

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

**Foreign
Assistance
Act Section
118
Report**

A USAID Report
to Congress

July 2003



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

USAID Report to Congress
Fiscal Year 2002



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

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EXECUTIVE SUMMARY

The United States Agency for International Development (USAID) hereby submits the FY 2002 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. In Section 118 of the Act on Tropical Forest Compliance, 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 1). This document responds to the Congressional request for an annual report on implementation of Section 118 (a) through (e).

USAID realized important accomplishments in tropical forest conservation and protection in FY 2002. 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.

Through its centrally funded programs, USAID initiated 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 through the Biodiversity and Sustainable Forestry Indefinite Quantity Contract. USAID also helped with the conservation of forest biodiversity "hotspots" 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 West African Forest Management profile, an assessment of lessons learned in forest management across West Africa. In addition, country-level programs strengthened forestry efforts in Guinea, Kenya, Madagascar, Malawi, and Uganda.

In Asia and the Near East, USAID implemented the East Asia and Pacific Environmental Initiative, as well as activities in Bangladesh, Indonesia, Nepal, and the Philippines. Key areas of focus include the sound governance of forest resources, increasing the supply of legal and sustainably harvested forest products, and mitigating conflict over forest resources.

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. Country-level programs supported forestry efforts in Bolivia, Brazil, Dominican Republic, Ecuador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, and Peru.

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

Along with describing USAID's field-based activities, this report includes a discussion of current critical themes in tropical forest conservation. Illegal logging and insufficient supply of certified forest products remain issues affecting USAID's tropical forest conservation efforts. Illegal logging poses an enormous challenge to the conservation of tropical forests. Certification efforts add great promise for improving tropical forest management and conservation.

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

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ACRONYMS

BIOFOR	Biodiversity and Sustainable Forestry
BOLFOR	Bolivia Sustainable Forest Management Project
CARPE	Central African Regional Program for the Environment
CBFP	Congo Basin Forest Partnership
CFPC	Certified Forest Products Council (now called Metafore)
CITES	Convention on International Trade of Endangered Species of Wild Fauna and Flora
EAPEI	East Asia and Pacific Environmental Initiative
EGAT	Economic Growth, Agriculture, and Trade
ESF	Economic Support Fund
FOREST	Forestry Resources and Technologies Project
GCP	Global Conservation Program
GDA	Global Development Alliance
GFTN	Global Forest and Trade Network
GIS	Geographic Information Systems
HCVF	High Conservation Value Forests
LAC	Latin America and the Caribbean
NGO	Non-Governmental Organization
PiP	Parks in Peril
PROARCA	Regional Environmental Program for Central America
ROLL	Replication of Lessons Learned
SFPGA	Sustainable Forest Products Global Alliance
SPO	Special Objective
TFCA	Tropical Forest Conservation Act
USAID	United States Agency for International Development
USFS	United States Forest Service
WWF	World Wildlife Fund

INTRODUCTION

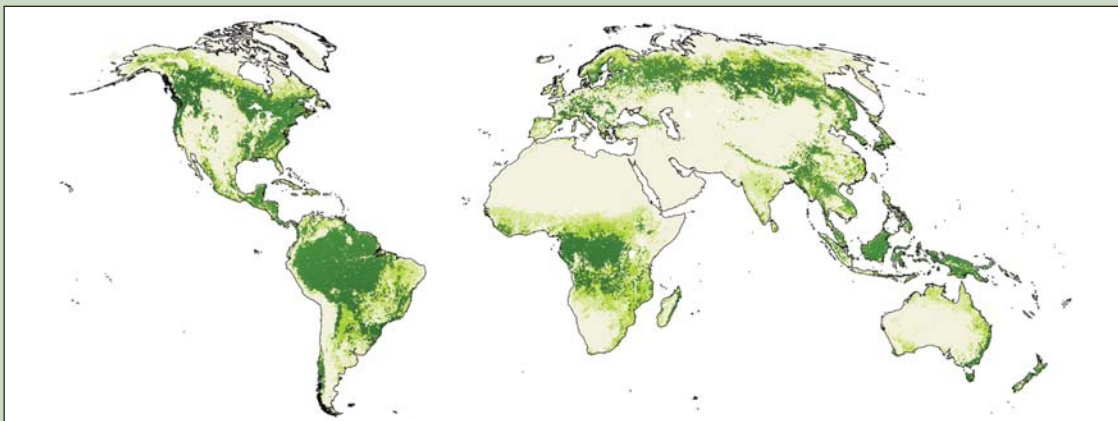
Developing countries around the world increasingly recognize that their present and future economic well-being is severely threatened if a sustainable natural resources base is not maintained. Forests are a particularly important natural resource as approximately 1.6 billion people worldwide depend on them for their livelihood. Forests provide environmental services such as regulating water supplies and stemming soil erosion, play a crucial role as major stores of carbon and other greenhouse gases, and provide important habitat for wildlife.

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 response to these threats, USAID is supporting forestry programs to conserve forests while promoting sustainable social and economic development.

USAID's forestry activities provide assistance to foreign governments from the national to local level, as well as non-governmental organizations (NGOs), and local communities to improve the management and conservation of forests. Leadership for USAID's forestry-related activities comes from the USAID Missions and the Washington-based Forestry Team. Managed within the Natural Resources Management Office of the Bureau for Economic Growth, Agriculture and Trade (EGAT), the Forestry Team is composed of members from each of the USAID Regional Bureaus and others.

Pursuant to the Foreign Assistance Act, Part I, Section 118 – Tropical Forests, 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 a discussion of illegal logging and certification (both critical themes in tropical forest conservation), a brief history of the Agency's tropical forest project assistance, and a trend analysis that depicts the change in activity and level of funding over time. Annex I contains Section 118 of the Foreign Assistance Act, while Annex II provides descriptions of USAID's additional forestry programs, including forest management and conservation 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.

Global Distribution of Forest Cover



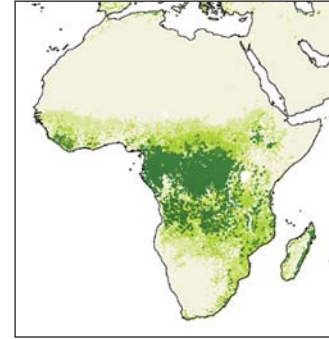
- In 2002, USAID forest programs contributed to the conservation of more than five million hectares of forest.
- In 2002, USAID spent over \$83 million in support of forest programs and leveraged substantially more. For example, a \$1 million investment in the U.S. Forest Service Interagency Agreement was leveraged on a 2:1 basis.

Highlights FY 2002:

Conservation, Protection, and Sustainable Management of Tropical Forests

In sub-Saharan Africa, USAID:

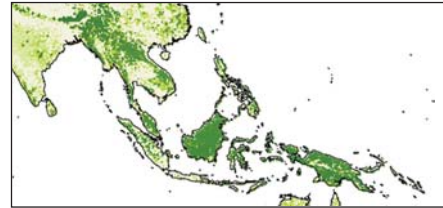
- Helped place one million hectares of tropical forest under improved management in the Congo Basin through the promotion of reduced impact logging techniques.
- Supported the transfer of natural resources management rights and responsibilities to 28 rural communities in Madagascar, managing 23,630 hectares of forests.
- Enabled communities in Guinea to gain co-management rights to 35,519 hectares of forest.



World Resources Institute

In Asia and the Near East, USAID:

- Enabled approximately 1.8 million rural Nepalese to benefit from increased household income and food security through the establishment of community forest user groups and the promotion of small-scale enterprise development.
- Enabled 2,000 rural households in the Philippines to co-manage local forested areas, which may provide timber sales worth \$3.6 million during the next six years.
- Worked with timber companies to set aside areas for the conservation of the last viable orangutan populations in East Kalimantan, Indonesia and designated other areas for selective low-impact cutting.
- Helped place areas of Jambi Province, Indonesia under improved management through fire management capacity-building efforts.



World Resources Institute

In Latin America and the Caribbean, USAID:

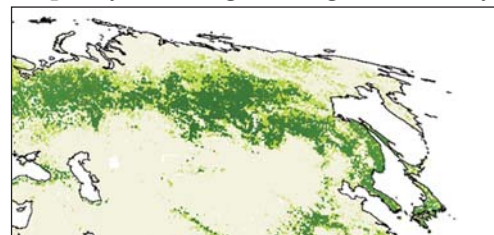
- Helped Bolivia maintain its status as the global leader in sustainable forestry with more than six million hectares of forests under approved forest management plans.
- Facilitated the establishment of seven new protected areas in Brazil, including Tumucumaque, the largest national park in the world.
- Worked with 61 indigenous, Afro-Ecuadorian, and other communities in Ecuador to support improved management practices and helped place more than 1.3 million hectares under participatory management plans.
- Supported 128 NGOs and government agencies working in 55 protected areas in Central America through the Regional Environment Program.



World Resources Institute

In Europe and Eurasia, USAID:

- Helped place 300,000 hectares of forest in Central Siberia under a sustainable forest management plan.
- Developed and implemented a detailed plan of action for wildfire capacity building in Bulgaria, thereby helping to protect 174,000 hectares in national parks.
- Contributed to national watershed management planning efforts to improve the management of 1.1 million hectares of land in Albania.



World Resources Institute

CENTRALLY FUNDED PROGRAMS: FORESTRY HIGHLIGHTS

Forests around the world are being destroyed at unprecedented rates due to population growth, agricultural expansion, unsustainable and illegal logging, large-scale industrial and infrastructure projects, and national policies that subsidize forest conversion to other uses. In response to these threats, USAID is supporting programs that balance the conservation of forests with the promotion of sustainable social and economic development both through Mission-level and centrally funded programs.

This section highlights the activities and achievements of two centrally funded programs: the USAID/U.S. Forest Service (USFS) interagency agreement, and the Sustainable Forest Products Global Alliance. Overviews of other centrally managed programs, such as the Global Conservation Partnership (GCP) and the Biodiversity and Sustainable Forestry (BIOFOR) Indefinite Quantity Contract, are discussed in Annex II of this report.

USAID/United States Forest Service Partnership

Through an Interagency Agreement with the USFS, USAID is able to draw upon the expertise of technical specialists in forest management, watershed management, fire management, protected area and wildlife management, environmental policy, and more. In 2002, USAID/USFS programs focused primarily on fire management and reduced impact logging. This collaboration resulted in important accomplishments in tropical forest conservation in Asia and the Near East, Latin America and the Caribbean, and Africa.

In Asia, for example, the USFS helped develop Indonesia's provincial Fire Suppression Mobilization Plan. Interagency teams led by Indonesian provincial officials collected information and developed the plan with technical assistance from USFS forest-fire management specialists. The exercise resulted in a prototype plan that will significantly improve Indonesian capacity to effectively mobilize forest fire suppression resources, thereby ensuring improved forest protection.

In Latin America, as a result of the efforts by USAID, USFS, the Tropical Forest Foundation, and Brazilian NGOs, the Brazilian Ministry of the Environment formally endorsed the establishment of a regional training center in the Amazon Basin. The center will promote the use of improved forestry practices, including reduced impact logging, and through training programs will help meet the substantial increase in demand for trained foresters throughout the Amazon region. In 2002, the center trained more than 500 forest managers, technicians, operators, community members, and government decision makers and developed an instructional video and companion manual on reduced impact logging techniques. These training efforts will significantly improve the capacity of foresters to manage the region's forests in a sustainable manner.

In Africa, the USFS and the Wildlife Conservation Society have been working as part of USAID's Central African Regional Program for the Environment (CARPE) over the past two years to improve forest management operations within Congo Basin logging concessions. This partnership promotes the integration of conservation and forest management goals within logging concessions. USFS is supporting the development of multiple-use planning by promoting improved forest monitoring and reduced impact logging techniques. Government, NGO, and private industry have also initiated efforts to curtail bushmeat hunting in forest concession areas through the implementation of wildlife management programs. These activities are providing a strong foundation for improving forest management in the Congo Basin.



Michael E. Ostry

USAID-funded technical assistance promotes the practice of reduced impact logging around the world.

Public-Private Partnerships — Sustainable Forest Products Global Alliance

The Global Development Alliance (GDA) model demonstrates USAID's commitment to change the way USAID implements its foreign assistance mandate. This new approach recognizes that the private sector is important in promoting international development efforts and must become an active partner along with the traditional stakeholders of governments, international organizations, and NGOs. GDA mobilizes the ideas, efforts, and resources of the public and private sectors and NGOs in support of shared objectives through the formation of public-private partnerships.

In 2002, USAID provided funding for the Sustainable Forest Products Global Alliance (SFPGA) with GDA and EGAT Bureau funds to forge public-private partnerships that address critical sustainable forest management issues through the marketplace. The SFPGA was officially launched in May 2003. The goal of the partnership is to help increase the supply and meet the demand for certified forest products by better linking the producers of certified products to the marketplace. (For more information about certification, see the "Critical Themes" section, page 12.)

USAID's partners are the Certified Forest Products Council (CFPC), now known as Metafore, and the World Wildlife Fund (WWF)/Global Forest and Trade Network (GFTN). CFPC has more than 200 members, including The Home Depot, Andersen Hardwood Floors, Columbia Forest Products, and The Collins Company. GFTN consists of more than 20 local Forest and Trade Networks active in over 30 countries, and representing more than 800 member companies. GFTN members include a wide range of actors, from forest owners, timber processors, and construction companies, to retailers such as IKEA, and investment agencies. Through this partnership, USAID has been able to leverage funds on a 2:1 basis, substantially increasing the impact and sustainability of the partners' mutual goals.

The SFPGA seeks to encourage responsible forest management and reduce illegal trade in forest products by helping to integrate producers of responsible forest products into world markets. Toward these objectives, the SFPGA facilitates linkages between communities, forest managers and owners, and the global forest products industry. It uses market intelligence, technical expertise, and country knowledge to create synergistic benefits for local communities and forest managers, forest products traders, consumers, and the environment. It also helps high-profile, high-volume companies adopt purchasing policies that promote sustainably harvested forest products, thereby increasing the demand for certified products, from sustainably managed forests.

The impetus for the SFPGA came in April 2002, when Metafore, WWF, The Home Depot, International Paper, USAID, and the U.S. Forest Service convened a groundbreaking Forest Leadership Forum that brought together more than 1,300 participants from 45 countries, representing the forestry industry, retailers, environmentalists, and government. The event was an important first step in initiating constructive dialogue.

Biodiversity and Sustainable Forestry

Biodiversity and Sustainable Forestry (BIOFOR) is 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. BIOFOR supports strengthened institutional capacity, improved policies, and the development of enabling environments that promote sound management of natural resources and sustainable economic growth. The program can be categorized into four crosscutting areas: institutional development, policy analysis and support, research and analysis, and strategic communications. Two prime contractors implement activities in support of BIOFOR: Associates in Rural Development and Chemonics International Inc.

In 2002, BIOFOR projects were implemented around the globe, including Bulgaria, Ecuador, Guatemala, Nicaragua, and Uganda. Project accomplishments included helping Guatemalan communities form marketing associations, empowering the communities to leverage a 25 percent price increase over 2001 prices for their certified wood products. Also in 2002, BIOFOR embarked upon a global study of lessons learned from USAID's community-based forest management projects since 1985.



USAID forestry programs support biodiversity efforts by helping to protect habitats for forest inhabitants.

AFRICA: FORESTRY HIGHLIGHTS

The African continent contains approximately 650 million hectares of forests — 17 percent of the world's total forests and one-quarter of the world's tropical rain forests. Central Africa is an important forested sub-region, containing the largest remaining contiguous expanse of tropical forest on the African continent and the second largest in the world (after the Amazon forest).¹

The Africa Bureau and Mission-supported activities highlighted in this section include the Central African Regional Program for the Environment (CARPE), Guinea, and the West African Forest Management Profile. Reports on the Central Africa Mountain Gorilla Habitat Conservation, Kenya, Madagascar, Malawi, and Uganda programs are found in Annex II of this report.

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

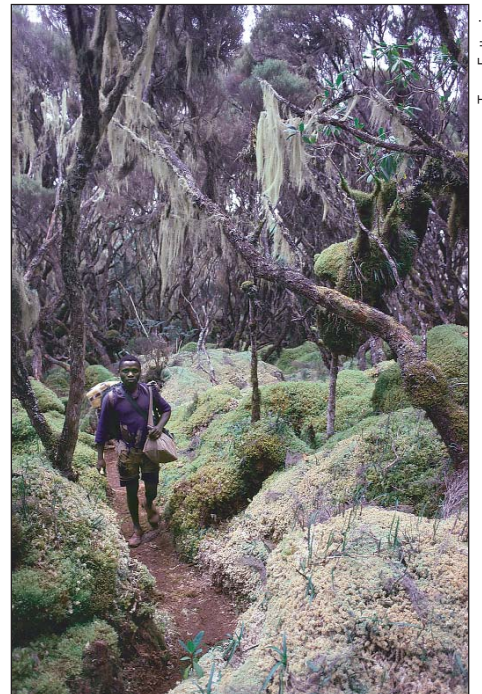
CARPE is a long-term USAID initiative to address the issues of deforestation and biodiversity loss in the Congo Basin. One of the least developed regions of the world, the Congo Basin holds massive expanses of closed canopy tropical forest, second in area only to the Amazon Basin. Unsustainable timber exploitation, shifting cultivation, urban expansion, and other human pressures pose increasing threats to this globally significant forest resource.

CARPE is implemented by a team of U.S.-based NGOs and U.S. government agencies working in collaboration with local NGOs in Cameroon, Central African Republic, Equatorial Guinea, Gabon, Republic of Congo, the Democratic Republic of Congo, Rwanda, Burundi, and Sao Tome e Principe. In 2002, CARPE headquarters were moved from Washington, D.C. to Kinshasa, Democratic Republic of Congo, where resources can be more efficiently focused on implementing local activities.

CARPE also received an impressive increase in annual funding from \$3 million to \$15 million. This increase resulted from the launching of the Congo Basin Forest Partnership (CBFP), a partnership of 29 governmental and international organizations. The U.S. contribution to the CBFP was officially announced by U.S. Secretary of State Colin Powell at the World Summit on Sustainable Development. The United States plans to invest up to \$53 million through 2005, using CARPE as the primary mechanism for implementing CBFP initiatives.

The U.S. contributions to the Congo Basin Forest Partnership will promote economic development, alleviate poverty, and improve local governance, through natural resource conservation programs. U.S. partnership activities focus on 11 key landscapes in Cameroon, Central African Republic, Democratic Republic of the Congo, Equatorial Guinea, Gabon, and Republic of the Congo. The partnership provides support for a network of national parks and protected areas, well-managed forestry concessions, and creation of economic opportunities for communities who depend upon the conservation of the outstanding forest and wildlife resources of the Congo Basin.

U.S.-based environmental NGOs have affirmed plans to significantly expand their conservation programs in the 11 key Congo Basin Forest landscapes and have committed to matching the U.S. Government's contribution. Other partners will provide significant additional contributions to the Congo Basin Forest Partnership.



USAID forestry activities provide assistance to improve management and conservation of forests such as this forest in the Democratic Republic of Congo.

Tom Fattori

CARPE will contribute to the CBFP's goals through its investment in the greater Basin area, while the U.S. contribution to CBFP will contribute to CARPE's goals through its support to the 11 priority landscapes within the CARPE project area.

Through CARPE, USAID addresses deforestation and biodiversity loss in the Congo Basin, which contains massive expanses of closed canopy tropical forest.

Guinea

The U.S. interest in supporting Guinea's development is based on the country's role as a positive and stabilizing force in the West Africa region. Guinea is accommodating the largest refugee population in Africa, coming from war-torn Liberia, Sierra Leone, and the Ivory Coast. This influx, and the subsequent displacement of Guineans from their villages, has created a serious environmental threat to already stressed forest ecosystems, which if left unchecked, will result in significant environmental damage and further social and economic instability.

In response, the USAID natural resources management activities in Guinea assist small landholders living in and around forests to conserve the natural resources base by investing in more profitable and less destructive agricultural and natural resource management practices. The approach helps build the capacity of local support organizations, transfer appropriate practices to farmers, and empower local populations to manage their resources.

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. With USAID support, four additional classified forests, covering 75,893 hectares, have been brought under this co-management approach. The total area of natural forests under sustainable co-management has increased almost ten-fold since 1999. These efforts have allowed the approximately 10,000 inhabitants of 52 villages to participate in the management of their local forest resources, allowing those closest to and most dependent on the resource to manage it for sustainable use.

West Africa Forest Management Profile

In 2002, the Africa Bureau, in collaboration with the Permanent Interstate Committee for Drought Control in the Sahel, undertook an assessment of forest management practices in West Africa. The study resulted in the publication of "Investing in Tomorrow's Forests," which was presented at the World Summit on Sustainable Development.

The document reviews the evolution of forest management practices in West Africa and analyzes how future investments in the forestry sector should be made to best benefit rural Africans. It argues that investments in the forestry sector will not only provide environmental goods and services, but will also help alleviate poverty, improve governance, empower local communities, secure sustainable development, and enhance the well-being of Africa's people.



Photos: Denise Mortimer

As noted in the USAID report, enterprises that are sensitive to good forest management practices, such as small-scale tree nurseries and wood-processing operations, can help improve the environment and rural livelihoods.

ASIA AND THE NEAR EAST: FORESTRY HIGHLIGHTS

Asia contains 548 million hectares of forests, which corresponds to 14 percent of the world total and includes 21 percent of the world's tropical rainforests.² Despite its important contribution to global forest resources, the average per capita availability of forest area in the region for the year 2000 was 0.2 hectares, less than one-third the world average.³

This section highlights the Asia and the Near East Regional and Mission-supported activities in Nepal and the Philippines. Reports on the forestry programs of the East Asia and Pacific Environmental Initiative (EAPEI), Bangladesh, and Indonesia Missions are found in Annex II of this report.

Nepal

Nepal has one of the most progressive policies in the world for devolving the management of forests to local communities. To help implement this policy, USAID works through local partners to support the formation of user groups and build their institutional capacity. In addition to strengthening community-based forest management efforts, USAID seeks to improve rural livelihoods by promoting the development of small-scale enterprises, sharing information about appropriate technologies, and improving access to markets for forest and high-value agricultural products. By improving the productive use of local resources and market access for high-value commodities, USAID aims to increase household income and food security, stem the tide of out-migration, and provide opportunities for poor farmers to improve their lives.

Approximately 1.8 million rural poor in Nepal directly benefit from USAID's program.

The beneficiaries of this program are small farmers (especially women, disadvantaged groups, and the very poor) and, to a lesser extent, traders and entrepreneurs. Approximately 1.8 million rural poor directly benefit from this program. Women's participation is high; they make up 46 percent of the participants in the high-value agriculture program and more than 50 percent of the participants in the community-based forestry program.

Local success of this program is evident in the rise in the number of households producing forest and high-value agricultural products — a total of 338,000 farm and forest households, up 24 percent since 2001. Sales of products also increased to \$47 million, a 19 percent increase since 2001. In addition, 129 new community-based forestry user groups were formed in 2002.

Income generated from community managed forests, as well as the introduction of high-value crop production and comparative-advantage marketing schemes, are being used to finance roads, potable water systems, schools, and other self-help development activities. Household needs, such as fuelwood, fodder, timber and non-timber forest products, and environmental concerns, such as increased biomass production, reduced soil erosion, and biodiversity conservation, are also being better met and managed through community-based forest management.



John Woods

With USAID's help, Nepalese poor now have better access to markets, increased income, and better food security. Community-managed forests have been an important factor in increasing incomes while preserving the environment and promoting biodiversity conservation.

Philippines

The Philippines, home to more than 52,000 known plants and animals, one-half of which are endemic, suffers from the highest rate of deforestation in Southeast Asia. Presently only five percent of old growth forest remains intact.

Despite sound approaches and progressive community-based forest management policies, the Philippines is losing valuable forest resources, caused principally by weak governance of the forest sector and the resulting illegal logging. USAID's

EcoGovernance program aims to reduce deforestation caused by illegal logging by improving environmental governance at the national and local levels. Activities focus on bringing open access areas under effective management, increasing transparency in competition and awarding of contracts and permits, improving the enforcement of environmental laws, and strengthening of community-based forest management.

USAID's EcoGovernance program aims to reduce deforestation caused by illegal logging by improving environmental governance at the national and local levels.

USAID is currently working with the U.S.-based Center for International Environmental Law to provide legal assistance to at least 44 local communities involved in community-based natural resources management.

The Department of Environment and Natural Resources issued a policy directive allowing upland farmers in the province of Nueva Vizcaya to cut and transport trees from co-management areas. This will benefit at least 2,000 households, which could supply up to \$3.6 million of timber to markets during the next six years. Efforts to increase community involvement in forest management are expected to benefit forest health, as those who are most dependent on the resources have incentives for adopting sustainable management practices. On the local level, agreements were signed with 10 local governments – mostly in Mindanao – to support improvements in forest governance.

USAID is also supporting communities responsible for forest management in buffer zones of reserves to plant cocoa. USAID has initiated a Public-Private Alliance between the Cocoa Foundation of the Philippines, Philippine Department of Agriculture, local government units, local cocoa farmers, Masterfoods (formerly Mars), and the World Cocoa Foundation. The recent improvement in prices and the high demand for cocoa bode well for intensive efforts to promote cocoa production. The project hopes to decrease pressure on the forest reserves by stabilizing the economy of nearby communities.

Conservation efforts are challenged by the fact that many of the most pristine areas are also the places where human population is increasing rapidly. With USAID support, Conservation International has launched an initiative to integrate mapping of population and environment

variables across the entire country to inform and improve the planning of conservation and development programs.



Jonathan Simon

USAID forestry programs throughout Asia aim to support conservation efforts so future generations will have pristine forests and other natural resources to enjoy.

Finally, the Governments of the Philippines and the U.S. signed two agreements under the Tropical Forest Conservation Act (TFCA), leveraging a \$5.5 million U.S. Government appropriation to relieve \$41.25 million in Philippine debt to the U.S. Government. As a result, \$8.24 million in local currency will flow to a Tropical Forest Conservation Fund over the next 14 years, in lieu of regularly scheduled interest payments, to support on-ground conservation activities. USAID played a lead role in the agreements' negotiation and is working to ensure the establishment of a strong TFCA Board to manage the Fund and its grants. There is significant enthusiasm for future swaps and domestic fundraising under this program.

LATIN AMERICA AND THE CARIBBEAN: FORESTRY HIGHLIGHTS

Latin America and the Caribbean represent one of the world's most important forest regions with nearly one-quarter of the world's forest cover, including the world's largest tropical rainforest, the Amazon. The region contains 834 million hectares of tropical forests, and 130 million hectares of other forests, covering 48 percent of the total land area. The rate of deforestation, however, is one of the highest in the world; of the 418 million hectares of natural forest lost worldwide during the past 30 years, nearly half (190 million hectares) were lost in Latin America.⁴

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

Guatemala

Guatemala has the largest area of cloud forest and wetlands and the highest population of large cats in Central America. These resources are ecologically and economically important to the country. Enterprises based on natural resources, such as tourism and forestry, comprise a significant part of Guatemala's jobs and export earnings. USAID's environment program focuses on building capacity to manage these resources, using diverse management arrangements that allow for civil society participation, provide direct economic incentives for conservation, and promote sustainable development.

An important program achievement in 2002 demonstrated the potential for economic incentives to promote the rational use of natural resources by local communities while also reducing poverty. The Association of Forest Communities of Petén, a Guatemalan nonprofit organization formed by representatives of the forestry communities in the Petén, was nominated as a finalist for the 2002 Equator Initiative Prize. The award recognizes initiatives that exemplify extraordinary accomplishments in poverty reduction through the conservation and sustainable use of biodiversity in the equatorial belt. The Association represents 19 forestry communities working in the Maya Biosphere Reserve, 2.2 million hectares located in the heart of the largest tract of intact tropical forest north of the Amazon. In 1992, the Government of Guatemala predicted that if existing trends continued unabated, the Maya Biosphere Reserve would be destroyed by the year 2010. Ten years later, with the continued support of USAID, 11 community forestry concessions and two commercial forestry concessions were legally established in the multiple use zone of the Reserve, providing support for an improved forest management, improved quality of life, better salaries, alternative sources of income, family stability, poverty alleviation, better access to health and education, job security, and community development.

In addition, USAID support has helped place more than 500,000 hectares under forest management, of which 326,000 hectares are certified. This is the largest certified community-managed forest area in the world, which benefits more than 15,000 people while providing an economic incentive for conservation (for more information on certification, see "Critical Themes," p. 12). Through USAID program interventions, concessionaries were able to negotiate increased prices for the timber species mahogany. Between 2001 and 2002, prices increased more than 20 percent to \$2.70/board-foot. Close to \$4 million of sales are expected this year, of which nearly 40 percent is net profits. While a vast majority of this wealth is generated by the sale of a few valuable species such as mahogany and Spanish cedar, all concessions are harvesting between three to 17 other species. The sale of these lesser-known species now represent 30 percent of total sales, with this percentage growing quickly as communities diversify from harvesting only the most valuable species.



Laura Miller

A botanist measures a tree in Bolivia, where USAID is providing assistance to help the country achieve forest certification goals.

Paraguay

In 2002, USAID achieved significant advances in helping protect important forest areas for conservation purposes in Paraguay. Two key areas of the rainforest, comprising 102,000 hectares, were declared Resource Management Areas through a Presidential Decree. Prior to the decree, the land was privately owned and these protected areas had existed as “paper parks,” never having been demarcated. The new Resource Management Area concept allows land to remain in private hands, with its use regulated by zoning specifications. In the past, landowners resisted conservation efforts for fear that they would lose their land, however, as a result of this new approach, private landowners are taking steps to protect their forests.

Further legal advances were made through the development of a new Agrarian Code, which states that properties declared protected areas will not be subject to expropriation. Previously the law had considered forested lands to be idle lands subject to expropriation. For decades this concept served as an incentive to deforestation, since landowners would cut their forests rather than risk expropriation. The redefinition of forested lands in national legislation is an important achievement for the conservation community.



Protected areas throughout Central America help boost economies based on tourism and forestry.

Along with the establishment of Resource Management Areas, a 5,000 hectare Ecological Reserve was created by Presidential decree to protect a remnant forest in the Mbaracayu area. Furthermore, a new buffer zone of 4,500 hectares bordering the reserve has been identified and demarcated. The Government of Paraguay is in the process of signing a 150-year concession to the Ache Indigenous Group. The Ache, who maintain a traditional culture based on forest resources, will assist in protecting the reserve from logging and maintain their area as a

forested buffer zone between Mbaracayu reserve and the surrounding agricultural lands. Activities are being developed to help the Ache design a management plan.

Forestry Alliances

The expansion of markets for the products of certified forests has shown great promise in contributing to responsible forest management. A gap remains, however, between the growing demand for certified forest products and their limited supply.

In FY 2002, the Latin America and the Caribbean Bureau helped develop a vision for how USAID can play a role in closing this gap in partnership with the private sector, foundations, NGOs, education and research institutions, and third-country governments. To this end, USAID has initiated pilot activities in Bolivia, Brazil, Mexico, and Peru:

- In Bolivia, the USAID Mission is supporting efforts by the Amazonian Center for Sustainable Forestry Enterprise to work with local and international forestry companies to reduce production costs, enhance product quality, improve business practices, market Bolivian sustainable forest products, and attract investments in Bolivian forestry.
- In Brazil, USAID has partnered with Caterpillar/Brazil, Cikel S.A. (the Amazon's largest certified timber operation), the British Foreign Office, and other international companies and bilateral and foundation donors to support the development of a training center for sustainable forestry.
- In Mexico, USAID, in partnership with the Rainforest Alliance, The Home Depot, and Mexican secondary processors, is assisting Mexican communities with certified forestry operations to improve their resource management, production processes, and access to higher paying markets.
- In Peru, USAID has formed an alliance with the World Wildlife Fund and furniture manufacturer, Exportimo/South Cone Trading Company, to identify, test, and promote promising lesser-known tropical timber species. This activity attempts to increase overall forest value, thereby reducing incentives to clear forests once high-value mahogany has been extracted.

Local NGOs have leveraged USAID funds to purchase two additional areas of forest: 2,270 hectares of Interior Atlantic Forest and 4,000 hectares of dry forest in the Chaco ecoregion. This last acquisition allows coordinated binational conservation actions between Bolivia and Paraguay. Furthermore, conservation easements have been identified for an area of 16,500 hectares in two priority areas. Conservation easements were only recently recognized as a useful conservation tool through a Mission-supported analysis of national environmental legal and regulatory framework.

CRITICAL THEMES IN TROPICAL FOREST CONSERVATION

Illegal Logging

Illegal logging causes enormous damage to forests, forest peoples, and the economies of producer countries worldwide. Some estimates suggest that at least one half of all logging activities in particularly vulnerable regions such as the Amazon Basin, central Africa, southeast Asia, and the Russian Federation are illegal.⁵

Illegal logging occurs when timber is harvested, transported, sold, or bought in violation of national laws. Harvesting itself may be illegal, including using corrupt means to gain access to forest concessions, extraction of a protected species or from a protected area, or the extraction of timber without permission or in excess of agreed limits. Illegalities can also occur during transport, such as illegal processing and export and the avoidance of taxes and other charges.

The social and environmental costs of these illegal activities are devastating. Approximately 1.6 billion people worldwide depend on forests for their livelihood.⁶ Forests also play a crucial role as major stores of carbon and other greenhouse gases, in conserving the world's biodiversity, and regulating water supplies and soil erosion. These ecological services are severely compromised by illegal logging activities.

Along with causing immeasurable environmental and social damage, the effects of these illicit activities ripple into the economies of producer nations. The natural capital on which local and national economies depend is liquidated, while governments lose out on tax revenues that could be used for economic development and the provision of social services. For example, the government of the Philippines estimated a loss of \$1.8 billion/year in the 1980s due to illegal logging, and the government of Indonesia estimated a loss of \$3.5 billion/year in the mid-1990s. In 1994, the Forest Minister of Papua New Guinea estimated \$1 million worth of logs each day were lost to illegal activities.⁷

USAID is working to combat illegal logging through a variety of programs. Specific activities include:

- Indonesia: USAID, the Nature Conservancy, World Wildlife Fund, and U.S. and European retailers such as the Home Depot and Carrefour have formed an alliance to promote the sustainable harvest of forests, develop a tracking system that identifies legal sources of wood, link legal wood products to buyers, and provide information to financial institutions to avoid investments causing forest destruction.
- Peru: USAID, World Wildlife Fund, and furniture manufacturer Exportimo/South Cone Trading



Laura Miller

When sustainable conservation practices are used by legitimate logging operations, as depicted above, local and national economies benefit.

USAID and The Home Depot

USAID's Forestry Team has been advising The Home Depot this year regarding development of the company's procurement policy for forest products. The Forestry Team recommended a policy whereby The Home Depot would only purchase independently verified chain-of-custody wood — i.e., wood tracked from stump to mill to export. This approach would be consistent with practices promoted by the Forestry Team's public-private partnership project. On the first page of The Home Depot's Winter 2002 Newsletter, USAID was cited among organizations recognized for "helping us [The Home Depot] change the way we buy wood... who have educated and helped guide us toward even more responsible forestry."

Company have formed an alliance to identify, test, and promote promising lesser-known species, thereby increasing the forest's value and decreasing incentives to clear forests once high-value species have been extracted.

- GDA Sustainable Forest Products Global Alliance: USAID, World Wildlife Fund, and the Certified Forest Products Council have formed a partnership to integrate producers of certified products into the world market and promote certification as a tool to combat illegal logging.
- Promoting Transparency in the Forest Sector Workshop: USAID co-sponsored a workshop with the U.S. Forest Service and the World Resources Institute for participants from 12 countries to discuss best practices for detecting illegal and destructive commercial logging.

Certification

Consumers around the world are increasingly aware that purchasing wood products from regions where destructive timber harvesting occurs contributes to the loss of forests. A growing public demand for certified forest products is beginning to provide economic incentives for wood producers to adopt sustainable timber harvesting practices. This market-driven approach allows producers and consumers of wood products to strike a balance between profiting from and conserving forests.

The forest certification process begins with a forest manager's voluntary request for an inspection by an independent team of forestry experts. The team evaluates the operator's forest harvesting and management practices, and if these practices meet established standards, a certificate is issued confirming the quality of forest management. Once a forestry operation is inspected and certified, it can label raw materials as originating from a certified forest. Labeling provides consumers with the option to purchase products from certified forests. Thus, certification processes empower consumers while providing producers a market incentive to adopt environmentally and socially sound forest practices.

Although certification efforts hold great promise for the future of forests, presently few developing country producers are able to meet market demands while maintaining certifiable management practices. Additionally, achieving forest certification is difficult for small landowners – including community forestry operations – because of financial constraints and lack of requisite technical and managerial skills. USAID is responding by providing technical and business training assistance to help developing countries achieve forest certification goals, including programs in Bolivia, Brazil, Guatemala, Indonesia, and Mexico.

Mahogany CITES Appendix II Listing

Mahogany is the most valuable timber species in Latin America and the Caribbean, worth more than five times many other tropical species. Unfortunately, its extreme value has led to unsustainable and sometimes illegal logging. Two species, Cuban and Mexican mahogany, are no longer in trade as over-exploitation and habitat loss led to their commercial extinction, leaving big leaf mahogany as the only remaining species in trade. Given the high levels of exploitation, all three mahogany species are regulated by the Convention on International Trade of Endangered Species of Wild Fauna and Flora (CITES). At the 2002 CITES conference, member countries upgraded big leaf mahogany from CITES Appendix III to Appendix II. As a result, all trade in mahogany will now require the exporting country to verify that the shipment was both legally obtained and that its harvest was not detrimental to the survival of the species in its ecosystem. Proper implementation of the Appendix II regulations should help ensure the survival of this important species and its trade. USAID provided expert advice to the U.S. delegation at the 2002 conference and continues to play a major role in helping countries implement the CITES regulations and manage the mahogany resource.



Tony Simons, World Agroforestry Centre, Kenya

Mature mahogany in Brazil

USAID FORESTRY FUNDING

USAID FY 2002 Forestry Expenditure Analysis

USAID recognizes the important role tropical forests play in supporting biodiversity, fostering 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.

In FY 2002, the USAID Forestry Team in the EGAT Bureau provided approximately \$1.1 million in support to an Interagency Agreement with the U.S. Forest Service, as well as \$200,000 for research in sustainable forest management and alternatives to slash-and-burn agriculture programs. Recognizing the power of sharing hard-won lessons and best practices across regions, the Forestry Team invested more than \$350,000 in information-sharing workshops and publication materials. The USAID Biodiversity Team also has a multi-partner, forest-oriented Global Conservation Program, with an annual budget of \$7.7 million, \$2.8 million of which supports forestry projects.

In FY 2002, the Latin America and the Caribbean region had the highest total expenditure on forestry activities of any region, at 37 percent of total USAID forestry spending. Programs such as the Bolivia Sustainable Forest Program (BOLFOR) and the Parks in Peril Program continue to demonstrate USAID's commitment to sustainable management of forest resources for rural economic empowerment, as well as protection and conservation of some of the world's most important biodiversity-rich tropical forests.

The Asia Near East region was responsible for 26 percent of the agency's forestry funding. In particular, Indonesia is a biodiversity hotspot of global importance. In FY 2002, the Indonesia Mission accounted for more than \$10 million in funding for forest-related activities, including mapping of forest resources, institutional strengthening, and conservation efforts.

The tropical forests of the Congo and Madagascar's rich biodiversity make the Africa region critically important to Agency efforts to manage and protect tropical forests. Africa, as a region, was responsible for 22 percent of USAID forestry sector spending in FY 2002.

In the Europe and Eurasia region, the dense temperate Russian Far East forest is of critical global importance for its potential to sequester large amounts of carbon — thus mitigating the impacts of climate change — and its high number of endemic species. In Bulgaria, USAID is engaging in forest fire prevention and management activities to support programs that address fire prevention as well as increase capacity to respond to the increasing incidence of droughts and forest fires. In FY 2002, the Bulgaria Mission spent \$250,000 on fire management support activities. The Russia Mission spent over \$4 million in support of forest fire prevention, forest pest monitoring, and activities promoting the value-added processing of non-timber forest products.

USAID spending on forestry activities can be grouped into four areas: 1) natural resources management, 2) protection and conservation, 3) sustainable forestry management for economic growth, and 4) fire management and mitigation of slash-and-burn activities. The Agency spent nearly one-half of its forestry budget on natural resources management activities in FY 2002. And, in keeping with global initiatives to protect and conserve major tropical forests and endemic biodiversity, USAID spent more than one-third of its forest budget on conserving key forests and natural parks.

USAID Forestry Activities and Programs FY 2002

Centrally Funded Forest Programs

USAID/US Forest Service Partnership	Interagency Agreement	1,076,500
Sustainable Forest Products Global Alliance (SFPGA)		3,500,000
BIOFOR IQC	Forestry Lessons Learned	250,000
Global Conservation Program	Forestry Activities	2,844,223
CIFOR		100,000
ICRAF		100,000
Department of Energy IQC	Forestry Distance Learning	150,000
Technical Staff		406,000
	Total	8,426,723

Africa Region

Africa Regional — AFR/SD	Forest Service Interagency Agreement	625,000
Central Africa Mountain Gorilla Habitat Conservation	(Directive)	1,500,000
Central Africa Regional Program for the Environment		3,014,000
Guinea	Sustainable Natural Resources Management	500,000
Kenya	Improved Nat. Res. Mgmt. in Targeted Biodiversity Areas	350,000
Madagascar	Biologically Diverse Ecosystems Conserved	8,808,945
Madagascar	Forest Service Interagency Agreement	200,000
Malawi	Incr. Sustainable Use, Conservation, and Mgmt. of Nat. Resources	1,607,841
Uganda		1,435,000
	Total	18,040,786

Asia Region

Asia and the Near East Regional — ANE SPOTS	Forest Service Interagency Agreement	150,000
Asia and the Near East Regional — Forests and Conflicts		180,000
East Asia and Pacific Environment Initiative	(ESF)	4,200,000
Bangladesh	Improved Mgmt of Waters and Forests	265,000
Indonesia	Strengthened and Decentralized NRM	12,300,000
Indonesia	Orangutan Habitat Conservation (Directive) (ESF)	1,500,000
Nepal	Increased Sustainable. Prod. & Sale of Forest and High Value Ag.	1,500,000
Philippines	Environmental Management Improved	1,834,070
	Total	21,929,070

Latin America and the Caribbean Region

LAC/RS	Forest Service Interagency Agreement	55,000
LAC/SPO		300,000
Caribbean Regional	Forest Service Interagency Agreement	200,000
Bolivia	Sustainable Forest Management	3,312,000
Bolivia	Forest Service Interagency Agreement	131,000
Brazil	Sustainable Land Use Program	3,330,000
Brazil	Forest Service Interagency Agreement	400,000
Dominican Republic	Environmental Policy Formulation	175,000
Ecuador	Southern Border Integration Program	240,000
Guatemala	Natural Resources Management	3,910,000
Honduras	Forestry Development and Environmental Protection	1,368,000
Jamaica	Natural Resources Management	50,000
Mexico	Critical Ecosystems Conserved	2,150,000
Nicaragua	Natural Resources Management	1,840,000
Panama	Sustainable Management of the Canal Area	4,500,000
Paraguay	Sustainable Mgmt. of Globally Important Ecoregions	1,000,000
Parks in Peril		2,800,000
Peru	Improved Sustainable Forest Management of Target Sectors	1,770,000
Regional Environmental Program for Central America		1,317,000
LAC Bureau Alliances		1,500,000
	Total	30,348,000

Europe and Eurasia Region

Europe and Eurasia Regional	Forest Service Interagency Agreement	233,000
Bulgaria	Biodiversity and Economic Growth	367,767
Romania	Forest Ownership and Management	5,000
Russia	Forest Resources and Technologies	3,800,000
	Total	4,405,767

Total Forestry Expenditure in FY 2002

\$83,150,346

Note: The figures above are unofficial budget estimates provided by USAID Bureaus and overseas field 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. For the purpose of this analysis, forest projects are broadly defined as activities and programs related to maintaining forest cover through sustainable forestry, protected areas management, and the conservation of biodiversity in forest ecosystems. From 1990-2002, forest project expenditure averaged approximately \$80 million annually (Figure 1). This was about 15 percent of the Agency's environmental spending.

Figure 1. Forest-related Expenditure by USAID

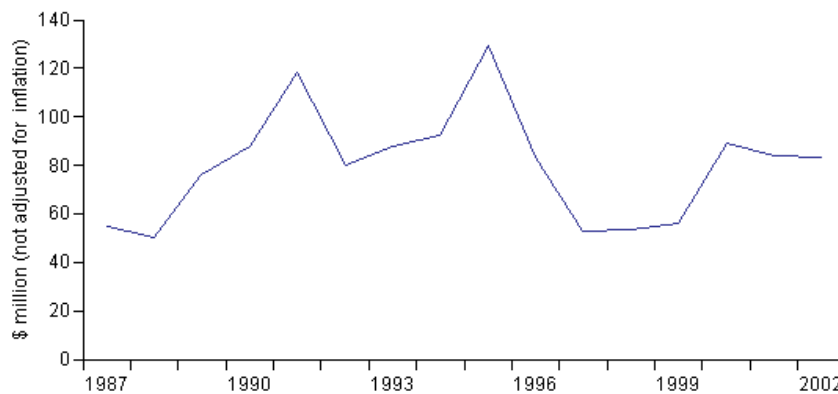
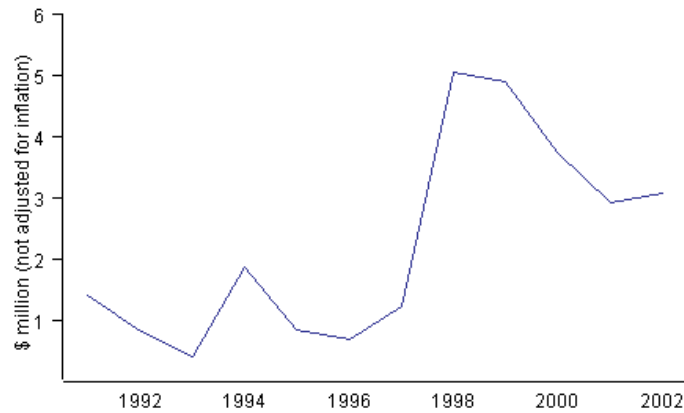


Figure 1 reflects an increase in USAID forestry expenditure in the late 1980s — a result of the increasing importance of tropical forests in the global environmental agenda, and an increase in USAID financial resources available for supporting forestry activities. As one of the world's leading donor 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 world began to actively promote the protection and sustainable use of tropical forests. Indeed, sustainable tropical forest management and conservation was a key theme of the 1992 United Nations Conference on Environment and Development.

In the mid-to-late 1990s, USAID forestry expenditure began to fall, slipping from \$118 million to \$53 million (not adjusted for inflation). This 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.

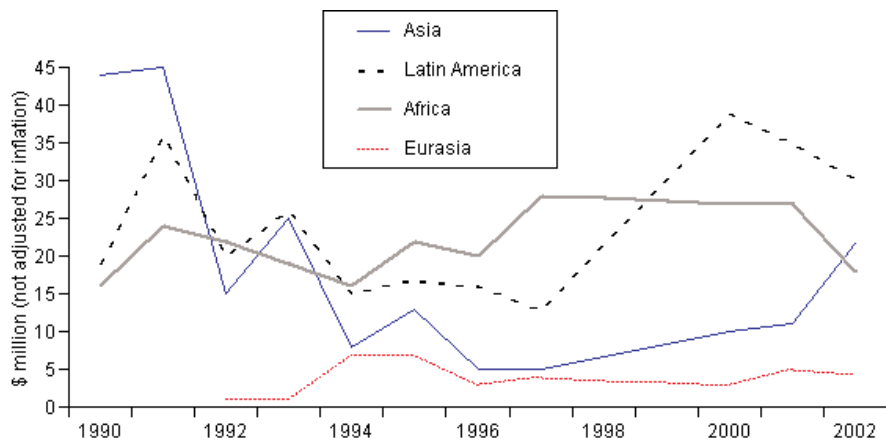
The recent increase in forest-related expenditures is predominantly due to an increase in biodiversity-related activities and programs. Forestry projects per se have not experienced a substantial increase in expenditure. Much of USAID's assistance to community forestry flowed through grants to non-governmental organizations focused on conserving forest biodiversity. On the other hand, USAID support for Government-to-Government assistance, as well as for international research cooperation was increasingly channeled through the U.S. Forest Service. From 1997-2002, funding for the U.S. Forest Service's International Programs through an Interagency Agreement with USAID, experienced a sharp increase, followed by a slow fall (Figure 2), and an increase again in 2002.

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



Over the past decade, trends in forest funding varied greatly between 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. Funding decreased in Asia as large projects in the Philippines and regional forestry initiatives were completed. Forestry expenditure in Africa increased in the late 1990s due to the initiation of regional programs such as the Central African Regional Program for the Environment (CARPE), aimed at protecting the tropical forests in the Congo Basin. Both the Mozambique and Madagascar USAID Missions have also increased spending for forestry-related programs and activities.

Figure 3. Spending on Forest-related Projects by USAID in the Four Major Regions, 1990-2002



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

The Latin America and Caribbean region is home to a significant amount of the world's tropical forest area, and USAID has supported forest projects during the past 10 years. Although forest programs in Haiti have been reduced, USAID continues a strong forest focus in Bolivia, Brazil, Ecuador, Guatemala, Honduras, Mexico, and Panama.

The Eastern Europe and Eurasia region began receiving funding in the early 1990s and has since leveled off at approximately \$4 million per year. USAID worked in many of the former Soviet republics in the Eastern Europe and Eurasia region, and currently implements programs in Bulgaria, Albania, and predominantly, the Russian Federation.

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 or 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 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. The GCP promotes innovative programs that are sustainable, focused, and adaptive. USAID's conservation partners in this program are the African Wildlife Foundation, Conservation International, EnterpriseWorks Worldwide, The Nature Conservancy, the World Conservation Society, and the World Wildlife Fund.

Forest biodiversity "hotspots" addressed by the GCP include sites in: Argentina, Bolivia, Brazil, Ecuador, Guyana, Mexico, Paraguay, and Peru in Latin America; Cambodia, India, Laos, Nepal, the Philippines, and Vietnam in Asia; and the Democratic Republic of Congo in Africa. By adopting a threats-based approach and supporting on-the-ground biodiversity conservation, the program builds on and strengthens local capacity to the maximum extent possible, and it draws together the accumulated experience and expertise of USAID and other partner organizations to strengthen the overall effort.

USAID Forest Programs in Africa

Central Africa — Mountain Gorilla Habitat Conservation

The gorilla is listed on the World Conservation Union species survival commission Red List of Threatened Species. Since FY 2001, USAID has responded to the need to support gorilla conservation efforts through support to The Dian Fossey Gorilla Fund International, International Gorilla Conservation Program, and Wildlife Conservation Society. While this is primarily a biodiversity conservation activity, gorilla habitat is primarily forested, therefore partners' habitat conservation activities have contributed to important forest conservation. The majority of support has helped partners promote regional approaches to the conservation of mountain gorillas in the Virungas with an emphasis on trans-boundary coordination, protection/anti-poaching, community participation, economic alternatives, and research and habitat conservation. Additional support has assisted partner programs for the threatened western lowland gorillas, and the eastern lowland gorilla including assessments, protection, awareness raising, and policy dialogue.

Accomplishments in FY 2002 include the establishment of the Tayna Gorilla Reserve, a community initiated and community managed conservation area. Other important achievements include the initiation of joint border patrols involving the protected area authorities of Rwanda, Uganda, and the Democratic Republic of Congo across national boundaries, and the promotion of regional information sharing. Partners also worked with communities to develop environmentally sustainable enterprises.

Kenya

Kenya's forests make up less than three percent of the country's total land. The growing demand for forest resources, however, places considerable pressure on

this limited resource. Building on experiences from community-based natural resources management activities, the USAID Mission in Nairobi designed the Forest and Range Rehabilitation and Environmental Management Support Program. The focus of this activity is 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. In 2002, the program provided technical assistance to the Government of Kenya to identify program, site-specific interventions in three indigenous forest areas: the Mukogodo forest of Northeast Laikipia, Mt. Kenya forest reserve, and the Arabuko-Sokoke Forest Reserve in the Coast Province.

Madagascar

Almost all of the flora and fauna found in Madagascar – more than 80 percent of the plants and almost 90 percent of the trees and animals – are endemic to the island.⁸ This biologically rich country is ranked among the top three “biodiversity hotspots” in the world by the international conservation community.

The political and economic crisis in Madagascar was a major challenge to the Mission in 2002. Despite the difficulties of the past year, USAID provided continued support to the country’s National Environmental Action Plan. The Agency reinforced Madagascar’s strong commitment to manage and develop its protected area network; increase local participation in natural resources management; develop and implement eco-friendly agricultural technologies; increase ecotourism and private sector involvement in conservation enterprises; and establish enabling conditions for sustainable environmental organizations and policies.

In 2002, USAID supported the transfer of natural resources management rights and responsibilities to 28 rural communities, managing a total of 23,630 hectares of forests. Transferring natural resources management from the state to local communities allows those most dependent on the forests to manage them for the long term. Furthermore, a forest governance and communication program was initiated for the Malagasy public to play a more active role in sustainable forest management, especially in forest management transfer to communities and forest concession permitting. USAID worked with seven Malagasy NGOs to develop approaches for communicating forest rights and responsibilities to local communities.

Malawi

Malawi’s intensive agricultural production practices, rapid population growth, and high population density have created immense pressures on land resources resulting in soil erosion and fertility loss, deforestation, and declines in wildlife populations.

USAID is supporting the Community Partnerships for Sustainable Resource Management project which works to protect wildlife reserves and natural ecosystems from illegal harvesting while providing income-earning opportunities to rural communities. The project has supported co-management and enterprise development initiatives in areas adjacent to Liwonde National Park, Lengwe National Park, Nyika National Park, Vwaza Game Reserve, and 14 other sites. In 2002, 400 communities were involved in community-based natural resource management activities. The project awarded 29 grants to community-based organizations in support of ecologically responsible income-gener-

ating activities and helped generate \$250,000 in supplemental income for the participating communities. USAID also facilitated the signing of co-management agreements between the Department of National Parks and Wildlife and communities living around the Liwonde Wildlife Reserve, placing 370,000 hectares of forest under co-management. In addition, afforestation efforts have resulted in 4.4 million tree seedlings being raised and planted in the area.

Uganda

Uganda's lush rainforests provide habitat to a fascinating array of plants and animals, including 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. The USAID Mission in Uganda contributes to the conservation of tropical forests through an integrated conservation and development approach. In 2002, the Mission continued to focus on the improved management of the Virunga montane forests, a section of a trans-boundary ecosystem stretching into the Democratic Republic of Congo and Rwanda. As a result of effective management of these forests, the gorilla population has increased by 10 percent from about 320 to about 355 individuals during the last 10 years.

In southwestern Uganda, model integrated watershed management plans are being implemented. Within selected watersheds, tree seedlings were distributed and 244 farmers were trained in the use of improved agroforestry. Farmers in the watersheds have experienced increased crop yields as a result of the soil and water conservation practices. In addition, farmers have increased their incomes from the sale of their surplus seedlings to other 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 stakes and fuelwood.

USAID Forest Programs in Asia and the Near East

East Asia and Pacific Environmental Initiative

The East Asia and Pacific Environmental Initiative was established in 1999 to address critical environmental challenges and opportunities in forest and land-use management, coastal and marine resources management, and environmental pollution in East Asia and the Pacific by increasing environmental capacity and knowledge. The jointly managed USAID/Department of State program funds government and non-governmental organizations through an annual grant program. EAPEI activities have resulted in improved understanding of the root causes and impacts of forest fires in Indonesia; improved local, national, and regional fire detection, suppression, and management activities; and improved environmental planning and management.

Bangladesh

A lack of general environmental awareness, degradation of productive ecosystems as a result of poor resource management, and the needs of an expanding population have placed severe stress on the natural resources of Bangladesh. Recent studies indicate that one-half of all forested lands have been cleared in the past 30 years. In 2000, Bangladesh became the first country to successfully complete a debt reduction agreement with the United States under the landmark Tropical Forest Conservation Act (TFCA). USAID is taking the lead role in assisting the negotiation and implementation of the TFCA trust fund agreement. Signing of the Debt Exchange and Tropical Forest Conservation

Agreement set the stage for the forestry component of the USAID Mission's Strategic Objective for environment through which USAID is helping the Government of Bangladesh and its communities develop an adaptive model for improved, participatory management of tropical forest resources. This approach involves all resource users and promotes interventions that help nature do its job in providing a sustainable yield of forest products.

Indonesia

Decentralization initiatives in Indonesia have devolved authority over natural resources to local governments that are often ill-prepared to assume these new responsibilities. Improving local capacity to manage natural resources in a transparent and equitable manner is essential to realizing sustainable resource use. The USAID Natural Resource Management program is strengthening local management of Indonesia's forests by helping develop sound management plans. Furthermore, significant progress on the clarification of roles and responsibilities for natural resources management led to more than 180 forestry policy decisions made by the Government of Indonesia in a participatory and transparent manner with local communities in 2002.

USAID-supported site management plans are being rapidly replicated beyond USAID-sponsored areas as other regions learn of the benefits of participatory and transparent management of natural resources. In 2002, the USAID-sponsored West Kutai Regional Forestry Planning Group received \$100,000 from the local government and leveraged an additional \$550,000 from the private sector. Encouraged by this success, six neighboring districts are replicating this forestry management model.

USAID has established a public-private alliance to combat illegal logging in Indonesia. The alliance, a collaborative effort of corporations – including The Home Depot, NGOs such as World Wildlife Fund and The Nature Conservancy, and USAID – is encouraging the demand for certified wood products in major importing countries in an effort to combat illegal logging.

Finally, USAID is also supporting an Orangutan Habitat Conservation effort. While this is primarily a biodiversity conservation activity, orangutan habitat is primarily forest, therefore habitat conservation efforts contribute to forest conservation. USAID's orangutan program has documented the existence of a viable population of nearly 2,000 orangutans in the Berau Peninsula of East Kalimantan. As a result of USAID's outreach and awareness activities, the companies operating timber concessions in the area have voluntarily set aside areas of key habitat for conservation and have designated other areas for selective, low-impact cutting in an effort to reduce habitat pressure on the last genetically sustainable population of orangutans known to exist in East Kalimantan.

USAID Forest Programs in Latin America and the Caribbean

Bolivia

With 53 million hectares of forests, Bolivia has more forest area than Central America and Mexico combined. Until recently, however, deforestation in Bolivia had been extensive and largely uncontrolled. In recognition of the need to reduce forest degradation and better protect the biological diversity of Bolivia's forests, the Governments of Bolivia and the United States established the Bolivia Sustainable Forest Management Project (BOLFOR) in 1993. By work-

ing with the government, the private sector, universities, and civil society, BOLFOR has catalyzed dramatic changes in Bolivia's forest sector. Most notably, the Ministry of Sustainable Development established a new Bolivian forestry law and promoted a voluntary certification program. Since the passage of the new law, Bolivia has become a global leader in sustainable forestry with more than six million hectares of forest under approved forest management plans.

BOLFOR builds Bolivian public- and private-sector capacity to design and implement programs for sustainable forest use. The project works with indigenous groups, municipal groups, concessionaires, and private property owners. In 2002, BOLFOR supported 29 local producer groups and five indigenous groups in the development of forest management plans for more than 1.36 million hectares. BOLFOR also supported four local producer groups and five indigenous groups in developing strategic alliances with the forestry industry to sell their products. To strengthen the link between Bolivian producers and markets, in 2002 USAID signed a cooperative agreement with the Amazon Center for Sustainable Forest Enterprise, a leader in product development, marketing, and the export of certified wood products.

Brazil

In 2002, USAID achieved a number of marked successes working in collaboration with government and NGO partners in Brazil, most notably 45 certified forest sites and the creation of seven new protected areas, including Tumucumaque, the largest national park in the world. With assistance from USAID, government and private land owners have adopted sustainable management systems in 26 conservation units, and more than 7,000 families have adopted USAID-supported models for sustainable management, forest-fire prevention, sustainable use of wildlife, and agroforestry systems.

Under the Fire Prevention and Mobilization Control Project, USAID is improving the institutional capacity of rural workers unions, school associations, and rural community organizations to design environmental education programs that promote agricultural practices that eliminate the use of fire, thus enabling communities to contribute to sustainable forest management in the Amazon.

Dominican Republic

A recent forest inventory of the Dominican Republic calculated that close to 28 percent of the country is forested. Despite the potential economic importance of this resource, the forestry sector has stagnated as a result of government policies that restrict wood harvesting and provide disincentives for reforestation by landowners. USAID is providing the newly created Secretariat of the Environment and Natural Resources with technical assistance in policy formulation and institutional strengthening, with a focus on improving forestry permitting and incentive systems. In collaboration with the Dominican Sub-Secretariat of Forestry and the U.S. Forest Service, the Agency has also helped establish a forestry and watershed management training center, a geographic information system (GIS)-based forestry information system, and a forest fire surveillance system.

Ecuador

With about 18 percent of Earth's total bird and orchid species, almost 10 percent of its amphibian species, and eight percent of its mammals, Ecuador is one of the world's most biologically diverse countries. In 2002, USAID worked with 61 indigenous, Afro-Ecuadorian, and other communities to support improved forest management practices, and more than 1.3 million hectares of forest are now

under participatory management. This year, Agency-funded organizations also broke new ground with the development of environmentally sound guidelines for farm-forest management in the Amazon province of Morona Santiago. In the territory of the Awa indigenous people, USAID is supporting land management planning that will help the Indians protect and use the forest resources, including resist incursion from illegal timber harvest operations. USAID programs in Ecuador also help educate partners and beneficiaries about the economic value of healthy forest ecosystems.

Honduras

Poor management of watersheds in Honduras contributed to the high level of damage and destruction caused by Hurricane Mitch in 1998. Since then, USAID's environment activities in Honduras have focused on the sustainable management of watersheds, forests, and protected areas. The Mission's support has resulted in 28 protected areas brought under improved management, totaling more than 258,000 hectares, as well as increases in the number of visitors to parks and reserves, increases in wildlife populations, improved water quality, and a reduction in forest fires. In addition, forestry activities of the National Forestry Science School supported by USAID have resulted in improved technical capacity in watershed management in 32 municipal governments and 90 communities.

Jamaica

Forests cover approximately 32 percent of Jamaica, but less than eight percent of forested areas remain undisturbed. The Jamaica State of the Environment Report of 2001 noted that all native forest types have been reduced in the last 10 years. One of the most serious aspects of deforestation is the clearing of steep, unstable slopes for cultivation and illegal settlements. USAID's Ridge to Reef Watershed management project addresses the issues of land clearing, and unsustainable land management practices in the upper watersheds. Two pilot local watershed management committees are being established to address the governance aspects of watershed management, which include the enforcement of environmental regulations that relate to deforestation. The Mission also facilitates the work of the National Integrated Watershed Management Council, which provides policy guidance at the national level on watershed and forest resources management.

Mexico

Mexico has 25 million hectares of temperate forests and 24 million hectares of tropical forests that help support at least 10 percent of the world's biological diversity and include the largest diversity of oak and pine trees in the world. More than 80 percent of these forests belong to private and communal landowners, including areas within the country's protected area system. Mexico is reported to have one of the highest rates of forest degradation and loss in the world. USAID has begun several initiatives to help address threats to Mexico's valuable forest resources and develop the economic opportunities these forests offer to the rural people of Mexico.

Following the disastrous forest fires of 1998, USAID began working with national and local governments, NGOs, and communities in building fire-management capacity. In 2002, USAID's Wildfire Prevention and Restoration Program continued to implement more than 40 small grants assisting local people in forest-fire prevention and post-fire restoration activities near critical protected areas. USAID and its partners worked with protected area managers,

their staff, local communities, and experts to begin development of fire management plans for protected areas.

USAID support is developing tools for more ecologically and financially sustainable management of community forestry resources. In partnership with the U.S. Forest Service, USAID has helped develop criteria and indicators to monitor forestry practices in a large community managed forest in Chihuahua in 2002. The lessons from these experiences will be used to help design similar approaches with communities that manage tropical forests in southern Mexico. Finally, in collaboration with Rainforest Alliance, USAID is helping to link producers of certified wood with markets, and is working to help producers to improve their forestry practices to ensure that they maintain their certification.

Nicaragua

Nicaragua possesses an abundance of biological, historical, and ecological resources, yet increasing population pressures and uncontrolled resource use have put many of them in peril. Nicaragua lacks an adequate policy and regulatory framework to address environmental problems. High levels of unemployment and poverty overshadow the importance of natural resources for Nicaragua's future, despite the fact that the top export earners for the country depend on soil, water, and biological diversity. To address these issues, in 1992 USAID initiated the Natural Resource Management Project to improve management of renewable resources including forests and maintain biological diversity in protected areas. The project focuses on strengthening local NGOs and communities to co-manage six protected areas through agreements with the Ministry of Environment and Natural Resources. In 2002, the project helped design and implement a protected area co-management model for six protected areas. Seven local committees were legally established in 2002 and are now involved in protected area management, while 90 families living in buffer zones are benefiting from a 20-percent increase in incomes through a small grants and microenterprise development effort. USAID also supported the development of policies for the management of a National System for Protected Areas.

Panama

The Panama Mission supports activities to promote the sustainable management of the Panama Canal Watershed, where forests play a critical role in sustaining the operations of the canal. In 2002, the Mission collaborated with Panama's environmental authority to develop a strategic plan for the management of the protected areas of the canal watershed, including a monitoring strategy, and supported training of park guards in the monitoring and protection of natural resources. Other activities included the promotion of ecotourism, handicraft production, and other environmentally sustainable income-generating activities inside the parks and in buffer areas.

Peru

USAID support has been key in implementing an ambitious forest concession process to reform and modernize Peru's forestry sector in an effort to fight illegal logging, corruption, and social and economic inequity. For example, with USAID assistance, forest concessions have been granted in three Peruvian States totaling 4 million hectares. In 2002, technical assistance was provided to newly formed enterprises, equipping them to successfully compete in the concession bidding process and begin operations. Through GDA support to NGO and private-sector partners in 2002, USAID supported efforts to promote lesser-known timber species, thereby reducing pressure on Big Leaf Mahogany. Moreover, the

National Protected Areas System has substantially benefited from a series of training programs for park professionals sponsored by USAID. Protected Areas master planning was strengthened by standardizing the process for producing and updating protected areas master plans. Finally, the Agency promoted income-generating activities based on the sustainable use of natural resources in coca-growing areas.

The USAID Mission in Peru is firmly committed to the continued support of these activities because they represent an opportunity to improve competitiveness through increased access to markets for sustainable products, reduce corruption through independent resources management and the participation of local populations, and reduce conflict due to a clearer definition of property rights to natural resources.

Regional Environmental Program for Central America

The Regional Environmental Program for Central America (PROARCA) supports protected area management and biodiversity conservation efforts in Central America. PROARCA promotes increased effectiveness in regional stewardship of the environment and natural resources, focusing on three key results related to forest conservation: improved consolidation of the Central American protected areas system; increased local empowerment for stewardship of the environment and natural resources in target areas; and harmonization and strengthening of Central American environmental policy frameworks. In 2002, PROARCA supported 128 NGOs and government agencies working in 55 protected areas. The program also helped develop protocols in support of forestry certification in Central America, which included: definition of High Conservation Value Forests (HCVF), biological monitoring of certified forestry operations located in HCVF, and a model to support sustainable forestry management by indigenous communities. Finally, with technical assistance provided by PROARCA, the Nicaraguan community of Layasiksa passed an independent third-party certification audit of their forestry operations.

Parks in Peril

The Parks in Peril (PiP) program, a partnership among USAID, The Nature Conservancy, local NGOs, and local governments, is among the Agency's most successful and important conservation activities. The PiP program has improved the protection of 37 critically threatened Latin American and Caribbean national parks and reserves covering more than 11 million hectares and containing biodiversity of global significance. In 2002, PiP added eight new parks or reserves to its portfolio.

Specific achievements for PiP in FY 2002 include:

- During the past year, PiP worked with the private sector and the government of Bolivia to support the creation of Altamachi as the first Reserve in Cochabamba.
- In Mexico, PiP helped raise \$1 million that, together with a previous \$1 million donation, will be used to capitalize a trust fund to provide long-term financing for the El Triunfo Biosphere Reserve.
- PiP partner NGOs in the Mosquitia Region of Honduras and Nicaragua sponsored a bi-national forum that brought together local people with government and other stakeholders and resulted in government agencies agreeing to work with community leaders to prepare a bi-national environmental agenda for the protection and management of the Mosquitia.

- In Guatemala, fire prevention and control efforts near the Sierra de las Minas Biosphere Reserve reduced the incidence of fire by nine percent inside of the reserve and by 11 percent in five key watersheds around the reserve.

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 in the countries of transition. The most significant forestry activities in 2002 in the Europe and Eurasia region were carried out in Albania, Bulgaria, Romania, and Russia.

Albania

In FY 2002, the U.S. Forest Service completed its comprehensive watershed assessment of two major river basins in Albania. The assessments were conducted to help the Government of Albania understand the land-use impacts and other dynamics affecting these watersheds, and build capacity among local scientists and natural resource practitioners in the collection, representation, and assessment of data using modern information technology. Vegetation, sedimentation, precipitation, and other data represented in geographical information systems have provided the basis for deciding where to prioritize the need for mitigation practices. A principal conclusion of the assessment was that most of the damage associated with flooding and sedimentation can be attributed to the impact of gravel mining on river morphology and the transport of sediment.

Bulgaria

Eighty-five percent of Bulgaria's water supply originates in its forests, which cover roughly one-third of the country's land surface, primarily on mountainous slopes. These areas also support a large array of habitats and biodiversity. USAID's Biodiversity and Economic Growth project is a logical evolution of 10 years of agency assistance to the Government of Bulgaria to assess, plan, and protect its biological resources through the establishment of sound policies, institutions, partnerships, and sustainable techniques. In 2002, the project continued to strengthen the management of Rila and Central Balkan National Parks through the implementation of approved management plans, and helped broker stakeholder consensus on management planning in forests historically owned by the Rila Monastery. The project also developed operational models for ecotourism development and the management of non-timber forest resources that could benefit communities surrounding the parks. These models, which emphasize public-private partnerships between park management, local businesses, and local governments, have gained national attention and are currently informing the development of national strategies for tourism and park management. To prepare for a phasing out of USAID support to this sector in FY 2003, the project is establishing an endowment fund to provide sustainable financing for activities in Bulgaria's national parks.

The summer of 2000 is remembered for its wildfires that damaged crop lands and parks and threatened community infrastructure. USAID solicited the assistance of the U.S. Forest Service to provide training and equipment to the Government of Bulgaria to build capacity on wildfire prevention and preparedness. These activities continued in 2002, and included a study tour in the

western United States for Bulgarian wildfire specialists to learn about inter-agency coordination in wildfire management and response.

Romania

In FY 2002, USAID provided support to the Ministry of Agriculture and Forestry, and rural communities in Romania to develop sustainable forest management policies and practices. The Romanian Forest Ownership and Management Awareness Campaign promoted the transfer of environmentally sustainable technologies and land-use practices through training workshops targeted at national and local government officials and community leaders. Major project accomplishments include: the selection of sites for a forest restitution and management awareness campaign; the design of training materials to promote public awareness; the completion of a needs assessment of forest management practice; and the training of trainers, community leaders, and government officials.

Russia

Approximately 22 percent of the world's forests are in Siberia and Russia 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. But they are threatened by uncontrolled forest fires, pest outbreaks, illegal logging, and poorly managed harvesting, which are destroying valuable timber and wildlife habitat.

USAID's Forestry Resources and Technologies Project (FOREST) 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 2002, the project provided technical assistance that helped 24 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 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.

In Russia, USAID also supports the Replication of Lessons Learned (ROLL), a program to support demonstration environmental projects, replicate the successful projects, and strengthen partnerships among regional environmental organizations. Since its inception, ROLL has funded more than 300 projects, totaling nearly \$8 million, in support of activities such as forest-fire protection, forest policy, and reforestation.

Finally, in the Russian Far East and Siberia, the U.S. Forest Service and USAID are working with the Russian 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 addressing global climate change and improving the carbon balance in forests of the Russian Far East and central Siberia.

Other Programs — U.S. Department of Treasury

Tropical Forest Conservation Act

Many of the most pristine and diverse tropical forests in danger of degradation and deforestation are in developing countries that have substantial bilateral debt. Through the Tropical Forest Conservation Act (TFCA), the United States is authorized to provide debt relief for low-income and medium-income countries with tropical forests to conserve these endangered forests. Thus, the United States has an innovative mechanism to concurrently address developing nations' debt and the conservation of their tropical forests. Under the TFCA, eligible countries reduce a portion of their "eligible" debt through one or more of the following options: a debt buyback, a debt swap with an eligible third party, or a debt restructuring. Once agreements have been completed, Tropical Forest Conservation Funds are established and run by boards of directors from private and public organizations. The U.S. Ambassador delegates U.S. Government representation on the local Board, most often to USAID. The Board manages the TFCA and plays a key role in partnering and cooperating with other federal agencies, the private sector, and NGOs in the implementation of the TFCA.

To date, all available funds for the TFCA have been obligated for debt reduction agreements with Bangladesh, Belize, El Salvador, Peru, and the Philippines. These agreements will generate more than \$60 million in forest conservation funds during the next 28 years in these countries.

ANNEX III. PARTNERSHIPS

The following is a list of key U.S. Agency for International Development 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 (USDI)
U.S. Environmental Protection Agency (USEPA)
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 (USPC)

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 the Philippines
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)
The Inter-American Development Bank (IDB)
United Nations Development Programme (UNDP)
The World Bank

International Non-Governmental Organizations

Academy for Educational Development
Adventist Development and Relief Organization
African Wildlife Foundation
Africare
Canadian Centre for International Studies and Cooperation
CARE
Catholic Relief Services
Center for International Forestry Research
Center for International Environmental Law
Charles Darwin Foundation
Community Forestry International
Conservation International
Consultative Group on International Agricultural Research
The Consultative Group on Biological Diversity
Enterprise Works Worldwide
The Environmental Law Institute
Food for the Hungry International
Ford Foundation
Global Environmental Facility
Heifer Project International
International Centre for Research in Agroforestry
Institute of Environmental Science for Social Change
International Gorilla Conservation Program
International Tropical Timber Organization
International Union for the Conservation of Nature
Mexican Conservation Fund
National Fish and Wildlife Foundation
PACT
South East Consortium for International Development
The Society for Conservation Biology
The National Geographical Institute
The Nature Conservancy
The New York Botanical Garden
Tropical Forest Foundation
WildAid
Wildlife Conservation Society
Winrock International
Woods Hole Research Center
World Learning
World Resources Institute
World Wildlife Fund

National, Regional, and Local Non-Governmental Organizations


Amazon Working Group (Brazil-GTA)
The Bangladesh Center for Advanced Studies
Brazilian Tropical Forestry Foundation (FFT)
Brazilian National Institute for Amazon Research
(INPA)
CAMPFIRE Association (Zimbabwe)
CARITAS Bangladesh
Center for Natural Resources Studies (Bangladesh)
Centro Maya (Guatemala)
Defensores de la Naturaleza (Guatemala)
Desdel Chaco Foundation (Paraguay)
Environmental Research Institute for the Amazon
(Brazil- IPAM)
The Federation of Nepalese Chambers of Commerce
and Industry
Fresh Produce Exporters Association of Kenya
Institute for Socio-Economic Studies of Southern Bahia
(Brazil - IESB)
International Education Institute of Brazil (IIEB)
Institute for Man and Environment in the Amazon
(Brazil-IMAZON)
Kenya Agricultural Research Institute
Kenya Wildlife Services
National Commission for the Study and Use of
Biodiversity (CONABIO)
National Environmental Council (Peru)
National Forestry Science School (Honduras - ESNACI-
FOR)
National Institute of Natural Resources (Peru - IRENA)
Panamanian Foundation for Environmental Services
Peruvian Society of Mining, Petroleum, and Energy
(Peru - SPDA)
Pronatura (Mexico)
Proyecto Aldea Global (Honduras)
Research and Extensión in Agroforestry Systems for
Acre State (Brazil- PESACRE)
Rossing Foundation (Namibia)
Society for Wildlife Research and Environment (Brazil -
SPVS)
South Trelawny Environmental Association (Jamaica)
SOS Amazon (Brazil)
Tegemeo Institute (Kenya)
United Missions to Nepal
Vitoria Amazonica Foundation (Brazil - FVA)
Water, Wildlife, and Environment and Land
Management (Lesotho - ELMS)
World Vision-Kenya

Implementing Partners


Abt Associates
ACDI/VOCA
Agricultural Business Services
Appropriate Technologies for Enterprise Creation
Associates in Rural Development
Chemonics International Inc.
Cooperative Bank of Kenya
Cornell University
Development Alternatives, Inc.
Honduras Forest Development Corporation
(COHDEFOR)
International Resources Group
K-REP Holdings, Ltd.
Management Systems International
PA Consulting
Tetra Tech EM, Inc.
Tuskegee University
University of Florida
University of Miami
University of Rhode Island
Washington State University

ANNEX IV. ENDNOTES

- 1 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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