

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

**Foreign  
Assistance Act  
Section 118  
Report:  
Tropical Forests**

A USAID Report to  
Congress

June 2004





**FOREIGN ASSISTANCE ACT**  
**SECTION 118 REPORT:**  
**TROPICAL FORESTS**

USAID Report to Congress  
Fiscal Year 2003



United States Agency for International Development  
Washington, D.C. 20523

June 2004



## EXECUTIVE SUMMARY

The United States Agency for International Development (USAID) hereby submits the Fiscal Year (FY) 2003 report on tropical forests and the U.S. Government's role in supporting sustainable management of the world's forests, as required by the Foreign Assistance Act of 1961, as amended. In Section 118 of the Act, Congress "recognizes the importance of forests and tree cover," expresses particular concern about the "continuing and accelerating alteration, destruction and loss of tropical forests in developing countries," and mandates that USAID take certain actions regarding tropical forests (see Annex I of this report). This document responds to the Congressional request in Section 118 (f) for an annual report on implementation of Section 118 (a) through (e).

USAID realized important accomplishments in tropical forest conservation and protection in FY 2003. This report describes USAID-supported activities and achievements in Africa, Asia and the Near East, and Latin America and the Caribbean. The report covers both USAID Mission-supported and centrally funded activities. Many of the forest management activities discussed in the report also contribute to biodiversity conservation objectives. A separate report details USAID's biodiversity conservation activities worldwide.

In response to the destructive effects of illegal logging, President George W. Bush issued a directive to assist countries interested in addressing illegal logging and associated illegal trade. The President's Initiative Against Illegal Logging was launched in July 2003 by Secretary of State Colin Powell, and is being led by the State Department. During 2003, USAID's Forestry Team played a lead coordinating role in identifying new appropriate field activities to support this initiative. Through representation on an inter-agency working group, USAID provided its valuable technical and field experience to help shape the Initiative.

Through its centrally funded programs, USAID supported the Sustainable Forest Products Global Alliance, a public-private partnership to address critical sustainable forest management issues through the marketplace. USAID continued providing assistance to its overseas Missions through its Interagency Agreement with the U.S. Forest Service, and supported the conservation of forest biodiversity through the Global Conservation Program.

In Africa, USAID was involved in a number of forestry activities at regional and country levels. Regional programs included the Central African Regional Program for the Environment which implemented forestry activities in nine countries, and the Mountain Gorilla Habitat Conservation effort focusing on forest habitat conservation in Central Africa. USAID initiated a new forestry program in Senegal in FY 2003, and continued support to country level programs in Ghana, Guinea, Kenya, Madagascar, Malawi, and Uganda.

In Asia and the Near East, regional programs included the East Asia and Pacific Environmental Initiative, the Community Forest Management Program in Cambodia and India, and regional program development and learning activities. The Asia and the Near East region commissioned a study on conflict timber as well. In addition, country level programs strengthened forestry efforts in Bangladesh, Cambodia, Indonesia, Nepal, the Philippines, and Sri Lanka.

In Latin America and the Caribbean, regional programs included the Parks in Peril program and the Regional Environmental Program for Central America, both of which strengthened protected area management and biodiversity conservation efforts in the region. USAID initiated a new forestry program in Colombia, and continued support of country level programs in Bolivia, Brazil, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, and Peru.

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In addition to these activities, USAID supported forestry initiatives in the temperate and boreal forests of Europe and Eurasia, detailed in Annex II of this report.

Along with descriptions of USAID's field-based activities, this report includes a discussion of current critical themes in tropical forest conservation. The role of forests in poverty alleviation is a central issue influencing USAID's forestry portfolio. This theme, along with that of forests and conflict, are both explored in the report.

Finally, this report contains a brief history of USAID's tropical forest project assistance and an analysis of funding levels.

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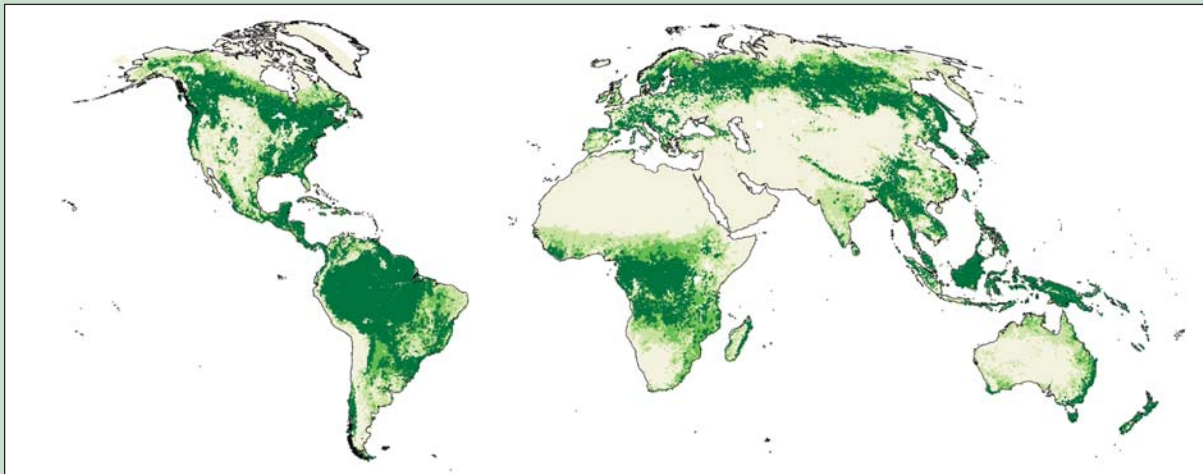
# INTRODUCTION

Many people, especially those in rural parts of the developing world, depend on forests for their livelihoods, deriving food, medicine, fuel, construction materials, and monetary income from forests. Forests are also important for their spiritual and aesthetic values and are central to the cultural identities of many indigenous peoples. Local forest communities often serve as stewards, preserving and protecting areas rich in biological diversity. Many local economies depend on the sale of forest commodities, especially timber, for revenue. Globally, forests provide vital environmental services, regulating climate through their role as carbon sinks, protecting water quality and the health of watersheds, and reducing the risk of landslides and flooding.

The resources, goods, and services provided by forest ecosystems can meet the economic and environmental needs of today, as well as the needs of future generations, if managed in an environmentally and socially sustainable manner. Unfortunately, forests are being destroyed at unprecedented rates due to unsustainable and illegal logging, agricultural expansion, population pressures, large-scale industrial and infrastructure projects, and national policies that subsidize forest conversion to other uses. In recognition of both the threats posed to forests, and the potential they hold to promote sustainable economic development, USAID supports forestry programs to help developing countries around the world better conserve and manage their forest resources.

USAID's forestry activities provide assistance to foreign governments from the national to local level, as well as to non-governmental organizations (NGOs) and local communities to improve the management and conservation of forests. Leadership for USAID's forestry-related activities comes from USAID Missions and the

## Global Distribution of Forest Cover



World Resources Institute

- In 2003, USAID forest programs contributed to the conservation of more than seven million hectares of forest.
- In 2003, USAID spent more than \$114 million in support of forest programs and leveraged substantially more. For example, a \$2 million investment in the Sustainable Forest Products Global Alliance was leveraged at close to a 5:1 basis.
- In 2003, USAID forest programs contributed \$13.7 million to the President's Initiative Against Illegal Logging, representing 92 percent of the overall budget.

Washington-based Forestry Team, managed within the Natural Resources Management Office of the Bureau for Economic Growth, Agriculture and Trade (EGAT).

This report highlights USAID's activities in support of tropical forest management, protection, and conservation. It provides descriptions of Mission-supported activities in Africa, Asia and the Near East, and Latin America and the Caribbean, as well as centrally funded programs. The report includes discussions of the role of forests in relation to conflict and poverty alleviation, a brief history of the Agency's tropical forest project assistance, and a trends analysis that depicts the change in activity and level of funding over time. Annex I contains Section 118 of the Foreign Assistance Act. Annex II provides descriptions of USAID's additional forestry programs, including forestry activities in the temperate forests of Europe and Eurasia. The report closes with Annex III, a list of partners with whom the Agency collaborates to implement forest-related programs and activities.

It should be noted that many, if not most, of the activities discussed in this report also contribute to the Agency's objectives in biodiversity conservation. This is because activities that protect natural forests and promote sustainable forest management also help conserve the plant and animal resources of these valuable forests. A separate report details USAID's portfolio of biodiversity conservation programs worldwide.



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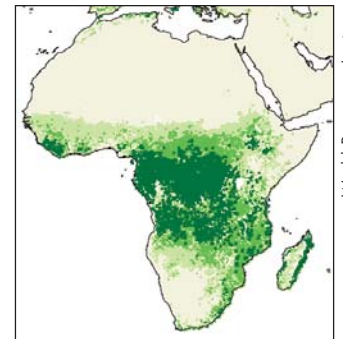
*The Blue Mountain Trail in the Blue and John Crow Mountain National Parks in Jamaica.*

## Highlights FY 2003

### Conservation, Protection, and Sustainable Management of Forests

In Sub-Saharan Africa, USAID:

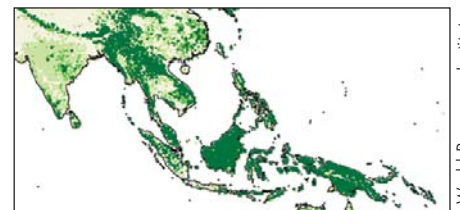
- Facilitated a ten-fold increase in community-managed natural forests to more than 100,000 hectares over the past five years in Guinea.
- Helped train 700 volunteer peer extension agents now certified to train farmers in alternatives to slash-and-burn agriculture techniques in Madagascar.
- Helped 68 villages receive co-management responsibilities for the 54,000 hectare Paniates and Ouly forest reserves in Senegal.



World Resources Institute

In Asia and the Near East, USAID:

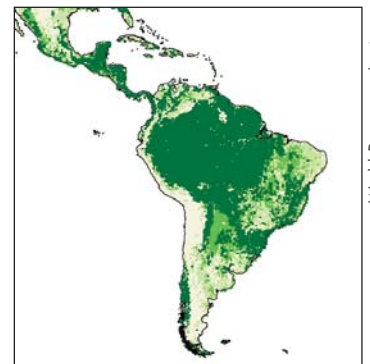
- Helped implement 73 co-management plans in Indonesia that placed close to 6 million hectares of forest and coastline under improved management.
- Supported legal training for a community in the Philippines managing a 5,000 hectares forest that resulted in the arrest of illegal loggers on community forest lands.
- Helped establish a municipal environmental council in Wao, Lanao del Sur, Philippines that confiscated \$30,000 of illegal logs.



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In Latin America and the Caribbean, USAID:

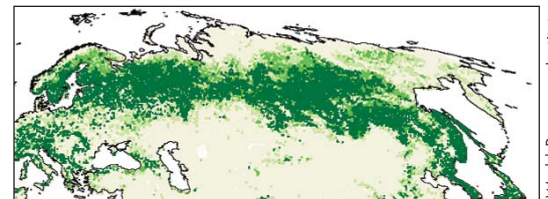
- Facilitated the placement of 3.3 million hectares of forest under local management of indigenous groups, farmer organizations, and municipal organizations in Bolivia.
- Facilitated the implementation of community-based forest management activities on close to 400,000 hectares of forests that have generated \$3 million in revenue.
- Helped establish a committee to curb illegal logging in Peru, which confiscated 400,000 board feet of timber and 273 cubic meters of illegally logged mahogany.
- Helped develop a Preferential Purchase Program that was incorporated into Nicaragua's Forestry Law and resulted in the sale of more than 600,000 cubic meters of certified timber.



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In Europe and Eurasia, USAID:

- Supported a Bosnian Scouts Union effort to protect the Igman and Bjelasnica Mountains, site of the 1984 Winter Olympic Games.
- Helped develop a management plan for Rila Monastery Nature Park, contributing to the conservation of 40,000 hectares of forest and high mountain meadow in Bulgaria.
- Helped 87 wood products companies benefit from the installation of waste wood reducing and value adding technologies in Russia.



World Resources Institute



# PRESIDENT'S INITIATIVE AGAINST ILLEGAL LOGGING

Illegal logging causes environmental damage and biodiversity loss, undermines sustainable forest management, and jeopardizes the livelihoods of forest dependent people. In response to the destructive effects of illegal logging, President George W. Bush issued a directive to assist countries interested in addressing illegal logging and associated illegal trade.

The President's Initiative Against Illegal Logging was launched in July 2003 by Secretary of State Colin Powell, and is being led by the State Department. During 2003, USAID's Forestry Team played a lead coordinating role

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**USAID/Peru has launched the *Peruvian Initiative to Fight Against Illegal Logging* to curb illegal logging in the Peruvian Amazon and improve local capability to implement sustainable forest management.**

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in identifying new appropriate field activities to support this initiative. Through representation on an inter-agency working group, USAID provided its valuable technical and field experience to help shape the Initiative. USAID activities made up \$13.7 million or 92 percent of the Initiative's overall 2003 budget and spanned Latin America, Asia, and the Congo Basin.

In Latin America, USAID supported Bolivia, Brazil, Guatemala, and Peru in efforts to comply with the new Convention on International Trade and Endangered Species of Wild Fauna and Flora (CITES) requirements for the management of big-leaf Mahogany, recently listed under CITES Appendix II. New forestry programs in Peru and Colombia are helping strengthen protected area management; improve policy, institutional, and legal frameworks; and increase the capacity of communities to manage recently-granted forest concessions. Initiative activities include building the capacity of resource-poor loggers, indigenous communities, and small-sized businesses in carrying out forest inventories and forest management plans.

In Africa, USAID is supporting improved monitoring activities in the Congo Basin. Partners employ technologies such as geographic information systems (GIS) and aerial videography to examine trends in forest use and detect illegal logging. The Agency is strengthening the capacity of "ecoguards" employed by logging concessions and NGOs to monitor illegal activities. In addition, with USAID funding, the USFS is establishing a pilot activity in Gabon to demonstrate the techniques and benefits of reduced impact logging practices that can be extended to logging concessions throughout the Basin.

In Asia, experts have identified illegal logging as a primary reason for orangutan habitat loss in Indonesia. USAID is working with NGOs in that country to improve monitoring and protection to halt the loss and degradation of forests. USAID is also supporting governance and community forestry activities in an effort to combat illegal logging throughout the region.

In addition to regional activities, USAID's Sustainable Forest Products Global Alliance (SFPGA) brings together industry and NGO partners to address illegal and destructive logging on a global scale. The alliance aims to increase incentives for trade in legally sourced forestry products by linking responsible producers to



*Illegal logging undermines sustainable forest management.*

Richard Warner

markets. Alliance partners also identify high value conservation forests that should receive priority protection and ensure that this information is available to buyers interested in tracking timber sources. In FY 2003, USAID's SFPGA co-hosted a meeting on illegal logging with the American Forest and Paper Association to discuss the roles of the private sector and the U.S. Government on this complex subject.

**Table 1.**  
**President's Initiative Against Illegal Logging: USAID FY 2003 Activities**

<b>Region/Country</b>	<b>Activity</b>	<b>Funding</b>	<b>Source*</b>
Congo Basin	CARPE	2,400,000	DA
Brazil	Forest Transparency and Monitoring	80,000	DA
Peru	Combating Illegal Logging	500,000	DA
		1,000,000	ACI
Bolivia, Brazil, Guatemala, Peru	CITES Mahogany	1,128,000	DA
Colombia	Governance, Markets, and Communities	4,500,000	ACI
Bangladesh	Community-based Forest Management and Protection	1,200,000	DA
		500,000	ESF
Indonesia	Orangutan Habitat Protection	1,000,000	ESF
Philippines	Eco-Governance	400,000	DA
Global	Sustainable Forest Products Global Alliance	1,000,000	DA
	<b>Total</b>	<b>13,708,000</b>	

**\*Note:**

DA = Development Assistance

ACI = Andean Counterdrug Initiative

ESF = Economic Support Funds

# CENTRALLY FUNDED PROGRAMS: FORESTRY HIGHLIGHTS

This section highlights the activities and achievements of two centrally funded programs: the Sustainable Forest Products Global Alliance (SFPGA), and the USAID/U.S. Forest Service (USFS) interagency agreement. An overview of the centrally funded Global Conservation Program is included in Annex II of this report.

## Public-Private Partnerships: Sustainable Forest Products Global Alliance

Illegal and unsustainable logging destroys the environment, devastates forest dependent communities, and damages the economies of producer countries worldwide. The SFPGA demonstrates how the Global Development Alliance model for public-private partnerships can have a significant impact on combating illegal logging and increasing responsible forestry practices.

Announced in 2003 by USAID Administrator Andrew Natsios, the partnership works with forest product producers and consumers who are committed to sustainable forestry practices and the production and trade of responsible forest products on a global scale. Producers from developing countries commit to implementing a step-wise, monitored approach to achieving certification of forest products. Buyers of these products increase the global demand for certified wood and other sustainably harvested forest products by implementing responsible purchasing programs.

The Alliance consists of USAID, the World Wildlife Fund (WWF), and Metafore. USAID provides country knowledge and technical support to Global Alliance activities. WWF, through its Global Forest and Trade Network, creates networks of producers in developing countries and buyers in consumer nations with a commitment to the production and trade of responsible forest products. Metafore develops tools that promote responsible forest management and product purchasing, and efficient product use on a global scale. Other key partners in the SFPGA include forest product retailers such as The Home Depot and Andersen Corporation, non-profit organizations such as Forest Trends, and socially responsible investment groups and foundations such as

### The Need for Forest Conservation and Management

One quarter of the world's rural population derives its livelihood from forests. Forests are the source of numerous subsistence and commercial products, including food, medicines, fuelwood, and construction material. Forests are the foundation of watershed systems that provide people with water for consumption, agriculture, and energy. Forests also provide important environmental services such as climate regulation through their role as carbon sinks, and soil conservation by reducing erosion. Forests often contain sacred religious or spiritual sites, and are central to many traditional cultures and customs. As home to 70 percent of all land-based plants and animals, forests play a critical role in conserving global biodiversity.

To ensure that the resources, goods, and services provided by forest ecosystems can meet the economic and environmental needs of today and of future generations, USAID promotes sustainable forest management around the world through Mission-level and centrally funded programs.



Alberto Villalba, The Nature Conservancy

Paraguay's Pantanal eco-region.



The Home Depot

*The Home Depot works with the SFPGA to make responsibly harvested forest products available to consumers.*

the Arthur Blank Foundation. The Alliance is active throughout Asia, Africa, Latin America, Europe, and North America, with networks comprising hundreds of companies.

At the production end, WWF has established producer groups in Africa, Latin America, and Asia. In Africa, for example, timber companies in Cameroon, Gabon, and Ghana began working to integrate environmentally, socially, and economically sustainable forestry practices in their logging concessions and mills. Strategic growth of WWF's network of producer and buyer groups will continue in FY 2004.

At the consumer end of the supply chain, Metafore is collaborating with several leading U.S.-based corporations<sup>1</sup> to help identify and develop more predictable and affordable supplies of environmentally friendly paper that aids in forest conservation. The Paper Working Group consists of large-volume paper and paperboard buyers who embrace social, environmental, and economic responsibility in their business practices. The participating businesses of the Paper Working Group aim to influence present-day paper making and purchasing practices to support forest conservation goals.

The Global Development Alliance model is working. SFPGA partners have achieved significant progress in building local capacity and strong market incentives for responsible forest

management across the global forest products landscape – from forest and forest-dependent communities to the economies of producer countries and to consumers worldwide.

## **USAID/U.S. Forest Service Partnership**

The USFS is the principal technical agency for forestry and natural resources management in the United States. To conserve tropical forests around the world, the USFS and USAID combine skills and expertise to support sustainable tropical forest management and conservation programs in Africa, Asia, and Latin America and the Caribbean. In FY 2003, USFS assistance to USAID programs helped build local capacity for forest management by promoting improved park management, reduced impact logging, forest fire management, and forest product certification.

In Africa, USFS assisted partners working in the Congo Basin, Ghana, Kenya, Madagascar, South Africa, and Tanzania. In the Congo Basin, the USFS helped the Government of Gabon develop a park management plan for the Gamba Complex, one of 13 new parks established by the President of Gabon in 2002. The new management plan will serve as a guide for all of the nation's new parks, playing a critical role in conserving Gabon's forest and wildlife resources. In the Gamba Complex alone, researchers have identified 159 reptile and amphibian species, 70 freshwater fish species, and 140 tree species.

In Asia, USFS supported activities in Indonesia, Malaysia, Brunei, and Singapore. One activity involved designing and disseminating computer software to calculate the costs and benefits of reduced impact logging. Through the Reduced Impact Logging Financial Simulator software, foresters, loggers, and governments are able to compare the cost of reduced impact logging to conventional logging practices, allowing for more informed decisions about sustainable forest management practices. During training workshops in Malaysia, forest



concession owners used the software to analyze the advantages of adopting improved forest management systems, thus substantially reducing the impact on the forest and its wildlife.

In Latin America, USFS worked with partners in Bolivia, Brazil, Jamaica, and Mexico. In Bolivia, USFS provided technical assistance to the Amazon Center for Sustainable Forest Enterprise (CADEFOR), a Bolivian NGO created to link certified forest product producers to buyers in the international market. With this assistance, CADEFOR developed drying protocols to improve Bolivian lumber drying abilities, an important step to enhance the trade of certified wood products. In addition, USFS conducted workshops for mill managers and community members to teach improved drying techniques. USFS work in Brazil has encouraged improved forest management and fire detection systems in the Amazon Basin.

In addition to conserving tropical forests, USAID/USFS programs also support temperate and boreal forest conservation in Europe and Eurasia. Programs are active in Albania, Bulgaria, Georgia, Romania, and Russia.



Greg Overton, USAID/Madagascar

*The U.S. Forest Service and USAID work with local partners to conserve forests throughout Madagascar, including the Ranomafana National Park.*



# AFRICA: FORESTRY HIGHLIGHTS

The African continent contains approximately 650 million hectares of forest, including dry tropical, moist tropical, and subtropical forests; woodlands; and mangroves. These represent 17 percent of the world's total forests.<sup>2</sup> Forest loss in Africa is estimated at 5.3 million hectares annually.<sup>3</sup>

Since rural communities depend on forests for food, fuel, medicine, construction materials, and income generating activities, conserving Africa's forests is critical to sustainable development efforts across the continent.

The Africa Bureau and Mission-supported activities highlighted in this section include the Central African Regional Program for the Environment/Congo Basin Forest Partnership (CARPE/CBFP) and a description of activities using innovative technologies to support forest management decision-making processes in Africa. Reports on the Mountain Gorilla Habitat Conservation, Ghana, Guinea, Kenya, Madagascar, Malawi, Senegal, and Uganda programs are found in Annex II of this report.

## Innovative Technologies

Community leaders in Senegal meet with American and Senegalese scientists to look over detailed maps based on satellite imagery from the 1960s and last year, and discuss how their landscape has changed during the intervening 40 years.

National park managers in Cameroon download the latest imagery of nearby wildfires from the Internet.

In Namibia, local residents use a low-tech data collection procedure adapted for semi-literate community members to gather information about wildlife and forest conditions. The data are placed on charts so the local community can monitor the status of their natural resources and share this information with the Ministry of Environment and Tourism, thereby allowing community needs to be incorporated into national management decisions.

In Madagascar, natural resource managers use computer modeling software to create locally-derived management plans. The software enables local managers to conduct simple, yet important analyses that previously could be done only by foreign experts.

These examples demonstrate how USAID is using innovative technologies to increase the effectiveness of natural resource and forest management in Africa. Effective forest management, however, depends not only on the use of science, but on community participation and transparency in decision-making processes. The key to embracing both community participation and science lies in bridging the information and technology divide that separates rural areas, urban centers, and highly developed countries. USAID's investments are helping bridge that divide.

USAID's Africa Bureau actively supports the use of innovative technologies to create networks of national practitioners that can effectively address their countries' information needs. The result is greater empowerment of individuals, communities, local leaders, and government land managers to use their knowledge of the environment, additional data, and computers to develop management plans for sustainable use of their valuable natural resources.



USAID/Mozambique

*With USAID assistance, communities throughout Africa are learning to use satellite imagery and other technologies to better manage local resources.*

## Central African Regional Program for the Environment/Congo Basin Forest Partnership

One of the least developed regions of the world, the Congo Basin holds massive expanses of closed canopy tropical forest. Unsustainable timber exploitation, shifting cultivation, urban expansion, decades of conflict, and other human pressures pose increasingly serious threats to this globally significant forest resource. CARPE, a long-term USAID initiative, addresses the issues of deforestation, biodiversity loss, and climate change in Central Africa, with a particular focus on the Congo Basin.

CARPE is implemented by a team of U.S.-based NGOs and U.S. government agencies in collaboration with local partners in nine Central African countries: Burundi, Cameroon, Central African Republic, the Democratic Republic of the Congo, Equatorial Guinea, Gabon, Republic of Congo, Rwanda, and São Tomé e Príncipe.

In FY 2003, CARPE headquarters moved from Washington to Kinshasa, Democratic Republic of the Congo. The move allowed CARPE to shift from its original focus on research to activity implementation. Partner activities include protected area management, large-scale landscape management, promoting economic development and alleviating poverty, and improving natural resources governance.

CARPE serves as the primary mechanism through which the U.S. Government contributes to the Congo Basin Forest Partnership (CBFP). Involving 29 governments and international organizations, the partnership promotes economic development, poverty alleviation, and improved local governance through natural resource conservation programs in the Congo Basin. CARPE/CBFP activities focus on 11 key landscapes in the Congo Basin. In FY 2003, CARPE/CBFP partners identified NGOs to serve in leadership roles for each of the landscapes. The lead NGOs consulted with partners, host-country officials, and local organizations to determine the initial activities to be undertaken in each landscape.

### Creating a Market for Non-Timber Forest Products

Non-timber forest products — such as nuts, fruit, and charcoal — have traditionally been viewed as subsistence goods. But communities in Africa are now benefiting from the high commercial potential of non-timber forest products.



Wula Nafaa Project, USAID/Senegal

*Baobab fruit growing in Senegal.*

USAID has developed innovative public-private partnerships to link local producers of valuable forest products to forest industries. These relationships help ensure a steady supply of sustainably harvested products while expanding market opportunities and incomes for community-based enterprises.

In Senegal, for example, USAID's agriculture and natural resources management program promotes ventures between rural communities and private enterprises to market high value natural products.

Adama Traore, from the village of Sintiou Diokhe in Senegal, had tried for years to make a living from the harvest of baobab fruit. He would collect fruit and transport it 20 km to market, where he often had no other option but to sell his fruit to buyers who formed cartels to fix low prices. Sometimes, after selling his fruit, Adama recovered little more than his transportation costs.

In FY 2003, USAID's program in Senegal developed a relationship with the Baobab Fruit Company, an Italian pharmaceutical firm that makes baobab fruit-based beauty products. Adama became the president of Sintiou Diokhe's Baobab Producer Group and negotiated a contract to provide 350 metric tons of baobab fruit at a price 75 percent higher than he had previously obtained.

U.S.-based NGOs are working in close collaboration to significantly expand their conservation programs in the 11 key Congo Basin Forest landscapes. In addition, they have agreed to match funds from private sources to enhance CARPE/CBFP activities funded by the U.S. Government. Other donors will provide significant additional contributions through the framework of the CBFP.

CARPE/CBFP held a workshop in FY 2003 to develop a solid partnership structure among the network of partners. The workshop was an important step in fostering collaboration and coordination in the region.



Chemomics/Tom Fattori

*CARPE works to protect tropical forests in Central Africa.*

A Global Forest Watch chapter for Republic of Congo and the Democratic Republic of the Congo was also launched in FY 2003. These are the third and fourth countries in the Congo Basin to be included in Global Forest Watch, a worldwide effort to bring transparency and accountability to the forest sector by making information about forest use accessible to the public. The program will monitor forestry concession activities in key Congo Basin countries. Comprised of local research and environmental groups, the new chapter will collect and validate key forest data and make it openly available to civil society, governments, and corporate decision-makers. Increasingly, Global Forest Watch is collaborating on data collection initiatives directly with government agencies. NGO and university relationships provide new data as well as an “on-the-ground” perspective used to validate existing government records.



## ASIA AND THE NEAR EAST: FORESTRY HIGHLIGHTS

Asia contains 548 million hectares of forest, which corresponds to 14 percent of the world total. The region includes 21 percent of the world's tropical forests<sup>4</sup> and 60 percent of the world's plantation forests.<sup>5</sup>

Unfortunately, deforestation and forest degradation — fueled by timber extraction, the conversion of forest to agricultural and urban land, overgrazing, fuelwood use, and forest fires — are depleting the natural resource base underpinning many national economies in Asia and the Near East.<sup>6</sup>

This section highlights Asia and the Near East Regional and Mission-supported activities in Indonesia and Nepal. Reports on regional programs and country programs in Bangladesh, Cambodia, the Philippines, and Sri Lanka are described in Annex II of this report.

### Indonesia

USAID programs in FY 2003 included watershed management activities and the conservation of orangutan habitat in Indonesia.

A lack of environmental regulation enforcement and the rapid degradation of watershed areas have contributed to problems in the quality and quantity of Indonesia's water. USAID's Natural Resources Management program is working to improve the local management of Indonesia's forests, protected areas, and coastal zones, all of which play a critical role in sustainable watershed management and climate change mitigation. The program emphasizes the conservation of forests in national parks and other protected areas.

In FY 2003, USAID supported the implementation of 73 site-specific co-management plans, placing approximately six million hectares of coastline and forest under improved management. In West Kutai, a forest management plan covering 1.6 million hectares is being implemented by a new advisory board, comprised of representatives from government, NGOs, and the private sector. As part of the new management plan, the West Kutai district government stopped issuing licenses for small-scale logging, preserving thousands of hectares of primary forest. USAID also assisted the West Kutai government to apply for national reforestation funds, and helped replant about 4,000 hectares of forest with indigenous tree species.

Another success in FY 2003 involved the management of the Sungai Wain and Manggar watersheds, which together provide more than 90 percent of the freshwater supply for Balikpapan City in East Kalimantan. The Balikpapan City Government is now taking an integrated approach to the management of these watersheds, strengthening protection of the Sungai Wain forest and reforesting more than 2,000 hectares surrounding the Manggar Reservoir through USAID-supported agroforestry projects. Balikpapan has formed a public-private alliance with Pertamina, the national petroleum company, whose refinery depends on Sungai Wain for its processing



USAID supports the conservation of orangutan habitat in Borneo and Sumatra.

Jim Dugan, Orangutan Foundation

water. Pertamina transferred funding to the city government for 24-hour patrols of the Sungai Wain forest, contributing to the eradication of illegal logging and other encroachment activities.

In addition to these watershed management and forest conservation activities, USAID supports the conservation of orangutan habitat in Borneo and Sumatra. Orangutan survival has been threatened by habitat destruction due to logging.

In FY 2003, USAID partners completed a survey of wild orangutans on the Berau Peninsula of East Kalimantan. Survey results place population estimates at more than 2,000 animals, making it the largest intact population in East Kalimantan. In the past, food and income security issues contributed to orangutan poaching and habitat destruction. With support from USAID partners, the six villages nearest this habitat area agreed to stop hunting orangutan for bush meat and to assist in habitat conservation. In exchange, these villagers receive training in intensified agricultural techniques, including high-value cocoa cultivation.

In addition to engaging communities, USAID partners have been successful in their negotiations with logging concessionaires. Concessionaires have agreed to set aside large tracts of their concession areas for conservation and to practice low-impact logging techniques in the rest of their concessions. Surveys of orangutans and their food sources indicate that more than half of the apes are located on land that has been previously logged. This is a good indication that orangutans can survive and reproduce when timber harvesting is carefully executed. The local government has formed a multi-stakeholder orangutan conservation working group. In FY 2003, the working group helped reverse government plans to issue two additional timber concessions.

### **Conflict Timber: Dimensions of the Problem in Asia and Africa**

Conflict timber has played a role in sustaining many conflicts in Asia and Africa. Conflict timber is defined as timber whose sale is used to finance conflict, or whose ownership is disputed, thus resulting in conflict. In recognition of the connections between forests, logging, and conflict, USAID supported an analysis of the economic, ecological, political, social, and security dimensions of conflict timber in Asia and Africa (see pages 24-25 for a discussion of forests and conflict globally).

Ten countries in the ANE region and five countries in Africa illustrated the range of experiences of conflict over forests resources. The analysis indicates that corruption, lack of authority over forest management, lack of clear land tenure for forest-based communities, and subjective applications of the law underlie many incidents of conflict timber. Recommendations include: working with host governments to demonstrate the value of sustainable forest management to long-term economic growth; promoting the application of financial controls to discourage corrupt forest sector business practices; and building the capacity of civil society groups, including local communities, that are committed to the practice of sustainable forestry.

USAID is following up the results of the study with activities specific to countries in Asia. These include country-specific case studies to identify and implement mechanisms to reduce conflict.

The Conflict Timber study was conducted under the Biodiversity and Sustainable Forestry contract mechanism, an indefinite quantity contract that provides technical assistance to USAID Bureaus and Missions to help conserve biodiversity, sustainably manage forests and other renewable natural resources, improve watershed management, and mitigate global climate change.



## Indonesia Alliance to Combat Illegal Logging

An estimated five million acres of Indonesia's forests are logged each year. Seventy percent of that logging is illegal, costing the government about \$1 billion in lost taxes and revenues, and threatening the existence of the 30 million people who depend on the forests for their livelihoods.

USAID catalyzed a groundbreaking public-private alliance to combat illegal logging, comprised of the U.S. Government, the Government of Indonesia, international and local NGOs, an international forestry research institution, and more than 17 companies. The alliance leverages three dollars in resources from the private sector for every dollar that USAID commits.

Alliance partners are working to:

- promote the sustainable harvest of forests,
- develop a tracking system that identifies legal sources of wood,
- link legal and sustainable wood products to buyers such as The Home Depot, and
- provide information needed by international banks and other financial institutions to avoid financing forest destruction.

### Alliance Results

- The Government of Indonesia, concessionaires, and pulp and paper companies committed to stop logging in areas of high biodiversity, including Tesso Nilo, Sumatra, a region reported to contain the highest plant biodiversity found anywhere in the world. Their efforts have resulted in the declaration of Tesso Nilo National Park. Collaboration is also occurring with concessionaires and local government in East Kalimantan to protect the habitat of what may be Indonesia's last viable population of orangutans in that province. (See pages 15-16.)
- Two major Sumatran pulp companies made significant shifts in policy and practice regarding legal compliance within their supply chains and maintenance of high conservation value forests. One of these companies has been actively refusing the entry of illegal logs into its mill.
- The first shipment of Indonesian lumber verified as legal arrived in the United States in August 2003. This wood, harvested using reduced impact logging techniques and documented as legal through a recognized tracking system, originated from sites where the Tropical Forest Foundation helped Indonesian concessionaires manage and harvest responsibly.
- Large Indonesian forest products companies developed formal partnership commitments to help them transition to sound forest management and participate in tracking systems that verify wood as legally sourced.
- Forest Watch Indonesia and Global Forest Watch of the World Resources Institute finalized data collection on 15 logging concessions in Central Kalimantan. This information will be provided to commercial banks to use as an investment screen to ensure legality of concessions and sound forest management practices.
- Growing numbers of retailers, such as The Home Depot, IKEA, Lowes, and Carrefour joined the alliance to enable them to purchase legal and responsibly-harvested wood products from Indonesia. Their buying power is a positive incentive for Indonesians to ensure that their products are legal.
- Banks such as ABN-AMRO are co-financing the establishment of a database of concessions and forest conditions to be used as an investment screen.

There is significant international and business interest in this work, evidenced by articles in The Wall Street Journal, Business Week, Far Eastern Economic Review, the Financial Times, and the Jakarta Post. Local newspapers such as the Virginian-Pilot and Norfolk TV stations covered the import of the legal wood as it arrived in the United States.

### Alliance Partners

Home Depot  
IKEA  
Carrefour  
Lowes  
Goldman Sachs  
ABN-AMRO Bank  
Caterpillar, Inc.  
ERDAS  
ESRI  
BP  
The Association of Indonesian Forest  
Concession Holders  
The Forests Dialogue, including  
MeadWestvaco  
United Kingdom's Department for  
International Development  
Indonesian Ministry of Forestry  
The Nature Conservancy  
World Wildlife Fund-Indonesia  
Global Forest Watch of the World  
Resources Institute  
Tropical Forest Foundation  
Tropical Forest Trust  
Center for International Forestry  
Research  
Numerous Indonesian NGOs

## Nepal

In FY 2003, USAID promoted sustainable forest enterprises and improved forest governance in Nepal.

USAID/Nepal strives to increase household income and improve food security by promoting the production of sustainable forest and agricultural products. Program activities include support for improved community forest management; forest enterprise development; technical assistance in high-value forest and farm crop production and marketing; research on policy impediments; and development of private-public partnerships to access new technologies and new markets. By helping farmers and community-based organizations produce high value crops such as coffee and non-timber forest products such as wintergreen oil, the program is expected to increase incomes of the rural poor by at least 50 percent and bring the target population of 40,000 households above the poverty line by 2006.



*Community Forestry User Group members gather for the official granting of management rights for a local forest in the Dhading District of Nepal.*

In addition to promoting sustainable forest enterprises, USAID also supports efforts to strengthen forest governance. For the past two years, USAID has implemented a natural resources management governance program to improve the democratic functioning and management capacity of community-based natural resource management groups. The program supports activities to strengthen the capacity of approximately 500 community forestry and buffer zone user groups.

### Alliance Activities in Nepal

Public-private partnership activities resulted in two important accomplishments in Nepal in FY 2003.

The Tree Crops Global Development Alliance arranged for a U.S. specialty coffee exporter, Holland Coffee Company, to train members of Nepal's Highland Coffee Company, Everest Coffee Company, and Nepal Coffee Producers Association in semi-wet processing of Nepali coffee. The Holland Coffee Company pledged to buy all coffee processed under the agreed-upon specifications and market this coffee in the U.S. as specialty coffee.

Another alliance promoted non-timber forest products. The Certification and Sustainable Marketing of Non-Timber Forest Products Alliance organized communities, established a certification model, and identified non-timber forest products for export promotion. These included wintergreen oil and lokta, a bark used in local paper-making for which there is strong international demand.

In FY 2003, forestry and buffer zone management user groups placed about 8,000 hectares of forest under improved management. Local user groups also organized training events reaching more than 18,000 beneficiaries in the target area. Trainings focused on improved natural resources management, forest enterprise development, and improved governance of natural resource groups. Groups initiated advocacy campaigns to establish user rights and make their executive committees and local government agencies more transparent. Women hold more than 40 percent of the executive positions in the forestry user groups.

# LATIN AMERICA AND THE CARIBBEAN: FORESTRY HIGHLIGHTS

Latin America and the Caribbean contain nearly one-quarter of the world's forest, including more than 800 million hectares of tropical forests and 130 million hectares of temperate and dry forest.<sup>7</sup> The region includes the Amazon Basin, the world's most extensive tropical rainforest and one of the world's richest ecosystems. The region's forests supply the wood industry and provide communities, including forest-dependent indigenous communities, with essential non-wood forest products. Unfortunately, deforestation led to the loss of an estimated 47 million hectares of forest between 1990 and 2000.<sup>8</sup>

Highlights of the Latin America and Caribbean regional and Mission-supported activities described in this section include Ecuador and Bolivia. Reports on the Latin America and Caribbean regional programs, and programs in Brazil, Colombia, Dominican Republic, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, and Peru are found in Annex II of this report.

## Ecuador

In 2003, USAID approved a new strategy for conserving Ecuador's richly biodiverse natural resources, including its forests. Activities focus on managing protected areas and indigenous territories, increasing local participation in natural resources management, and ensuring sustainable financing and incomes for forest dependent communities.

With USAID support, World Wildlife Fund worked with the Awa indigenous group to develop a new forest strategy. The strategy outlines steps necessary to achieve forest certification and seeks to resolve an ongoing land tenure conflict by recognizing the group's ancestral rights to the forest. The program organized an exchange between Colombian and Ecuadorian Awa groups who

shared their experiences in forestry, ecotourism, and related issues. Awa leaders received training in constitutional and collective rights. In the territories of the Cofan and Hoarani, two other Ecuadorian indigenous groups, several communities participated in designing management plans for their local forests.

The ultimate goal of the new Ecomadera Project, a Global Development Alliance activity, is to reverse the loss of forests by increasing local incomes from marketing of sustainable forest products. The project has begun testing innovations in valued-added wood processing and in marketing high value wood products, such as kiln-dried high value wood for furniture and other uses. This has increased the value of the wood from \$3 - 10 per cubic meter to \$100 - \$600 per cubic meter, depending on the species, market, and use. Encouraging the sale of high value wood products allows local producers to produce fewer high-quality products rather than many less-expensive items, thus limiting the extent of indiscriminate deforestation.

In the province of Morona Santiago, the Southern Border Integration Program worked with isolated Shuar communities to introduce best practices in natural resources management. This has helped diversify incomes and reduce impacts of forestry under approved forest management plans.



USAID/Ecuador

*Forest managed by the Awa indigenous people in Ecuador.*

Activities include integrating traditional Shuar crops with fruit tree production, small animal production, aquaculture, and cable logging operations. The cable logging system reduces the time and labor investments to one-third of the traditional horse logging method and greatly reduces environmental impacts.

**“The exchange helped us make decisions for integration [on the border] to confront the Colombian problems of war and coca production.” — Awa community member**

## Bolivia

USAID is working to conserve Bolivia’s forests by supporting efforts to improve community management and increased trade in forest products, as well as to improve park and protected area management.

In FY 2003, USAID launched a six-year forestry program that will build on the success of more than 10 years of support to the Bolivian forestry sector. The program builds community capacity to manage local forest resources, particularly by securing independent certification; assists the private sector to partner with communities and international firms to increase sales of timber and non-timber forest products; and works with government institutions to develop and implement policies that support sustainable forest management.

Last year the program supported the role of local groups in forest management by helping place approximately 3.3 million hectares of forest under the management of municipal organizations, rural farmer organizations, and indigenous groups. The FY 2003 growth in local participation represents an 83 percent increase in area under farmer association management and a 62 percent increase in area under indigenous group management since last fiscal year.

## Indigenous People

As part of its commitment to the devolution of forest management rights to local communities, USAID works with partners and indigenous groups throughout Latin America to preserve their access to ancestral and other lands crucial to their survival.

In FY 2003, programs throughout the region provided training for native park guards, technical assistance to help indigenous groups develop management plans for forest reserves, training in forest certification, assistance in resolution of land tenure conflicts, and integration of traditional subsistence activities with sustainable natural resource management best practices. Examples include:

- Awa leaders in Ecuador and Colombia met to exchange information about their experiences in forest management and ecotourism.
- With USAID assistance, the Tacana and the Izoceño of Bolivia received title to several hundred thousand hectares of forested lands in buffer zones critical for the protection of two Bolivian national parks.
- In Brazil, indigenous foresters join timber company owners, contract loggers, and heavy equipment operators for classes at a forest management training center in the Amazon run by Instituto Floresta Tropical and supported in part by USAID.
- Thirty-two indigenous forest rangers were trained to manage Indi Wasi National Park, located on ancestral land in Colombia.



USAID/Ecuador

*Indigenous groups in Ecuador help develop forest management plans.*

In addition to empowering communities to manage local forests, USAID's program has helped link communities and the private sector for their mutual benefit. As communities become better organized and work with established wood products companies, they receive better prices for their wood products, while wood product companies are assured a more sustainable source of well managed or certified wood.

As a result of investments catalyzed by USAID, Bolivia remains the global leader in certified tropical forest management, with approximately 1.2 million hectares of forests independently and voluntarily certified as well managed by the Forest Stewardship Council. Another one million hectares are pending certification. Certified forestry remains one of the few relatively bright spots in Bolivia's economy, with 2003 forest products exports estimated at \$13.5 million.

Finally, in FY 2003 nine indigenous communities were granted official title to their territory, including the Tacana and the Izoceño, two groups that USAID and partners have supported for several years. The Tacana received title to 325,000 hectares of intact tropical forest and grasslands that will be critical for the conservation of Madidi National Park. The Izoceño received title to approximately 300,000 hectares, with an additional 350,000 hectares pending. The Izoceño's land lies adjacent to the Kaa-Iya National Park in the Bolivian Chaco, the largest protected area in Bolivia and one of the world's best examples of a dry tropical forest ecosystem.



USAID/Bolivia

*This logging operation in Bolivia participates in tropical forest certification, an important component of sustainable forest management.*



# CRITICAL THEMES IN TROPICAL FOREST CONSERVATION

## Forests and Poverty Alleviation

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Forests offer the potential to play a positive role in economic development and poverty alleviation, through the provision of protected forest areas for timber, non-timber forest products, ecological services, recreation, and indirect benefits of forest-related employment. Despite this potential, serious obstacles posed by current policies and market arrangements limit the ability of the rural poor to benefit from forests. Promoting policies that support communities' rights to use forests, help organize local forest users, reduce corruption, and develop markets for responsibly produced forest products will enable forests to play a more significant role in poverty alleviation.

A primary driver of deforestation is conversion of natural forests to farm land. While farm land, pastures, and plantations can offer economic benefits, the permanent clearing of forests results in the loss of a stable source of income, food, medicines, carbon stores, and biodiversity reservoirs. The nature of forest ownership influences management decisions, and the often vague tenure of forests contrasts sharply with the well defined tenure of agricultural lands. Improved forest tenure policies would contribute to realizing the poverty alleviating potential of forests.

Timber and processed wood products are the most lucrative forest products on the market. Due to the market value of timber, large tracts of commercial forests are often managed by a country's elite. The capital, skills, technology, and economies of scale required for successful timber harvesting are beyond the means of most poor people. Issues of forest access and tenure are frequently not resolved in favor of local forest communities, but rather benefit government or privileged concession holders. The poor are often displaced and not compensated for the extraction of commercial resources on their traditional lands. Devolution of access and management rights to local communities, development of small-scale wood processing technologies, enhanced local organization, improved market access, and smallholder tree growing schemes are some of the institutional shifts needed before timber revenue can be a significant factor in poverty alleviation.

Unlike wood products, non-timber forest products (including wildlife, medicinals, herbs, fibers, resins, oils, gums, spices, dyes, mushrooms, fruits, and nuts) usually require little capital, specialized skills, or complex technology to exploit and are very important resources for the poor. Unfortunately the variable quantity and quality of harvests, remoteness from buyers, uncertainty of market demand, and lack of involvement of poor people in value-added processing limit the contributions these products can make to poverty alleviation, but they provide a critical source of food, medicine, and construction material that would otherwise not be available. Improving access and exclusion rights, and developing business skills, market knowledge, productive partnerships between producers and buyers, and better infrastructure could enlarge the income contribution these products make to rural households.

Forest dwellers or neighbors can benefit from the ecological services provided by forests in two ways. First, the clean and abundant water, fertile soil, and tree crop germplasm provided by natural forests contribute directly to poverty avoidance.<sup>9</sup> Poverty reduction or elimination can also be achieved by payments for ecological services provided by non-forest dwellers, such as residents of urban areas or developed countries. With such payments, forest dwellers are given incentives to choose land uses that benefit regional or global environmental agendas.<sup>10</sup>

Payment schemes have been or are developing for carbon storage, biodiversity conservation, and hydrological services. Carbon storage schemes address global warming through payments for preservation of forests or for reforestation of degraded lands. Payment programs for biodiversity compensation range from production of



USAID/Bolivia

*Bolivia is the leading exporter of Brazil nuts, which are both an essential source of income for tens of thousands of people and an important incentive for forest conservation.*

biodiversity-friendly forest products to conservation easements for owners of private reserves. Payments for hydrological services generally involve compensation of upstream forest owners for services provided to downstream customers. These payment schemes hold potential for improving the lives of poor people, if issues of high transaction costs and uncertain pricing can be resolved.

Forest-based tourism is a variation on the payment for services theme. Ecotourism is a dynamic and growing industry, and one that can rely on fragmented and human-occupied forested landscapes rather than large and remote protected areas. While most of the economic benefits of ecotourism flow to foreign-owned, city-based, or luxury tourism companies, the trickle-down effect can have important benefits for poor communities. Tourism-related payments for goods such as locally grown food or local handicrafts and service such as hotel labor and drivers can be very significant in the lives of the poor.

Forests contribute directly and indirectly to rural livelihoods and remain an under-used opportunity to reduce poverty. Decentralization of resource control, devolution of forest tenure, reduction in government

corruption, organization of local forest users and attention to procedural rights, development of markets and easing of market access, innovations in small-scale technologies, and greater recognition in policy circles of the global environmental threats that are mitigated by healthy forests are essential conditions that would enable forests to play a more significant role in poverty alleviation.

## Forests and Conflict

Commodities such as diamonds, oil, and gold have played a visible role in financing and sustaining conflict in many parts of the world, but the role of timber has been less recognized. Conflict timber not only exacerbates conflicts, but also hampers natural resources management and conservation efforts and deprives governments of revenue from legally harvested forest products. Opportunities for economic development are squandered as forests are damaged and forest communities disrupted.

Two types of timber-related conflict may be recognized: conflicts that are financed through the harvest and sale of timber, and conflict over access to or competition for forest resources. The first type has been documented, with tragic consequences for people and forests, in countries such as Burma, Cambodia, Democratic Republic of the Congo, Ivory Coast, and Liberia. The second type is both more widespread and less commonly recognized throughout Africa, Asia, and Latin America. Post-conflict countries are often at particular risk because the end of violent clashes opens up forested areas to exploitation while nascent governments lack strong regulatory and enforcement institutions to ensure sustainable forest management.

Forested areas and their inhabitants are particularly vulnerable to resource-based conflict. Governments have historically neglected remote and inaccessible areas, failing to establish a strong presence. With limited allegiance to the capital, forest communities are often forced to turn to other groups – even insurgents or traffickers in contraband – to perform traditional government functions. Many forest dwellers, especially





members of ethnic minorities, have uncertain tenure rights, making them vulnerable to the actions of corrupt, violent, or unscrupulous interlopers.

Conflict involving timber is tied to poor and corrupt systems of governance. Failed or failing states often cannot exert control over forested territory or ensure that natural resource laws and regulations are adequately enforced. Very often, corrupt segments of government including the military are implicated in the lucrative practice of illegal extraction and sale of timber. Lax accounting and financial practices and a lack of government transparency encourage such actors to enrich themselves at the expense of governments and legitimate producers. Opposition groups fighting national governments can find refuge in isolated forests and may use timber to finance their operations. Failure of governments to recognize local communities' claims to forest resources contributes to conflicts over natural resources as migrants, military units, refugees, and other outsiders compete with local or indigenous communities, disrupting traditional ways of life and compromising forest-based livelihoods.

In response to the threat of natural resource based conflict, Administrator Andrew Natsios called upon the Agency to develop an action plan on logging and conflict. Contributions to the development of this comprehensive approach to the problem include:

- “Conflict Timber: Dimensions of the Problem in Asia and Africa,” a comprehensive analysis of the economic, ecological, political, social, and security dimensions of conflict timber in Asia and Africa. The study includes a broad survey and in-depth case studies of Indonesia and the Democratic Republic of Congo. USAID is following up the results of the study with activities specific to countries in Asia. To view the report, visit [http://www.usaid.gov/locations/asia\\_near\\_east/](http://www.usaid.gov/locations/asia_near_east/).
- Conflict Management Toolkits to raise awareness about linkages among natural resources, conflict, and development and to disseminate best practices for conflict mitigation activities. Toolkits include focused papers examining natural resource sectors, including timber, surveys of innovative development programs that address natural resource management and conflict, and an evaluation tool for use by development officers.
- The President’s Initiative Against Illegal Logging, a directive led by the State Department to assist countries interested in addressing illegal logging and associated trade in illegal forest products. The initiative focuses on the Congo Basin, Amazon Basin and Central America, and forests in South and Southeast Asia. USAID contributed \$13.7 million, representing 92 percent of the \$15 million budget for FY 2003. (See page 5 for more information on the initiative.)

USAID has taken a strong stance on the issue of forests and conflict, seeking to understand the underlying social, economic, and political issues and incorporating natural resources management into programs to strengthen democracy and the rule of law in developing countries.



# USAID FORESTRY FUNDING

## USAID FY 2003 Forestry Expenditure Analysis

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USAID recognizes the important role tropical forests play in conserving biodiversity, fostering sustainable economic growth, and mitigating the impacts of climate change. USAID supports sustainable forest management in three ways – through centrally funded activities, regional programs, and country programs managed by USAID field Missions. Forest projects have been broadly defined as activities and programs related to maintaining forest cover through sustainable forestry, protected area management, improved agroforestry systems, and conservation of biodiversity in forest ecosystems.

In FY 2003, the Washington-based USAID Forestry Team provided approximately \$1 million in support to an Interagency Agreement with the U.S. Forest Service, as well as \$2 million to support the Sustainable Forest Products Global Alliance. The Forestry Team also invested close to \$900,000 to support research and share lessons learned. In addition, the USAID Biodiversity Team manages a multi-partner Global Conservation Program, with an annual budget of \$4.2 million, more than \$2.67 million of which supported forestry projects.

In FY 2003, the Latin America and the Caribbean Bureau had the highest total expenditure on forestry activities of any region, at 35 percent of total USAID forestry spending. Colombia's new program received more than \$9 million to conserve the country's forests through strengthening indigenous communities' participation in forest management, working with the commercial forestry sector to develop forest products and markets, and improving the management of Colombia's forests and protected areas. These activities also contribute to U.S. Government goals of reducing illicit crop production in targeted zones. Brazil received more than \$6 million to support the training of forest managers in the Brazilian Amazon, the world's largest intact tropical rainforest. Guatemala, Mexico, and Honduras received technical support and training in forest fire management.

The tropical forests of the Congo Basin and Madagascar's rich biodiversity make the Africa region critically important to Agency efforts to manage and protect tropical forests. Africa was responsible for 29 percent of the Agency's FY 2003 forestry sector spending. The Central African Regional Program for the Environment received more than \$15 million for the conservation of forests in the Congo Basin. Madagascar received more than \$8 million to conserve its biologically diverse forest ecosystems.

The Asia and the Near East region was responsible for 24 percent of the agency's forestry funding. Indonesia, a biodiversity rich country of global importance, received more than \$15 million in funding for forest-related activities. The Asia and the Near East region supported multiple public-private alliances receiving more than \$9 million in funding. These partnerships supported forest conservation through the promotion of sustainable timber and non-timber products, coffee, and cocoa, as well as community forestry and eco-tourism.

In Europe and Eurasia, the temperate forest of the Russian Far East is of critical global importance for its potential to sequester large amounts of carbon, thus helping to mitigate the impacts of climate change. In FY 2003, the agency supported more than \$5.6 million worth of forestry activities in the region, mostly in Russia.

## USAID Forestry Activities and Programs FY 2003

### Centrally Funded Forest Programs

USAID/US Forest Service Partnership	Interagency Agreement (IAA)	1,022,064
Sustainable Forest Products Global Alliance (SFPGA)*	Forest Service Interagency Agreement	1,100,000
Sustainable Forest Products Global Alliance (SFPGA)	Leader with Associates Award	900,000
Global Conservation Program	Forest Conservation Activities	2,670,500
CIFOR		650,000
Technical Staff		891,936
Natural Resources Information Clearinghouse	Technical Support	249,000
	<b>Total</b>	<b>7,483,500</b>

### Africa Region

Central African Regional Program for the Environment*		15,200,000
Central African Regional Program for the Environment	Forest Service Interagency Agreement	250,000
Mountain Gorilla Habitat Conservation	Gorilla Conservation Directive	1,500,000
Ghana	Agroforestry and Energy Saving Stoves	1,238,133
Guinea	Sustainable Natural Resources Management	1,500,000
Kenya	Forest Rehabilitation and Env. Mgmt Strengthening	1,400,000
Madagascar	Biologically Diverse Ecosystems Conserved	7,916,315
Madagascar	Forest Service Interagency Agreement	100,000
Malawi	Sustainable Increases in Rural Incomes	1,721,796
Senegal	Agriculture and Natural Resources Management	1,500,000
Uganda	Natural Resources Management	940,000
	<b>Total</b>	<b>33,266,244</b>

### Asia and the Near East Region

Asia and the Near East Region	Managing Conflict in Asian Forest Communities	400,000
Asia and the Near East Region	Environmental Services Feasibility Study	100,000
Asia and the Near East Region	Environmental Regulations Training	300,000
Asia and the Near East Region	Community Forest Management	500,000
Asia and the Near East Region	Indonesia Timber Alliance	2,850,000
Asia and the Near East Region	East Asia and Pacific Environmental Initiative	0
Asia and the Near East Region	Reduced Impact Logging - Tropical Forest Fndn - Forest Service IAA	150,000
Indonesia, Philippines, Vietnam	SUCCESS/Cocoa Alliance	3,000,000
Bangladesh*	Tropical Forest Resource Management	1,300,000
Cambodia	Community Forestry Alliance	1,200,000
Indonesia*	Watershed Management and Orangutan Conservation	10,386,000
Nepal	Sustainable Forest and Agricultural Products	1,500,000
Nepal	Increased Management Capacity of NRM Groups	3,500,000
Philippines*	Improved Environmental Governance	1,361,237
Sri Lanka	Eco-tourism Alliance	900,000
	<b>Total</b>	<b>27,447,237</b>

### Latin America and the Caribbean Region

Latin America and the Caribbean Regional Program	Caribbean Basin Forestry Advisor - Forest Service IAA	50,000
Latin America and the Caribbean Regional Program	Parks in Peril	2,800,000
Regional Program for Central America	PROARCA	500,000
Bolivia*	Sustainable Forest and Biodiversity Resource Management	4,458,000
Bolivia	Parks in Peril	200,000
Brazil*	Environmentally Sustainable Land Use	6,129,188
Brazil	Forest Service Interagency Agreement	318,812
Colombia*	Forestry and Sustainable Development Program	9,800,000
Dominican Republic	Improved Policies for Environmental Protection	90,000
Dominican Republic	Parks in Peril	110,000
Ecuador	Indigenous Forest Management	2,458,000
Ecuador	Parks in Peril	1,000,000
Guatemala*	Improved Natural Resources Management & Biodiversity Conservation	1,523,100
Haiti	Hillside Agriculture Program	300,000
Honduras	Integrated Water Resources Management	2,694,000
Jamaica	Ridge to Reef Watershed Program	42,200
Jamaica	Forest Service Interagency Agreement	50,000
Jamaica	Parks in Peril	107,800

### Latin America and the Caribbean Region (cont'd.)

Mexico	Critical Ecosystems Conserved	730,000
Mexico	Forest Service Interagency Agreement	400,000
Nicaragua	Forest Certification	300,000
Nicaragua	Parks in Peril	136,800
Panama	Sustainable Management of the Canal Area	1,231,600
Panama	Parks in Peril	268,400
Paraguay	Management of Globally Important Ecoregions	1,000,000
Peru*	Strengthened Environmental Management	3,455,639
Peru	Parks in Peril	45,030
	<b>Total</b>	<b>40,198,569</b>

### Europe and Eurasia Region

Europe and Eurasia Regional	Forest Service Interagency Agreement	40,000
Albania	Watershed Management	0
Bosnia and Herzegovina	Mountain Conservation	10,000
Bulgaria	Natural Resources Management	599,998
Russia	Forest Resources and Technologies	5,000,000
	<b>Total</b>	<b>5,649,998</b>

**Total Forestry Obligation in FY 2003**

**\$114,045,548**

\* All or a portion of these programs contributed to the President's Initiative Against Illegal Logging, for a total contribution of \$13.7 million in FY 2003.

Note: In FY 2003, \$20 million was transferred from OMB to USAID's budget for the TFCA. The funds were transferred to the U.S Department of Treasury to manage the TFCA.

Note: The figures above are unofficial budget estimates provided by USAID Bureaus and overseas Missions.



# HISTORICAL TRENDS ANALYSIS

## Trends in USAID Forest Expenditures

Since the enactment of Section 118 of the Foreign Assistance Act in 1986, forest management and conservation has been an important part of USAID's efforts to protect the global environment. From 1990-2003, forest project expenditure averaged approximately \$80 million annually (Figure 1). In FY 2003, \$114 million supported forest projects and forestry activities, broadly defined, compared to \$83.1 million in FY 2002. The increase in funding can be largely attributed to a \$12 million increase in funding for the Central African Regional Program for the Environment (CARPE), as well as the inception of a new \$10 million forestry program in Colombia. Table 2 describes significant increases and decreases in forestry funding from FY 2002 to FY 2003.

Figure 1 describes trends in USAID forestry funding over the last two decades. The figure reflects an increase in USAID forestry expenditure in the late 1980s, a result of the increasing importance of tropical forests in the global environmental agenda. As one of the world's leading donor agencies, USAID is often at the forefront of designing and implementing projects that address emerging development objectives and themes. In the late 1980s, the development community began actively to promote the protection and sustainable use of tropical forests.

In the mid-to-late 1990s, USAID forestry expenditure began to fall, slipping from \$118 million to \$53 million (not adjusted for inflation). The decline is mostly attributed to a reduction in the overall USAID budget in the 1990s, which resulted in less funding and fewer technical personnel for forestry projects. In addition to Agency budget reductions, Executive and Congressional priorities shifted to new areas such as democracy and governance and human rights.

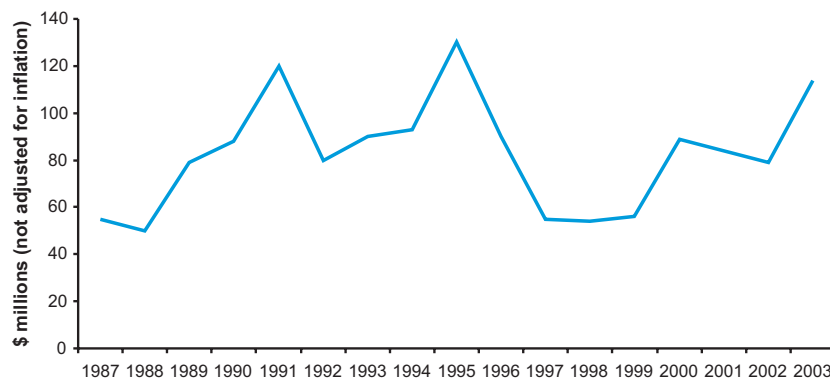
The recent increase in forest-related expenditures is in part due to an

**Table 2.**  
**Significant Changes in Forestry Program Funding Levels**

	<b>FY 2002</b>	<b>FY 2003</b>	<b>Difference</b>
<b>Total Forestry Funding</b>	<b>83,150,346</b>	<b>114,045,548</b>	<b>30,895,202</b>
<b>Funding Increases</b>			
<b>Program</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>Difference</b>
CIFOR	100,000	650,000	550,000
CARPE	3,014,000	15,200,000	12,186,000
Ghana	0	1,238,133	1,238,133
Senegal	0	1,500,000	1,500,000
ANE Community Forestry	0	500,000	500,000
SUCCESS Cocoa Alliance	0	3,000,000	3,000,000
Cambodia Community Forestry	0	1,200,000	1,200,000
Nepal NRM	1,500,000	5,000,000	3,500,000
Sri Lanka Ecotourism	0	900,000	900,000
Brazil	3,730,000	6,448,000	2,718,000
Colombia	0	9,800,000	9,800,000
Ecuador	240,000	3,458,000	3,218,000
Peru	1,770,000	3,500,669	1,730,669
<b>Total</b>			<b>42,040,802</b>
<b>Funding Decreases</b>			
<b>Program</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>Difference</b>
EAPEI	4,200,000	0	-4,200,000
PROARCA	1,317,000	500,000	-817,000
Guatemala	3,910,000	1,523,100	-2,386,900
Mexico	2,150,000	1,130,000	-1,020,000
Panama	4,500,000	1,500,000	-3,000,000
<b>Total</b>			<b>-11,423,900</b>

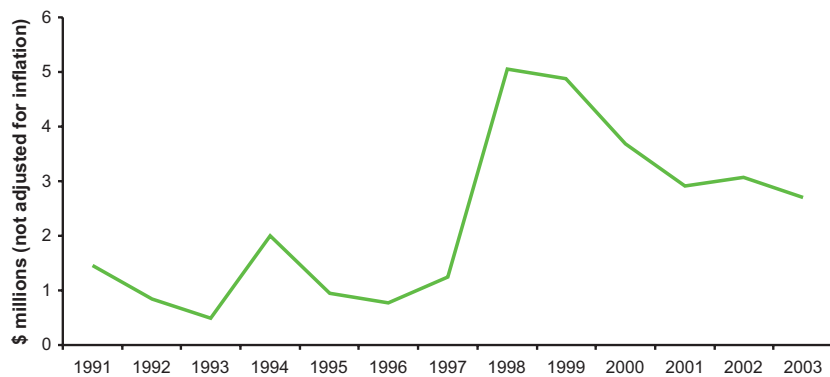
Significant changes are defined in this table as increases or decreases of more than \$500,000 from FY 2002 to FY 2003. Because smaller changes are not included, increases and decreases listed do not account for 100% of funding level changes.

**Figure 1. Forest-related Expenditures by USAID**



increase in biodiversity-related activities and programs in such biodiversity-rich regions as Indonesia, Madagascar, the Congo Basin, and the Amazon Basin. Much of USAID's assistance to community forestry flowed through grants to NGOs focused on conserving forest biodiversity. A second focus of renewed effort was Government-to-Government technical assistance and international research cooperation. Much of these funds were channeled through USAID's Interagency Agreement with the U.S. Forest Service. From 1997-2003, funding for the USFS's International Programs experienced a sharp increase, followed by a slow fall, then a stabilization in the early years of the new millennium at approximately \$3 million (Figure 2).

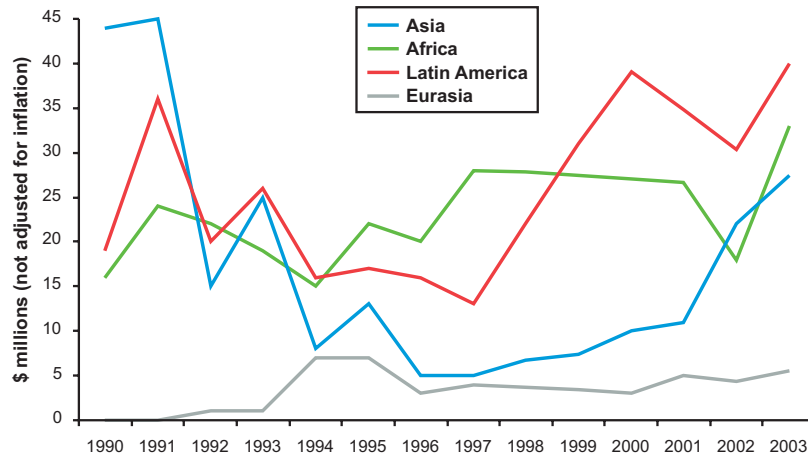
**Figure 2. USAID Funding to the U.S. Forest Service's International Programs**



Over the past decade, trends in forest funding varied among the Agency's four major regions of operation (Figure 3). Overall, the Africa region has seen an increase in forest expenditure, whereas Asian funding levels are decreasing. Forestry expenditures in Africa have increased in the last decade due to the initiation of regional programs such as CARPE and the more recent Congo Basin Forest Partnership, designed to protect the tropical forests of the Congo Basin. This year, CARPE's sizable increase in funding for its activities reflects its importance as the primary U.S. Government contributory mechanism for the Congo Basin Forest Partnership. USAID's Madagascar mission has also increased spending for forestry-related activities in recent years, including FY 2003. Asia region funding in FY 2003 included significant forestry activities in Indonesia as well as important programs in community-based natural resource management in Bangladesh, Nepal, and the Philippines.



**Figure 3. Spending on Forest-related Projects by USAID in the Four Major Regions, 1990-2003**



Data at the regional level are not available for 1998 and 1999, and are extrapolated for these years.

The Latin American and Caribbean region is home to a significant amount of the world's tropical forest area, and USAID continues to support forest projects in the region with the highest level of funding of the four major regions. In 2003, USAID initiated an important new forestry activity in Colombia designed in part to combat the cultivation of illicit drugs in that country. The Agency continues its strong focus on forests, especially community and indigenous forest management as well as production and marketing of sustainably harvested wood and non-timber forest products in Bolivia, Brazil, Ecuador, Guatemala, Honduras, Mexico, Panama, and Paraguay.

Eastern Europe and Eurasia began receiving funding in the early 1990s, which has since leveled off at approximately \$4 million per year, with \$5.6 million spent in FY 2003. USAID currently implements an approximately \$5 million per year program in Russia, most of it focused on forest management activities in the Russian Far East.



# ANNEX I. SECTION 118 OF THE FOREIGN ASSISTANCE ACT



The United States Agency for International Development

Foreign Assistance Act, Part I, Section 118 - Tropical Forests

Sect. 118.\73\Tropical Forests

\73\22 U.S.C. 2151p-1. Sec. 118 was added by sec. 301(3) of Public Law 99-529 (100 Stat, 3014).

(a) Importance of Forests and Tree Cover.-In enacting section 103(b)(3) of this Act the Congress recognized the importance of forests and tree cover to the developing countries. The Congress is particularly concerned about the continuing and accelerating alteration, destruction, and loss of tropical forests in developing countries, which pose a serious threat to development and the environment. Tropical forest destruction and loss-

(1) Result in shortages of wood, especially wood for fuel; loss of biologically productive wetlands; siltation of lakes, reservoirs, and irrigation systems; floods; destruction of indigenous peoples; extinction of plant and animal species; reduced capacity for food production; and loss of genetic resources; and

(2) Can result in desertification and destabilization of the earth's climate. Properly managed tropical forests provide a sustained flow of resources essential to the economic growth of developing countries, as well as genetic resources of value to developed and developing countries alike.

(b) Priorities.-The concerns expressed in subsection (a) and the recommendations of the United States Interagency Task Force on Tropical Forests shall be given high priority by the President--

(1) In formulating and carrying out programs and policies with respect to developing countries, including those relating to bilateral and multilateral assistance and those relating to private sector activities; and

(2) In seeking opportunities to coordinate public and private development and investment activities which affect forests in developing countries.

(c) Assistance to Developing Countries.-In providing assistance to developing countries, the President shall do the following:

(1) Place a high priority on conservation and sustainable management of tropical forests.

(2) To the fullest extent feasible, engage in dialogues and exchanges of information with recipient countries--

(A) Which stress the importance of conserving and sustainably managing forest resources for the long-term economic benefit of those countries, as well as the irreversible losses associated with forest destruction, and

(B) Which identify and focus on policies of those countries which directly or indirectly contribute to deforestation.

(3) To the fullest extent feasible, support projects and activities--

(A) Which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and

(B) Which help developing countries identify and implement alternatives to colonizing forested areas.

(4) To the fullest extent feasible, support training programs, educational efforts, and the establishment or strengthening of institutions which increase the capacity of developing countries to formulate forest policies, engage in relevant land-use planning, and otherwise improve the management of their forests.

(5) To the fullest extent feasible, help end destructive slash-and-burn agriculture by supporting stable and productive farming practices in areas already cleared or degraded and on lands which inevitably will be settled, with special emphasis on demonstrating the feasibility of agroforestry and other techniques which use technologies and methods suited to the local environment and traditional agricultural techniques and feature close consultation with and involvement of local people.

(6) To the fullest extent feasible, help conserve forests which have not yet been degraded, by helping to increase production on lands already cleared or degraded through support of reforestation, fuelwood, and other sustainable forestry projects and practices, making sure that local people are involved at all stages of project design and implementation.

(7) To the fullest extent feasible, support projects and other activities to conserve forested watersheds and rehabilitate those which have been deforested, making sure that local people are involved at all stages of project design and implementation.

(8) To the fullest extent feasible, support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing, including reforestation, soil conservation, and other activities to rehabilitate degraded forest lands.

(9) To the fullest extent feasible, support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation, including research in agroforestry, sustainable management of natural forests, small-scale farms and gardens, small-scale animal husbandry, wider application of adopted traditional practices, and suitable crops and crop combinations.

(10) To the fullest extent feasible, conserve biological diversity in forest areas by-

(A) supporting and cooperating with United States Government agencies, other donors (both bilateral and multilateral), and other appropriate governmental, intergovernmental, and nongovernmental organizations in efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis;

(B) whenever appropriate, making the establishment of protected areas a condition of support for activities involving forest clearance of degradation; and

(C) helping developing countries identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas.

(11) To the fullest extent feasible, engage in efforts to increase the awareness of United States Government agencies and other donors, both bilateral and multilateral, of the immediate and long-term value of tropical forests.

(12) To the fullest extent feasible, utilize the resources and abilities of all relevant United States Government agencies.

(13) Require that any program or project under this chapter significantly affecting tropical forests (including projects involving the planting of exotic plant species)-

(A) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and

(B) take full account of the environmental impacts of the proposed activities on biological diversity, as provided for in the environmental procedures of the Agency for International Development.

(14) Deny assistance under this chapter for-

(A) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner which minimizes forest destruction and that the proposed activity will produce positive economic benefits and sustainable forest management systems; and

(B) actions which significantly degrade national parks or similar protected areas which contain tropical forests or introduce exotic plants or animals into such areas.

(15) Deny assistance under this chapter for the following activities unless an environmental assessment indicates that the proposed activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development:

(A) Activities which would result in the conversion of forest lands to the rearing of livestock.

(B) The construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undegraded forest lands.

(C) The colonization of forest lands.

(D) The construction of dams or other water control structures which flood relatively undegraded forest lands.

(d) PVOs and Other Nongovernmental Organizations.-Whenever feasible, the President shall accomplish the objectives of this section through projects managed by private and voluntary organizations or international, regional, or national nongovernmental organizations which are active in the region or country where the project is located.

(e) Country Analysis Requirements.-Each country development strategy statement or other country plan prepared by the Agency for International Development shall include an analysis of-

(1) The actions necessary in that country to achieve conservation and sustainable management of tropical forests, and

(2) The extent to which the actions proposed for support by the Agency meet the needs thus identified.

(f) Annual Report.-Each annual report required by section 634(a) of this Act shall include a report on the implementation of this section.

## ANNEX II. ADDITIONAL FORESTRY PROGRAMS

### Centrally Funded Forest Programs

#### Global Conservation Program

The Global Conservation Program (GCP) is a centrally funded partnership between USAID and six leading conservation organizations that has achieved results in protecting forests with globally significant areas of biodiversity. In FY 2003, the program received more than \$4.2 million, of which approximately \$2.6 million supported forest conservation activities. The program promotes innovative programs that are sustainable, focused, and adaptive. The GCP applies a threats-based approach and supports on-the-ground biodiversity conservation. It builds on and strengthens local capacity to the maximum extent possible, and it draws together the accumulated experience and expertise of partner organizations and USAID to achieve conservation.

USAID's conservation partners in this program are the African Wildlife Foundation, Conservation International, EnterpriseWorks Worldwide, The Nature Conservancy, the Wildlife Conservation Society, and the World Wildlife Fund. In FY 2003, the GCP supported the conservation of forest biodiversity in sites in Bolivia, Brazil, Ecuador, Guatemala, and Guyana in Latin America; Cambodia, India, Laos, Nepal, the Philippines, and Vietnam in Asia; and the Democratic Republic of the Congo and Madagascar in Africa.

### USAID Forest Programs in Africa

#### Mountain Gorilla Habitat Conservation

The gorilla, listed on the World Conservation Union (IUCN) Red List of Threatened Species, is a resource of global, national, and local significance. Since 2001, USAID has responded to the urgent needs of gorilla conservation in Africa through a \$1.5 million per year Congressional directive. Supporting conservation efforts in the hill country at the headwaters of the Cross River in Nigeria and Cameroon, Kahuzi Beiga National Park and the Itombwe Massif in eastern Democratic Republic of the Congo, and the afro-montane region of the Virunga Volcanoes straddling the borders of Democratic Republic of the Congo, Rwanda, and Uganda, USAID has contributed to the conservation of the most endangered populations of gorillas.

In FY 2003, USAID gorilla conservation funding supported activities in five focal areas: transboundary collaboration, protection and anti-poaching, habitat conservation, community participation, and the development of economic alternatives.

Transboundary programs in the Virunga Volcanoes strengthened regional communication, formalized transboundary management approaches, expanded gorilla monitoring, and encouraged the use of shared information for forest protection and management. Partners reported that efforts in FY 2003 resulted in a demonstrated increase in political will to support conservation and environmental activities in the Virunga region.

In eastern Democratic Republic of the Congo, prolonged insecurity and political turmoil have made it difficult to regularly monitor the eastern lowland gorilla range. FY 2003 funding supported survey teams who entered the region to record threats to the gorillas and other wildlife. The



Maryke Gray, AWF/IGCP

*A mountain gorilla of the Ubumwe-Amohoro group, Virunga Mountains, Rwanda.*



Denise Morfimer

*A park ranger monitors mountain gorillas and their habitat in the Virunga Mountains, Rwanda.*

principal threats discovered included hunting, mining, presence of militias, burning of forest habitat, the proliferation of bushmeat markets, and illegal activities of park guards. Initial results from the surveys indicated that hunting and mining were widespread. Because of the international decline in the price of the mineral coltan, a number of mining sites are being converted to agriculture. Although permanent presence by managers and NGOs in the area is not yet possible because of the security situation, the updated field information provided by these surveys is essential to develop a flexible strategy that can respond to both threats and opportunities.

In the Cross River region of Cameroon and Nigeria, partners established an estimate of the abundance and distribution of cross-river gorillas that populate the highly fragmented forests of this region. Additional accomplishments in this area include the bolstering of an educational campaign on gorilla conservation for local villages and schools as well as establishing an internship program with a national university to allow African students the opportunity to participate in gorilla conservation field programs.

Two years of USAID gorilla conservation funding has contributed to the successful establishment – and in FY 2003, official government recognition – of the Tayna Gorilla Reserve in eastern Democratic Republic of the Congo. Tayna, now officially a private nature reserve managed by local communities, has quickly become a model system in the region for successful community-based conservation. Success of programs like the Tayna Gorilla Reserve rests in large part on the fact that the people living in and around the reserves are the primary stakeholders, whose lives are tangibly improved through the community health, economic, and education components of the conservation program. Given that substantial numbers of eastern lowland gorillas live outside national parks or other government protected areas in Democratic Republic of the Congo, community-based reserves are of vital significance to the long-term protection and survival of some gorilla populations.

## Ghana

USAID supports the conservation of forests in Ghana by promoting agroforestry and the use of energy saving stoves. Under a Title II program established to meet Ghana's food security needs, USAID encourages community agroforestry and afforestation efforts. With program support, approximately 14,000 farmer households were trained in agroforestry techniques including improved seedling management, sustainable tree nursery systems, proper spacing and alignment of tree crops, and proper use of fertilizer. Farmers planted citrus, cashew, mango and other woody species, intercropped with maize, soybeans, beans, groundnuts, cassava, yams, and plantain.

To further conserve forest resources, USAID promotes the use of energy saving stoves to reduce the use and production of charcoal. In FY 2003, 64 manufacturers received training to produce the fuel efficient stoves and sold more than 10,000 stoves. Radio and television advertisements promoted the stoves. It is estimated that households saved more than \$800,000 by using the efficient stoves, and manufacturers grossed approximately \$50,000.

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## Guinea

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Guinea, a positive and stabilizing force in the West Africa region, accommodates the largest refugee population in Africa from war-torn Liberia, Sierra Leone, and the Ivory Coast. While most of these refugees have returned to their countries of origin, this influx, and the subsequent displacement of Guineans from their villages, has created a serious environmental threat to already stressed forest ecosystems. If left unchecked, significant environmental damage and greater social and economic instability will result. USAID's natural resources management activities in Guinea assist rural populations living in and around forests to conserve the natural resource base by investing in more profitable and less destructive agricultural and natural resource management practices.

In 1999, the National Directorate of Waters and Forests signed the first five-year contract with an inter-village committee to co-manage the degraded 10,000 hectare Nialama Classified Forest. Since then, with USAID support, communities are working alongside the National Forest Service and have established six additional "classified" or national forests, including two new ones in FY 2003. The total area of natural forests under co-management has increased more than ten-fold to 100,157 hectares. In addition, by the end of FY 2003 rural stakeholders were managing 35 community forestry plots and tree plantations totaling 5,682 hectares. Approximately 10,000 inhabitants of 52 villages now participate in the management of local forest resources, allowing those closest to and most dependent on the resources to manage them for sustainable use.

In FY 2003, USAID/Guinea entered into discussions to form a public-private partnership with Conservation International and a mining company, Rio Tinto, to extend this co-management approach to the forested region of eastern Guinea. Partners agreed in FY 2003 to basic objectives and intervention zones. Under this alliance, Rio Tinto and USAID will help Conservation International conduct biodiversity studies and develop a landscape biodiversity conservation model. Rio Tinto will commit resources to community economic and social development, and USAID will commit resources to develop a sustainable forest management and agriculture program for the area and the communities within it. These activities will result in more than 20,000 additional hectares of classified and community forests managed by 2006.

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## Kenya

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Kenya's forests make up less than three percent of the country's total land, but growing demand for forest resources places considerable pressure on this limited resource. Building on experiences from community-based natural resources management activities, USAID designed the Forest and Range Rehabilitation and Environmental Management Support Program. The goals of this activity are to reverse forest and rangeland degradation, expand the use of sustainable forest-based enterprises, and empower constituencies to implement the Environmental Management and Coordination Act. Program activities include natural resource planning, establishing tree nurseries, training communities in range planning and rehabilitation, conducting forest inventory, and training forests guards in fire management.

In FY 2003, USAID supported the Government of Kenya in improving forestry management and environmental governance. Forest governance advancements in FY 2003 included establishing an Environmental Complaints Board and District Environmental Committees. To improve forest management, the Forest Department received technical assistance from the U.S. Forest Service to develop a forest fire management strategy and train 200 new forest guards on forestry management and governance. USAID also funded five senior officers to attend specialized training in forestry management topics, including the development of a fire management strategy and economic tools for sustainable water management. The officials attended the World Forest Congress in Canada, and natural resources administration and management courses in the United States. This capacity-building effort enhanced the Department's ability to manage protected areas.

## Madagascar

More than 80 percent of the plants and 90 percent of the trees and animals of Madagascar are endemic to the island, and more than 90 percent of this biodiversity is found in the country's last remaining forests. Forest conservation is at the heart of USAID's new environment program in Madagascar, a biologically rich country ranked among the top three "biodiversity hotspots" in the world by the international conservation community.

USAID's environment program works with the Malagasy government to improve forest management policies, and with communities to transfer forest management rights and responsibilities to them and promote alternatives to slash-and-burn agriculture. In addition, the program supports research monitoring forest cover change.

Dynamic new leadership at the Malagasy Forest Service has placed an emphasis on conservation, good governance, and improving relations with the private sector. USAID and USFS worked with the Malagasy Forest Service to refine a strategic vision and zoning plan for Madagascar's forests. The zoning plan will provide clear guidelines on activities that can take place in the various zones.

At the community level, USAID supported the development of 25 new contracts transferring management responsibility for more than 29,000 hectares of forest resources to local communities in FY 2003. In areas where contracts were previously signed, USAID supported the implementation of 12 simplified management plans for 37,788 hectares; the development of 47 village level work plans; the production of more than 1,800 indigenous species in tree nurseries and planting of more than 500 tree species in reforested lands; land and forest zoning in 11 village territories; and forest inventories in four village territories.

In addition, USAID supported campaigns to encourage agricultural alternatives to slash-and-burn practices. As few government extension services existed to ensure sustainability for new practices, USAID introduced a peer-to-peer, voluntary extension agent system for farmers' associations. More than 700 local extension agents were officially certified, resulting in high levels of farmer confidence in their fellow farmer extension agents' abilities.

The average adoption rate of new techniques among 23,092 households in FY 2003 was 63 percent, increasing farmers' incomes by 52 percent. The techniques adopted most by farmers included: off-season market crop production of peanuts, onions, beans, potatoes, tomatoes, carrots, and cabbage; cash crop production; soil fertility and conservation through compost, nitrogen fixing herbaceous plants, and use of vetiver grass to reduce erosion; and small animal farming techniques, such as beehives, fishponds, sheep, pigs, chickens, ducks, turkeys, and cattle from which by-products provide alternatives to chemicals for fertilizers that are essential to a diversified intensive farming system.

Finally, USAID continued to monitor change in forest cover in Madagascar in FY 2003. The most recent analysis indicates that while the rate of forest loss has increased since 1980, the rate within USAID's zone of intervention is much less than other areas. Deforestation rates in two USAID intervention zones are currently about one-third or less of what they are outside these zones. However, the overall rates of forest loss are significantly higher than expected. This poses an important and immediate challenge because USAID intervention zones are being adversely affected by activities in surrounding areas that lack adequate protection.



*Baobab trees in Madagascar.*

Greg Overton, USAID



## Malawi

USAID is helping to conserve Malawi's forests through programs of community-based natural resources management, agro-forestry, improved policy development, and the promotion of energy source alternatives to firewood and charcoal.

Two community-based natural resources management projects – the Community Partnerships for Sustainable Resource Management project and the Malawi Environment Endowment Trust – work to increase household revenues in rural Malawi through improved natural resources management. The programs have supported a wide range of forestry activities including training and technical assistance in reforestation, rehabilitation of catchment areas, tree nursery development, and co-management of forest reserves. In addition, grants made to community-based organizations and NGOs supported activities as diverse as fruit tree nursery development, reforestation efforts, wildlife management activities, beekeeping, and herbal production. Up to 46 percent of the beneficiaries of these sub-grants were women.

In FY 2003, the number of communities adopting community-based natural resources management practices in target districts grew to 599, a 31 percent increase from last year. An estimated 2,000 individuals, 27 percent of whom were women, were trained in improved management techniques. Training topics included: fundamentals of business development and management, criteria for selecting leaders, crop diversification, community and gender participation in development, and planning future development activities based on available capacities.

In FY 2003, the net benefits to communities from improved natural resource management activities reached \$156,930. This was calculated based on the value of goods and resources produced by grantees such as fuel briquettes, honey, and guinea fowl. Despite this high potential, natural resource-based enterprises in Malawi are severely constrained by high interest rates, weak demand in poor rural markets, lack of access to urban markets due to poor infrastructure, poor business support services, and absence of strategic partnerships and linkages. A follow-on program is planned to begin in 2004 to address the marketing constraints for natural products.

Malawi Environment Endowment Trust provided 45 small grants in reforestation, capacity building, eco-tourism, wildlife and natural resource based enterprises, soil and water conservation, and environmental health. Of these, 21 were reforestation projects resulting in about 450,000 trees planted on approximately 200 hectares.

USAID helped the Government of Malawi create a sound enabling environment for community-based natural resources management to make these achievements possible. Malawi's policy and legislative framework allows for co-management agreements between the government and communities in the sectors of forestry, fisheries, national parks, and wildlife reserves.

The Malawi Agroforestry Extension Project promoted agro-forestry technologies within communities in the central and southern regions of Malawi. The project contributed to smallholder agricultural productivity and food security through promoting alley cropping, systematic farm integration of acacia albidia, fodder banks, and contour grass strips, hedgerows to control erosion and runoff, multipurpose tree species for homestead/boundary planting, and small scale treadle



*With a grant from USAID, the Magomero Women's Group improved their processing and retailing of local dried fruit.*

COMPASS

pump irrigation. As part of this project, a USAID-supported Resource Centre provides communities with information on best practices in agro-forestry technologies that have been widely adopted.

Irresponsible cutting of trees for firewood and charcoal has led to extensive deforestation and environmental degradation in Malawi. In response, USAID has implemented a Global Development Alliance partnership with a local firm that manufactures cooking stoves that run on alcohol-based "gelfuel." Gelfuel usage has the potential to reverse the trend of deforestation and environmental degradation. USAID's alliance with D&S Gelfuel Ltd. enabled mass marketing and distribution of gelfuel products as an alternative and renewable energy technology for urban communities. USAID/Malawi supported the development of a marketing strategy, a marketing campaign, and mass distribution of gelfuel starter packs. The Mission anticipates that within the next 3 years, up to 21,000 urban families that typically use charcoal will have adopted the new gelfuel technology, resulting in a reduction of charcoal use by 7,560 tons, or 52,920 tons of fuelwood saved per year.

## Senegal

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"Wula Nafaa," a local expression meaning "the richness that comes from the bush," is the name for USAID's new natural resources management program in Senegal. The program contributes to poverty reduction and sustainable local development by combining small and medium enterprise development, sustainable natural resources management, and support for improved governance by local communities and rural producer groups. Implemented by International Resources Group, the program focuses on the eastern third of Senegal where most of the remaining forests are found in the regions of Tambacounda and Kolda.

The Wula Nafaa program promotes profitable ventures between rural communities and private enterprises to market high value natural products from communal or protected forests and non-traditional agricultural products from the surrounding farmlands. Products with promising national and export markets include shea butter, baobab, gums, aromatics, hibiscus, cowpeas, cashews, mango, and fonio (a local grain).

In its first year, the program worked with local producers to help them form producer groups to negotiate joint ventures and sign advantageous contracts with buyers. As a result, one producer group has a contract to provide 350 metric tons of baobab fruit at a price 75 percent higher than members were able to obtain as individuals (see page 12.)

The governance component focuses on empowering local producer groups and rural communities, clarifying their rights and responsibilities, and enhancing their role in decentralized natural resource management. The program also takes full account of the need for policy reforms by supporting the development of effective planning tools, legal agreements, and policies and regulations to strengthen local rights to natural resources.

In FY 2003, the program helped establish consultative fora to discuss protected forest management issues that convinced central and local governments to develop protocols on the co-management of two forest reserves in Paniates and Ouly. The protocols increase local input and transparency in the public management of forests. As a result of these protocols and community meetings, the forest department and local governments representing 68 villages will co-manage 54,000 hectares of forest. In addition, the program supported an in-depth evaluation of hunting concessions in Senegal and methods used by the government to control hunting. The study will support the dialogue on how to better manage Senegal's wildlife resources.

## Uganda

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Uganda's lush rainforests are home to one-half of the world's population of endangered mountain gorillas. Poverty and excessive population growth challenge conservation efforts in and adjacent to protected areas. USAID's program in Uganda contributes to the protection of tropical forests through an integrated conservation

and development approach. Activities include supporting the improved management of protected areas, promoting agroforestry efforts to improve watershed management in agricultural areas, and supporting research in temperate fruit production.

Activities to improve protected area management focus on the Virunga montane forests, a section of a transboundary ecosystem stretching into the Democratic Republic of the Congo and Rwanda. A recent survey shows a 17 percent increase in the gorilla population to 380 individuals, compared with 320 in 1989. This increase suggests that the efforts of USAID and its partners in supporting the Uganda Wildlife Authority are realizing positive results.



Chemronics/Ricky Mugabi

*Beginning of the Murchison Falls in Uganda's Masindi District.*

In southwestern Uganda, model integrated watershed management plans are being implemented within selected watersheds. Farmers received tree seedlings and training in improved agroforestry and soil and water conservation practices. As a result, farmers have experienced increased crop yields, and have increased their incomes from the sale of their surplus seedlings to farmers outside the watershed areas. An increase in the availability of stakes and fuelwood is also saving farmers time and energy associated with the collection of wood. To conserve this fuelwood, more than 100 energy saving stoves were constructed in households and educational institutions.

## **USAID Forest Programs in Asia and the Near East**

### **Asia and the Near East Program Development and Learning**

USAID's Asia and the Near East Bureau supports a regional Program Development and Learning activity to help develop and refine new strategies for country and regional programs and analyses that identify emerging development problems and opportunities in the region.

In FY 2003, the program supported the Cambodia, Indonesia, Philippines, and Sri Lanka Missions in conducting analyses and specific targeted interventions to mitigate conflicts over forest resources. These conflicts contribute to political destabilization and economic decline as well as environmental destruction.

To provide incentives to communities for sound environmental stewardship, Program Development and Learning funding commissioned a feasibility analysis of providing financial incentives to communities. Many communities in Asia manage landscapes that provide environmental services such as clean and abundant water supplies, biodiversity protection, hydroelectricity, and carbon sequestration benefits that help to mitigate climate change. Despite their contribution, communities are not appropriately compensated for the provision of these benefits. An overview of work done to date in the region was compiled and case studies for potential implementation were carried out in the Philippines and Nepal.

The program also supported training for USAID program managers and their host country counterparts in the implementation of environmental regulations and policies that affect forest conservation in the Asia region.



To catalyze public-private sector alliances, program funding supported four alliances promoting sound forest and tree crop management. These include the Sri Lanka Eco-Tourism Alliance; Cambodia Community Forestry Alliance; Indonesia Illegal Logging Alliance; and the Cocoa Alliance in Indonesia, the Philippines, and Vietnam.

### **East Asia and Pacific Environmental Initiative**

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The East Asia and Pacific Environmental Initiative (EAPEI) addresses critical environmental challenges and opportunities in East Asia and the Pacific in the areas of forest, coastal, and marine resources management. The Initiative supports transboundary and regional activities and institutions and activities in USAID non-presence countries. Operating since 1998, the Initiative has provided grants to promote community-based management of forest, wildlife, and coastal resources and supported policy initiatives to improve national and regional legal structures.

In FY 2003, among other accomplishments, EAPEI partner Conservation International used information gathered with program support to convince the government of Cambodia to cancel logging concessions and convert the concession areas to protected areas, connect existing protected areas, and create a conservation corridor. The government of Cambodia issued a decree permanently safeguarding the 402,000-hectare Central Cardamoms Protected Forest. The newly gazetted forest covers the core of the Cardamom Mountains and connects two wildlife sanctuaries to create a vast protected area of 990,000 hectares. In addition, The World Wildlife Fund, with EAPEI support, assisted the Con Dao National Park in Vietnam to research, monitor, and accurately gauge conservation priorities, such as dugong, turtle, and coral reef conservation. This led to the 2003 approval of a \$1.87 million Global Environment Facility project to preserve and sustainably use mangrove forests, coral reefs, and sea grasslands in Con Dao National Park area.

### **Community Forest Management Support Project**

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The Community Forest Management Support Project received funding from USAID at the end of FY 2003 to continue work promoting community forestry in Cambodia and India. The program aims to stabilize natural forest resources and biodiversity, and restore forest productivity by devolving management rights and responsibilities to local governments and forest dependent people. The project supports local, national, and regional policy dialogues and builds partnerships between professionals, NGOs, and governments to inform national community forestry strategies. Efforts are just beginning as the project received USAID funding at the end of FY 2003.

### **Sustainable Cocoa Extension Services for Smallholders (SUCCESS) Cocoa Alliance**

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Cocoa is an important source of income to hundreds of thousands of smallholder farmers in East Asia, with the vast majority in Indonesia. Cocoa plantings have important environmental benefits as they allow farmers to preserve traditional tree crops and forests as intercropped shade trees over the cocoa.

The SUCCESS/Cocoa Alliance aims to improve the quantity and quality of smallholder-grown cocoa in Indonesia, the Philippines, and Vietnam and strengthen partnerships between local governments, universities, farmer groups, and the U.S. private sector. The partnership seeks to improve crop productivity and quality by promoting the adoption of good crop husbandry methods and effective integrated pest management practices. To date, the project has trained more than 23,000 farmers and more than 700 agricultural extension agents in improved crop husbandry techniques. As a result of these efforts, farmers in Indonesia have benefited from an average 30 percent increase in crop yields and a doubling in their incomes to approximately \$540 per year.

The partnership has also been successful in recruiting private sector partners including Masterfoods (formerly Mars Candies), Cadbury, and Archer Daniels Midland. Marketing the increased supply of cocoa from the region

has been facilitated by an increasing demand for cocoa surpassing the supply, with the fastest growing demand in the Asia region.

## **Bangladesh**

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USAID's program for the environment focuses on the improved management of natural resources and biodiversity conservation to benefit communities whose lives depend on open water and forest resources. The program's co-management model involves communities, local level representatives of government agencies, elected local government officials, and others stakeholders.

Within this program, USAID is supporting a new project to protect Bangladesh's remaining areas of natural tropical forest and improve the management of forest resources. The project provides technical assistance and training in establishing community-based resource management systems; restoring tropical forest ecosystems; increasing stakeholder awareness of the importance of sustainable resource management; and improving public sector and local NGO resource management capacity.

In its first year, the program enjoyed a major breakthrough in facilitating the Forest Department's buy-in to the concept of co-management. The program conducted socioeconomic, biological and physical appraisals to be used in developing co-management plans in four protected areas: Lawachara National Park, Rema Kalenga Wildlife Sanctuary, Satcharri Forest Reserve, and Teknaf Game Reserve. It facilitated the Forest Department's assessment of issues and opportunities that would likely affect the management of the country's Protected Areas System in the year 2010. In addition, the program successfully brokered the creation of a Protected Area Management Program within the Forest Department, to which the USAID activity will serve as a support project.

This new forestry activity was instrumental in establishing a link between the terrestrial and aquatic ecosystems while building local capacity in both aquatic and tropical forest resources management.

## **Cambodia**

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USAID helped support a new effort to conserve Cambodia's forests in FY 2003. Designed to build the capacity of Cambodia's rural communities to manage forest lands, Community Forestry Alliance for Cambodia will contribute to the improvement and implementation of national policies and field programs. The program supports innovative Cambodian NGOs engaged in community forestry policy development, extension and training, and field project implementation. It works to accelerate the development of community forestry programs in the field by facilitating exchanges between policy makers, donors, NGOs, local governments, and rural communities.

FY 2003 program results include establishing a strong field presence and helping the Government of Cambodia implement a sub-decree on community forestry. Specific goals for FY 2004 include supporting the development of community forestry guidelines; facilitating the extension of community forestry policies and guidelines nationwide through radio, print media, and training programs; and securing the approval of agreements covering 50,000 hectares of forest and involving 20 communities.

## **Philippines**

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Illegal logging and deforestation threaten watersheds and provide a locus for conflict and natural disaster in the Philippines. USAID's Environment and Energy Program assists the Government of the Republic of the Philippines to mitigate conflict over a dwindling supply of natural resources, and to improve governance of forests as well as fisheries, coastal resources, and clean water. In FY 2003, for example, 31 local governments



DAI/EcoGovernance Project, USAID/Philippines

*Illegally logged timber seized in Wao, Lanao del Sur in a concerted effort to conserve forests in the Philippines.*

committed \$270,000 to reduce illegal logging, place open access areas under management, and mitigate forest related conflicts on at least 670,000 hectares of forest. Local governments, together with local communities, conducted on-ground activities such as jointly assessing forests status; building stakeholders' consensus on forest allocation; adopting forest use plans with budget earmarked; reaching agreement between Local Government Units and the forestry department on co-managing forest resources; and implementing forest land use plans that govern tenure, law enforcement, forest protection, and production-related activities.

USAID supported legal assistance to upland communities and those involved in community-based forest management agreements, as well as training for judicial system personnel to strengthen their capacity to administer environmental cases.

In FY 2003, a local partner of the Center for

International and Environmental Law conducted paralegal training for members of a local organization awarded a forest management agreement for 5,000 hectares in Baggao, Northern Luzon. After the training, the organization initiated arrest of illegal loggers within their forest, whose activities were impacting adjoining areas managed by two other local organizations. The three organizations, officers of local government, and the national Department of Environment and Natural Resources apprehended illegal loggers and farmers. This was the first joint action of local groups in the area, and residents were successful in deterring illegal logging through their own initiative.

In Wao, Lanao del Sur in the Autonomous Region of Muslim Mindanao, former enemies are now working together to engage people in forest protection initiatives. In the 1970s, when Kumander Busran Ampatua led a Moro National Liberation Front group in Lanao del Sur, Mayor Elvino Balicao, Sr. was commander of a civilian defense team fighting against him. Both men laid down their arms long ago and today lead community members from different religious, ethnic, and sectoral backgrounds to stop the rapid loss of forest resources due to illegal activities.

With assistance from USAID's EcoGovernance Project, Mayor Elvino Balicao formed a 35-member municipal environment council that now oversees the implementation of Wao's forest land use plan covering 31,000 hectares. Activities include identifying forest protection and production areas, enforcing local ordinances prohibiting logging activities, establishing forest watch groups and, in the future, issuing forest resource permits to upland farmers. Immediate gains include confiscation of illegal logs worth \$30,000 by the Local Government Units and the reduction of slash-and-burn activities of upland farmers.

USAID's Sustainable Cocoa Extension Services for Smallholders, a public-private alliance, trained 53 farmer-leaders from 32 cooperatives in cocoa production and distributed 4,000 seedlings to 11 community nurseries. Because cocoa grows best under forest overstory, it is well suited to buffer zones bordering community-based forestry areas.

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## Sri Lanka

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In FY 2003, USAID initiated the Sri Lanka Eco-tourism Alliance to allow private partners to invest in Sri Lanka's first ecolodge meeting international standards. This public-private alliance in Sri Lanka's conventional tourism industry involves partners Aitken Spence Hotels, Jetwing Hotels, Serendib Leisure, and John Keels Hotels.

The alliance gives impetus to build industry capacity leading to new private sector investment in tourism that incorporates conservation, community development, and sustainability best practices. It will focus on a project that includes a 20-unit ecolodge, forest canopy walkway, research station, and carefully managed forest reserve sited on a private tea estate bordering the Sinharaja Rain Forest, a World Heritage site. The alliance will also conserve and research a private buffer zone reserve. The four partners are investing \$2 million and considerable in-kind support and will serve as the Board of Directors. More than 500 nearby village families are expected to benefit from the jobs, conservation training, conservation planning, and community development initiatives associated with the project.

## USAID Forest Programs in Latin America and the Caribbean

### Latin America and the Caribbean Regional Program: Parks in Peril

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The Parks in Peril program, a partnership among USAID, The Nature Conservancy, local NGOs, and local governments, is among the Agency's most successful and important conservation activities. It has improved the protection of 37 critically threatened Latin American and Caribbean national parks and reserves covering more than 11 million hectares.

Program accomplishments in FY 2003 included increasing management capacity in 12 parks by improving personnel, financial management, operations, and strategic planning skills. The program collaborated with the Inter-American Development Bank to facilitate the establishment of a national environment fund in Paraguay allowing civil society groups, including communities, to manage local resources. In Guatemala, the program worked with communities in the Atitlán region to establish community controlled tourism activities, enhance coffee productivity, and increase trade in high value shade and organic coffees. Communities are now benefiting from selling greater quantities of higher priced specialty coffees. The program also expanded and strengthened citizen participation in implementing and enforcing environmental laws and regulations through the work of community park guards. For example, 17 park guards from nine communities now patrol the boundaries of the Cayame-Coca Reserve in Ecuador.


In addition to building park management capacity, the program supported activities that sequester carbon in developing countries, thus working to combat global climate change. In Peru, for example, the program supported forest inventories, and baseline carbon emission rates and satellite image analysis. This resulted in the development of a business plan for a Climate Action project in Central Selva.

### Regional Environmental Program for Central America (PROARCA)

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The Regional Environmental Program for Central America, known by the Spanish acronym PROARCA, supports improved environmental management in the Mesoamerican Biological Corridor. The program works to conserve the region's forests by providing training and technical assistance to improve protected area management. It also aims to increase access by local community members to financial resources and expanded markets for certified products.

The program made significant progress promoting forest certification in the region in FY 2003. Guatemala and Belize developed national standards for certification, while a "Preferential Purchase Program" was incorporated into Nicaragua's Forestry Law. More than 60,042 cubic meters of certified timber were sold through the program.



In addition, the program helped increase certified coffee and banana production, resulting in the sale of more than 1,500 tons of certified coffee by local community members and more than 37,000 tons of certified bananas from commercial farms.

The program helped improve the management of the Río Plátano Biosphere Reserve in Honduras by working with the local government, NGOs, and community members to jointly draft a financial management plan to ensure the sustainability of management activities and the implementation of monitoring and evaluation of conservation goals. This helped place more than 800,000 hectares of forests, savannah, and wetlands under improved management. In addition, the program trained more than 130 professionals in conservation planning, financial planning, and participatory management of protected areas.

## **Brazil**

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Environmental degradation continues at an alarming rate in Brazil, with 25,000 km<sup>2</sup> of forest lost in 2002, a 40 percent increase over the 2001 statistic. In response to this threat, USAID has developed a number of programs to help protect Brazil's forests and unique biodiversity, and mitigate global climate change.

USAID and its partners contributed to the formulation of Brazil's National Forest Program, the structure and policy framework under which all forest management activities take place in Brazil. Implemented by Brazil's environment and natural resource agency, the program stimulated public debate on forest management options ranging from establishment of vast new areas of concession-based production forests in the Amazon, to timber management on family-controlled forest plots in settlement areas.

To date, USAID has supported the training of more than 2,000 forest managers and forest practitioners in natural forest management in the Brazilian Amazon. Training participants include timber company owners, professional foresters, contract loggers, sawyers, tree identifiers, and heavy equipment operators, and include representatives from community groups including numerous Indian tribes as well as foresters with academic training who lacked hands-on forest management experience. Training courses covered topics such as forest safety, wildlife protection, and fire prevention. As a result of training efforts led by Instituto Floresta Tropical, 54 forest sites inside and outside of the Amazon have been independently certified in sustainable forest management to date.

Increasing interest in sustainable forest management was made evident when a recent partner publication, Imazon's "Forest Facts," containing statistics and maps on wood production for the whole Amazon timber industry, received more than 2,000 downloads from the internet before it reached print. A multi-media exhibit on forest conservation and sustainable use prepared by Caterpillar/Brazil reached more than 100,000 Brazilian school children.

USAID's programs in Brazil also contributed to the President's Initiative Against Illegal Logging by supporting a series of workshops on forest management and governance. With support from the U.S. Forest Service and the World Resources Institute's Global Forest Watch network, Brazilian state and federal enforcement agencies, timber industry representatives, and watchdog NGOs are assessing existing and new technologies to monitor forests and track wood products. A recent workshop resulted in a plan for online posting of forest licensing and satellite-derived forest harvest information as a means of increasing the transparency of forest enforcement information. Through the U.S. Forest Service, USAID is also promoting exchange visits of government forest officials to better understand management of forest concessions.

## **Colombia**

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USAID's environment program in Colombia is helping to conserve the country's forests by strengthening indigenous communities' participation in forest management. USAID is also working to promote improved





forest management techniques in natural and plantation forests, help the commercial forestry sector develop products and markets, and improve the management of Colombia's protected areas.

In collaboration with the Amazon Conservation Team, USAID is working with indigenous communities to increase their participation in natural resources management activities. Thirty-two indigenous forest rangers were trained to manage Indi Wasi National Park, located on ancestral land near the Guamuez River. Indigenous community members also participated in workshops to share their experiences in obtaining legal recognition and creating manageable development plans. In FY 2003, the program trained 285 individuals in sustainable agricultural production, teaching, broadcasting, territorial management, and cartography. The program helped create 60 new jobs for teachers, traditional healers, and extension agents and completed eight rural infrastructure projects including the construction of classrooms and communication centers.

USAID also promoted the sustainable management of natural and plantation forests and the establishment of agro-forestry systems in Putumayo and Cauca. Communities in Putumayo Department participated in trainings in the preparation and use of forest management plans, forest management techniques, and wood processing technologies. In FY 2003, more than 700 hectares of agro-forestry and plantation forests were established and more than 4,000 hectares of forest were placed under improved management through forest management plans. Communities benefited from learning new agro-forestry techniques that complement traditional crops with higher value forest products. USAID also established three forestry centers for processing timber and wood products allowing forest proprietors and communities to benefit from the sale of value-added products.

Late in FY 2003, USAID began a new program to improve the efficiency of Colombia's commercial forestry sector. The program promoted the adoption of better wood processing and forest extraction technologies, the development of relationships between suppliers and producers, and improving knowledge of the markets for wood products through the establishment of standards and access to new wood species. A goal of the program is to reduce illicit crop production by creating alternative employment opportunities in the forestry sector in illicit crop production zones.

In addition, with USAID support, the U.S. Department of Interior worked with the Colombian National Parks Unit to strengthen its institutional presence in protected areas and train its staff in improved management tools, including local community participation and environmental education.

## **Dominican Republic**

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USAID supports the conservation of forests in the Dominican Republic by strengthening the institutions that create, monitor, and implement environmental policies. In FY 2003, USAID worked with the Government of the Dominican Republic to develop criteria for a personnel evaluation system in the Secretariat of Environment and Natural Resources. Assistance was also given to the government to develop position descriptions for approximately 300 technical positions, used by the Secretariat to develop 1,000 career civil service positions including key technical staff, park and forest rangers, and park and forest managers. The incorporation of technical personnel into the service will ensure the continuity of technical expertise within the Secretariat, thereby protecting USAID's investment in upgrading capability to manage national parks, protected areas, and forest reserves. In addition, 62 mid-level forestry technicians from the Secretariat participated in a training course on managerial skills. The program helped design a basic training package for forest rangers in the Biosphere Reserve comprised of Bahoruco, Jaragua, and Cabritos National Parks and other protected areas in southwest Dominican Republic.

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## Guatemala

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Appropriate management of natural resources is critical to Guatemala's economy and its long-term sustainable development. Guatemala's protected areas provide critical environmental services, non-timber forest products, and are a source of tourism revenue. USAID's program aims to build capacity to manage Guatemala's natural resources using management arrangements that allow for civil society participation and provide economic incentives for conservation. The program also helps the government develop policies that offer incentives for sustainable land use and the conservation of biodiversity.

Guatemala ranks among the world's leaders in certified community-managed forests. Community-based forest management activities were implemented on almost 400,000 hectares of forest, generating \$3 million in revenue. In FY 2003, USAID worked to develop alliances with the forest industry, establishing the Forest Management Enterprise to provide technical assistance to community forestry concessions to market their products and better manage their harvest. Communities have been trained in planning, administration, forestry management, quality of products and calculating production costs, and are developing business plans for forestry concessions. The program also brought environmental issues to the forefront of Guatemalan politics by hosting a vice-presidential candidate debate on environmental issues, an activity that helped educate party leaders about the linkages between economic growth and the environment.

The program supported efforts to fight forest fires by providing technical assistance, facilitating training activities, purchasing fire fighting equipment, and providing support to cover operating expenses, such as meals, gasoline, and payment of fire brigades. As a result of the program, 34 of the 36 endangered scarlet macaw nests and 4,300 hectares of forest in El Perú National Park were protected from fires.

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## Haiti

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USAID supports the conservation of Haiti's forest cover by promoting agroforestry activities on strategic watersheds under the Hillside Agriculture Program. This component of the program focuses on the production of coffee, mango, and cocoa trees that have exhibited strong export market growth potential. In FY 2003, a total of 460,000 trees were planted and 10,000 grafted, benefiting an estimated 30,000 farmers. Farmers were trained on how to combine these high value fruit tree species with an appropriate mix of food crops in their plots. Other training themes included fruit tree production technology, grafting, and top grafting techniques. The promotion of high value tree crops allowed farmers to generate needed revenue. Increased income associated with these tree crops encouraged farmers to manage them properly for sustainable production, resulting in a reduction of erosion and an increase in soil fertility.

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## Honduras

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Hurricane Mitch caused enormous damage in Honduras, with heavy rains and land slides destroying croplands and infrastructure throughout the country. Deforestation and the poor management of watersheds unfortunately contributed to the high level of destruction. Since 1998, USAID's environment activities in Honduras have focused on the sustainable management of watersheds, forests, and protected areas. The Mission's support under the Honduras Environmental Fund program has helped improve the management of 44,000 hectares of protected areas, totaling more than 302,000 hectares since the program began in 1993. The program's activities have also resulted in improved



*Personnel from the Ministry of Natural Resources operate satellite telemetry stream gauges in Honduras.*

USGS/Honduras team

water quality, a reduction in forest fires, increases in the number of visitors to parks and reserves, and increases in wildlife populations.

In the last quarter of FY 2003, USAID launched several activities in the Choluteca River watershed, a priority basin that suffers from the country's most serious water shortage. A Lower Watershed Management activity is providing support to several municipalities and communities in land management and agriculture. This activity includes low-cost practices to protect water supplies, improve water storage for farming, and implement better soil conservation and irrigation practices. An Upper Watershed Management activity worked with municipalities and communities on watershed management, mainly forest protection practices such as fighting forest fires and reducing deforestation. Finally, a major River Hydrological Monitoring activity is providing training and technical assistance to the Ministry of Natural Resources in the operation and maintenance of satellite telemetry stream gauges and rain gauges and in the production of high-quality hydrological data. The data are being used by several public and private organizations in Honduras, including organizations responsible for forestation and management of protected areas, disaster preparedness and mitigation, agriculture, and energy production.

## Jamaica

Forests cover approximately 32 percent of Jamaica's land area, but less than eight percent of forested areas remain undisturbed. Forests located within the upper reaches of Jamaica's watersheds are under severe threat due to land clearing for cultivation, fuelwood, round log stakes, charcoal production, and illegal settlements. In response to this threat to Jamaica's watersheds, USAID's Ridge to Reef/Watershed program is introducing sustainable agricultural and other land management practices in the upper watershed. The program supports efforts at the community and policy levels.

At the community level, USAID helped establish community-based watershed management committees that form the basis for community education and awareness programs and for the introduction of improved forestry, sustainable agriculture, and watershed management practices. Working closely with the local communities has had the benefit of reducing the need for large enforcement machinery, which the government of Jamaica could not support. In addition, the program supported building the capacity of local NGOs to improve their management of forest reserves and other protected areas.

To increase private sector participation in resource conservation, USAID has initiated work toward the development and promotion of legal and fiscal strategies for both market and non-market incentives for watershed management. Also at the policy level, USAID is working with the court system to increase awareness of environmental regulations among officers of the court through, for example, workshops to sensitize members of the judiciary.



*Cockpit Country boasts the highest endemism in Jamaica. The region's rugged terrain makes access difficult, and this inaccessibility has long protected the forest.*

Jerry Bauer © 2004. All rights reserved.

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## Mexico

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Mexico's nearly 50 million hectares of forests help support at least 10 percent of the world's biological diversity, including the world's highest diversity oak and pine forests. More than 80 percent of these forests belong to private and communal landowners, including areas within the country's protected area system. Mexico's rich natural diversity is threatened by deforestation and degradation rates that are among the world's highest. USAID supports several initiatives to help address threats to Mexico's valuable forest resources and develop the economic opportunities these forests offer to the country's rural people.

USAID is working with national and local governments, NGOs, and communities in building fire-management capacity to help address this grave threat to Mexico's forests and air quality, and reduce greenhouse gas emissions. Since the wildfire emergency in 1998, USAID's Wildfire Prevention and Restoration Program has been helping local NGOs and communities near 11 critical protected areas implement fire prevention and post-fire restoration around their communities. USAID and its partners have also worked with protected area managers, their staff, local communities, and experts to begin development of natural resource plans in key watersheds that include integrated fire management. These community-focused activities are complemented by efforts to strengthen the professional fire fighting capacity of the Mexican Forestry Commission through exchanges and trainings as part of a collaborative initiative with the U.S. Forest Service and other U.S. government agencies.

USAID support is helping develop tools for more ecologically and financially sustainable management of community forestry resources. USAID partner, Rainforest Alliance, is linking certified wood producers in the state of Durango with markets. The highlight of this effort in FY 2003 was that one targeted community began shipments of certified wood products from their forests to supply a multi-year contract with the Swedish furniture retailer, IKEA.

In 2003, USAID also completed its collaborative effort with the U.S. Forest Service to help Ejido El Largo, the largest communally managed forest in Mexico, develop criteria and indicators to monitor and improve its forestry practices. The government of Mexico is now designing a pilot application of this criteria and indicator process in eight other areas. The pilot will include a USAID-supported effort to assist in the adaptation of this approach to small communities that manage tropical forests in southern Mexico.

Working with the World Wildlife Fund, USAID is helping several small communities in isolated areas of Oaxaca, Mexico's most biodiverse state, develop sustainable forestry management plans, and is supporting community-to-community exchanges with others in the region that have more advanced forest management capacity.

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## Nicaragua

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Nicaragua possesses important forest resources that could contribute to sustainable economic development in the country. In FY 2003, USAID obligated funds to begin a forest certification project to be implemented during FY 2004. The project will develop a certified forestry system in Nicaragua and link Nicaraguan forest products producers to overseas markets. The objective of the project is to protect and conserve valuable forests, while improving the incomes of the poor and linking producers to markets.

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## Panama

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Forests play a critical role in sustaining the health of the Panama Canal Watershed and the operations of the Panama Canal. In FY 2003, USAID supported the conservation of Panama's forests through activities implemented by the Parks in Peril program. USAID collaborated with the National Environmental Authority and The Nature Conservancy to develop a conservation plan for Chagres National Park, and an ecotourism plan

for Soberania National Park. Chagres National Park provides 50 percent of the water for canal operations and 50 percent of the water for human consumption in Panama.

In addition, USAID provided technical support to the National Environmental Authority to monitor the management of protected areas. USAID also helped Panama's National Environmental Authority improve park management in the Panama Canal Watershed. The Authority demarcated new protected areas within the watershed that will ultimately be incorporated into the National System of Protected Areas.

## Paraguay

Almost one third of Paraguay is forested, yet the loss of ten percent of its forest cover every year threatens the future of the country's unique ecosystems. Timber reserves have been nearly exhausted, and long-term economic growth is severely compromised by the depletion of Paraguay's rich endowment of natural resources. USAID's environment program is working to improve the management of the Atlantic rain forest, the Chaco dry forest and the Pantanal wetlands, three globally important ecoregions. Activities are coordinated with efforts in Argentina, Bolivia, and Brazil with whom Paraguay shares these eco-regions.

Program activities strengthen the skills of local NGOs and work with local governments to build the policy, legal, and financial tools needed for effective eco-regional management. For example, with USAID support, a local NGO, Instituto de Derecho y Económica Ambiental, trained local judges and prosecutors in environmental law, trained local government staff as paralegals, and helped local governments write new municipal ordinances.

In FY 2003, the Instituto de Derecho y Económica Ambiental conducted an analysis of the current environmental legal framework, identifying contradictions in laws and official policies regarding the protection of the environment and use of natural resources. The analysis included recommendations for improving the country's legal framework and identified geographic areas in need of conservation measures.

Given Paraguay's high rate of deforestation, USAID supported World Wildlife Fund in an effort to develop a moratorium on forest conversion in the Upper Paraná Atlantic Forest. World Wildlife Fund will present the draft policy to the national Congress. Stakeholders from Argentina, Brazil and Paraguay also developed a Biological Vision for the Upper Paraná Atlantic Forest. The vision will serve as an eco-regional management document for all three countries. Developing the vision resulted in renewed financial and political support for Paraguay's Atlantic Forest. Paraguay's Environment Secretariat will incorporate the vision into its national biodiversity policy.



*Pantanal wetlands area in Paraguay.*

Alberto Villalba, The Nature Conservancy Paraguay

Significant accomplishments also occurred in the Chaco dry forest eco-region. DeSdelChaco Foundation carried out legal and biological studies in a corridor linking national parks in Paraguay and Bolivia. The studies served as the basis for the purchase by The Nature Conservancy, a USAID partner, of 5,000 hectares of forest within the corridor. In addition, The Nature Conservancy helped develop a strategic plan to acquire an additional 4,000 hectare area adjacent to Bolivia's Cañada del Carmen protected area, an initial step in establishing a binational Peace Park along the border.

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## Peru

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USAID's environment program in Peru is helping to conserve the country's forests by working with the government to strengthen national environmental policies, with an emphasis on the fight against illegal logging. The program supports small to medium-sized forest enterprises to improve local capacity to manage forest resources as well as improve the protected area system.

In the policy area, USAID helped the government of Peru establish a committee to curb illegal logging. Illegal logging currently deprives the government of an estimated \$7 million in tax revenue annually. Committee activities resulted in the confiscation of 273 cubic meters of illegally logged mahogany in the Pacaya Samiria National Reserve and 400,000 board feet of timber in Madre de Dios Department.

USAID helped build local environmental management capacity, supporting the government of Peru's implementation of public bidding processes for sustainable private forest concessions. During FY 2003, this resulted in the awarding of 1.48 million hectares of sustainably managed private forest concessions in the regions of Madre de Dios, Ucayali, San Martin, and Huánuco. To date, 318 small- and medium-sized forest enterprises have been awarded private forest concessions. In total, legal forest concessions now cover nearly 5 million hectares. USAID partner WWF also provided technical assistance in the development of work plans, forest inventories, and forest management plans to 113 small- and medium-sized forest enterprises with concessions totaling 2.2 million hectares.

In an effort to improve Peru's National Natural Resource Institute's System of Natural Protected Areas, USAID supported a series of programs to train more than 300 park professionals in technical and administrative topics. Also in FY 2003, the National Natural Resource Institute developed master plans for the Tingo Maria and Bahuaja-Sonene National Parks and the Tambopata National Reserve. Local partners began to prepare a plan for the Cordillera Azul, identified park boundaries, and worked with local communities to install park boundary signage.

## USAID Forest Programs in Europe and Eurasia

In addition to its work to conserve tropical forests worldwide, USAID is implementing activities in the temperate and boreal regions of Europe and Eurasia. While not part of the Foreign Assistance Act's Section 118 tropical forest requirement, these activities are important for mitigating global climate change and supporting economic growth. The most significant forestry activities in 2003 in the Europe and Eurasia region were carried out in Albania, Bosnia and Herzegovina, Bulgaria, and Russia.

## Albania

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More than one third of Albania is forested, with close to half of the country's forests classified as high forest. FY 2003 marked the final year of the U.S. Forest Service-supported Albania Watershed Assessment project. In its final year, the program focused on mitigation practices for controlling erosion and in training Albanian scientists in the use of GIS technology.

Erosion mitigation activities included conducting experimental land stabilization and reforestation practices at a research station. The project also helped restore and stabilize a segment of the Shkumbini River by promoting tree planting by villagers and landowners to stabilize and protect the riverbanks, eliminating gravel mining in the area, and constructing wood and stone panels to direct streamflow and re-develop the natural meandering pattern of the river. In addition, the project supported a study on the impacts of gravel mining on river morphology, resulting in the development of a strategy for more sustainable gravel mining practices.

The project's GIS activities helped train government and NGO professionals, university students, and scientists in GIS technologies. The project also helped develop GIS layers of periodic land coverage useful for future analyses.

## Bosnia and Herzegovina

Although devastated by war, Bosnia and Herzegovina still have beautiful natural treasures, including impressive mountains with jagged peaks and remnant forests of evergreen oak, ash, elm, alder, and endemic pine. Unfortunately, only one half of one percent of the total area of the country is protected.

In FY 2003, USAID supported the Sarajevo Scouts Union's efforts to protect the mountains of Igman and Bjelasnica, best known as the site of the 1984 Winter Olympics. The Scouts Union researched illegal logging and other destructive activities in the region. They discovered evidence of logging companies' clear cutting without replacing trees, ineffective forest management, and illegal building in the area. The Scouts publicized the need to conserve the mountains through a media campaign that enjoyed coverage on all the major radio and television stations and newspapers. In cooperation with the Faculty of Forestry, the Scouts printed and distributed 2,000 brochures and 500 posters for the campaign. As a result of their efforts, trash clean up and reforestation activities were undertaken in the Tarcin, Hadzici, Ilidza, and Trnovo municipalities, resulting in 7,000 evergreen seedlings planted in the region. In addition, the Stabilization Force Mission agreed to stop military exercises in the region. The government declared the protection of the Igman and Bjelasnica mountains a priority for 2004 and is working on a proposal to declare the area as a National Protected Area.

## Bulgaria

Bulgaria's three National Parks contain more than 75 percent of the old growth forest in the nation, while more than 50 percent of the nation's total forested area falls within the national protected area system. In addition, 85 percent of the nation's water supply originates from forested areas throughout the country. In recognition of the critical role of forests and protected areas, USAID continued to support efforts to conserve Bulgaria's forests.

A primary emphasis of USAID assistance to Bulgaria in FY 2003 involved developing mechanisms for revenue generation and strengthening capacity for fund-raising. USAID helped establish the legal and institutional basis for the development of an independent endowment fund for protected areas in Bulgaria which could serve to finance park-related activities not covered by the State Budget. USAID assistance on fund-raising strategies resulted in securing pledges of \$2 million by the Global Environment Facility and an offer to the Government of Bulgaria to match contributions. In addition, USAID hosted a national event on ecotourism to share the success of community-based ecotourism initiatives piloted under the project. Subsequently, USAID was invited by Bulgaria's Minister of Economy to support the development of a national ecotourism strategy and action plan to be completed in 2004.

USAID provided continued assistance in implementing National Park management plans in FY 2003, focusing on two parks that together protect 81,150 hectares of old growth and primary forest. USAID provided support for the development and finalization of the nation's first protected area management plan for the Rila Monastery Nature Park. This park protects one of the most significant watersheds in the nation, yielding the country's largest amount of water per hectare and



ARD, Inc.

*Protected areas in Bulgaria conserve some of Europe's oldest intact forest.*

supplying Sofia, the capital city, with most of its water supply. The plan provides for conservation and management of more than 25,000 hectares of forest and high mountain meadows, and for preservation of more than 14,706 hectares of forest within a core reserve and conservation zoning status. The plan also addresses one of the largest private land restitutions in the nation – the Rila Monastery, whose largest landowner within the park’s boundaries is the Bulgarian Orthodox Church. The management plan was finalized and released for public review in FY 2003 as part of a public hearing process developed and supported by USAID.

Since devastating fires damaged crop lands and park in 2000, USAID and USFS have collaborated to provide training and equipment to the Government of Bulgaria to build capacity in wildfire prevention and preparedness. In FY 2003, 240 people participated in trainings in incident command system, wildfire prevention, wildfire cause determination, and burned area emergency rehabilitation.

## Russia

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Approximately 22 percent of the world’s forests are in Siberia and the Russian Far East. These forests are a globally significant carbon sink, provide habitat for endangered species such as the Amur Tiger, and represent an important economic resource. Unfortunately, they are threatened by uncontrolled forest fires, pest outbreaks, illegal logging, and poorly managed harvesting, which are destroying valuable timber and wildlife habitat. USAID/Russia’s forestry programs target the need to protect Russia’s forest resources and its rich biodiversity, especially in the Russian Far East and Siberia.

USAID’s Forestry Resources and Technologies Project is a five-year (2000-2005), \$20 million initiative that aims to improve Russia’s forests through fire-prevention activities, forest pest monitoring, value-added processing of non-timber forest and secondary wood products, and biomass energy development. In 2003, the project provided technical assistance that helped 87 companies improve their economic and environmental performance through the installation of technologies that reduce waste-wood and add value to their products. In partnership with forest product companies, manufacturers, and financial institutions, the project helped design and implement efficient biomass-fired energy systems, a new technology that will reduce the cost of heat and power, increase earnings by supporting the production of value-added wood products, and decrease the costs of waste-wood disposal.

USAID also supported the Replication of Lessons Learned program that supports demonstration environmental projects, replicates the successful projects, and strengthens partnerships among regional environmental organizations. Since its inception, the program has funded more than 350 projects, totaling nearly \$9 million. A significant percentage of grants have been awarded in support of forest-fire protection, forest policy, and reforestation activities.

In the Russian Far East and Siberia, the USFS and USAID are working with the Ministry of Natural Resources on forest planning, forest inventory and monitoring, fire-ecology research, reforestation, and forest-policy development. The program promotes sustainable, ecologically sound forest management practices, while also addressing global climate change.

## Interagency Programs

### Tropical Forest Conservation Act

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The Tropical Forest Conservation Act (TFCA) was enacted in 1998 to build on the success of the Enterprise for the Americas Act. It reduces concessional debt owed by qualifying countries to the U.S. government resulting from old loans made by USAID and the P.L. 480 Food for Peace program. To qualify a country must have such debt, be meeting substantial macro-economic and political reforms, and have tropical forests of importance. In



exchange, these participating countries create larger amounts of local currency that are used through civil society organizations to conserve and manage their tropical forests while furthering their countries' development.

The TFCA is overseen in the Executive Branch by an exceptionally effective partnership among the Department of State, the Department of Treasury and USAID, with additional collaboration from other federal agencies and major U.S. environmental NGOs. In addition, USAID takes the lead, with State Department and Treasury Department collaboration, in field level implementation of the deals once they have been created.

From its inception in 1998 to the time this report was written, a total of \$36 million of appropriated TFCA funds have been spent on debt reduction agreements with Bangladesh, Belize, El Salvador, Peru, the Philippines, and Panama. These funds were supplemented with an additional \$3.6 million in privately raised money contributed by The Nature Conservancy, World Wildlife Fund-U.S. and Conservation International. Together the money is generating over \$60 million in tropical forest conservation funds for grants to local NGOs and community groups over the next 24 years. This money will in turn generate even more funds from leveraged contributions and returns on investments.

One new TFCA agreement was finalized in 2003 with Panama. This agreement was signed in July, 2003 and represents the second time that The Nature Conservancy has joined the U.S. government in financing a TFCA debt-for-nature swap as the sole private contributor. Under the agreement, The Nature Conservancy contributed \$1.2 million to combine with the U.S. Government \$5.6 million, to cancel a portion of Panama's debt to the United States. As a result, the Government of Panama will provide the local currency equivalent of approximately \$10 million for forest conservation over the next 14 years.

Also in 2003, groundwork was laid with Colombia, Jamaica and Sri Lanka to receive TFCA agreements in 2004 and substantial progress was achieved in following through on all of the earlier TFCA deals. Belize continued successful field operations, and El Salvador and Peru began making grants. Bangladesh overcame long standing legal hurdles under their local Companies Act to creating a grant-making foundation. A foundation was officially registered and began meeting this year. In addition, the Philippines used the legal experiences learned in Bangladesh to develop their foundation in a fraction of the time it took in Bangladesh.

Looking forward to 2004, the TFCA deal with Colombia is expected to be finalized by the end of April, 2004 and negotiations with Jamaica are expected to yield a quick success as it would build on their already successful Enterprise for the Americas created Foundation – the Environmental Foundation of Jamaica. A TFCA deal with Sri Lanka is also hoped for in 2004. Additional countries that could be considered for TFCA deals in 2004 or 2005 include Paraguay, Ecuador, St. Vincent, and Guatemala. Additional deals to expand on existing TFCA programs include a possible second deal in Panama to focus on the Darien forest on the border with Colombia, and expansions of the Philippines and Peru programs. Other countries may also be added to this list of potential TFCA deal recipients to the extent they indicate their interest and are found to meet the eligibility criteria laid out in the TFCA.

Additional details on the TFCA program are available in the 2004 Report to Congress entitled "The Operation of the Enterprise for the Americas Facility and the Tropical Forest Conservation Act for Calendar Year 2003", submitted by the Department of State.



*The TFCA helps protect forests, such as this one flanking the Panama Canal.*

Richard Warner

## ANNEX III. PARTNERSHIPS

The following is a list of key USAID partners who cooperate with the Agency on forestry-related activities and programs worldwide.

### United States Government Agencies

Smithsonian Institution  
U.S. Department of Agriculture (USDA)  
U.S. Coast Guard (USCG)  
U.S. Department of Energy (DOE)  
U.S. Department of the Interior (DOI)  
U.S. Department of State/Bureau of Oceans and International Environmental and Scientific Affairs (OES)  
U.S. Environmental Protection Agency (EPA)  
U.S. Forest Service (USFS)  
U.S. Fish and Wildlife Service (USFWS)  
U.S. Geological Survey (USGS)  
U.S. National Oceanic and Atmospheric Administration (NOAA)  
U.S. Peace Corps

### Foreign Government Donors

Government of Australia (AID)  
Government of Canada (CIDA)  
Government of Denmark (DANIDA)  
Government of France  
Government of Germany (GTZ)  
Government of Japan (JICA)  
Government of New Zealand  
Government of Netherlands  
Government of Switzerland (SDC)  
Government of Sweden (SIDA)  
Government of the United Kingdom (DfID)

### International Donor Organizations

The Asian Development Bank (ADB)  
The European Union (EU)  
Global Environment Facility (GEF)  
The Inter-American Development Bank (IDB)  
United Nations Development Programme (UNDP)  
The World Bank

### Implementing Partners

ACDI/VOCA  
Associates in Rural Development, Inc.  
Chemonics International Inc.  
Cornell University  
Development Alternatives, Inc.  
George Washington University School of Business  
The Heron Group  
Honduras Forest Development Corporation (COHDEFOR)  
International Development Enterprise Associates  
International Resources Group  
PanAmerican Agricultural University at El Zamorano, Honduras  
Planning and Development Collaborative International  
Tellus Institute  
University of Colombo (Sri Lanka)  
University of Florida  
University of Maryland  
University of Moratuwa (Sri Lanka)  
University of Peradenya (Sri Lanka)  
University of Rhode Island  
Winrock International

### Private Sector Partners

Aitken Spence Hotels  
Andersen Windows  
Archer Daniels Midland  
Biscuit, Cake, Chocolate, and Confectionery Association of the United Kingdom  
Carrefour  
Caterpillar  
D&S Gelfuel  
Goldman Sachs  
Hershey's  
The Home Depot  
IKEA  
Jetwing Hotels  
John Keels Hotels  
Lowe's  
Masterfoods (formerly M&M Mars)  
MeadWestvaco  
Río Tinto  
Serendib Leisure  
World Cocoa Foundation

## International Non-Governmental Organizations

Academy for Educational Development  
Adventist Development and Relief Organization  
African Wildlife Foundation  
Africare  
Amazon Conservation Team  
Amazonian Center for Sustainable Forest Enterprise  
Asia Network for Sustainable Agriculture and Bioresources  
CARE  
Catholic Relief Services  
Center for International Forestry Research  
Center for International Environmental Law  
Community Forestry International  
Conservation International  
Consultative Group on International Agricultural Research  
The Consultative Group on Biological Diversity  
D&S Guelfuel  
The Dian Fossey Gorilla Fund International  
EnterpriseWorks Worldwide  
The Environmental Law Institute  
The Forests Dialogue  
Forest Trends  
International Centre for Research in Agroforestry  
International Ecotourism Society  
International Gorilla Conservation Program  
International Tropical Timber Organization  
International Union for the Conservation of Nature  
Metafore  
Orangutan Foundation International  
PACT  
Pan-American Development Foundation  
Pinchot Institute  
Rainforest Alliance  
The Society for Conservation Biology  
The Nature Conservancy  
Tropical Forest Foundation  
Tropical Forest Trust  
Wildlife Conservation Society  
Woods Hole Research Center  
World Education  
World Resources Institute  
World Wildlife Fund

## National, Regional, and Local Non-Governmental Organizations

Agricultural Research Services (Mexico)  
Agro Enterprise Center (Nepal)  
Albanian Institute of HydroMetereology  
Albanian Soil Research Institute  
Albanian Directorate General of Forestry and Pasture  
Amazon Institute of People and the Environment (IMAZON)  
Asociación de Comunidades Forestales del Petén (Guatemala)  
Asociación Nacional para la Conservación de la Naturaleza (Panama)  
Asociación Natural de Reservas Privadas (Guatemala)  
Asociación Vivamos Mejor (Guatemala)  
Centro de Estudios Sociales de Panama  
Centro Maya (Guatemala)  
Comisión Nacional Forestal (Mexico)  
DeSdel Chaco Foundation (Paraguay)  
Proyecto Conservación de la Biodiversidad (Ecuador)  
Ecolex (Ecuador)  
Environmental Conservation Trust of Uganda  
Fondo Mexicano para la Conservación de la Naturaleza (Mexico)  
Forestry Resources Research Institute (Uganda)  
Friends of the Sea (Jamaica)  
Fundación Defensores de la Naturaleza (Guatemala)  
Fundación Hondureña de Ambiente y Desarrollo VIDA (Honduras)  
Institute for Socio-Economic Studies of Southern Bahia (Brazil)  
Instituto de Derecho y Economía Ambiental (Paraguay)  
Jamaica Conservation Development Trust  
Jamaica Hotel and Tourism Association  
Kenya Forestry Research Institute  
Kenya Wildlife Service  
Malawi Environmental Endowment Trust  
Montego Bay Marine Park (Jamaica)  
National Institute of Forestry, Agricultural, and Animal Research (Mexico)  
National Institute for Amazonian Research (Brazil)  
National Trust Eco-Fund (Bulgaria)  
Nature Kenya  
Negril Environmental Protection Trust (Jamaica)  
Panama's Tourism Bureau  
Resource Identification and Management Society (Nepal)  
Sarajevo Scouts Union (Bosnia and Herzegovina)  
Sociedad Nacional para el Desarrollo de Empresas y Areas Rurales (Panama)

## ANNEX IV. ACRONYMS

CADEFOR	Amazon Center for Sustainable Forest Enterprise
CARPE	Central African Regional Program for the Environment
CBFP	Congo Basin Forest Partnership
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
EAPEI	East Asia and Pacific Environmental Initiative
EGAT	Bureau for Economic Growth, Agriculture, and Trade
FY	Fiscal Year
GCP	Global Conservation Program
GDA	Global Development Alliance
GIS	Geographic Information System
IUCN	World Conservation Union
NGO	Non-Governmental Organization
PROARCA	Regional Environmental Program for Central America
SFPGA	Sustainable Forest Products Global Alliance
TFCA	Tropical Forest Conservation Act
USAID	United States Agency for International Development
USFS	United States Forest Service
WWF	World Wildlife Fund

## ANNEX V. ENDNOTES


- 1 Hewlett-Packard Company; Kinko's, Inc.; Mail-Well; McDonald's Corporation; Nike, Inc.; Norm Thompson Outfitters; Staples, Inc.; Starbucks Coffee Company; Time Inc.; Toyota Motor Sales, U.S.A., Inc.
- 2 United Nations Environment Programme, Global Environment Outlook 3. 2002.  
[www.unep.org/geo/geo3/english](http://www.unep.org/geo/geo3/english)
- 3 [http://www.panda.org/about\\_wwf/what\\_we\\_do/forests/what\\_we\\_do/restoration/projects/africa.cfm](http://www.panda.org/about_wwf/what_we_do/forests/what_we_do/restoration/projects/africa.cfm)
- 4 Food and Agriculture Organization, Global Forest Resource Assessment 2000. Chapter II: Forest Resources by Region. (<http://www.fao.org/forestry/fo/fra/main/index.jsp>)
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- 7 United Nations Environment Programme, Global Environment Outlook 3. 2002.  
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- 9 FAO 2003 State of the World's Forests. Food and Agriculture Organization of the United Nations (FAO) Rome, p. 65.
- 10 Angelsen, Arild and Sven Wunder 2002. Exploring the Forest-Poverty Link: Key Concepts, Issues and Research Implications. CIFOR occasional paper 40. Center for International Forestry Research (CIFOR), Bogor, Indonesia, p. 34.





[http://www.usaid.gov/our\\_work/environment/forestry/index.html](http://www.usaid.gov/our_work/environment/forestry/index.html)

This document was produced by the Natural Resources Information Clearinghouse,  
with technical assistance from USAID's Forestry Team,  
under contract number LAG-I-00-99-00014-00 with Chemonics International Inc.

 Printed on 100% recycled paper

