



An Introduction to Forest Trends



Our Mission:

- To maintain and restore forest ecosystems by promoting incentives that diversify the trade in the forest sector from dominance in wood products to a broader range of services and products.
- Forest Trends seeks to accelerate the evolution of economic systems in which:
 - Commerce sustains forest ecosystem services (I.e. watershed protection, biodiversity)
 - Companies and communities that manage forest ecosystems in a sustainable fashion receive market recognition, and
 - Equitable share of the benefits generated from forest based commerce is returned to local communities.



Our Strategic Goals:

- Accelerate the development of markets for forest ecosystem services;
- Expand markets and investment that encourage improved forest management
- Promote markets and investments that improve livelihoods of forest communities.



Our Niche

- Between policy groups (e.g. WRI, IIED), advocacy groups (e.g. WWF, Greenpeace) and the market
- Focused on:
 - forestry, the area outside of protected areas
 - markets and market based instruments (MBIs)
 - critical markets, not just forests
 - forest landscapes, not just HCV forests
- One step closer to commerce



How we work:

- Complementing/strengthening local change agents in critical forest markets
- Generating & disseminating critical information to market players
- Convening key players and fomenting innovation
- Facilitating deals that set valuable precedents in key markets









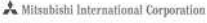










Programs

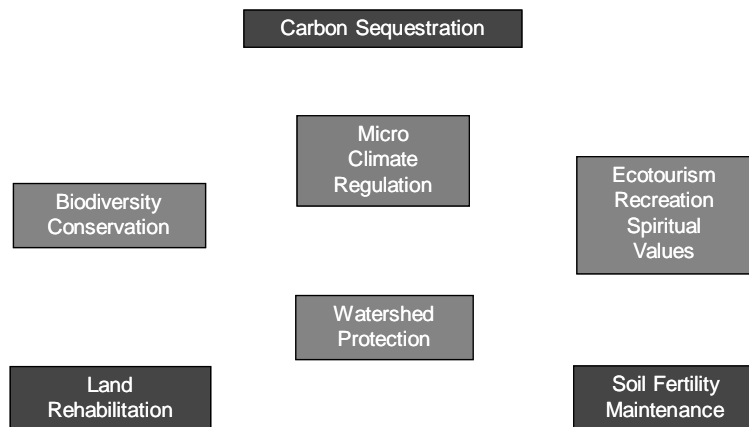
- Forest Services
- Good Wood and Good Investment
- Forests and Poverty



Our Board of Directors

 Matt Arnold World Resources Institute	 Linda Coady Weyerhaeuser	 Catherine Mater Mater Engineering	 Ken Newcombe The World Bank
 David Cassells The World Bank	 Randy Hayes Rainforest Action Network	 Miguel Milano O Boticário Foundation	 David Brand Hancock Natural Resource Group
 James E. Brumm Mitsubishi International Corp.	 Olof Johansson Sveaskog	 Salleh Mohd Nor TropBio Research	 Sergey Tsyplov Greenpeace, Russia
 Bruce Cabarle World Wildlife Fund	 Michael Jenkins Forest Trends	 Wade Mosby The Collins Companies	 Bettina von Hagen Ecotrust
 John Earhart Global Environment Fund			

Forest Services

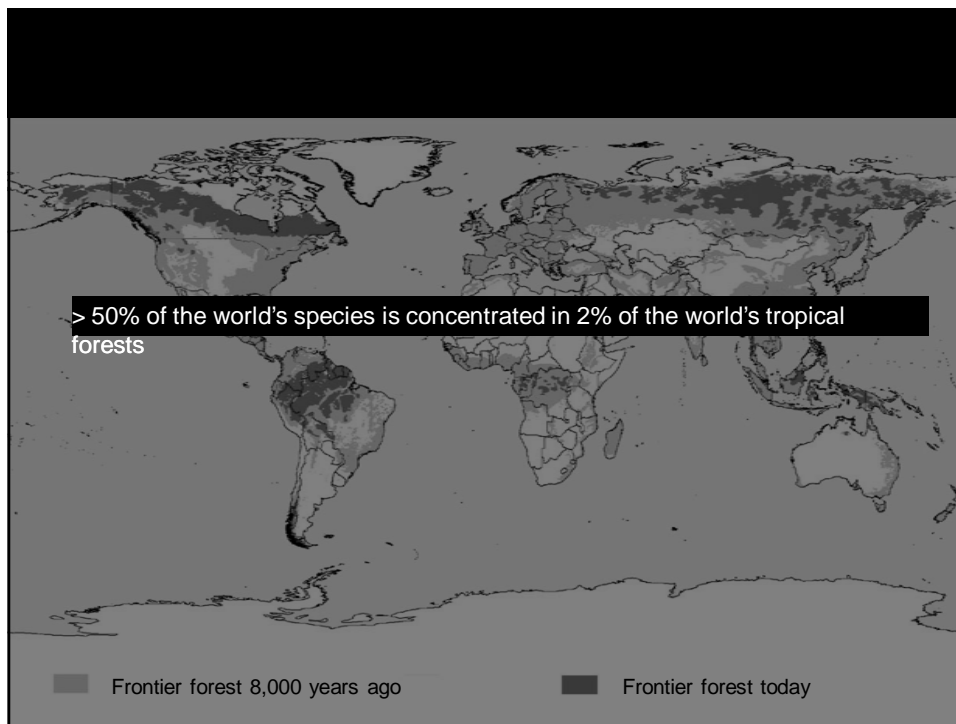


Underpinning Society

After Costanza *et al.*, 1997

Ecosystem Service	Ecosystem Functions
Climate regulation	Regulate global temperature, precipitation, and other biologically-mediated climatic processes at global and local levels
Disturbance regulation	Provide storm protection, flood control, drought recovery and other responses to environmental variability mainly controlled by vegetation structure
Water regulation	Regulate hydrological flows
Water supply	Store and retain water
Soil formation	Support soil formation processes
Erosion control	Retain soil within an ecosystem

Nutrient cycling	Store, internally cycle, process and acquire nutrients
Pollination	Support pollinators for reproduction of plant populations
Biological control	Enable trophic-dynamic regulation of populations
Food production	Convert a portion of gross primary production into food
Raw materials	Convert a portion of gross primary production into raw materials
Genetic resources	Produce unique biological materials and products



Why should we focus on markets for environmental and ecological values?

- Regulatory approaches have limits –high cost for marginal increases in benefit
- Human psychology responds better to rewards than rejection
- Markets tend to be efficient at achieving outcomes if well-designed
- Humanity is now so dominant on earth that it must take direct responsibility –*no more free ride on the environment as an externality*

Success Stories — Carbon Sequestration

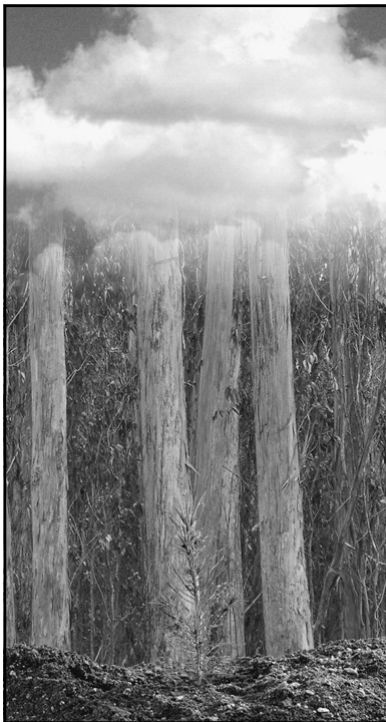
- ◆ Bolivia
 - Buying back logging concessions in biologically rich areas
 - American Electric Power, Pacific Corp., BP America, The Nature Conservancy, Noel Kempff National Park
 - \$9.5 million
- ◆ Brazil
 - Restoring tropical forests in Mato Grosso State
 - Peugeot, Pro-Natura, Ministry of Agriculture, Community of Juruena
- ◆ Australia, NSW
 - Afforestation on pasturelands
 - State forests of NSW - Pacific Power, Delta Power

Success Stories — Watershed Protection

- ◆ Water quality
 - NYC -- Catskill watershed
- ◆ Water supply
 - Quito, Ecuador and the cloud forests in the Antisana
- ◆ Water regulation
 - Salinization control credits in New South Wales
- ◆ Aquatic productivity
 - “Salmon-safe” certification in Oregon

Success Stories — Biodiversity

- ◆ Brazil
 - Tradable development rights
- ◆ U.S.A.
 - Conservation easements
- ◆ Global
 - Forest certification



THE WORK AHEAD

Developing commercial
markets for the environmental
services of forests

