Annual Report

Feature: Mexico

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WWF

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Successful conservation, fueled by inspiration and conviction, can transcend boundaries and cultures and generations. And as WWF approaches its 50th anniversary, we've learned along the way that conservation can also build on tradition while transforming national attitudes toward responsibility. This is particularly true when conservation is embraced by local leaders from the public and private sectors.

WWF has worked in Mexico, one of the five most biologically diverse countries in the world, for more than 40 years. We've built a legacy of innovation that stretches from the Gulf of California to Michoacán to the Yucatan, and our success has been fortified by close partnerships with the national government and local communities. For years we've dreamed of engaging the business sector as well.

We now have the opportunity of a lifetime to unite these stakeholders in a groundbreaking effort to redefine conservation in Mexico. Last year, under the leadership of WWF-Mexico Executive Director Omar Vidal, we began a highly consultative process that engaged more than 100 stakeholders from across the country – a diverse group including indigenous community leaders, businesspeople, Nobel laureates, scientists, former cabinet ministers and local citizens. All shared a common goal: redefining a nation's approach to conservation.

President Felipe Calderón, a strong leader on climate change and forestry issues, was already thinking about how to recast Mexico as a global leader in sustainable development. Calderón and his environment minister, Juan Elvira Quesada, have made major commitments to reduce greenhouse gas emissions and establish protected areas throughout the country.

Too often the private sector – frequently an engine for environmental destruction – is missing from our work in the developing world. But in Mexico, years of partnership with telecommunications leader Telcel gave us a foundation from which to engage company founder Carlos Slim and his family in this national effort. And while Slim was just appointed by UN Secretary-General Ban Ki-moon to a UN advisory panel on climate change, his deepest commitment is to Mexico. So he has joined us in redefining sustainability – not only through his philanthropic investments in fisheries, agriculture, ecotourism and protected areas but also by rethinking business investments in the same arenas.

And so earlier this year, in Quintana Roo, Mexico, we announced Alianza Mexico, a $100 million initiative that will redefine not only a nation's approach to conservation but also global

1. The Uzachi Sierra Norte in Oaxaca, Mexico

2. WWF President and CEO Carter S. Roberts (left) and Chairman of the Board Bruce Babbitt

3. The Chihuahuan Desert, near Saltillo in northern Mexico

perceptions of what public-private partnerships can do. Working across six landscapes that encompass 30 percent of Mexico, the Alianza will address issues ranging from climate change to species conservation to illegal logging and fishing.

Of course, it is by no means a foregone conclusion that we'll achieve success in every place we work. But when the stars align – as they have in Mexico – it's worth everything to channel resources, effort and will toward such breathtaking opportunity. This is how we can transform the world – and ourselves.

Sincerely,

Carter S. Roberts
President & CEO

Bruce Babbitt
Chairman of the Board

Valuing Nature – With Words and With Numbers

The latest film by Ken Burns tells the story of our national parks – what Wallace Stegner called "the best idea America ever had." The story of the creation of Yellowstone, Yosemite and Glacier reveals truths that resonate today. One such truth is that every park owes its existence to people who cared deeply for that place and advocated tirelessly for its conservation. Dig a little deeper and what also becomes clear is that we would not have our parks without two additional factors at work: the power of words to persuade and the value of conservation to the business world.

It's hard to imagine our country establishing the world's first national parks without the itinerant Scottish laborer who wrote of his wonder at the glories of Yosemite Valley, or the young Yale graduate who lobbed broadsides from the pages of *Forest and Stream* to tell the world how these magnificent places were being threatened. These men – legendary conservationist John Muir and Audubon Society founder George Grinnell – captured the world's imagination and moved people of all backgrounds to care about these places. Today, they serve as a reminder that we must continue to do the same: tell the stories of the natural world we love and of the future it faces without thoughtful conservation.

But there were also moments in the early debates over public lands when mere words were not enough to turn the tide, and an unlikely force – America's railroads – convinced Congress to continue protecting nature in some of its grandest forms.

The railroad industry understood well the economic value the parks represented. It created the "See America First" campaign to entice paying customers from their traditional European vacations, luring them with the siren song of the American West. And when the time came for better management of these nascent parks, the railroads funded some of the effort that led to the creation of the National Park Service in 1916.

Today it remains true that we succeed most often when the world places an economic value on nature. Consider Namibia, where the populations of key species such as lions and cheetahs have soared thanks to communal conservancies. People are able to put money in the bank through ecotourism and other initiatives, inspiring protection of these amazing animals for the economic value they hold. And consider Bhutan, where individuals pay $200 per day to stand in awe of intact montane forests and the diversity they harbor. Words can move souls and inspire action, but unless humanity values these places and their role in sustaining life and livelihoods, we will likely fail to accomplish our mission in full.

These lessons appeared most obvious when I recently joined several WWF Board members and partners in the Amazon to examine the Four Horsemen of the Environmental Apocalypse. Instead of conquest, war, famine and death, we examined agriculture, livestock, infrastructure and climate change – potent forces eating away at the edges of this spectacular rain forest.

WWF has worked in the Amazon for more than 40 years. One of our first grants, in 1968, helped support the creation of Manu National Park, and our commitment to saving this place has only grown stronger as the decades have passed.

Of course, the power of narrative has loomed large here as well – perhaps most notably in the case of Chico Mendes, the iconic Brazilian rubber tapper and environmental activist who famously said, "At first I thought I was fighting to save rubber trees; then I thought I was fighting to save the Amazon rain forest. Now I realize I am fighting for humanity."

A seminal point in our work here came in 2002, when we joined forces with the Brazilian government, the Moore Foundation and the World Bank to establish our flagship ARPA (Amazon Region Protected Areas) program, a 14-year effort to ensure comprehensive protection of the

The buttress roots of a giant rain forest tree in a coastal flooded forest near Belém, Amazonas, Brazil. The rain forests of the Amazon are the planet's largest and most luxuriant and are home to one in 10 known species on Earth.

1. Children from the Kamayurá tribe playing in Mawaiaka Lake, located in the 6.4 million-acre Xingu Indigenous Reserve in the Brazilian Amazon. The lake is central to life in the Kamayurá community; young and old swim, fish and bathe in it several times each day.

2. WWF President and CEO Carter Roberts with Kotoke, the Kamayurá's eldest shaman, discussing challenges indigenous people encounter while trying to protect their land and culture. WWF Board and staff members spent the night in the Kamayurá village at the special invitation of the shaman and his people.

Brazilian Amazon. The scope of this project boggles the mind: We set a goal of creating enough protected area to conserve an expanse equivalent to the size of California (more than 104 million acres). In just seven years, we've created a green wall – 79 million acres of tropical forest parks – stopping deforestation from the east and the south.

The success of ARPA comes as welcome support for forests and is essential to buttressing existing laws. In 2001, Brazil passed a law requiring every soy and livestock producer operating in the "legal Amazon" to offset production by ensuring that 50 percent of their land is under forest cover. In 2005 the law was amended to require 80 percent cover, retroactively.

But all these laws are under constant attack and scrutiny, and it is increasingly apparent that the market must create a means of compensating landowners for saving forests – whether through preferential prices for "green" soy or through regional compensation schemes as part of a global agreement on climate change. Indeed, the soy farmers demanded as much when we met with them on our Amazon trip. Without some form of compensation, it is unlikely that the remaining forests will survive in their entirety into the coming century.

When we visited the Brazilian state of Mato Grosso, we met with Governor Blairo Maggi – also known as the Soy King, due to his status as the world's largest individual producer of this commodity. Three years ago, Greenpeace accused the soy industry of deforestation and other illegalities. In response, the world's leading soy traders, who wield great purchasing power, came to WWF, The Nature Conservancy and Conservation International for advice. At our recommendation, they agreed to a moratorium through which they committed to buy only soybeans grown on property with zero recent deforestation in the Amazon. Maggi embraces the moratorium as the global demand for green products grows, and he now speaks eloquently of his own commitment to sustainability – a transformation that reflects the evolving reality of the market.

Other industries – including Brazil's livestock industry, which currently accounts for more than 80 percent of the Amazon's deforestation – have been similarly pressured and are following suit. The third-largest beef exporter in Brazil committed to a moratorium requiring all beef to be sourced only from areas legally cleared prior to August 2009, with zero deforestation going forward. And since this initial announcement was made, Brazil's (and the world's) largest meat company and another of the top five Brazilian meat companies (cumulatively representing 65 percent of all beef produced in Brazil) have agreed to the same. The Brazilian Association of Supermarkets also supports the moratorium, adding further heft.

Out of this moratorium have sprung parallel efforts – companies that purchase leather and other cattle products are requiring that those products be similarly sourced. And the Brazilian sugar industry has entered into a voluntary agreement with the government, pledging no sugarcane expansion onto natural habitat, including forests.

WWF's role in all this? We work with farmers, producers, governments and local communities to identify ways to use the land more efficiently and protect the environment. We work with governments and businesses to ensure compensation for farmers and bring attractive, sustainable products to market. And we use the credibility of our brand, the collective voice of our 5 million members, and the wisdom gleaned from nearly 50 years of science- and field-based conservation to strategically embed the value of nature in the world's most influential markets.

Please read on for a detailed look at WWF's cutting-edge markets program and to learn more about how we engage with industries, producers and communities around the world to tip whole markets toward sustainability. I hope you'll be as inspired as I am by the possibilities this work holds.

What was true in the late 1800s when the world's first national parks were created remains true today for glorious landscapes such as Namibia, Bhutan and the Amazon: Nature needs advocates to tell its story. Nature also needs markets to reflect the value it provides. And nature needs us to harness these forces to protect the places we hold most dear.

WWF has worked in the Chihuahuan Desert since 1977, with a focus on building solutions that benefit both people and nature.

Alianza Mexico

WWF has joined forces with the Mexican government and businessman Carlos Slim in Alianza Mexico, an innovative partnership for conservation and sustainable development. The initiative, covering 30 percent of the country, places Mexico at the forefront of international environmental leadership. Supporting the work is an initial commitment of $50 million from Fundación Carlos Slim, to be matched by WWF and other investors for a total of $100 million.

Mexico

In Mexico: Creating a New Standard for Conservation

By Roberto Troya

With Alianza Mexico, WWF and partners have an unprecedented opportunity to work with local, state and federal agencies; the private sector; civil society; and local communities. We foresee the new partnership's potential to change the face of conservation around the world.

Agriculture, even small-scale, puts pressure on the land and freshwater resources of places like the Mexican state of Oaxaca.

At WWF, we're always looking for the next big thing – the newest idea, the most promising science, the place where conditions are right for creating real and lasting change. While there is conservation promise in many places around the world, one of the brightest spots right now is Mexico. The country is led by a young, energetic and visionary president, Felipe Calderón, who has made the environment the centerpiece of his policy agenda. The country also has a strong scientific community working on the cutting edge of key issues, including climate change, all with the goal of conserving some of Earth's most diverse ecosystems and the future of the country's people.

WWF has worked in Mexico for more than four decades. Our connection to Mexico and its people – and our commitment to the preservation of their natural resources – has only deepened over time. Today, we are helping establish Mexico as a global model of conservation through Alianza Mexico, a groundbreaking partnership with the Mexican government, Fundación Carlos Slim, and other local and regional partners. The Alianza will drive strategic actions and investments in six key regions: the Gulf of California, the Chihuahuan Desert, the Monarch Butterfly Biosphere Reserve, Oaxaca, Chiapas and the Mesoamerican Reef. Together these regions cover 30 percent of the country.

An Unprecedented Opportunity

The Alianza offers a new and unique chance to redefine one nation's approach and at the same time serve as a model for other countries to draw upon as they advance their own conservation and sustainable development agendas.

With an initial commitment of $50 million from Fundación Carlos Slim and WWF's efforts to match this pledge, the Alianza's work will include efforts to mitigate and adapt to climate change, develop comprehensive water management policies, strengthen civil society, develop innovative solutions to conservation finance, and invest in local sustainable economies. All of this will be done in concert with existing efforts at the local, national and global levels and in cooperation with key local and regional partners to maximize efficiency and effectiveness.

The Alianza was officially launched earlier this year at a ceremony in Quintana Roo, Mexico, when philanthropist Carlos Slim

1. Sonora, in the Gulf of California, is the site of WWF's office in Mexico.

2. Many Mexican villagers work private backyard gardens to bring in extra income.

3. Unsustainable industrial fishing of shrimp is one of the threats being addressed by Alianza Mexico.

4. The monarch butterfly serves as a symbol of the beauty and precious natural resources of the country.

Mexico is the fourth most biodiverse country on the planet and one of only 18 nations that collectively harbor more than 70 percent of the world's species. From the rich waters of the Gulf of California to the spectacular forests of Chiapas, the wealth of Mexico's natural resources is truly astounding.

joined Mexico's Minister of Environment and Natural Resources Juan Elvira Quesada and WWF President and CEO Carter Roberts in signing the partnership agreement. Of course, getting to this important moment required an enormous amount of work that had long been under way. We worked closely with the Mexican government to establish joint goals for the project.

Building on WWF's network of relationships, and under the leadership of Omar Vidal, executive director for WWF in Mexico, we consulted the country's most skilled and knowledgeable environmental leaders to identify the Alianza's priorities. The choices were challenging: Mexico is the fourth most biodiverse country on the planet and one of only 18 nations that collectively harbor more than 70 percent of the world's species. From the rich waters of the Gulf of California to the spectacular forests of Chiapas, the wealth of Mexico's natural resources is truly astounding. In the end, six regions were selected as the priority focus of Alianza Mexico.

Six Invaluable Places to Start

The Gulf of California separates the Baja California peninsula from the Mexican mainland. Its waters are vast, stretching more than 900 miles and containing at least 920 islands. And they are rich: More than 6,000 species or subspecies of marine life can be found here. This is also an important economic zone, providing livelihoods for tens of thousands of artisanal and commercial fishermen and yielding more than half of Mexico's annual take of fish and other marine products. More than 8 million people make their home here, and their survival depends almost exclusively on the area's natural resources.

Covering more than 140,000 square miles, the Chihuahuan Desert stretches from the southwestern United States – covering parts of Arizona, New Mexico and Texas – deep into central Mexico. Although the desert sees very little rainfall in an average year, it hums with life: More than 130 species of mammals, 3,000 plant species (including 500 of the world's 1,500 species of cactus) and 100 species of native freshwater fish thrive here. The Rio Grande runs through the Chihuahuan Desert and is a lifeline for all of these species and for the millions of people who call the desert home.

Every year in November, millions of monarch butterflies leave the United States and Canada on a journey of more than 2,700 miles. Destination: the Monarch Butterfly Biosphere Reserve in central Mexico – 139,000 protected acres of oak, pine and oyamel fir forests where the butterflies hibernate for the winter. These forests are also home to a wide variety of flora and fauna, including more than 130 species of birds, as well as 13 indigenous communities whose livelihoods depend on forest use and subsistence agriculture. Careful management of the area's natural resources is imperative to ensure the continued survival of these communities and to preserve the butterflies' hibernation habitat.

Fronted by 370 miles of Pacific coastline, the Mexican state of Oaxaca covers nearly 40,000 square miles. It is home to almost 3.5 million people, a figure that includes more than half of the total indigenous

Alianza Mexico: Six Priority Regions Across the Country

population of Mexico. With 50 percent of all species in the country found here, Oaxaca is the most biodiverse of Mexico's 31 states and among the five highest-ranking areas in the world for endangered species. Equally important are Oaxaca's forests, which preserve great expanses of timberland – including cedar, mahogany and oak – but are being threatened by inadequate forest management.

These forests extend well into Chiapas, another state holding exceptional biological wealth. Chiapas includes the Lacandon rain forest, the largest example of dense jungle and rain forest in the country despite a deforestation rate that has increased dramatically over the past 30 years. The Lacandon harbors tremendous biological diversity: Half of Mexico's bird and daytime butterfly species are found here, along with 30 percent of the country's mammal species and nearly all of its tropical trees. Also in Chiapas is El Triunfo Biosphere Reserve, one of the most pristine natural areas in Mexico. The reserve is home to dozens of rare, endemic and endangered species – including pumas, jaguars and the resplendent quetzal – as well as many indigenous communities that depend on its natural bounty to survive.

The Mesoamerican Reef spans four countries (Mexico, Belize, Honduras and Guatemala) and nearly 115 million acres. It is the largest reef system in the Americas. The Mexican portion covers more than 60,000 square miles and includes ocean habitats, coastal zones, tropical and cloud forests, and watersheds that drain the Caribbean slope. The reef's massive size offers protection for a vast array of aquatic life, including more than 500 species of fish, 65 species of stony coral, and a variety of sea turtles. The area has also become a travel destination, with exponential growth in cruise ship tourism contributing to the estimated total of 8 million tourists last year.

Working Toward Great Potential

In addition to laying the foundation for the Alianza's work, in 2009 we began work in the field. One early project will improve the conditions of the aquifers in the central valley of Oaxaca. Aquifers – water-bearing layers of permeable rock, sand or gravel – play an important role in supporting human needs and ensuring environmental sustainability. Another project will focus on conserving species in the Gulf of California, including the rare vaquita porpoise.

The promise of real conservation victories across Mexico is tremendous. Perhaps more thrilling is the new standard the Alianza is setting for Latin America and the world, a new standard for collaboration, sustainability and the importance of private philanthropy. By harnessing the collective strengths of local communities, civil society, philanthropists, public- and private-sector institutions, and all levels of government, Alianza Mexico is redefining the future of conservation.

▸ To learn more:
worldwildlife.org/mexico

Roberto Troya is WWF's vice president and regional director for Latin America and the Caribbean. In addition to his work with colleagues and partners in Mexico, he focuses on marine conservation across the region and on our broad scope of work in the Amazon.

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1. Gulf of California

The gulf's waters are important breeding and calving areas for endangered or threatened large whales, such as blue (above), humpback, fin and sperm whales. The gulf is the only place in the world where the vaquita, the world's smallest cetacean and most endangered marine mammal, is found.

2. Monarch Reserve

The microclimate of Mexico's high mountains, created by tree coverage and forest structure, provides ideal habitat for the hibernating monarch butterflies. The forests are also home to a wide variety of flora and fauna typically found in temperate ecosystems, including more than 130 bird species.

3. State of Chiapas

The Lacandon rain forest holds most of Mexico's tropical trees and many endangered species, including the jaguar (above), red macaw and spider monkey. The jaguar is also found in El Triunfo Biosphere Reserve in the Sierra Madre Mountains, which run parallel to the state's Pacific Ocean coast.

4. State of Oaxaca

Among the beneficiaries of our work on conservation and sustainable development will be indigenous families in Oaxaca. Challenges here include limited economic opportunities, overexploitation of freshwater resources, inadequate forest management, and limited local knowledge and valuation of natural resources.

5. Mesoamerican Reef

The Mexican portion of the reef includes ocean habitats, coastal zones, tropical and cloud forests, and watersheds that drain the Caribbean slope. The people who live in the coastal communities here depend on economic activities linked to coastal and marine resources such as fishing and tourism.

6. Chihuahuan Desert

The variety of habitats here create a kaleidoscope of textures and colors, and with more than 500 bird species, the desert is a bird-watcher's paradise. One of the most biologically diverse arid regions on Earth, it is also home to Mexican prairie dogs, wild American bison and pronghorn antelope.

Balancing the Budget: Demand Exceeds the Earth's Supply

By Dr. Jason Clay

WWF's *Living Planet Report* shows that global consumption levels exceed the Earth's capacity to renew them. The longer we carry on in this way, the greater the risk to future generations.

With growing human populations and growing global consumption, the human footprint all but dwarfs the planet. We predict a clear imbalance between the finite supply of Earth's natural resources and our unsustainable demand for them. This demand is not distributed evenly: The average American consumes more than 40 times as much as the average African in his or her lifetime. Globally, demand is increasing: Most analysts expect that by 2050 we will have another 3 billion or so people and consumption will double. The unavoidable conclusion is that consumption stands to undermine any on-the-ground results that we and other conservation groups deliver. The consumption of natural resources for food, feed, fiber and fuel is the largest single threat to WWF's priority places.

Today's global economy is extremely efficient. It can produce and process raw materials from the most remote parts of the world and ship them halfway around the globe to be consumed by people who rarely think twice about where products come from. Because we are already living beyond our environment's means, and because our highly efficient global markets do not put an economic value on biodiversity, we must find ways to produce more with less while we work to restore vital ecosystems around the world.

WWF's Theory of Change

When WWF set out to rein in the impacts of consumption, we began by identifying the most significant threats to our portfolio of globally significant places. We looked at agriculture, aquaculture, fisheries, deforestation, mining, and oil and gas. While hundreds of commodities are produced in our priority places, we chose to focus on 15 that present globally significant threats and another half dozen that are locally important.

Next we evaluated approaches to reducing these threats. Other conservation organizations have chosen to work directly with producers of raw materials to reduce their impacts, but with more than a billion of them around the world, this is a daunting task, one that we believe should be handled by governments. Still others aim to change consumer behavior – equally daunting, with 6.7 billion consumers today and more on the way.

Our goal is to move global markets to a place where consumers no longer have "bad" choices – bad for the Earth or for future generations.

At WWF, we decided to leverage our influence on global markets by focusing on the players in the middle of the supply chain, between producers and consumers. This includes processors, traders, manufacturers, brands, buyers and retailers, as well as those who invest in all these companies. Our goal is to move global markets to a place where consumers no longer have "bad" choices – bad for the Earth or for future generations. With millions of companies in global markets, how can we do this? Consider these facts:

- Over the past decade, the private sector has invested more in developing countries – three times as much, to be precise – than have all nongovernmental organizations, government foreign assistance programs and international agencies combined.
- Globally, 300-500 companies control 70 percent or more of the international trade in each of the 15 globally traded commodities with the greatest impacts on our priority places.
- About 200 global companies touch 50 percent of all 15 commodities, and about 100 touch 25 percent.

1. Farmed salmon is one of the leading commodities addressed in WWF's global markets strategy.

2. Even small-scale logging threatens the lowland rain forest along Rio de las Piedras in Madre de Dios, Peru.

3. WWF works to reduce the impacts of agriculture on forests, grasslands, and freshwater and marine environments.

The linchpin of our strategy is this group of 100 companies. If we can move them, others will follow suit and we can change as much as 40-50 percent of the market. In addition, targeting 100 of the world's largest companies, while a huge undertaking, is in fact feasible. WWF leadership across our global network has adopted an ambitious aim for 2020: zero loss of high conservation value habitat from the production of our 15 priority commodities, with more than 25 percent of global trade meeting environmentally acceptable, performance-based standards for production.

Approaches to Market Transformation

Much of WWF's strategy involves working with companies to develop goals that are mutually acceptable. We engage these companies in different ways, depending on their role in the market.

Our collaboration with Mars serves as an example of our work with market leaders. As a leading global food company, Mars has been on the forefront of the drive toward sustainable production. During the past year, Mars has committed to ensuring that 100 percent of the cocoa in its supply chain is sustainably produced by 2020. Mars is also working with leading sustainability scientists to understand which of its other raw material streams could benefit from engagement with certification processes.

In a second approach, our work involves moving a significant percentage of players

1. Building on years of freshwater science and conservation, WWF is turning to the challenges of the emerging global awareness of water issues.

2. Our climate work addresses new technologies and global markets for carbon emissions trading.

in a given industry toward sustainable production. We convene multistakeholder groups to agree on key environmental impacts, develop performance standards, and implement them. In each case, our corporate partners represent at least 10-20 percent of global demand.

Another type of partnership involves companies that may not have large market shares but are known to lead on innovative practices, product development, or processing or packing technologies. In 2009, Seventh Generation became the first company in its industry in North America to purchase sustainable palm kernel oil certification credits to offset use of the ingredient across its entire product line.

We also partner with companies that are particularly important players in one or more of WWF's global priority places, directly or through their supply chains. WWF recently discovered that a portion of the coffee from Sumatra was from farmers who had illegally invaded a national park. To address this issue, we sought the support of Kraft Foods, one of the main buyers sourcing from the region. Now we are working together to find a solution for the farmers and to ensure a supply chain of sustainably grown coffee.

Finally, we take a different approach in the case of companies whose impacts on key places are severe and whose leadership has repeatedly refused to engage constructively toward improved practices. In these situations, WWF takes a more targeted approach. Such has been the case with Asia Pulp and Paper/Sinar Mas Group, whose logging operations are linked to the destruction of natural forest in Sumatra where some of the world's last populations of wild tigers, elephants, rhinos and orangutans coexist.

WWF led a campaign urging major companies to phase out their supply and use of unsustainable wood products from this critical forest. In direct response to our campaign, office supply giant Staples Inc. ended their relationship with this paper company. Staples is the latest of the large paper sellers in the global market to take this stand.

On the Horizon

The issues around commodities and consumption are complex, especially when not all of the stakeholders are starting from the same science-based foundation. Some ask, "Where will it all end?" Our belief is that the search for "better" will never end. That's why we advocate for the continuing advancement of the science behind these issues and for decisions based on this science and the realities of conditions on the ground. Over time, we can improve our decisions and reduce our impacts as the developing science allows us to better understand them. In the process we will gain experience in both what to think and, more important, how to think about living within the resource base of the only planet we have.

▸ To learn more:
worldwildlife.org/globalmarkets

Dr. Jason Clay is WWF's senior vice president for global markets, responsible for our work transforming markets in ways that protect the world's most valuable natural resources.

Consumption and Commodities

In setting priorities for our global market transformation work, WWF scientists, economists and market analysts evaluated more than 30 commodities. Criteria for selecting the commodities included severity and urgency of impact on WWF's priority places, contribution to greenhouse gas emissions, and impacts on water. We also looked at gaps in coverage by other environmental organizations and the ability of our global network to influence the market so that early results can produce ripple effects on an ever-broader scale. In addition to 15 global commodities, we are also taking a markets approach to the consumption of carbon and water. Among the locally important commodities are coffee, cocoa, bananas, and farmed tilapia and catfish.

Moving just 15 commodities toward sustainable production can influence change in global markets. Among the 15 are (from top, left to right) beef, shrimp, cotton, dairy, pulp and paper, palm oil, timber, tuna, salmon and sugar.

Creating Sustainable Markets: Forests, Seafood and Agriculture

Our planet is made up of a delicate and complex set of relationships among species, people, habitats, governments and global markets. Informed by our rigorous scientific and economic analyses, we are changing practices across these markets.

These two farmers are among the many people in China who rely on their own fish farms to earn a living.

WWF's *Living Planet Report* warns of the danger to future prosperity if current overconsumption of natural resources is left unchecked. More than three-fourths of the world's people live in countries where national consumption has outstripped biological capacity. Human demands measure nearly a third more than the Earth can sustain over time. And global natural wealth and diversity continue to decline. In response, WWF is strategically pursuing ways to reduce the most significant impacts of human activities.

From Local Forests to Global Markets

In the early 1990s, WWF experts began envisioning a global market for forest products that would be a force for protecting forests. What if we created a way to promote both responsible purchasing and responsible forest management? And what if there were a means of independent verification of these responsible practices?

It's this kind of big, bold thinking that led to the creation of WWF's Global Forest & Trade Network (GFTN) in 1991 and the Forest Stewardship Council (FSC) in 1993. Today GFTN operates in more than 30 countries and links more than 330 companies that together represent 16 percent of all forest products traded internationally, with combined annual sales of $64 billion. These companies employ nearly 2.9 million people, including members of indigenous communities in many WWF priority places. They manage 52 million acres of FSC-certified forests (approximately 18 percent of all FSC forests), with an additional 18.5 million acres in progress toward certification.

Connecting to Priority Places

We recently expanded GFTN to include Spain and Portugal, a result that benefits Congo Basin forests, the source of much of the wood imported into these European countries. GFTN is also active here at home, where Williams-Sonoma Inc. recently joined other participating industry leaders like Walmart and Procter & Gamble. The participation of these companies is critical, as the U.S. is one of the top destinations for wood imported from areas where illegal logging and trade are common, including the Congo Basin, Indonesia and the Amazon.

Linking Forests and Climate

Deforestation and degradation of the Earth's forests release carbon naturally stored in trees and soil, contributing as much as 20 percent of all global carbon emissions. Since WWF and our partners established the Forest Stewardship Council, certification of forests has proven to be a successful strategy for conservation.

1. The Sumatran orangutan stands to benefit from our work curbing unsustainable use of the world's forests for palm oil and pulp plantations.

2. WWF's Global Forest & Trade Network moves markets toward sustainability as certified by the Forest Stewardship Council.

FSC leaders, WWF and our partners are pursuing options for including the link to carbon in certification and for the role the Forest Stewardship Council might take.

"FSC pioneered the discipline of forest certification, and that process could be adapted to certify forest carbon stocks and to track flows of carbon into the atmosphere," says Bruce Cabarle, WWF's managing director for forests. "FSC has piloted, tested and brought up to scale the types of monitoring and reporting systems that can do this with the level of rigor needed to reassure markets that reductions in carbon emissions from the world's forests are real." This approach would support the accounting and certification required by REDD, or Reducing Emissions from Deforestation and Forest Degradation, which WWF has been promoting as critical to an effective new global climate deal.

▸ To learn more:
worldwildlife.org/forests

A Responsible Future for Seafood

Fishing is the principal livelihood for over 200 million people around the world, yet since the 1950s more than 75 percent of marine fish stocks have been either overfished or fully exploited. "Most fisheries problems stem from the fierce, competitive rush to catch the next fish," says Dr. Bill Fox, WWF vice president for fisheries. "Fishing businesses put short-term gains ahead of long-term sustainability of the fish stocks."

That's why in the mid-1990s WWF and industry leader Unilever set out to build market demand for sustainable seafood in ways that would produce results for both industry and conservation. Together we founded the Marine Stewardship Council,

WWF's Global Forest & Trade Network

GFTN: Expanding the Reach of Responsible Forestry

WWF's Global Forest & Trade Network creates market conditions that help conserve forests while providing economic and social benefits for the businesses and people that depend on them. Independent forest certification helps infuse the principles of responsible forest management and trade practices throughout the supply chain and serves to verify responsibility along the way.

1. North America
7 participants, combined annual sales in forest products of US$17.5 billion

2. Latin America and the Caribbean
39 participants, combined annual sales in forest products of US$0.09 billion

3. Europe
146 participants, combined annual sales in forest products of US$41 billion

4. Africa
12 participants, combined annual sales in forest products of US$0.12 billion

5. Russia
49 participants, combined annual sales in forest products of US$7.1 billion

6. Oceania
7 participants, combined annual sales in forest products of US$0.5 billion

7. Asia
75 participants, combined annual sales in forest products of US$2.9 billion

WWF's ambitious vision for agriculture is that by 2020 there will be zero loss of natural habitat, a 50 percent reduction in the use of water, and zero loss of soil through erosion.

MSC, to provide credible fishery certification and eco-labeling.

MSC began operating in 1999. It took seven years to build from a single certified seafood product up to 500 but only nine months to double that number by November 2007. In 2009, MSC's 10-year anniversary, consumers in more than 40 countries could choose among nearly 2,000 MSC-certified products, including salmon, tuna, pollock, cod, halibut and Dover sole as well as shrimp and lobster. MSC paves the way for seafood companies to differentiate themselves in the market by virtue of their environmentally conscious practices.

Protecting Tuna Stocks

In March 2009, WWF became the first conservation organization to partner with eight tuna industry competitors – including Bumble Bee Foods, Chicken of the Sea and StarKist Co. – as together we launched the International Seafood Sustainability Foundation. One of the companies' first actions was committing not to purchase tuna from any vessel engaged in fishing that involves illegal, unreported or unregulated catch, no matter where the vessel is located or under whose flag it sails. In the eastern Pacific Ocean they have committed to stop all purchasing of bigeye tuna until science-based rules for fishing are in place.

▸ To learn more:
worldwildlife.org/fishing

Reducing Impacts of Aquaculture

While WWF's work establishing marine protected areas has been successful, we have seen the aquaculture industry grow faster than any other food production system. Today, almost half the seafood we eat is farmed. We've been working with more than 2,000 people from all over the world – producers, buyers, scientists, conservationists and others – to reduce the impacts of aquaculture practices. Through a collaboration known as the Aquaculture Dialogues, we help these parties reach consensus on key impacts and develop globally acceptable standards that will form the basis for certification. We expect to complete standards on 12 species by the end of 2010.

This year we launched efforts to establish the Aquaculture Stewardship Council (ASC), which will certify farms based on their compliance with these standards, following the model of MSC for wild-caught seafood.

The Next Frontier for Conservation

Agriculture employs over 1 billion people, generates more than $1.3 trillion dollars worth of food each year, and uses more than 50 percent of all habitable land and nearly 70 percent of freshwater on Earth, much of it wasted. In 2010, livestock is projected to be grazing on nearly 60 million acres of land that was forest in 2000. Globally, farming is responsible for half the topsoil lost, and 90 percent of farmers release more carbon into the atmosphere than they add to the soil.

With global population expected to increase by 3 billion and consumption to double by 2050, "freezing the footprint" of farming and ranching is urgent. This means using no more land, water or other resources than we do today, while doubling production.

Working From Within

WWF's ambitious vision for agriculture is that by 2020 there will be zero loss of natural habitat, a 50 percent reduction in the use of water, and zero loss of soil through erosion. To make this vision a reality, we are working from within the industry.

In 2002, we began early experiments in the Mesoamerican Reef, where we brought together the stakeholders involved in large-scale agriculture, including Chiquita, Dole and others in the palm oil, sugarcane and citrus industries. In response to our research on impacts, the farming business community took steps to begin minimizing the negative impacts of their practices. We also worked with them to build the business case for practices that mitigate and reduce impacts.

Going Global for Agriculture

Today we are working with farmers and ranchers around the world – from individual operators and small collectives to large multinationals. We bring together producers and buyers with sufficient market pull to transform trade in the commodities that pose the greatest threats, among them beef, soy and palm oil.

In May 2009, the WWF-initiated Round Table on Responsible Soy announced a pilot program of voluntary standards that reduce greenhouse gas emissions, eliminate the most hazardous pesticides, and prohibit the conversion of areas with high conservation value such as forests and savannas. The Amazon is one place that will benefit from this program and from the Beef Roundtable, a collaboration we launched this year to help protect areas where extensive cattle ranching threatens priority habitats and species. In the Northern Great Plains we are engaging a range of bison industry stakeholders to create management guidelines that will achieve conservation results and economic benefits.

We also continue to advance the science behind our work on commodities. "Research we did in Indonesia shows that the largest economic returns for palm oil will come from planting on degraded and abandoned lands, not forests," says David McLaughlin, WWF's vice president for agriculture. We determined that the local palm oil industry could save 4 million acres of forest by improving yields on areas already in production. "With this research, we laid out a business strategy for them that takes into consideration financial performance, biodiversity and climate change."

▸ To learn more:
worldwildlife.org/agriculture

1. Rapid expansion of cattle ranching and farming threatens places like the Amazon.

2. WWF works to protect fish stocks in the Galápagos and around the world.

3. The main environmental impacts of sugarcane are habitat conversion, soil erosion and degradation, water use, pollution, and greenhouse gas emissions.

Global Climate Change

We are already seeing far-reaching consequences for the world's economies, communities and ecosystems, including here in the U.S. Across our global network, WWF advocates for local and international policies to slow the pace of climate change and promotes new low-carbon technologies and business practices.

Climate change is affecting the entire Earth, from the Arctic to Antarctica, home to these emperor penguins.


climate

The State of Climate Action

As the world moves toward a global climate deal, many are standing on the sidelines waiting to see which way the wind will blow. At WWF, we're in high gear to get effective action ... in the U.S. and around the world.

Comprehensive research confirms beyond any reasonable doubt that climate change is real and that its impacts are emerging all around us. We see it where we live and in the news: more frequent flooding downpours, warmer winters, intense coastal storms and other extraordinary weather conditions. These changes are the growing consequences of sharply rising average global temperatures that are firmly linked to the buildup of greenhouse gases in the atmosphere.

Emissions already in the atmosphere likely will push global temperatures close to 1.5 degrees Celsius above what they were two centuries ago. Unless growth in greenhouse gas emissions is halted by the middle of this decade and sharply reduced by 2020, warming will far exceed that level, substantially increasing the risks of catastrophe, including widespread disruption of ecosystems.

Over the last two years, national governments have negotiated in pursuit of a treaty to reduce those risks. Addressing the danger requires a binding international treaty. It must include specific commitments from the U.S. and other industrialized countries to sharply reduce their emissions. The agreement must provide incentives to slow deforestation and forest degradation, which account for 15 percent of global emissions.

For their part, the larger developing countries must dramatically slow their emissions growth. Also required are provisions for technology transfer and funding for efforts by developing countries to curb emissions and adapt to climate change.

We produced a draft protocol to provide a benchmark for negotiators at the UN Climate Change Conference held in Copenhagen in December 2009.

In spite of our efforts, the nonbinding accord reached near the end of the negotiations in Copenhagen fell short of what is needed – partly because the U.S. had not yet enacted climate legislation.

During the coming year of negotiations leading up to the next annual meeting of negotiators in Mexico, the administration and Congress must make passage of climate and clean energy legislation a high priority. The legislation must rapidly ramp up efforts within the U.S. to reduce greenhouse gas emissions from fossil fuel use, support initiatives to stop deforestation, launch intensified efforts to assess and prepare for climate change impacts, and provide funding for efforts within developing countries to address climate change. The House of Representatives already has passed comprehensive energy and climate legislation. Now the Senate must act.

1. WWF advocates for policies that shift the world from higher-carbon fossil fuels toward low- or no-carbon energy sources, such as solar and wind power.

2. Storm surges affect Acadia, Maine, and other places in the Northeast.

3. Water marks in Lake Mead, behind Hoover Dam, show the impacts of increasingly severe droughts in the Southwest.

4. In several U.S. regions, including the Northwest, wildfires are on the rise.

5. Serious erosion threatens coastal communities in Alaska and along other parts of the U.S. shoreline.

1. Heavy downpours cause the Mississippi River to overflow its banks, flooding towns, cities and rural areas.

2. Atlantic hurricanes are becoming stronger and more frequent, affecting Gulf States, the Eastern Seaboard and areas inland.

WWF has a special role to play in supporting the process because we see the impacts of climate change firsthand in our work, and because we can simultaneously advocate for action on climate change on four continents. Here in the U.S., we've worked successfully to ensure that legislation includes crucial provisions that will protect the future of nature, and we have launched a public campaign to urge members of the Senate to support climate legislation.

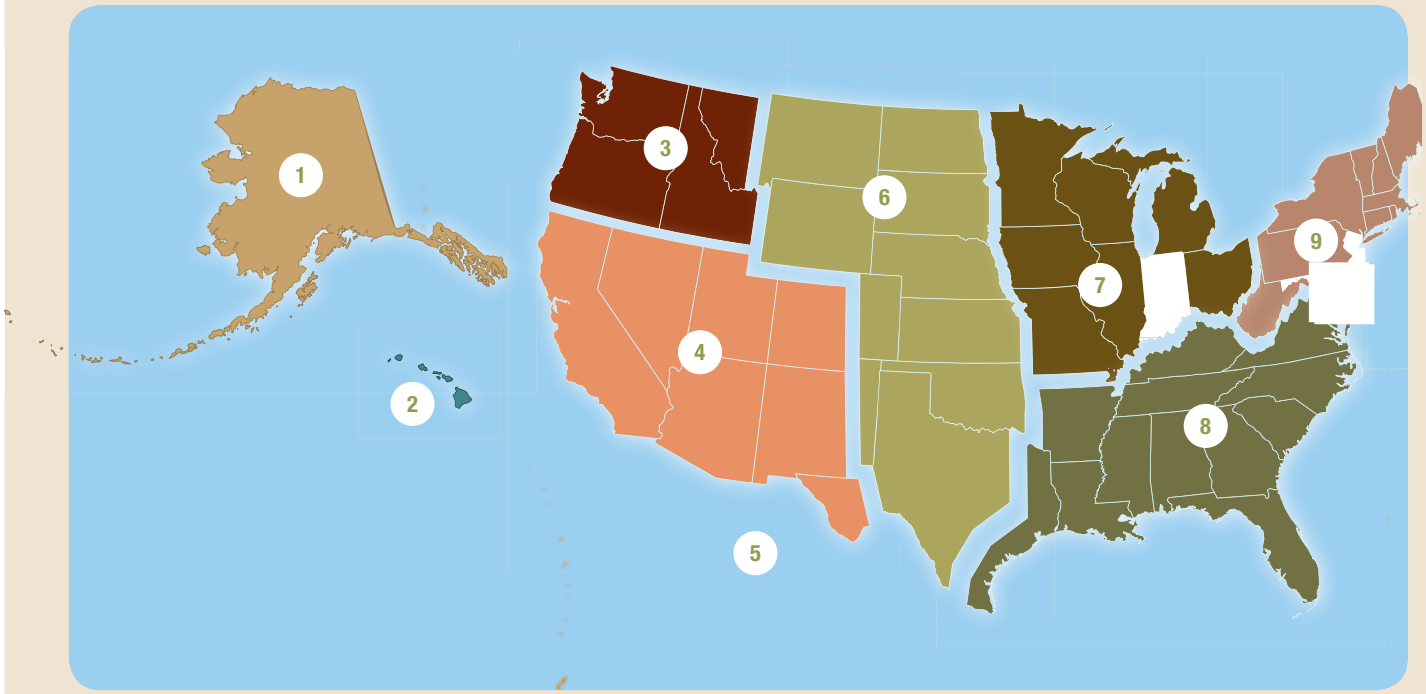
WWF's support for Earth Hour has helped catalyze action in communities and states around the world. On March 28, 2009, nearly 1 billion people worldwide, including 80 million Americans, signaled their concern about climate change by turning off lights for one hour. More than 4,100 cities in 87 countries participated as iconic landmarks went dark in the largest global statement about climate change in history.

A binding international treaty ... must include specific commitments from the U.S. and other industrialized countries to sharply reduce their emissions.

As WWF presses for an international agreement and for legislation from Congress, rapid progress must continue at every other level, from individuals and households to community organizations, and from governments to businesses. None of us can afford to wait for an international agreement to go into effect or for new legislation to be enacted by Congress and implemented.

Through our Climate Savers program and other corporate collaborations, firms like Coca-Cola, Hewlett-Packard, IBM, Nike and Sony are addressing climate change in their own operations and are becoming more engaged in promoting action by other businesses and by governments. "When businesses look out 50 years and make the long-term investment decisions critical to their operations, they need less regulatory uncertainty," said WWF President and CEO Carter Roberts. "That's a major reason why many corporate leaders are now calling for U.S. climate legislation and an international agreement."

Regardless of progress made in slowing climate change, one thing is clear: We already are committed to generations of disruptive consequences as a result of greenhouse gases we've emitted and will emit under even the most optimistic scenarios. Just as we must reduce emissions with great urgency, so we must also assess the potential impacts of climate change and prepare for – and ultimately adapt to – those unfolding consequences. WWF is at the front line meeting those challenges, alerting the world to emerging impacts in ecosystems and taking early steps to address them. WWF has documented climate change impacts on wildlife ranging from the coral reefs of the Pacific Ocean's Coral Triangle to the walruses of the Arctic. Our work with wildlife shows what's at risk and helps us to avoid some of the disruptive consequences for ecosystems and human communities.



What Climate Change Means to People in the United States

1. Alaska

Over the past 50 years, Alaska has warmed twice as fast as the rest of the United States. Annual average temperature has increased 3.4°F, and winters have warmed by 6.3°F.

2. Islands

U.S. Pacific and Caribbean islands have experienced rising temperatures and sea levels in recent decades, causing coastal erosion, coral reef bleaching, ocean acidification and contamination of freshwater resources by salt water.

3. Northwest

Here, declining spring snowpack, reduced summer streamflows, increasing sea level rise, and more wildfires and insect outbreaks are challenging ecosystems, salmon and other coldwater species, coastlines, and the forest products industry.

4. Southwest

Since the 1940s, the Southwest has experienced unusually wet and dry periods. Recent warming temperatures are among the most rapidly changing in the nation, driving declines in spring snowpack and Colorado River flow.

5. Coasts

Rising sea levels are eroding shorelines, drowning wetlands and threatening coastal communities. Coastal water temperatures have risen by about 2°F in several regions, affecting the geographic distribution of marine species.

6. Great Plains

Over the last few decades, average temperatures have risen, with the largest increases in the winter months and over the northern states. Relatively cold days are becoming less frequent and relatively hot days more frequent.

7. Midwest

In recent decades average temperatures and the frequency of heat waves have increased and lake ice has decreased. Heavy downpours are twice as frequent as they were a century ago, with two record-breaking floods in the past 15 years.

8. Southeast

Since 1970, the annual average temperature and the power of hurricanes have increased; the area of moderate to severe summer drought has increased by 14%. Average autumn precipitation has increased by 30% since 1901.

9. Northeast

The region has more frequent very hot days and heavy downpours, less snow and more rain in the winter, earlier breakup of winter ice and spring snowmelt, and rising sea level and sea surface temperatures.

Source: *Global Climate Change Impacts in the United States,* the U.S. Global Change Research Program, June 16, 2009.

Paying for REDD-iness

By Donald P. Kanak

As the world moves forward in addressing climate change, the role of forests in storing carbon is getting more attention. Now it is time to figure out how to cover the costs of keeping that carbon in the trees and soils of the world's remaining forests.

Logging and conversion of forests to agricultural use releases large quantities of carbon and other greenhouse gases into the atmosphere. Addressing the relationship between forests and carbon emissions is critical to an effective global climate agreement.

Deforestation is well known as one of the Earth's most serious environmental problems, accounting for tragic loss of biodiversity and disruption or degradation of ecological processes such as water flows, not to mention the loss of habitat and livelihoods for forest peoples. Surprisingly, many people still are not aware that deforestation, primarily of natural rain forests, also accounts for about 20 percent of all human-induced carbon emissions, making it second only to fossil fuels as a source of atmospheric carbon. Thus, stopping deforestation is critical to the success of any new global deal on climate change.

Thanks to a decade of advocacy, education, and improving technology for measuring and monitoring forest carbon, there is now widespread political support in both developed and developing countries for REDD, Reducing Emissions from Deforestation and Forest Degradation. The consensus is lagging, however, on an important issue: how to pay for it. Estimates vary, but most experts agree that we must mobilize tens of billions of dollars between now and 2020 if we are to change the destructive patterns of economic activity that are wiping out the rain forests at an alarming rate.

The Costs of REDD

There are basically two large "costs" of REDD that need to be financed. There are the start-up costs of building capacity in the forest countries to plan, measure and monitor the carbon and to carry out early demonstration projects. And there are the operating costs of compensating the forest countries and forest communities for carbon sequestration, the opportunity cost of NOT cutting down their rain forests for fuel, wood products or agriculture.

To mobilize those billions, the world will need various sources of funds, both public and private, that are large and sustainable, and a system of rules and institutions to make sure that the funds pay for real results. The world cannot afford to waste time or financing on emission reductions that turn out to be nothing more than "hot air" or are reversed a few years later due to natural disasters or lack of enforcement.

The Call for Public and Private Funds

Public funds from the developed countries are critical to kick-starting REDD, whether they come through general revenues or from a portion of the revenues from auctioning emission permits.

WWF at Work Around the World

For nearly 50 years, WWF has been protecting the future of nature. We are the world's leading conservation organization, working in 100 countries and supported by 1.2 million members in the United States and close to 5 million globally. Our unique way of working combines this global reach with a foundation in science, it involves action at every level from local to global, and it ensures the delivery of innovative solutions that meet the needs of both people and nature.

Among our many accomplishments are those that deliver significant results for priority places around the globe, places that include the world's largest and most intact tropical rain forests, the most diverse freshwater systems, the most varied coral reefs, the most biologically significant deserts, and the most productive fishing grounds.

Here is a sampling of our results in 2009.

Alaska: Bristol Bay at Risk

Encompassing eight countries and at least as many seas, the Arctic is one of the most important places on Earth. The story of Bristol Bay, on the Bering Sea, is an example of our work here to safeguard a sustainable future for people and wildlife.

WWF's David Aplin helps local communities and partners, including colleagues from the U.S. Coast Guard, understand the potential negative impacts of oil and gas drilling in Alaska's Bristol Bay.

For thousands of years, Alaska Natives have recognized Bristol Bay as a remarkably special place. With abundant fish, marine mammals and bird life, the bay remains critically important for both subsistence and commerce, boasting a rich fishing heritage that supports thousands of local people. Consumers around the world also benefit from the bay's bounty. If you've eaten wild sockeye salmon, chances are high that it came from Bristol Bay. Every year 33 million sockeye salmon leave their ocean domain to swim upstream and spawn in the region's rivers, making this the world's largest run of sockeye salmon – a keystone species for the region's rich and diverse marine, coastal and terrestrial ecosystems. These waters also support critically important nursery grounds for red king crab and Pacific halibut.

Oil and Gas Exploration

Today, however, this place is threatened by plans for offshore oil and gas development. For almost two decades following the catastrophic 1989 *Exxon Valdez* oil spill in pristine Prince William Sound, Bristol Bay was protected from oil and gas development. The Bush administration and Congress removed that protection, and in 2007 the bay was newly available for development. According to a nationwide plan developed under President Bush, a Bristol Bay lease sale for development could be conducted as early as 2011.

Scientists predict that, given Bristol Bay's notorious winds, powerful seas, variable ice cover and cold temperatures, drilling here will result in at least one major oil spill and numerous smaller ones. With an Alaska-based team, WWF is now at the center of a coordinated campaign to ensure that this never happens.

Local Voices, National Attention

Engaging local partners is an essential aspect of our work. WWF staff have been traveling to communities within the region, sharing information about plans for development as well as the potential impacts on Bristol Bay fish. Local commercial fishermen and coastal residents are highly knowledgeable about what's at stake. They speak passionately about the need to protect the bay and their way of life.

To put Bristol Bay in the national spotlight, WWF has been bringing these important voices to Washington, D.C., arranging meetings with congressional staff and media interviews that reach other Americans who, as consumers of the bay's bounty, have a stake in its future. One of the champions for Bristol Bay is Keith Colburn, captain of the crab fishing vessel *The Wizard* and a celebrity on Discovery Channel's *Deadliest Catch* series. In March of 2009, Captain Colburn took time from his fishing schedule to help WWF get the word out about the threats of offshore oil development to Bristol Bay's fisheries.

In the medium to long term, however, considering the many other demands on public funds (health care, education, etc.), it is necessary to mobilize the private capital markets for REDD.

Developing the carbon markets and other methods to attract a portion of the trillions of dollars of private capital would provide scalable and reliable financing for REDD – and help the forest countries create sustainable economic opportunities for their citizens while preserving the Earth's climate and rich natural forests. Mobilizing the legal and commercial environments in forest countries to attract that REDD capital will also help those countries and local forest communities attract sustainable investment in other sectors that will improve living standards and eradicate poverty.

▸ To learn more:
worldwildlife.org/forestcarbon

Don Kanak is a member of the WWF National Council and chairman of our Forest Carbon Initiative. He is also chairman of Prudential Corporation Asia and a senior fellow at the Harvard Law School Program on International Financial Systems.

The Forest Carbon Summit 2009

Making Forest Carbon Markets Work

WWF's Forest Carbon Initiative is working to inform the debate on REDD and REDD finance. In March, with support from the David and Lucile Packard Foundation, WWF sponsored the Forest Carbon Summit 2009: Making Forest Carbon Markets Work. "To make these markets work for REDD," says Don Kanak, "we knew we had to get the right minds together from the right sectors and places: government, finance, law, consulting, academia and nongovernmental organizations, from developed and developing countries and including the world's forest countries."

To do that, WWF reached out to Duke University's Nicholas Institute for Environmental Policy Solutions and the Harvard Law School Program on International Financial Systems as partners to organize the conference. More than 70 leaders and experts from all the key sectors assembled for the weekend in Washington, D.C., working day and night to exchange views and identify what is required to make forest carbon markets work. H.E. Bharrat Jagdeo, president of Guyana, and the Hon. Robert Hill, Australia's ambassador to the UN and leader of Australia's delegation to Kyoto, not only addressed the group but participated in the in-depth discussions.

While the summit was not designed to develop a set of consensus recommendations, there was general agreement on several themes:

- REDD represents a triple win – for nature, for the climate, and for improving the future for forest countries and communities.
- Funding REDD is essential, and it must be done urgently and massively from a wide range of public and private sources.
- More needs to be done to build international and national REDD frameworks that will ensure reliable accounting for REDD carbon and to deal with risks in ways that allow private investors to manage risks and earn acceptable returns.
- Early-action projects should be encouraged and funded to assist forest countries and communities to develop and demonstrate various elements of REDD capacity, among them land-use planning; participation and acceptance by forest communities; and technology, including monitoring and remote sensing.

The work of the conference fed into WWF's comprehensive efforts leading up to the UN Climate Conference in Copenhagen in December.

WWF's Global Presence and Priority Places

A Selection of Results From 2009

1. Arctic

We partnered with the North Pacific Fishery Management Council to prohibit commercial fishing in nearly 200,000 square miles of U.S. waters in the Beaufort and Chukchi seas until adequate baseline data has been collected on the local marine environment and fisheries resources.

2. Northern Great Plains

As we progress in rebuilding America's Serengeti, the number of bison on American Prairie Reserve has topped our goal of 100, and we are working to double the herd size this winter with 100 new calves from Elk Island National Park in Canada.

3. Mexico

WWF, Fundación Carlos Slim and the Mexican government launched an initiative to establish the country as a global model for conservation. WWF contributed to Mexico's new climate change plan, which includes a 2050 goal of a 50 percent emissions reduction from 2000 levels.

4. Galápagos

Over a three-year period WWF provided technical expertise to the Galápagos National Park Service to develop the new Fisheries Management Plan. Approved this year, the plan provides the framework for sustainable fisheries management in the Galápagos Marine Reserve.

5. Amazon

In addition to securing 6.2 million acres of new protected areas, we partnered with The Nature Conservancy and Conservation International to create a decision-support system for the Inter-American Development Bank to use as it identifies and mitigates potential negative impacts of development projects.

6. Namibia

We increased the number of self-financing conservation conservancies from 17 to 21. With $2 million from USAID, WWF launched a new, three-year program to expand our community-based conservation work across the southern African region.

7. Congo Basin

WWF assisted six countries in developing plans in support of REDD, Reduced Emissions from Deforestation and Forest Degradation, in advance of the December climate negotiations in Copenhagen. The government of the Democratic Republic of the Congo pledged to create 32-37 million acres of new protected areas.

8. Coastal East Africa

Partnering with CARE, we launched a major initiative focusing on climate, development and the environment in coastal and terrestrial areas in Tanzania and Mozambique. Our goal is to address escalating threats to the livelihoods of resource-dependent communities.

9. Eastern Himalayas

WWF's first-ever renewable energy carbon project, using biogas in Nepal, has been registered with the Gold Standard Foundation, creating an opportunity to trade certified carbon credits in the voluntary market. The revenue generated from the transaction will be reinvested to ensure the financial sustainability of the project.

10. Borneo and Sumatra

The U.S. and Indonesian governments signed a debt-for-nature swap that will reduce Indonesia's debt payments by nearly $30 million. Indonesia will commit these funds to conserving Sumatra's tropical forests. WWF was a key advisor to Indonesia on structuring the agreement.

11. Coral Triangle

USAID awarded $35 million to WWF, The Nature Conservancy and Conservation International to support six local governments in implementing their new Regional Plan of Action, which will preserve marine habitats, improve livelihoods and ensure food supplies for reef-dependent people across the Coral Triangle.

1

2

3

1. WWF works to protect the livelihoods of local fishermen such as those in the Togiak herring fishery.

2. Most wild sockeye salmon eaten in the U.S. comes from Bristol Bay.

3. An adult sea otter floats on the surface of the water, protectively holding its pup.

Since April 2009, WWF has partnered with the Alaska Marine Conservation Council, amassing signatures from over 800 Bristol Bay fishermen opposed to offshore oil and gas development. When Secretary of the Interior Ken Salazar visited Dillingham, Alaska (a hub of Bristol Bay), WWF staff and local friends rallied nearly 200 people for a meeting in the school gymnasium. Mr. Salazar heard firsthand their strong opposition to offshore development.

Thanks to WWF's international presence, we have engaged similarly effective spokesmen from Norway, primarily Barents Sea fishermen whose livelihoods also have been threatened by offshore development.

It's Just Not Worth the Risk

Many superlatives describe Bristol Bay, but perhaps most important is that this is one of those exceptionally rare places in the U.S. where the ecosystem is healthy enough to support an entire economy. The people who live here want to keep it that way. Fisherman Thomas Tilden points out that Bristol Bay is the engine for the Bering Sea fishery, which is worth over $2 billion a year, and that drilling would bring in just $7.7 billion over 25 years. "It's just not worth the risk," he says.

▸ To learn more:
worldwildlife.org/arctic

Conservation Amid Conflict

Over the past decade, bloodshed in the Congo Basin has turned Virunga National Park into a battlefield and the home of last resort for displaced people. WWF's dual focus on people and nature is making a difference here.

WWF's continent-wide efforts to protect Africa's great apes address the degradation and fragmentation of the forest habitat of mountain gorillas (above), lowland gorillas, bonobos and chimpanzees.

The Virunga Mountains are known affectionately as the "African Alps," and during better days, Virunga National Park was the pride of the Democratic Republic of Congo. Established in 1925, it was Africa's first national park. Today its lush rain forests are home to about 200 of the world's 700 remaining mountain gorillas. Until recently, the park's natural wealth generated more than $3 million a year from ecotourism and provided jobs for 20,000 artisanal fishermen and food for local people who bought their catch in the markets. War changed all that.

The Virunga landscape has the region's highest population density, and during the Rwandan genocide in the mid-1990s more than a million refugees streamed across the border and settled in and around Virunga National Park. Once there, they fed and sheltered themselves by any means available. Even though the links between disaster response and conservation were already understood, the unprecedented scale of human suffering was overwhelming. Fortunately, the seeds of a solution had already been planted.

From Seeds to Trees to People

Even before the Rwandan tragedy, WWF was aware of how vulnerable Virunga was to human encroachment, wildlife poaching and illegal harvesting of trees. In 1987 we joined other organizations to start the Virunga Environmental Program, known as PEVi, to reduce enormous human pressure on the park and create alternative livelihoods. Through this effort, there are now community-owned tree nurseries and park buffer zones where local people can obtain wood legally. The long-term benefits are significant, as a 1,200-acre forest can sustainably produce approximately $1.5 million in revenue over 10 years from timber and highly lucrative charcoal production. So far, the local tree farmers have planted more than 10 million trees.

When fighting escalated in the eastern Democratic Republic of Congo in late 2007, it became clear that this local program offered a solution for people and nature alike. Our staff on the ground knew that sustainably sourced PEVi wood could meet short- and long-term needs. So we coordinated with the United Nations and other humanitarian agencies to purchase PEVi timber from local growers to supply displaced people with fuelwood.

Richard Carroll, managing director of our work in Africa, explains: "It's taken over 30 years for us to be this integrated into a community and country. From protecting the land rights of the Ba'Aka and other indigenous stewards of nature to creating vast protected areas, we

1. From savannas, steppes and swamps to forested mountain slopes, Virunga National Park covers nearly 2 billion acres and holds an exceptional diversity of species.

2. / 3. WWF's work in Virunga is part of a constantly evolving approach that creates solutions for a wide range of social issues affecting people and the environment.

4. While gorillas habituated to humans are more at risk during times of conflict, they are part of local ecotourism programs that help pay for their protection.

understand the Congo Basin. When war came, we had already earned the trust of the Congolese people. We were already standing at their side."

A Future for Virunga

While the situation in the region remains volatile, WWF and our government partner, the Congolese Institute for the Conservation of Nature, remain steadfast in our shared mission. Already there is good news: In December 2008, after successful negotiations led by our two organizations, park rangers were allowed to reenter the Mikeno sector of the park, where six groups of habituated gorillas had last been seen alive. These particular gorillas have been habituated to limited human contact for the purposes of income-generating ecotourism and are considered most at risk in the conflict. A count completed in January 2009, the first since September 2007 when the rangers were forced out of the area, showed that the population of Virunga's habituated gorillas had increased from 72 to 81.

The Democratic Republic of Congo is home to the majority of the Congo Basin rain forests and continues to lead conservation in the region. WWF commends the government for remaining committed to its goal of protecting 15 percent of the country's forests. At the request of the institute, WWF created a science-based plan to guide this ambitious undertaking. We will also continue our long-standing partnership with them and our support for the local PEVi program.

▸ To learn more:
worldwildlife.org/congo

In the Coral Triangle, Possibilities Become Realities

By Kate Newman

For two days in May 2009, the Coral Triangle Summit took center stage as the leaders of six Southeast Asia and Pacific countries committed their governments to protecting the natural resources on which their peoples' future depends.

WWF focuses on ensuring that the Coral Triangle, the world's center of marine biodiversity, remains vibrant and healthy, providing food and livelihoods for generations to come.

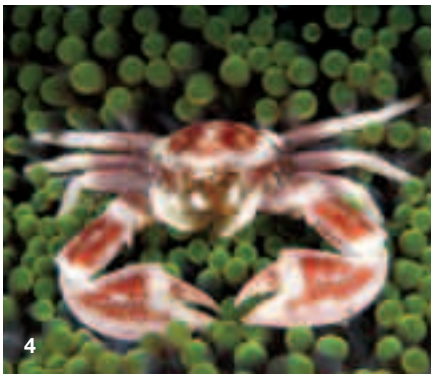
With enough political will, the future can change. This is the lesson of the Coral Triangle Initiative, and it played out impressively at the May 2009 summit in Manado, Indonesia, where the leaders of six countries stood up for biodiversity and its value to humans.

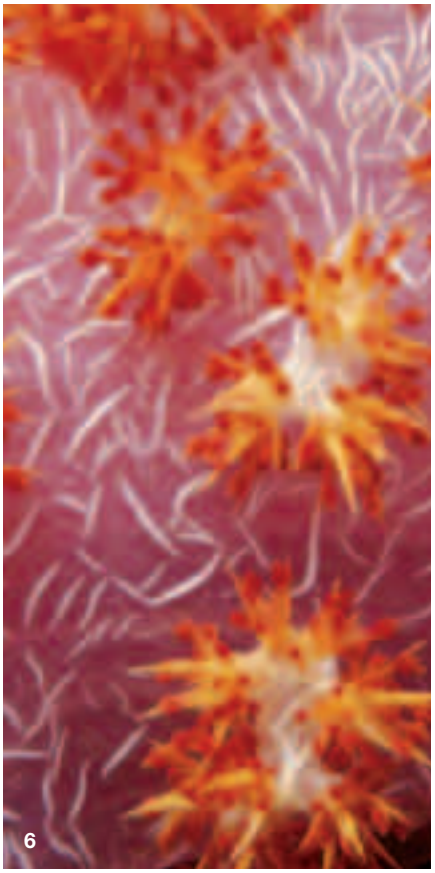
The Coral Triangle is unrivaled among the world's ocean environments for its biological significance and its beauty, and even more for its economic value to the 125 million people in the region and to millions more around the world. The May summit was held on the last day of the World Oceans Conference, which was attended by thousands of representatives from more than 75 countries. By the end of the conference, global attention was clearly focused on the Coral Triangle and its six countries: Indonesia, the Philippines, Malaysia, Papua New Guinea, the Solomon Islands and Timor-Leste. History was made as the leaders of these countries committed to the 10-year Coral Triangle Initiative Regional Plan of Action, one of the most comprehensive, specific and time-bound plans ever put in place for ocean conservation.

So often, the best efforts of conservationists run up against political barriers, from working across tense boundaries of countries at war to battling international policies that risk environmental degradation in favor of short-term economic gains. But in the Coral Triangle things are different. These countries are all democracies, and in every case their leadership stood up in front of their constituents and the world to commit to the Coral Triangle Initiative and its new plan. Instead of creating barriers, these leaders, the embodiment of their countries, have unanimously agreed to an amazing conservation vision. In doing so, they have opened wide the door to possibilities we will see realized over at least the next decade.

At the official signing ceremony, the presidents and prime ministers were there with several of their top ministers – environment, fisheries, agriculture, finance. Behind these men and women were their deputies and chiefs of staff. The combined political power in the room was staggering, as was its impact. Now, with their commitment, the future is bright for this tremendously valuable part of the world.

In his opening address, President Susilo Bambang Yudhoyono of Indonesia looked back so we could all look forward.





1. A school of bigeye snappers swims in the Philippines.

2. The sun sets on the coast of Papua New Guinea.

3. The green turtle is one of the area's six marine turtle species.

4. The porcelain crab is an example of marine species that live in symbiosis with corals.

5. WWF's Elson Aca records data collected by a satellite tag from a migrating whale shark.

6. The Coral Triangle is home to 75 percent of all coral species known to science.

Coral Triangle: Possibilities Become Realities

The Six Countries Included in the Coral Triangle Initiative

Referring to the 1992 Earth Summit in Rio de Janeiro, he said we were in Manado to correct a 17-year-old oversight. "World leaders signed landmark agreements to halt the loss of biodiversity, to safeguard the world's climate, and to better manage the world's forests," he said. "But they signed no agreement on the one environment that covers about 72 percent of the Earth's surface and provides sustenance to humankind – the oceans." Correcting that oversight begins with the Coral Triangle Initiative.

But the story doesn't start and end in Manado. As with many conservation successes, this achievement has taken decades of committed effort.

From the Ground (and Water) Up

WWF began working in this part of the world in the 1970s, with a focus on species conservation and marine protected areas. In the 1990s we scaled up to the ecoregional level, thanks to support from many donors, among them the U.S. Agency for International Development, National Oceanic and Atmospheric Administration, State Department, Global Environment Facility and Asian Development Bank, as well as the Packard Foundation, MacArthur Foundation and individual donors. Since that time, we've built up programs across the region, with a focus on the importance of conservation in protecting the livelihoods of the people who live there. We scaled up further as we realized that the several contiguous ecoregions were in fact one spectacularly large and interconnected ecological complex. In 2007, WWF joined forces with The Nature Conservancy and Conservation International; together we have expanded conservation in the area and promoted to the world the astonishing biological value of the region.

It takes a herculean effort on the part of many to make a high-level, multinational collaboration like this take shape. WWF technical experts have delivered the scientific and economic arguments in favor of conservation. Our policy and regional specialists met repeatedly and for many long hours in discussions with local and national government officials to help lay out the possibilities and the payoffs. Given the limited resources of the Coral Triangle governments, we advocated for support from the U.S. government and, through our global network, from other governments and multinational funding agencies. Following the December 2007 launch of the Coral Triangle Initiative in Bali, we spent another year and a half working with the governments as they developed and refined their plans.

From Summit to Action

The new 10-year Regional Coral Triangle Initiative Plan of Action centers on five goals: building networks of marine protected areas, scaling fisheries management up to the level of ecosystems, protecting endangered species, integrating conservation across seascapes, and helping species and communities adapt to the impacts of climate change. An extraordinary amount of collaboration went into developing the plan in a remarkably short period. The result is impressive: It includes detailed targets for each goal at the level of the entire region and a suite of national action plans for meeting those targets.

It's more than a plan, however, as expressed by Prime Minister Derek Sikua of the Solomon Islands: "The Coral Triangle Initiative is a dream come true for the countries … It is no longer an idea … It is reality … Let us cherish this reality as we drive this dream forward. Let us ensure that it will always be the livelihood of our people that will motivate us and energize us to implement the ideals of this newfound entity."

▸ To learn more:
worldwildlife.org/coraltriangle

Kate Newman, WWF's managing director for the Coral Triangle, oversees our efforts to conserve the world's richest marine ecosystem.

Climate Change and the Coral Triangle

At the 2009 World Oceans Conference in Manado in May, WWF released a new report, *The Coral Triangle and Climate Change: Ecosystems, People and Societies at Risk.* It was the right time and the right place: The conference focused on oceans and climate change, and the attendees were in the place being talked about, a place known as the planet's crown jewel of coral diversity, a place at risk.

The WWF study shows what the future may become for this part of the world. If we continue along our current climate trajectory and do little to protect coastal environments from the onslaught of local threats, the biological treasures of the Coral Triangle will be destroyed over the course of this century by rapid increases in ocean temperature, acidity and sea level. And the resilience of coastal environments will deteriorate under faltering coastal management. The ability of reef systems to provide food for coastal populations is predicted to decrease 50 percent by 2050 and 80 percent by 2100. The livelihoods of around 100 million people will have been lost or severely impacted.

There is just barely time to alter this future, if the world takes decisive action on climate change now and if at the same time we move forward in building sustainable coastlines and communities. In this far better future, communities remain reasonably intact and are therefore in a better position to cope with unavoidable changes such as rising sea levels. While this second world envisioned in the report is not without its environmental challenges, they will be relatively smaller, and the scale and frequency of the impacts will decrease dramatically toward the latter part of the century.

The importance and urgency of this new knowledge caught the attention of the media worldwide, and it has become the biggest marine story in the history of WWF.

WWF advocates for saving tigers by helping populations recover and thrive in the remarkably wide range of their natural habitats, from estuarine mangroves to grasslands to many types of forests.

Tiger Conservation

For more than four decades, WWF has worked to conserve the world's wild tigers, for their sake and because saving them helps maintain biodiversity within the complex ecosystems where they live. With the World Bank and other partners, we are looking to the Chinese Year of the Tiger to raise global attention and support for range-wide recovery of the species.

Will 2010 Be the Last Year of the Tiger?

By Dr. Eric Dinerstein and Dr. Sybille Klenzendorf

Nothing short of a global response will be enough to save the world's wild tigers. WWF is committed to seeing that this response measures up to the task.

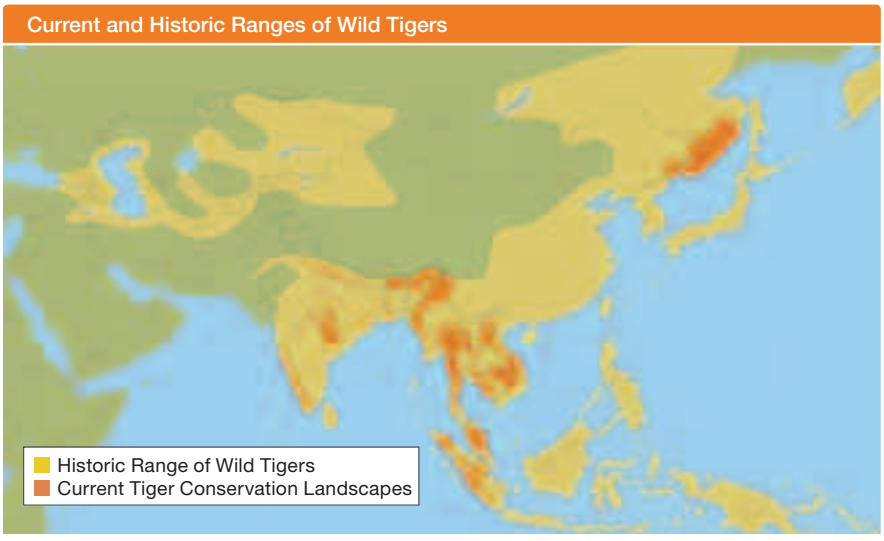
虎

Chinese symbol for tiger

In the Chinese lunar calendar each year is named after an animal, and 2010 belongs to the tiger. The timing of the Year of the Tiger seems to us fortuitous. Wild tiger populations across Asia are under mounting threat, and only far-reaching actions by governments, nongovernmental organizations and concerned conservationists will give tigers a chance to survive into the next century. There's a sufficiency of bad news: Tigers are now down to as few as 3,200 individuals in the wild. Development pressures in tiger habitat could decimate many small populations.

But the good news is that we know how to save them. WWF and our partners have estimated that about 425,000 square miles of tiger habitat remain, enough to support between 20,000 and 30,000 wild tigers. WWF has aided the recoveries of endangered large mammals before, and we believe we can do it again. By around 1900, Africa's southern white rhinoceros had been reduced to one population of fewer than 100 individuals in a single reserve. Today, more than 17,000 exist in the wild, with many populations reestablished directly from the one remnant group. If we can pull a slow-breeding rhino back from the abyss of extinction, we can surely do the same for a top predator that breeds like, well, a house cat.

WWF is now advocating for a game-changer – a signature event that triggers a dramatic global response. We need government leaders



While enough tiger habitat remains to support between 20,000 and 30,000 wild tigers, as few as 3,200 individuals remain in increasingly isolated populations.

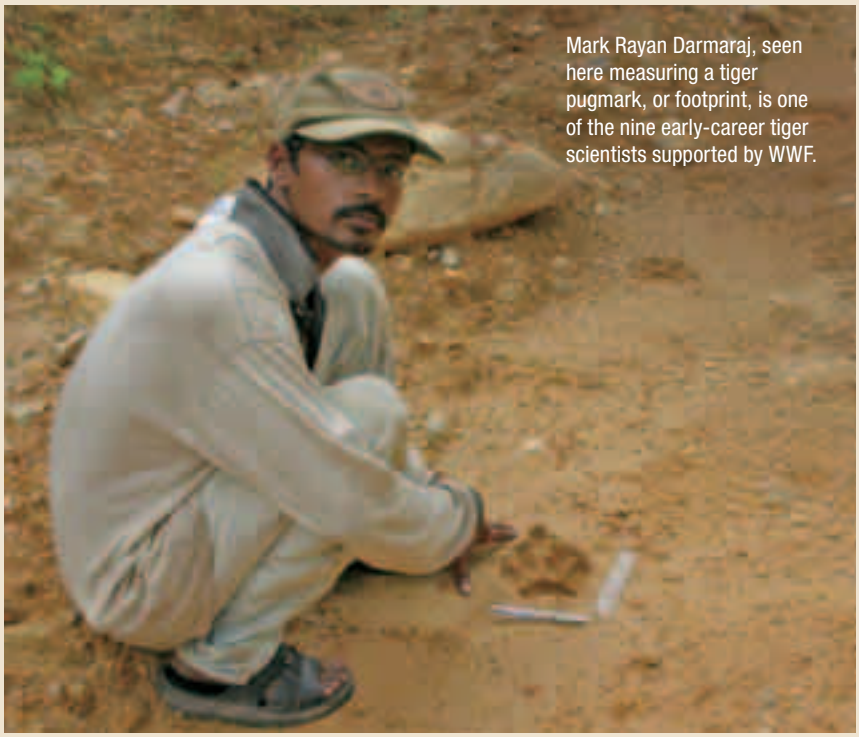
The tiger is one of the most charismatic and evocative species on Earth. It is also one of the most threatened, with tigers now living primarily in isolated populations spread across increasingly fragmented forests in Asia. WWF focuses on four key regions where tigers remain: Amur-Heilong, Sumatra, Eastern Himalayas and Mekong.

in tiger-range states, other world figures, celebrities, corporate leaders, and children and adults everywhere to speak out for the future of tigers. In the accompanying essay on page 47, World Bank President Robert Zoellick calls us to action on behalf of tigers. He is the most visible public figure to speak up for tigers since India's former prime minister, Indira Gandhi. In the 1970s, she called for a network of tiger reserves that hold today's core populations. Mr. Zoellick's voice has been joined by that of Russian Premier Vladimir Putin, who has invited world leaders to a Year of the Tiger Summit in Russia this fall.

At WWF, we know how to contribute significantly to such international cooperation: We have honed our expertise through our successes with the historic 1999 Yaoundé and 2005 Brazzaville summits on forest conservation in the Congo Basin, and through the Coral Triangle Summit this past May. The 2010 tiger gathering will determine the future of tigers and can spark a range-wide recovery.

While the panda is recognized worldwide as the symbol of WWF, wild tigers are our talisman. They represent much that we hold dear in nature: wildness, the grace

Building Vital Research Capacity



Mark Rayan Darmaraj, seen here measuring a tiger pugmark, or footprint, is one of the nine early-career tiger scientists supported by WWF.

Training the Next Generation of Tiger Scientists

The latest data on the status of wild tigers is extensive, accurate and alarming. But it isn't enough. There are gaps in our knowledge about the status of tigers in a number of range states. Where we do have data, we don't have enough to predict the trajectory of populations over time. The reason: We simply don't have enough people out in the wild monitoring tigers. We need many more of these people who also serve as guardians, providing a first line of defense against threats such as poaching.

In June, WWF's Kathryn Fuller Science for Nature Fund awarded fellowships to 10 graduate-level scientists working in tiger conservation landscapes in their own countries. The data these fellows started collecting from their first day in the field is not some esoteric work to be published in an obscure journal; it is vital information on the current status of tigers, and it will feed directly into emergency recovery efforts.

One of their key tasks will be to monitor the impact on tigers of extensive new infrastructure projects already under way in Asia's expanding economies. New development paradigms that include biodiversity protection will be as integral to economic prosperity and human well-being as are roads and dams. We must monitor progress and effectiveness in this fundamental effort. Our new generation of scientists will be trained to do so and will be part of the brigade that leads range-wide recovery for tigers.

of evolutionary design, the primal essence to which we must stay connected in an increasingly human-dominated world.

And conserving tigers is central to WWF's mission. Tigers are an umbrella species. Saving them will save the less charismatic species that make up much of Asian biodiversity: A map of the extant range of wild tigers coincides with where nature is concentrated in Asia. The same incentives we have been proposing to conserve carbon stocks in Asian rain forests can also conserve tigers. Our work addressing rural poverty incorporates natural resource conservation, including preserving the very habitats tigers use, habitats that also benefit people through the ecosystem services they provide.

One of our most exciting new endeavors aims to mainstream tiger conservation into infrastructure planning. Instead of chasing the tails of poorly planned development projects that degrade and fragment tiger habitat, we will work with major lenders such as the World Bank to design tiger-sensitive conservation programs that move from a policy of "doing no harm" to one of "doing measurable good."

The Year of the Tiger Summit can be a special moment in conservation, one that inspires people anew to save this majestic species. Tigers must be restored to their rightful place in the Asian ecosystem – now. If they are not, by the time the next Year of the Tiger comes around in 2022, it will be too late.

▸ To learn more:
worldwildlife.org/tigers

Dr. Eric Dinerstein is WWF's chief scientist and vice president for conservation science. He is co-architect of WWF's Global 200, a scientific framework that guides our fieldwork in more than 100 countries.

Dr. Sybille Klenzendorf is WWF's managing director for species conservation. She leads conservation initiatives for elephants, rhinos, tigers, orangutans, leopards and other species around the world.

The World Bank Group Helps Spark Global Action

Tigers are disappearing. These magnificent animals – iconic images of majesty and strength – numbered over 100,000 at the turn of the 20th century. They now stand at the brink of extinction: An estimated 3,500 tigers remain in the wild.

Fortunately, we know that tiger populations can recover if habitats are protected and poaching is stopped. The Global Tiger Initiative is bringing together partners to help to stabilize wild tiger populations across Asia: governments, global non-governmental organizations such as WWF, international organizations such as the World Bank Group, scientists such as those from the Smithsonian Institution, law enforcement officials and concerned individuals. I hope that the 2010 Year of the Tiger Summit, which the World Bank Group is cohosting, will draw further attention to this initiative and wild tiger conservation.

In my office at the World Bank Group, I have a painting of a wild tiger by tribal artists who live in and around Ranthambore National Park in Northern India. It serves as a striking example of the economic benefits that come from saving a species in the wild. Some of the tigers in Ranthambore are multimillion-dollar earners; they provide livelihoods for thousands of people, from forest guards to wildlife guides. The painting showcases the value of these animals – alive rather than dead.

When we lose material assets, they can be replaced or rebuilt. But when a species is lost, the damage is irreparable. The loss of the tiger is both a tragedy in itself and a threat to the health of the habitats in which these animals live and the prey populations that support them. By saving wild tigers, we are saving a beautiful animal as well as preserving the biodiversity of our planet.

Robert B. Zoellick
President of the World Bank Group

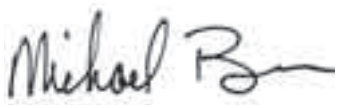
WWF Funding and Financial Overview

During this year of financial upheaval, we were immensely gratified by the commitment of our supporters. In the face of a historic economic downturn, our members and other donors continued their support in record numbers. In this year we achieved the highest levels of membership support in our history. While we did experience declines in higher-level gift amounts, the overall continued support was inspiring.

We also enjoyed continued success with direct government support of our complex local-to-global solutions in places like the Coral Triangle, the Congo, the Amazon and Namibia. Government revenues increased to $33 million this year from a previous high of $29.5 million. Much of that success was driven by collaboration with our WWF Network colleagues and other conservation partners. With all of this support, we were able to make the largest investment in conservation program accomplishments of any fiscal year in our history, growing our program funding to $130 million – an 8 percent increase over last fiscal year.

Even with all this good news, we did not escape this recession unscathed. Just as many others experienced large portfolio losses, our endowment, reserves and net assets declined significantly over the year. Many of our foundation and corporate supporters reported similar declines in their philanthropic funds, and as a result our revenues in those areas declined. In response to these declines, we implemented appropriate austerity measures, reducing less-critical expenses, deferring less-urgent programmatic work and – most difficult – making reductions in staff. With a proportional decrease in mission support activities, we maintained a strong, efficient spending ratio, with 82 percent directed to worldwide conservation.

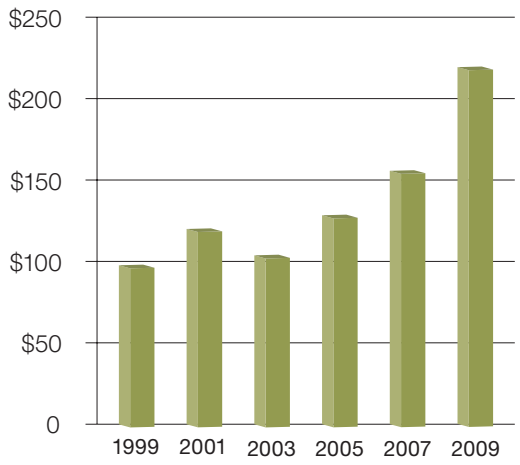
While the economic future remains uncertain, our collective commitment to conservation achievements must remain resolute. This year, we've seen our members and donors demonstrate that commitment, empowering us to succeed as we face the challenges of climate change, species extinction, and threats to our forests and oceans. Our sense of programmatic urgency, balanced with strong accountability and transparency, makes WWF a sound investment that delivers conservation dividends now and will do so into the future.



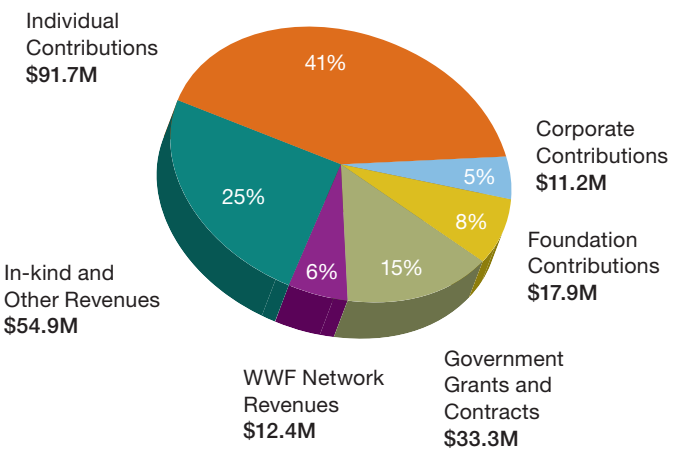
Michael Bauer
Chief Financial Officer

Operating Trends and Ratios

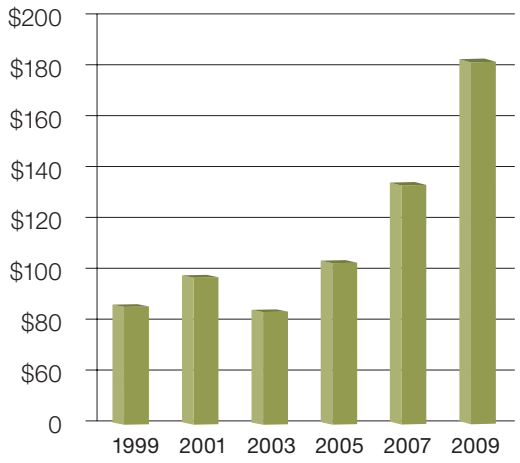
Operating Revenue Growth (in millions)



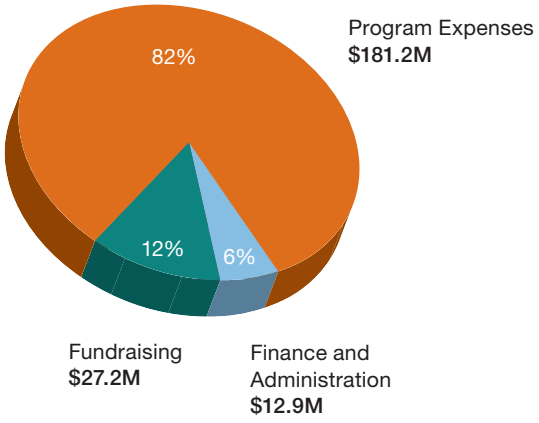
Operating Revenue FY 2009



Program Spending Growth (in millions)



Total Expenses FY 2009



Statement of Activities

For the year ended June 30, 2009, with comparative totals for 2008	2009 Total	2008 Total
Current year operating revenues and expenses		
Revenues:		
Contributions utilized[1]	131,158,231	120,502,785
Government grants and contracts	33,283,073	26,142,042
WWF network revenues	12,403,384	14,559,667
In-kind and other revenues	44,510,130	35,283,645
Total unrestricted revenues, gains and other support	221,354,818	196,488,139
Expenses:		
Program expenses:		
Conservation field and policy programs	130,382,293	120,811,707
Public education	50,791,932	41,010,434
Total program expenses	181,174,225	161,822,141
Supporting services expenses:		
Finance and administration	12,924,091	12,507,845
Fundraising	27,164,990	22,324,621
Total supporting services expenses	40,089,081	34,832,466
Total expenses	221,263,306	196,654,607
Current year operating revenues over operating expenses	**91,512**	**(166,468)**
Non-operating activities and pledges		
Non-operating activities:		
Bequests and endowments	16,367,854	19,302,507
Income from long-term investments	(37,207,038)	(8,799,194)
Unrealized gain (loss) on financing transactions[2]	(4,503,647)	(4,339,213)
Non-operating funds utilized	(32,990,817)	(24,530,047)
Pledges and contributions designated for future years:		
Pledges and contributions	23,194,768	30,006,473
Prior years' revenues used in current year	(33,727,721)	(32,495,890)
Total non-operating activities and pledges	**(68,866,601)**	**(20,855,364)**
Increase in net assets	**(68,775,089)**	**(21,021,832)**
Net assets at beginning of year	**296,127,001**	**317,148,833**
Net assets at end of year	**$ 227,351,912**	**$ 296,127,001**

[1]Contributions utilized in 2009 includes current year contributions of $64,439,693, prior years' contributions of $33,727,721, and non-operating income of $32,990,817.

[2]In 2001, WWF issued variable interest rate bonds to finance a portion of the purchase of the building housing its offices. In 2002, it entered into three financial transactions to fix the variable interest rate on the bonds. These transactions result in either an unrealized gain or loss year to year as market interest rates vary above or below the fixed rate obtained in the transactions.

WWF's complete audited financial statement may be obtained by writing to the Chief Financial Officer, World Wildlife Fund, 1250 24th St., NW, Washington, DC 20037-1193.

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