FERN promotes the conservation and sustainable use of forests and respect for the rights of forest peoples in the policies and practices of the European Union. FERN is a non-governmental organisation (NGO) that was founded in 1995 by the World Rainforest Movement.

In 2002 our Board members were: Gemma Boetekees, Francesco Martone, Saskia Ozinga, Sian Pettman, Stan Termeer and Caroline Zuniga.

FERN would like to thank the following organisations for supporting our work in 2002:
- C.S. Mott Foundation
- DG Development of the European Commission
- DG Environment of the European Commission
- Dutch Ministry for Housing, Spatial Planning and the Environment
- Finnish Ministry of Foreign Affairs
- Ford Foundation
- Global Forest Coalition
- Netherlands Committee for IUCN
- Swedish Society for Nature Conservation
- Wallace Global Fund
- World Rainforest Movement

FERN’s staff in 2002:
- Saskia Ozinga, Director
- Chantal Marijnissen, Policy Officer: trade and illegal logging
- Bérénice Muraille, Forest Policy Officer: development co-operation, intergovernmental forums and EC Forest Platform
- Jutta Kill, Policy Officer: climate change
- Emilie Thenard, Policy Officer: Export Credit Agencies
- Sara Street, Administrative Support
- Jessica Wenban-Smith, Communications Manager

Consultants:
- Mpho Mpho Mofolo
- Nicole Gerard
The 'impossible dream' of reversing the forest crisis is the inspiration behind FERN’s mission. By the end of 2002 FERN’s team had tackled an ambitious work programme that included researching forest policy and practice, informing EU politicians and officials on the need for change, illustrating arguments with practical examples and – last but not least – acting as a facilitator for people and organisations from the South and East who want to present their cases to the EU institutions. For us, the path from impossible to possible is a series of manageable steps – each with an achievable and realistic goal, however distant.

FERN believes that to reverse the forest crisis we need to address the underlying causes of forest loss, which relate to poor or non-existent recognition of the rights of local people, the failure of the market economy, and the lack of government intervention to rectify market failures. These causes are compounded by the exclusion of many civil society groups from decisions that affect forests.

Our approach has led us to take a wide-angle view of the forest crisis. This year we concentrated on the financing mechanisms that lead to forest destruction, trade liberalisation and legally-binding government commitments, increasing the participation of affected people in the development and implementation of EC policies and changing EC policies and practices.

This annual report presents only the highlights of our work in 2002. Nonetheless, the long list of outputs shows that 2002 has been highly productive: three major reports, 25 case study or smaller reports, six briefing notes and numerous joint-NGO statements, as well as an overhaul of our website and an increase in the number of readers of our newsletter EU Forest Watch. More important, however, is the concrete impact of our work.

In this, FERN can count several visible successes, the most important of which are listed in the pages that follow. The year ahead will see us work even more closely with our allies to force the plight of forests and forest peoples, and their underlying causes, to the top of the agenda of EU institutions.

None of our successes would have been possible without the support, co-operation, contacts and alliances that FERN continues to establish with other environmental and social NGOs in the North, the South and the East.

Saskia Ozinga, Director

“Sometimes I feel it is an impossible dream to stop the clearcutting and massive destruction and pollution by these huge multinational companies, but when people like you respond by letters or phone calls it makes the struggle seem like ‘perhaps it is not an impossible dream.’”

Judy DaSilva from the Anishinabe Nation in Canada who are fighting to prevent Abitibi Consolidated Inc from clearcutting on their lands.
Gathering cocoa in Indonesia
In Indonesia, forest products provide vital income for forest-dependent communities.
Europe’s aid programme: new research
The European Community’s nine billion euro aid programme aims to reduce poverty, but new research from FERN found that the role forests play in providing essential food and materials for many of the world’s poor is almost completely overlooked. The release this year of EC Country and Regional Strategy Papers – the official documents that say how EC aid will be spent – gave us the opportunity to investigate concerns that the environment, particularly forests, are being sidelined and starved of funding. Our findings show that in many highly forested countries, EC aid programming misses the vital link between natural resource management and poverty reduction.

Highlights:
• The publication of our detailed analysis of EC aid programmes in 18 highly forested countries in Forests at the edge: A review of EC aid spending.
• Letters to European Commissioners Wallström, Patten and Nielson sought action from the meetings and reports are vital tools, but in the end it is what is happening to forests and forest peoples that matters to FERN. It is too easy for decision makers in Brussels to become disconnected from the impacts of their decisions. Crucial information is often filtered of meaning as it travels from one report to the next. FERN’s approach is to call for a reality check from the people who know – the people who live in and near forests. This doesn’t always make us popular, but it gives us the confidence to present our arguments knowing they are well founded.

“The EC Forest Platform [run by FERN] is the only forum where we as Cameroonian environmental NGOs can raise our concerns on EC aid policy. By talking to policy makers in Brussels, and reaching public opinion in the north, it is our hope that we will contribute to the improvement of the EC aid policy toward better consideration of environmental issues.”
Belmond Tchoumba, Centre pour l’Environnement et le Développement au Cameroun

A major report on EC aid and forests
All of the countries investigated by FERN in Forests at the edge: A review of EC aid spending include large areas of forest, yet none of the EC aid programmes for these countries offers a thorough analysis of how poor people depend on forests for food, fuel, materials and medicines. In addition, almost no money is allocated to forests or forest peoples in the EC’s Country Strategy Papers that define how aid will be spent. The Country Strategy Papers investigated include:

• Cameroon, where nearly 50% of the EC aid budget is for building a new road that could contribute to an increase in traffic of illegally – and unsustainably – sourced timber from within and outside the country. The CSP offers no clear case explaining how the road will contribute to poverty reduction and fails to properly assess regional environmental impacts.
• Bolivia, where 48% of the land area is forested but none of the €126m allocated for 2003-06 will go to forests or forest peoples. Instead €50m will be spent upgrading a stretch of road that will make Bolivian forests more accessible to the dynamic timber markets of Brazil. Potential impacts on indigenous and forest-dependent peoples are not analysed.
• Papua New Guinea, where three-quarters of the country is forested yet none of the €81m allocated will go to forests or to the problems of environmental damage caused by excessive and unsustainable logging.
Commission to ensure future integration of forests into aid programming.

- Strategy sessions with European and Southern NGOs to improve the transparency and quality of Country and Regional Strategy Papers and ensure a positive outcome for forests and forest peoples.

**Climate change: a dirty deal**

Throughout 2002 FERN warned that granting carbon credits to industrial tree plantations was a dirty deal for forests, forest peoples and the climate. The Kyoto Protocol’s Clean Development Mechanism (CDM) is the process that allows this. Evidence of problems is mounting. The first sinks project seeking CDM credits involves an industrial-scale eucalyptus plantation in Brazil. Over 50 Brazilian organisations, politicians and churches united to state that “this project is not ‘clean development’ and we urge you not to invest in it”. FERN called on governments to refrain from using CDM carbon sink credits to achieve their Kyoto targets.

**Highlights:**

- When the first group of carbon sink projects moved towards registration with the CDM (a prerequisite for claiming carbon credits), FERN alerted local organisations, scrutinized the projects and provided detailed submissions to the auditors who assess CDM creditworthiness.
- FERN’s criticism of carbon sinks began to bear fruit: Point Carbon, one of the principal carbon consultancies wrote in its market overview that “the strong NGO resistance towards sinks projects (especially those linked to plantations) and large-scale hydropower projects will likely make such projects less attractive for [credit] buyers.”

**Convention on Biological Diversity**

The Convention on Biological Diversity was conceived at the Rio Earth Summit in 1992. The adoption this year of an eight-year work programme on forests was one of the most important discussion items at the sixth meeting of the CBD. The reality of what was happening ‘in the field’ was of paramount importance to FERN.

**Highlights:**

- We co-ordinated a global study on the implementation of forest-related commitments under the CBD, based on new research in 21 countries across the globe. The study identifies lessons learned, success stories, constraints and loopholes and presents clear recommendations to improve the implementation of forest-related commitments under the CBD.

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**How ECAs destroy the environment and undermine peoples’ rights**

Export Credit Agencies (ECAs) promote national exports and industries abroad and provide government-backed loans, guarantees and insurance to corporations seeking to invest in projects in the South and Eastern Europe that are considered too risky for commercial financing. Thus ECAs often provide government support for destructive projects, including pulp and paper mills, mines, oil pipelines and large dams – many of which impact on forests or forest peoples.

Among the projects currently seeking funding is the Baku-Ceyhan Pipeline. If constructed, the 1,750-kilometer duct, known as the BTC (Baku Tibilisi Ceyhan) or Main Export Pipeline, will carry crude oil from the Caspian oilfields through Azerbaijan, Georgia and Turkey to the Mediterranean seaport of Ceyhan. The project, proposed by a consortium of European and US oil companies, has already been heavily criticised for fostering corruption, fuelling human rights abuses and underlining national laws and development.

FERN believes that projects such as BTC should not be eligible for financial support through European ECAs and is co-ordinating the European ECA Reform Campaign, which aims to prevent the harmful impacts on the ground of specific projects, raise awareness about the role of ECAs and reform these institutions. European ECAs have refused so far to recognise or remedy the harmful impacts of their involvement in countries in the South and Eastern Europe, or to subject their operations to effective environmental and social standards.

*Children of Umid village in Azerbaijan on the route of the Baku-Ceyhan Pipeline*
Cutting down the forests of Cameroon

Unsustainable harvesting of timber and non-timber forest products is a direct cause of forest loss in Cameroon, and illegal logging is estimated to account for 50% of all timber harvesting. Cameroon is Africa's top exporter of timber to the EU.
Moving forests up the political agenda

Environmental campaigners know it’s hard to get anything done quickly in the EU and that its institutions are as complex as any maze. But FERN has built up specialist knowledge of the European political machinery and as a result our work is bearing fruit and respect for our work has grown. Taking part in the democratic process requires determination and dogged perseverance to continually confront obstacles, resistance and opposition. FERN achieves high success in persuading EU parliamentarians and Commission officials to listen to our arguments and to lend their weight to the process of change. Our approach is seen as positive and well-informed – a reputation that pays dividends in the meeting rooms and corridors of Brussels.

“This particular issue [illegal logging] is very complex and the actions will probably take some time, but I am sure something will be done to avoid illegal timber entrance in EU. All this will be due to your efforts as a very serious and rigorous environmental NGO.”

José María Solano López, Dirección General de Conservación de la Naturaleza, (Ministry of Environment), Spain.

Illegal logging: mapping the future
FERN’s work on curbing illegal logging made significant progress this year. We targeted the specific legal instruments and other mechanisms that require amendment and created a sense of momentum that gathered pace as the year progressed. The goal of new legislation to ban the entry of illegally-sourced timber into the EU now seems realistic. Associated mechanisms such as procurement policy and financial regulation are being widely debated.

Highlights:
• FERN joined forces with the Royal Institute of International Affairs to produce a report on Controlling Imports of illegal Timber: Options for Europe. Its thorough analysis and detailed recommendations for policy changes and amendments are being widely discussed and the report is shaping the illegal logging debate at European level.
• We built alliances with NGOs and generated interest among senior officials at the European Commission leading to a roundtable meeting, hosted by the Commissioner for Development Co-Operation, to discuss our detailed policy recommendations.
• Monitoring the European Commission's progress on its promised Action Plan on illegal logging has started and will be actively pursued in 2003.

Forest certification: challenging EU assumptions
The EU has developed policies that impact on forest certification in several areas and this is likely to grow in the future. This year, the EU Ecolabel scheme and the new directives on government procurement were under the spotlight. FERN’s aim is to ensure that EU policies allow member states and local authorities to buy certified timber, and that the EU Ecolabel scheme recognises independently-certified timber only. For us, it is essential that only credible forest certification schemes are operational in EU markets.

Highlights:
• FERN took an active part in a joint-NGO coalition to support ‘green procurement’, especially the use of certified timber.
• We presented joint-NGO comments on the EU Ecolabel scheme for copy paper. We believe that the Ecolabel should only be awarded to products that come from independently-certified forests. In all cases industry lobby groups disagreed and the disappointing outcomes were highlighted in articles in EU Forest Watch.
• We researched the chain of custody requirements of different forest certification schemes to see which systems were most suitable for tracing illegally-sourced timber. The findings were presented in our report Controlling imports of illegally sourced timber: Options for Europe.
• We updated our 1997 report on EU initiatives in relation to forest certification and drafted a report on status of the Pan European Forest Certification (PEFC) and the FSC scheme in different European countries. Both reports were presented to the European Commission.

Aid: a call for quality
FERN is scrutinizing EC aid policies and practices in relation to forests. Our aim is to improve the quality of aid and ensure forest issues receive proper consideration, either directly through effective projects, or indirectly by minimizing any adverse impacts on forests. FERN is also
arguing for increased transparency from the European Commission and the full participation of environmental NGOs, indigenous peoples’ organisations, and local communities in policy-making and programming.

Highlights:
- A meeting with the European Commission gave us the opportunity to comment on the Commission’s proposals to revise the regulation for aid to Asia and Latin America and to reform the forest budget line.
- We held strategy sessions with environmental and development NGOs from Europe, Asia, and Latin America to organise a campaign to improve the proposed revision of the regulation for aid to Asia and Latin America.
- We met the European Commission to present our comments on the second draft of a communication on ‘forests in development’.
- We participated in the European Tropical Forests Advisory Group.
- We kept NGOs well informed about the World Bank’s newly-released policy on forests and on the risks the policy presents for forests and forests peoples.

Export Credit Agencies: a chorus calling for change
In stark contrast to ECAs in the USA, Australia and Japan, European ECAs have refused to recognise or remedy the harmful impacts of their involvement in countries in the South and Eastern Europe, or to subject their operations to environmental and social standards and procedures. While some progress has been achieved elsewhere, European ECAs continue to oppose reform. To counter this, FERN is campaigning for the EU to develop strong legislation on ECAs in line with existing EU commitments to the environment, transparency and human rights. We do this in collaboration with national campaigns in the EU member states.

Highlights:
- With the European ECA Reform Campaign – which is co-ordinated by FERN – we developed Key reforms

Illegal logging: policy options
Concern over the extent of illegal logging around the world has grown significantly in recent years, with discussions taking place in many international forums, including the G8 and the World Summit on Sustainable Development. This heightened awareness has developed in part as a response to growing evidence of the destruction of forests and the accompanying serious loss of government revenue. In part it is an offshoot of the growing stress on ‘good governance’ in international policy. And in part it reflects the increasing recognition of the role of consumer countries in fuelling demand for illegal products.

The effective control of illegal logging will require action across many policy areas: the promotion of good governance, action to tackle corruption, land reform, industrial and fiscal policy reform, development assistance and so on. FERN’s work in 2002 focussed on the single issue of the control of imports of illegally produced timber into the EU. Given that the EU is the world’s largest importer, decisive action to exclude illegal products from European markets should act both as a demonstration of political will and as an incentive to pursue activities across the wider arena.

From the point of view of EU member states, the control of imports must be pursued at the European level. Not only has the single European market created a trading area without internal frontiers, but international trade policy is an area of exclusive EU competence and individual member states cannot erect trade barriers by themselves.

Ramin mouldings on sale
Ramin is an endangered species found only in peat swamps in Borneo and Sumatra. Peat swamps are prime orangutan habitat, and the illegal logging of this valuable wood has seriously depleted their habitat, even within National Parks.
needed for ECAs. The reforms outline specific changes required to ensure that government-backed ECAs contribute to meeting their countries’ legal obligations and commitments towards sustainable development.

• FERN’s work in raising awareness about the negative impacts of ECA projects led to amendments to two European Parliament reports and recognition of demands for binding environmental and social guidelines for ECAs. This, in turn, influenced the wording of the European Union’s position at the World Summit on Sustainable Development in Johannesburg.

• FERN engaged the European Commission in establishing a civil-society working group on ECA reform. We have also been asked to present the Key Reforms to the Council Working Group on this issue.

• FERN submitted detailed comments on the Commission report Experience gained and the convergence achieved in applying the provisions laid down in the Directive on medium and long term export credit insurance as well as a series of questions regarding environmental and social standards for European ECAs to the EU’s Commissioner for Trade.

Climate change: steering away from plantations
Good climate policies are an important element in ensuring that climate change activities will halt global warming. In contrast, poor climate policies – paving the way for carbon sink projects – risk worsening not only the climate crisis, but also the global forest crisis. To avert a plethora of damaging carbon sink projects, FERN called on the European Commission and EU Member States to stop using carbon sink credits to achieve their greenhouse gas emission cuts under the Kyoto Protocol and to explicitly exclude the use of credits originating from industrial tree plantations.

Highlights:
• FERN alerted EU member states attending the UN Framework Convention on Climate Change (UNFCCC) in Delhi to the importance of an explicit excluding of industrial tree plantations from the Kyoto Protocol’s Clean Development Mechanism to avoid the CDM turning into a subsidy for the expansion of these monoculture plantations.
• FERN presented detailed arguments to the Sinks Expert Group of the European Climate Change Programme, aiming to keep the EU focussed on averting climate change through emission cuts, not carbon sink accounting.

United Nations Forum on Forests (UNFF)
The UNFF’s mandate is to promote the management and sustainable development of all types of forests and to strengthen long-term political commitment to this end.

FERN engaged in this process with a positive approach, but the UNFF meeting in 2002 was a failure: meaningful decisions were stalled, civil society participation was hindered and few of the expected outcomes were reached. One of the few hopeful signs was a strong set of criteria for reviewing the effectiveness of the UNFF.

Highlights:
• FERN and the Forest Peoples Programme prepared for the UNFF2 meeting with clear recommendations to ensure high quality implementation of National Forest Programmes.
• We attended the UNFF2 meeting in New York – a last-minute change of venue that made it impossible for some Southern NGOs to arrange visas and NGO participation was repeatedly obstructed. Nonetheless, FERN was actively involved in the preparation of joint-NGO statements.
• In line with submissions from FERN and the Forest Peoples Programme, the UNFF adopted most of our
recommendations for the UNFF Multi Stakeholder Dialogue.

• After the meeting, FERN and the Forest Peoples Programme produced a report on the outcome of UNFF2: UNFF2 ends in failure. Any hope left for UNFF3? The briefing was widely distributed and the debate about future involvement continues.

Convention on Biological Diversity (CBD)
The Convention on Biological Diversity is one of the most important international forums for forests. Our objective for the 2002 CBD meeting was a strong action-oriented work programme on forests. To this end we helped focus the position of an NGO coalition and coordinated research into the impact of the CBD in 21 forested countries. The approach paid off. The CBD’s work programme on forests is good and NGO networks were strengthened.

Highlights:
• FERN produced a draft work programme on forests to share with other NGOs and government officials, highlighting the issues we felt should be addressed by a new CBD work programme on forests.
• FERN joined other NGOs in circulating a joint briefing on the CBD and indigenous peoples’ rights to EU governments and Commission officials.
• FERN produced a global report highlighting the state of implementation of CBD commitments related to forests, based on 21 country case studies. The report was launched at a conference side event co-hosted by FERN.
• We distributed a two-page report on the outcome of the CBD, which highlighted the adoption of a work programme on forests under the CBD and its emphasis on collaboration with the UNFF.

Carbon sinks: still time to save the credibility of the Kyoto Protocol

Climate change will profoundly alter forests worldwide, threatening their ability to survive as healthy ecosystems that provide us with clean air, water, food, and medicines. These changes will not only have an impact on global warming itself, they will also mean further hardship for forest peoples whose livelihoods and ways of life depend upon intact forests.

The United Nations Framework Convention on Climate Change (UNFCCC), and the Kyoto Protocol are the international policy instruments set up to avert climate change. Tragically, they have so far failed to live up to the challenge: emission reduction targets adopted by many industrialised countries are a far cry from what is needed. In addition, governments have bought into the idea that planting trees – natural carbon stores – will allow them to escape even these minimal cuts in greenhouse gas emissions.

These ’carbon sinks’ are a major concern to FERN, because the concept will fail to address both the climate and the global forest crises. These concerns have been reflected in official EU positions in the international climate change negotiations, even though political pressure to ’save the Kyoto Protocol’ led to a broad inclusion of the concept of carbon sinks in the Kyoto Protocol, including the protocol’s Clean Development Mechanism.

During 2002, FERN reminded EU governments that they can still reduce the loophole created by the inclusion of carbon sinks in the CDM: 60% of the permissible CDM carbon sink credits are allocated to EU member states. Consequently, if all EU governments refrained from buying CDM carbon sink credits to achieve their Kyoto targets – a policy option available to each member state as well as the EU collectively – the market for harmful CDM sinks projects, like industrial tree plantations, would be significantly reduced. 2003 will see critical EU policies come into force, which will spell out how the Community will meet its Kyoto commitments. FERN will keep up the pressure on the EU to seize this opportunity and explicitly exclude the use of CDM carbon sinks. It is the only sensible choice – for the climate as well as for forests and forest peoples.
Protest against illegal logging in the Philippines

In the Philippines extensive deforestation has been blamed for destroying the natural watershed and contributing to devastating floods.
Alert, active networks

A close relationship with NGOs is at the core of FERN’s ethics and success. The process is two-way: NGO colleagues rely on us to identify issues and establish good contacts within the Brussels institutions; we rely on them to keep us in touch with national campaigns and priorities. It’s a symbiotic relationship that works to everyone’s advantage. We actively seek to raise awareness of EU issues within environmental and social NGOs. Decisions made at the EU have a major impact on forests and forest peoples, and an increased understanding of the EU by NGOs is of crucial importance. Working cooperatively and constructively with others is a principle at the heart of FERN’s approach.

“Coming back now to Brussels I would like to express my congratulations for organising this meeting [EC Forests Platform]. This kind of initiative really shows how networks can be mutually supportive.”
Hervé Lefeuvre, Environment and development aid policy co-ordinator, WWF European Policy Office.

Export Credit Agencies: a growing network
FERN’s campaign on ECAs is carried out in collaboration with, and in support of, the European NGO community that is working primarily at the national level, and NGOs and communities in host countries that are struggling to preserve their rights and their environment. The effectiveness of our work requires good co-ordination between activities carried out in the affected areas, in the member states and at the EU-level. FERN acts as a co-ordinator of the European ECA Reform Campaign, ensuring that results from these activities are pulled together and presented at different levels within the EU.

Highlights:
- FERN organised NGO-co-ordination meetings. We compiled monthly updates on the progress of ECA reform campaigns, which offer the opportunity to share arguments and increase pressure.
- We assisted partner NGOs by meeting national representatives in the European Parliament. This enables a wider dissemination of information to the 626 members of the European Parliament and ownership of the EU level work by the national organisations.
- FERN drafted an NGO campaigner’s guide to inform the NGO movement of the structure of the EU institutions, the relevant EU legislation applicable to ECAs and the potential for ECA reform at the EU level.
- FERN has galvanised many different groups in support of this campaign. The Key reforms needed for Export Credit Agencies was signed by more than 60 European NGOs.

Climate change: the risks of carbon sinks
One of FERN’s major concerns about carbon sinks stems from the threat that these projects, especially industrial monoculture tree plantations, pose to local communities and forest peoples. Strong networks between local grassroots organisations, indigenous peoples’ movements and forest NGOs in the North are essential to prevent such projects. Building such a strong network was one of the key priorities of FERN’s climate change and forests programme in 2002.

Highlights:
- SinksWatch, an initiative of the World Rainforest Movement, was hosted and implemented by FERN in its capacity as the Northern Office of the WRM. Its aim is to link communities affected by carbon sink

EC Forest Platform
This year FERN set up the EC Forest Platform – an initiative that links peoples in the South and the European Community on aid and forest issues. The European Community has almost no direct contact with the people and organisations that know about forest issues in recipient countries. The purpose of the EC Forest Platform is to:
- give a voice to NGOs and forest peoples who want to present their issues to the European Community
- debate the impacts of EC aid policies and projects in forests and forest peoples
- provide EC policy makers with ‘on the ground’ information on forests and forest peoples.

The Platform held its first meeting in Brussels and we hope to extend the network in 2003 and beyond.
projects, especially industrial tree plantations, and NGOs in the industrialised countries that are turning to sink credits as a way around greenhouse gas emission cuts.

- FERN organised and facilitated several workshops on forests, climate change and carbon sinks.
- FERN alerted NGOs to new carbon sink projects and facilitated critical submissions on several projects seeking carbon credits. Together with CDM Watch and the International Rivers Network, SinksWatch initiated a letter to European governments urging them not to use CDM carbon sink credits to achieve their Kyoto targets.

Illegal logging: a critical mass
Stopping illegal logging is essential for forests and forest-dependent peoples. A wide range of NGOs are involved in the debate about how to achieve this goal, but this year FERN was instrumental in making significant progress for all. Our role in uniting diverse NGO voices and then creating a forum for debate with the European Commission has established a strong start. The promise of an EU Action Plan to curb illegal logging is a substantial reward.

Highlights:
- FERN coordinated NGOs working on illegal logging at the European level through a series of meetings and informal debate.
- Working closely with the Royal Institute of International Affairs, we jointly researched and published *Controlling Imports of Illegal Timber: Options for Europe* – a policy options paper that has shaped the illegal logging debate in Europe.
- Working in co-operation with DG Trade, FERN organised a discussion meeting between the Commission, the private sector, and NGOs.
- We presented *Controlling Imports of Illegal Timber: Options for Europe* at the European Parliament, the European Forest Advisory Group and the United Kingdom’s Department for International Development’s stakeholder consultation.

Forest certification: shaping change
FERN strongly believes that to achieve ‘sustainable forest management’ in forest certification the equal participation of representatives of the social, economic and environmental sectors is needed. This is why we actively support the Forest Stewardship Council (FSC) scheme. Where forest owners and industry define ‘sustainable forest management’, as is the case in most other schemes, credibility is lost. For FERN, finding a shared approach to forest certification – with all sectors – is of great importance.

Highlights:
- In response to a request from Malaysian NGOs, FERN provided information to the European Commission and Parliament about the problems with the Malaysian timber certification scheme. We also drafted a briefing paper and co-ordinated a joint NGO position on the Malaysian scheme.
- We provided information on different certification schemes to environmental and social NGOs in Brazil and Cameroon as well as to timber buyers at seminars in the Netherlands and the UK.

Although we currently see the FSC as the only credible forest certification scheme, it also needs to respond to...
developments and strive for self-improvement:
• FERN functions as a co-ordination point for Northern NGOs to provide input into the FSC board.
• We initiated a number of discussions among NGOs globally on improving the FSC.
• We participated and co-chaired an NGO strategy session in the USA on NGO positions on the certification of large-scale tree plantations.

Aid: Linking up
FERN actively assists NGOs in gaining access to EU institutions and understanding EC aid policies, decision-making and procedures. With the recent decentralisation of EC aid programming and decision-making, it is ever more important to ensure networking and information exchange between European and Southern NGOs. The EC Forest Platform, launched this year, will shape this future exchange.

Highlights:
• We launched the EC Forest Platform, a FERN initiative that links peoples in the South and the European Community on aid and forest issues. By the end of 2002 more than 40 NGOs had contacted the Platform seeking information or providing valuable feedback.
• European NGOs and NGOs from Indonesia, Cameroon, and Suriname attended the first Platform meeting where the discussion covered the structure of EC aid and the impact of EC aid programming on forests and forests peoples.

Co-ordinating forest networks
One of FERN’s central activities is co-ordinating and informing NGOs working on forest issues. We are adept at building strong and effective campaign networks that participate in joint projects or issue powerful statements from a united voice.

Highlights:
• FERN co-ordinated the Forest Movement Europe (FME) for the seventh year. FME is an informal network of more than 45 NGOs from 12 European countries, all of which are working on forest issues.
• We were active steering committee members of the World Rainforest Movement (WRM) and the Taiga Rescue Network (TRN). The WRM is a global network of citizens groups involved in efforts to defend the world’s rainforests. TRN is concerned with the protection, restoration and sustainable use of the world’s boreal forests.
• Jointly with the Forest Peoples Programme we again acted as the Northern Support Office of the World Rainforest Movement – a role we have undertaken since 1996.
• FERN was the European focal point of the Global Forest Coalition.

Forest networks rise to the CBD challenge
It was a tight deadline to produce a report in four months that detailed the implementation in 21 countries of forest related commitments made by the Convention on Biological Diversity (CBD). It would have been impossible without the co-operation of our friends and colleagues worldwide. This is just one example of the importance of networking. FERN strongly believes that linking up with other NGOs is crucial to achieve success.

We therefore put great emphasis on co-ordinating a number of NGO networks, as well as building coalitions for specific occasions. The CBD Conference of the Parties in April 2002 was just such an occasion.

In close co-operation with other NGOs and indigenous peoples’ organisations a questionnaire was developed and country monitors were sought to ensure governments responded to the questionnaire and to give their own independent opinion of the government’s answers.

All 21 country reports were analysed by FERN and the results synthesised into a global report that was shared with the contributors. Based on this, joint recommendations for the CBD were developed and presented during the CBD Conference of the Parties. The Global Forest Coalition made it possible for most country monitors to attend the meeting to present their own reports to the CBD. This whole project was made possible because of funding from the Global Forest Coalition, and shows that even in a relatively short period of time, and with limited funds, networks of committed organisations can achieve impressive results.

Threats to forest biodiversity
Rajah Brooke’s Birdwing butterfly lives in the forests of Borneo and is listed in CITES Appendix II.
Creating visibility

FERN’s star is high. Since we opened our office in Brussels in 1995, we have become widely known and respected by those we seek to influence. We recognise that it is a constant, ongoing challenge to keep forest issues up on the political agenda. Promotion, accessibility and transparency are key. Investing in communicating our arguments is a necessity if we are going to win support for forest conservation and respect for the rights of forest peoples.

“Our new web site is very fast. I also find it highly informative, especially because the Asia Forest Network is currently implementing an EC-funded project. I was surfing the web trying to find out if the EU Tropical Forest Advisory Group is still in operation. Your site was the only one that mentioned something about it!”
Rowena Soriaga, Field Co-ordinator, Asia Forest Network, a non-profit network organisation based in Bohol Province, Philippines.

Content and style on the internet
This year we completely overhauled our presence on the internet. Our web site (www.fern.org) establishes an online identity for FERN as a well-informed, efficient organisation with a strong sense of purpose. Promoting the site through publications and search engines has paid off with web user statistics showing marked improvements in crucial areas.

Highlights:
- A new-look web site launched in June 2002 with a large archive section, cross-referenced publications, easy navigation and a consistent, modern style.

A diversity of publications
FERN’s stable of publications is widely recognised as a significant contribution to the forest debate. Often based on independent, original research, our reports and briefings attempt to establish firm ground from which arguments can be made and assumptions challenged.

Highlights:
- Research into the impacts of the Convention of Biological Diversity on forests in 21 countries provided a significant waymarker for the CBD at a vital moment in its forest work.
- The report *Forests at the Edge: A review of EC aid spending* analysed the ground level reality of the EC’s aid programme in 16 highly-forested countries. The results were conclusive: the role of forests in providing food and materials for the poor is widely ignored. FERN recommended significant changes to aid policies and practices.
- Illegal logging burst onto the EU agenda in 2002, with FERN playing a leading role in campaigning. Our report, published jointly with the RIIA, *Controlling imports of illegal timber: Options for Europe* has set the agenda of the debate and is the only substantial policy contribution on the table.

A complete list of FERN’s publications can be found at the back of this Annual Report. All of FERN’s publications are available free from www.fern.org or by post (contact: info@fern.org).

Creating a new web presence
FERN’s web site saw a radical overhaul this year. Despite reasonably good content and steady user numbers in 2001, the outdated design and a neglected cataloguing system were causing concern. The site no longer reflected FERN’s professionalism or attitude.

The new site took several months to develop and was launched in June 2002. With a completely revised approach to structure and navigation, and a design to match FERN’s growing stable of publications, the site has grown in use and popularity. The content of many pages was re-written and maximum use is made of links between pages within the site – creating a more flexible and intuitive experience for users. We’ve also improved the frequency of our updates, which has changed FERN’s internal approach to how the web site can be used. Gone are the days when it was seen as a static receptacle of publications, now it is regarded as a continuously evolving resource that reflects FERN’s current interests and activities.
Reports
Status of implementation of forest-related clauses in the CBD: An independent review and recommendations for action
A review of 21 countries’ responses to key forest-related CBD decisions. Full report in English, French or Spanish, plus 21 country reports.

Forests at the edge: A review of EC aid spending
A detailed investigation of EC aid programme finds that forests and forest peoples are missing out. Reviews 16 Country Strategy Papers in Asia, Africa and South America. Summary and full report available.

Controlling imports of illegal timber: Options for Europe
A blueprint for the EU and member states to halt Europe’s vast imports of illegally-produced timber. Jointly published by FERN and the Royal Institute of International Affairs. Summary and full report available.

Behind the Logo: An environmental and social assessment of forest certification schemes
This year saw the translation into Japanese of this highly successful publication, first published in 2001.

Key reforms needed for ECAs
The 17 detailed reforms for European ECAs, signed by over 60 NGOs.

EU Forest Watch
We published 11 issues of our newsletter EU Forest Watch, three of which were accompanied by a special report on the following issues:
UNFF2 ends in failure: Any hope left for UNFF3? (April 2002)
Paper Tiger: No threat of extinction. The outcome of CBD COPIV (May 2002)
World Bank’s policy puts forests at risk (July 2002)

Briefing Notes
The EU’s General System of Preference and forests
Export credits: fuelling illegal logging
Transparency in the European Union

Towards the end of 2002 FERN’s active media strategy reaped rewards with coverage in the Financial Times, and European Voice among others.
Financial Report

Summary of accounts 2002
Full accounts are available on request.

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Project Receipts</td>
<td>453,310</td>
<td>297,793</td>
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<tr>
<td>Core Funding</td>
<td>134,597</td>
<td>–</td>
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<tr>
<td>Agent Monies Received</td>
<td>30,194</td>
<td>25</td>
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<tr>
<td>Reimbursements</td>
<td>4,657</td>
<td>2,472</td>
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<tr>
<td>Income from other sources</td>
<td>10,016</td>
<td>1,527</td>
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<tr>
<td>Bank interest received</td>
<td>1,337</td>
<td>1,230</td>
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<td></td>
<td>634,111</td>
<td>303,047</td>
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<tr>
<td>Less income in respect of future years</td>
<td>(219,659)</td>
<td>(72,168)</td>
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<tr>
<td></td>
<td>414,452</td>
<td>230,879</td>
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<td><strong>Expenditure:</strong></td>
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<td>Agent Monies Paid</td>
<td>80,874</td>
<td>20,175</td>
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<td>Printing</td>
<td>38,575</td>
<td>32,590</td>
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<td>Telephone</td>
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<td>Postage</td>
<td>4,721</td>
<td>4,760</td>
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<td>Stationery</td>
<td>5,455</td>
<td>3,409</td>
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<td>Travelling</td>
<td>24,517</td>
<td>23,877</td>
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<tr>
<td>Computer &amp; office equipment</td>
<td>5,662</td>
<td>1,781</td>
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<tr>
<td>Salaries</td>
<td>256,933</td>
<td>129,512</td>
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<td>Magazines, Journals &amp; Documents</td>
<td>3,166</td>
<td>2,958</td>
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<td>Meetings &amp; Seminars</td>
<td>27,339</td>
<td>225</td>
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<td>Miscellaneous Expenses</td>
<td>4,681</td>
<td>1,739</td>
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<td>Accountancy</td>
<td>8,628</td>
<td>5,732</td>
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<td>Rent</td>
<td>10,586</td>
<td>9,067</td>
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<td>Bank Charges</td>
<td>1,346</td>
<td>714</td>
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<tr>
<td>Insurance</td>
<td>30</td>
<td>–</td>
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<td>Cleaning</td>
<td>475</td>
<td>–</td>
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<td></td>
<td>485,202</td>
<td>246,722</td>
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<tr>
<td><strong>(Deficit) of income over expenditure</strong></td>
<td>(70,750)</td>
<td>(15,843)</td>
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<td>Income deferred from previous year</td>
<td>72,168</td>
<td>19,764</td>
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<tr>
<td>Taxation</td>
<td>(337)</td>
<td>(123)</td>
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<tr>
<td><strong>(Deficit) after taxation</strong></td>
<td>1,081</td>
<td>3,798</td>
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<td>Balance brought forward</td>
<td>26,414</td>
<td>22,616</td>
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<tr>
<td>Balance carried forward</td>
<td>27,495</td>
<td>26,414</td>
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</table>
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Cover photo: Tropical rainforest in Kinabalu National Park, Malaysia.
Photo: Jacques Jangoux / Still pictures