and Capacity Building

Demonstrating Linkages Between Forest Conservation and Poverty Alleviation
WWF and IKEA Collaborate on Forest Conservation

Annex 2: Abbreviations and Acronyms

AFD	Agence Française pour le Développement	METT	protected area Management Effectiveness Tracking Tool
ARPA	Amazon Region Protected Areas initiative	PEFC	Programme for the Endorsement of Forest Certification schemes
CAF	Chinese Academy of Forestry	PROFOR	Program on Forests
CEDEFOR	Forestry Certification and Development (WWF-Peru and USAID)	QACC	Questionnaire for Assessing the Comprehensiveness of Certification Systems/Schemes
CIDA	Canadian Aid Agency	RIL	reduced impact logging
CIFOR	Center for International Forestry Research	TFF	Tropical Forest Foundation
COC	chain of custody	TNS	Sangha Tri-National forest landscape
COMIFAC	Central African Forests Commission	TRIDOM	Dja-Minkebe-Odzala Tri-National forest landscape
DFID	Department for International Development (United Kingdom)	UNDP	United Nations Development Programme
EU	European Union	UNEP	United Nations Environment Programme
FCAG	Forest Certification Assessment Guide	UNFAO	United Nations Food and Agriculture Organization
FLEG/FLEGT	Forest Law Enforcement & Governance/Forest Law Enforcement, Governance, & Trade	USAID	United States Agency for International Development
FSC	Forest Stewardship Council	WCS	Wildlife Conservation Society
FTN	Forest & Trade Network (part of the GFTN)	WWF	World Wide Fund for Nature, also known as World Wildlife Fund
FUNBIO	Brazilian Biodiversity Fund		
GEF	Global Environment Facility		
GFTN	WWF's Global Forest & Trade Network		
GTZ	German Corporation for Technical Cooperation		
HCVF	high conservation value forests		
IFC	International Finance Corporation		
IUCN	World Conservation Union		
KfW	German Development Bank		

Annex 3: 2005 Financial Report

	I Bank (Core)	II Bank (BNPP)	III Bank (TFESSD)	IV WWF-US (Core)	V WWF-I (DGF)	TOTAL FUNDS	%
Technical supervision & co-ordination	173,870	—	—	36,441	117,469	327,780	29%
Learning/Capacity Building & Communications	6,766	—	32,718	70,579	46,449	156,512	14%
LCB (Research/Training)	—	—	7,718	3,846	46,449	58,013	
Communications	6,766	—	25,000	66,733	—	98,499	
Regional Programmes	112,939	218,150	77,237	97,570	67,000	572,896	50%
Africa	37,401	70,000	77,237	35,596	15,000	235,234	
East Asia Pacific	12,591	68,750	—	16,325	15,000	112,666	
Europe Central Asia	17,985	—	—	8,666	37,000	63,651	
Latin America Caribbean	23,980	79,400	—	25,574	—	128,954	
Middle East North Africa	—	—	—	—	—	—	
South Asia	20,982	—	—	11,408	—	32,390	
Unallocated Regional Activities	—	—	—	—	—	—	
Research & Analysis	5,384	—	3,334	32,454	—	41,172	4%
Admin./Indirect Costs	—	—	—	38,080	-1,756	36,324	3%
TOTALS:	298,959	218,150	113,289	275,123	229,162	1,134,683	100%

- I World Bank, core operating funds
- II World Bank, Bank-Netherlands Partnership Program Trust Funds
- III World Bank, multi-donor trust fund for Environmentally and Socially Sustainable Development
- IV WWF-US, Core Operating Funds
- V WWF-I, World Bank Development Grant Facility

Annex 4: 1998–2005 Summary Financial Support

	WWF Core Funds	WWF Grant Funds	World Bank Core Funds	World Bank Trust Funds	WB-WWF Trust Funds
1999	817,890	849,890	451,616	176,422	—
2000	617,929	21,701	570,879	224,554	1,036,647
2001	639,739	237,555	430,857	239,938	905,594
2002	392,851	140,166	284,533	310,385	873,211
2003	261,039	60,104	231,190	345,504	491,851
2004	344,344	0	184,917	576,211	437,355
2005	275,123	0	298,959	229,162	331,439
Total	3,348,915	1,309,416	2,452,951	2,102,176	4,076,097
Grand Total Alliance Expenditures 1998-2005					\$13,289,555

Annex 5: Regional Summary of Achievement Toward the Targets Through 2005

Region	New PAs (ha)	Improved PAs (ha)	Certified forests (ha)
East Asia & Pacific	5.2 million	19.1 million	0.855 million
South Asia	0.014 million	2.3 million	0.026 million
Europe & Central Asia	18.5 million	19.2 million	21.142 million
Africa & Madagascar	4.3 million	16.9 million	1.732 million
Latin America & Caribbean	27.9 million	25.1 million	7.995 million
Middle East and North Africa	0.5 million	0.26 million	—
TOTAL	56.4 million	82.9 million	31.8 million

Annex 6: Alliance Management Team

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MOHAWK
manufactured with windpower



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