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STRATEGIES FOR THE SOUND USE OF WOOD

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From Good Forest Management to the Sound Use of Wood: an NGO View

Introduction Session

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ABSTRACT

WWF firmly supports the concept of wood as a sustainable material. Building demand-side strategies does however need the context of issues at the resource side. Those in the European industry are familiar with issues affecting supplies such as the low prices for roundwood and the use of recycled wood for panel production. From an environmentalists viewpoint there are others: illegal logging (usually manifesting itself as avoidance of taxes); forest restitution and a "race for cash" before EU membership; increasing protected areas (1.6Mn ha in the last 12 months alone); increasing interest in restoration (of wilderness or naturalness); and climate change which will force us to change the way we manage our forest resources.

Since the early 1990's NGO's have been promoting sustainable forest management, and FSC certification as a key tool connecting forests with consumers. Ten years on NGO's have learned to use market and financial levers to create pressure for change and move from sustainable forest management to sustainable development of forest products.

In WWF we take a holistic "protect, manage, restore" approach to forest conservation. This combines policy work with field projects and involves a focus in western Europe on "markets and lifestyles" as well as "rules of the game". Work on certification now happens not just at the forest level, but along the supply chain to retailers. Our Forest and Trade Networks now work with over 400 companies in Europe to create demand for sustainably managed wood. Producer Groups are a new and exciting natural extension of this work.

We can anticipate that environmental issues will continue to influence global development. NGO's in Europe have a higher approval rating than Governments and corporations. WWF is moving its thinking "beyond certification" to develop new partnerships with industry to help define not just good forest management, but "good processing" and supply chain management. A partnership approach involving governments, corporations and NGO's can be a powerful force for developing "Strategies for the Sound Use of Wood".

Key words: "producer groups", supply chains, certification, "sustainable forest management", partnerships

INTRODUCTION

WWF firmly supports the concept of wood as a sustainable material. Building demand-side strategies does however need the context of issues at the resource side. This paper will consider aspects from throughout the supply chain and provide the view of WWF.

BACKGROUND ON THE WWF EUROPEAN FOREST PROGRAMME

The European Forest Programme of WWF covers a wide geographic area. We have 85 forest officers located from Casablanca in Morocco to Vladivostok in the Far East of Russia. They cover a variety of themes under the banner of "Protect, Manage, Restore". That is, the establishment of effectively managed protected areas; the sustainable management of commercial forest areas; and the restoration of degraded forests. We also work on key threats such as illegal logging, fire and climate change. Our work involves field projects establishing best practice models, backed by policy analysis and advocacy with Governments, and in intergovernmental fora. We have a large proportion of our staff working in western Europe on what we call "markets and lifestyles" - setting new standards and influencing consumers, companies and governments to adopt them. The highest profile part of this work is through our Global Forest and Trade Network, where we partner companies who are committed to sourcing wood products from forests independently certified to a credible international certification standard.

WHY IS THE SUPPLY SIDE AN ISSUE IN CREATING DEMAND?

A key part of creating demand for any product is to create the brand and the image, and design the promotion accordingly. The industry has always been good at some of this. Positioning is easy: wood is an environmentally friendly material. Yet the industry continues to be plagued by images of rainforest destruction. Never mind the relatively minor role that this plays in Europe's wood consumption. The industry is a global one, and needs to have a global solution. At WWF we talk to a lot of companies at a senior level. They are acutely aware that they need a "licence to operate" and also need an ability to communicate their credentials.

As WWF we are aware that here in Europe we need to set an example and adopt solutions that can drive change in other parts of the world. We are also aware that activity within Europe is far from perfect.

High Conservation Value Forests

The industry continues to utilise wood from high conservation value forests (HCVF). (See Annex 1 for a definition of HCVF). In the Caucasus official data shows the harvesting of red data list species. This is exported for use to southern Europe, probably for furniture. In Finland there is continuing conflict between industry and NGO's about the harvesting of old growth pristine forest areas. In NW Russia the harvesting of pristine forest areas for the production of paper and other products used in Germany and the rest of Europe is even more widespread. These are not one off-examples where one-off mistakes are being made.

Clearly we still need to maintain natural systems and biodiversity: the natural capital of the country - through the creation of formally protected areas, where natural ecosystem dynamics occur. Outside these

areas the identification of other HCVF's needs to occur and they need to be managed to maintain or enhance the HCV features to complement the protected area system. The region covered by the WWF European Forest Programme saw 1.6Mn new ha of protected areas last year, though the creation of this biodiversity backbone is not yet in place in many countries. For the EU and Accession countries, Natura2000 is a legal framework that can contribute, though it tends to focus on existing protected areas (which often are present for historical and convenience factors) and not on the valuable forest characteristics. Here in Europe WWF has a partnership with Sveaskog which has recently announced that they will manage 20% of their forest estate for conservation through a system of protected areas and HCVF's. This is a significant step forward, and needs to be compared with an equivalent of only 7% of Europe's forest protected under the IUCN's categories IV. What would the supply-demand balance throughout Europe look like if this was repeated across all forests? Various scientific papers and the work of UNECE have indicated that increasing the role of biodiversity conservation is not likely to harm the overall supply-demand balance in Europe. So that's good news for the bison, bear and beaver.

Illegal Logging

Whilst we are on the image of the product lets talk about illegal logging. We use the World Bank definition (Annex 2) which covers amongst other things: harvesting without permissions; over harvesting; and also activities where there is contravention of national laws including avoidance of taxes. Not a problem in Europe? Think again. Perhaps the most important cause is tax avoidance. Through our Alliance with the World Bank we have just completed a study in Latvia of the potential impact of a proposed pulpmill on the system of protected areas and on forest management. Our interest is that the investment could and should be a significant driver for positive change. A rough estimate is that by combining all types of tax evasion (timber income, social charges and income tax of forest workers) the dealers of illegal pulpwood have a total cost advantage of 15-20% over law-abiding traders. This occurs in 30-40% of harvesting. The situation is more extreme in Estonia. In terms of the volumes involved illegal logging is perhaps most significant in Russia. This makes life hard for the legitimate operators. It also provides a real bottom line risk for financial institutions and investors. I am sure that the institutions financing the forest industry are not aware of the risk they face. We are now talking to them.

Private Owners

For private forest owners the issues are a little different. The fixed costs of harvesting planning, the safeguards needed to ensure adherence to legislation, and "set-up costs" mean that they have inherently higher costs of production. How do we overcome this? Does the FairTrade movement provide any solutions or ideas that we can copy? Can certification develop in this direction?

Incentives

Throughout Europe incentives have led to planting of large areas of forests. The incentives have in many cases been rather perverse - fuelling an increase in land prices which has benefited farmers leaving the land but not stimulated good silviculture. It has also led to the establishment of even aged single species crops susceptible to windblow. Worse, many of them are now searching for a market. My home country, the UK is one such case.

Throughout many countries forest laws are also perverse in terms of good forest management. For example they favour the harvesting of older crops over young ones, or focus on sanitation felling. This reduces diversity and the influence of natural processes.

Creating the Right Conditions: the "Licence to Operate"

At some stage the industry has to take a stand. Recent reports by WWF and Taiga Rescue Network on the timber trade between Sweden and Russia, and Sweden and Latvia shows that Swedish companies do not know the source of their supplies, nor the impact of the harvesting operations. They now want to work with us.

Is the constant striving for lower costs the root cause of this? What is the role of private owners - are their in-built higher costs of operations perhaps driving them in the direction of unscrupulous operators? It is clear that no single company or country can change this situation, yet it is in the interest of everybody to do so.

Given the lack of basic protection for forests of high conservation value, or the lack attention given to the promotion of natural processes in forests, NGO's view with some incredulity the push by the Ministerial Conference for Protection of Forests in Europe (the process by which all Forest Ministries come together to agree priorities for Europe's forests) to move away from protected areas as a tool for forest protection.

If we want to build a brand and the positioning of wood as a sustainable product, we have some work to do - no illegal logging, protection of natural capital of a country's forests, and a global framework that can help countries outside Europe also improve and have good forest management.

The WWF World Bank Alliance is considering holding a global conference later this year to discuss the safeguards/guarantees that forest companies and financial institutions should adopt to ensure that the forest practices are responsible. We have some ideas on what these would look like and I would be happy to share these with anyone this week. We would also be interested to join with other organisations to co-host such an event.

SUPPLY & DEMAND BALANCE

Turning to demand side issues, a prerequisite for strategies for the sound use of wood needs to be the creation of a balanced demand from primary wood processors. There needs to be industrial capacity to process in proportion to its availability sawnwood (where the value is) and small diameter roundwood (to facilitate thinning). Secondly there needs to be mechanisms to allow equitable access by each ownership type: private as well as state. Only in this way can we then push for the adherence to the principles of good forest management across all forest types and provide the flexibility of management options for owners.

The collapse of communism produced a dramatic reduction in demand across many countries in the east, and an overall shift in the supply demand balance in Europe. Broadly speaking Europe has enough forests for commercial timber needs for the foreseeable future. At the same time Europe's forests are expanding at about 100,000ha per annum. However in the last 5 years a new phenomena has been the increased use of

recycled wood by the panel industry which has reduced the demand for small dimension roundwood and reduced the level of thinning in Europe's forests. If forests are to deliver value for their owners, so that they in turn can afford to manage for biodiversity new industries need to be created.

PROCESSING OPTIONS

Biomass provides a promising option, but will face competition from short rotation coppice on agricultural lands as the Common Agriculture Policy (CAP) is reformed, and continual rural depopulation drives changing land use. However, the industry needs to speak as one on this issue. It is interesting to see that whilst many forest owners are looking towards biomass, the European Forestry and Forest Based Industries (who include the Confederation of European Paper Industries and the European Confederation of Woodworking Industries), has stated in a recent paper on the Hierarchy of Use of Renewable Fuels that Europe's forests do not have the capacity to supply their industries and the energy sector in a satisfactory way. They believe that energy plantations should be promoted under the CAP. Strangely, the Confederation of European Forest Owners were co-signatories.

The paper interestingly made some valid points about perverse incentives regarding waste and raw materials, but the conclusions on supply availability appear a little self serving, at least from the perspective of the industry federations. This is likely to add greatly to the confusion of policy makers.

The WWF view is that managing forests for biodiversity in Europe needs a variety of management systems linked to a variety of markets, both large and small - distant and local. There should be a place for biomass plants, which due to their scale will find a local niche role adding strength to local communities and economies as well as options for forest owners and farmers in a way that new modern pulpmills cannot. Where we share concerns with the industry is in the area of perverse incentives. They should be eliminated.

There is a clear role for UNECE to provide an independent view of supply and demand to assist policy makers.

Sawnwood

Wealth in forestry still comes from sawlogs, and especially the production of larger dimension sawlogs. One key to improving the wealth of forest owners and the funding of good forest management is to focus on sawntimber production and marketing. This will involve construction markets and high grade interior uses. One significant gap in Europe is the need for common building standards throughout the EU - this can lead to better co-ordinated timber solutions involving the production of standardised components and more value being added in processing facilities. It can create one internal market for wood providing a dynamic environment for the development of the industry.

Looking at the sawmilling industry has led WWF down a new path, and one which also has relevance for this conference. A rough analysis of sawmilling around the world suggests that if sawmills in E.Europe and Russia were as productive on average as those in Scandinavia or N.America then we would need 6Mn ha less forests for commercial use. Of course production efficiencies in the East are increasing rapidly, providing more capacity and lower average production costs. But nevertheless such an insight suggests that our former focus exclusively on certification to drive better performance needs a rapid update.

Corporate Responsibility Reporting

Today we are working on Corporate Responsibility Reporting, which is a new concept which looks at more than just the raw material purchasing. Larger companies already report on a wealth of different factors from emissions to air and water, toxic chemical usage, transport methods and energy use. The Global Reporting Initiative and the World Business Council for Sustainable Development are all seeking to develop a global framework. As WWF we have our own view, and have attempted to identify which factors to measure, and also the standards that should be a minimum threshold. We are developing partnerships which will set a powerful basis to define the "licence to operate" that the forest industry needs before it can start to develop a sustainable image, that will be part of promoting wood and wood based products as a sound product.

DEMAND SIDE ISSUES

Our demand-side work builds on the resource side issues highlighted above.

Global Forest and Trade Network

We have over 10 years of experience working with companies to stimulate the demand for certified forest products. Our primary mechanism for this is the Global Forest and Trade Network (GFTN). Margaret Rainey, the Director for Europe of the GFTN is here this week and will introduce this in more detail. However, briefly, this is our primary partnership with several hundred companies in Europe who have committed to a sourcing policy from responsible forestry. Some of these are important strategic partners who are really driving change. They include IKEA with whom we have a partnership which is developing concepts such as High Conservation Value Forests, and certification, but importantly producer groups.

Producer Groups

Certification for many small and medium sized forest managers and producer companies is a tough challenge. Producer Groups is a new approach to the issue. They bring together forest managers and primary processors to assist them move through a stepwise approach to certification. The steps typically involve a commitment to eliminate illegal activity, the embracing of the High Conservation Value Forest concept, improved forest management and finally certification. A timebound action plan ensures that progress is made equally across all members. There is a benefit of this approach. For a small or medium sized producer acting alone in a difficult environment, the commitments needed to achieve certification do not bring a benefit for some time, whilst the costs bring a significant disincentive compared to those who do not change.

This brings us to the second key aspect of producer groups - the linkage to markets which are demanding certified wood products. WWF is beginning proactive work on "market linkages" to facilitate the members of the producer groups with buyers and consumers in the Global Forest and Trade Network. This work is done in conjunction with a variety of partners. It is not really our (WWF) core business. Nevertheless we are keen to stimulate and facilitate it. It would be a natural step for us to link such work with industry led promotion campaigns on wood. We would be keen to explore such collaboration.

We have plans to create producer groups in 3 locations within Europe. Here in Romania, in Bulgaria, and in Russia. Our Russian group is already established. We will launch the producer group here in Romania later this year. Our forester officers George Dinicu and Zhivko Bogdanov who are here this week can tell you more about this exciting work here in the region.

Market linkage work will also be carried out in other locations where there are significant areas of certified forests such as Latvia and Croatia.

Specifiers

At the specifier end there are 2 initiatives which seek to promote the sound use of wood, both developed initially in the UK. The first is work with local government on the development of purchasing policies, encouraging the use of timber from responsibly managed sources. The recent use by Horsham Council of over £1Mn of FSC timber is one example of how powerful such work on the ground with local government can be in promoting timber and promoting sustainably sourced timber. The work is not limited to the UK. WWF is carrying out similar work in Belgium and Germany, and soon in Sweden. We have recently published a guide for local Government to help them develop sustainable policies towards timber use and forest management. This all adds to significant promotion for timber.

Also in the UK is the Beddington Zero Energy Development within the London Borough of Sutton. This innovative project uses natural renewable building materials, in energy efficient designs. It will have on site combined heat and power generation. WWF UK is calling on the British government and the UK's devolved assemblies to commit themselves to develop a million sustainable homes by 2012.

Governments around Europe are the largest users and potential specifiers of timber. Promotion of timber use needs to start with them.

Climate Change

A few words about climate change. This subject will be dealt with specifically by my colleague Zoltan Rakonczay later in the week, though it is at best still a wild card. Conserving, protecting and managing forests to provide resilience to climate change introduces supply side issues to the debate on the sound use of wood, whilst sequestration may provide another income stream for owners and provide more tangible (cash) benefits for owners.

CONCLUSION

NGO's such as WWF have a higher approval rating in Europe-wide opinion surveys than companies and Governments. This trust by the public gives us a mandate to work on issues of concern to the public, of which forests is one. However I hope that the insights and the solutions that we can provide also provides us with the basis to engage and work with all of you on the important issues facing the forest sector. I would like to thank the organisers for the opportunity to address the seminar. My colleagues and I will be

more than pleased to discuss the issues in more depth with you this week, and share with you some of the insights we have. In this way we hope to contribute to the various Strategies for the Sound use of Wood.

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Annex 1: HIGH CONSERVATION VALUE FORESTS

The High Conservation Value Forests (HCVFs) concept was developed by the Forest Stewardship Council (FSC) in 1999. The concept has subsequently received high interest for its use both within the FSC system and more widely. This rapid uptake reflects the elegance of the concept, which moved the debate away from definitions of particular forest types (e.g. primary, old growth) or methods of timber harvesting (e.g. industrial logging) to focus instead on the values that make a forest important. By identifying these key values and ensuring that they are maintained or enhanced, it is possible to make rational management decisions that are consistent with the maintenance of the important environmental and social values. The HCVF approach is therefore increasingly being promoted for mapping, landscape management and conservation decision-making approaches to forest resources. It is also being used in purchasing policies and environmental safeguards guidelines by banks and corporations. Recently it has begun to appear in discussions and policies of government agencies.

<i>Table 1: Definition of High Conservation Value Forests</i>
<p>HCVF's are those that possess one or more of the following attributes:</p> <p>HCV1 Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).</p> <p>HCV2 Forest areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.</p> <p>HCV3 Forest areas that are in or contain rare, threatened or endangered ecosystems.</p> <p>HCV4 Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).</p> <p>HCV5 Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).</p> <p>HCV6 Forest areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in co-operation with such local communities).</p> <p>FSC Principles and Criteria, February 2000</p>

Annex 2: ILLEGAL LOGGING DEFINITION

Based on the World Bank definition (as published in the WB CEO forum on forests), illegal logging is defined as logging

- outside a concession area
- in excess of quota
- in a protected area
- without appropriate permits
- without complying with bidding regulations
- without submission of required management plans
- in prohibited areas such as steep slopes, river banks, and water catchments
- protected species (as defined by CITES or other international law)
- with duplicate felling licenses
- using girdling or ring-barking to kill trees so they can be logged legally
- that contracts with local entrepreneurs to buy logs from protected areas
- removing of under/over sized trees from public forests
- reporting high volumes extracted from forest concessions to mask that part of the volume is from non-authorised areas outside of the concession boundaries
- using bribes to obtain logging concessions
- using deceptive transfer pricing and other illegal accounting practices to distort prices, volumes, cash flows and debt service levels (for example some companies will inflate the price of imported inputs such as machinery and deflate prices and volumes of their exports to reduce nominal profits, their tax liability with the host country and to illegally transfer funds abroad.)
- that engages in the illegal transport and trade of timber or the smuggling of timber
- that is processed with out the required licenses and that is not in compliance with environmental, social and labour laws

Annex 3: A series of Position papers which set out WWF's position on protected areas, certification, illegal logging and high conservation value forests



Forest Protected Areas

As humans impact on ever-larger areas of the world's land and water surface, pressures on populations of wild plants and animals increase accordingly. Although a proportion of biodiversity can survive in quite highly modified agricultural or other cultural landscapes, many species need specialised conditions only found in near natural ecosystems. In situ conservation through development and management of an ecologically representative network of protected areas is therefore a cornerstone of national and ecoregional conservation strategies. WWF understands a forest protected area to be:

"An area of forest or woodland especially dedicated to the protection and maintenance of biological diversity, and of natural and associated cultural resources, through legal or other effective means"

Hence protected areas are areas where biodiversity protection is the primary objective *and* where suitable legal or other effective means (e.g. customary management systems, agreement as part of third-party certification systems etc) have been established.

WWF believes that it is necessary to create an ecologically representative network of effectively managed protected areas to protect a viable sample of all different forest types. Development of such a network involves: **identification** of the most suitable areas for protection using best available scientific knowledge; a process of **negotiation** and **advocacy** to establish the protected area; followed by **planning** and **capacity building**, to ensure **effective management**; and a process of **monitoring** and **evaluation** to check that protected area values are being maintained. Protected areas are only effective in the long term if local communities support them and therefore ensuring the **participation** of all relevant stakeholders is an important function of management.

WWF will work with governments, forest owners and local communities to help develop and maintain a viable network of forest protected areas around the world by:

- Developing, implementing and promoting a methodology for the systematic planning of networks of protected areas within ecoregions
- Helping to identify and gazette new protected areas, through mechanisms such as Gifts to the Earth, the Yaoundé Summit and the World Bank/WWF Forest Alliance
- Integrating protected areas into a wider ecoregional conservation strategy through the triple approach of "protect, manage and restore", using tools such as the High Conservation Value Forest methodology and the landscape approach
- Promoting the World Commission on Protected Areas' framework for assessing management effectiveness of protected areas to both monitor and facilitate adaptive management, with the Rapid Assessment and Prioritisation Methodology for protected area systems and through site-based approaches.
- Undertaking advocacy in support of the creation and effective management of forest protected areas through mechanisms such as the Convention on Biological Diversity
- Assisting IUCN in preventing dilution or misinterpretation of the World Commission on Protected Areas' definition of protected areas
- Ensuring stakeholder involvement in and support for protected area networks, by building and implementing methods of participation, including co-management, supporting community-managed protected areas



Position Paper

January 2002

One of a series of position papers produced as WWF's response to the WWF/IUCN Forests for Life strategy and WWF's current five-year target-driven programme on forests

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- Lobbying for increased resources for protected areas
- Running pilot field projects in co-operation with partner organisations
- Inspiring people about the role and potential of protected areas to provide many other values – e.g. recreation, tranquillity, exercise – and encouraging their support for the creation and maintenance of a global system of protected areas

Forest Certification

Forest certification is a system of forest monitoring, tracing and labelling timber, wood and pulp products and non timber forest products, where the quality of management from environmental, social, and economic perspectives is judged against a series of agreed standards. The key to forest certification is the development of a system that combines auditing forest practices with tracing forest products. Discussions about certification began in the early 1990s. To avoid confusion, and provide an overall system for monitoring and assessing certification systems, the Forest Stewardship Council was established in 1993. The FSC agreed a general set of *Principles and Criteria* in June 1994. Forest certification is thus finishing its first decade of existence. Its proven benefits range from environmental protection to socio-economic improvements.

WWF believes that forest certification is a tool to promote:

- Good forest management that gives weight to social values, environmental conservation and economic benefits
- Conservation of biological diversity in managed forests including High Conservation Value Forests (see separate position paper)
- Mechanisms to ascertain the ownership or use rights for local communities and indigenous people
- Frameworks for resolution of social conflict over utilisation of forest resources
- Transparency of both forest management and the forest products trade
- Provision of a credible guarantee of legal and responsible forest management to forest industries, timber trade, consumers of forest products and other stakeholders (which also has the potential to be instrumental in helping to curb illegal logging)

To date, certification has been carried out mainly in industrial production forests. This has helped to establish recognition of certification processes with a range of stakeholders, whilst providing market benefits to those participating companies.

WWF thinks that it is both desirable and feasible to extend the benefits of certification significantly beyond these industrial production forests, working particularly with community managed forests and those under the control of indigenous peoples.

WWF will work with responsible members of the timber trade and other stakeholders to further advance certification, by:

- Striving to widen and strengthen the array of incentives for certification outside direct market benefits (e.g. reinforcement of the rights and values of indigenous peoples)
- Promoting the development and implementation of mechanisms to help local and indigenous communities and small forest owners access certification
- Supporting the FSC as the only credible system currently available
- Carrying out periodic objective evaluations of the FSC and other schemes, thus helping them to maintain and increase their quality and efficiency
- Encouraging periodic objective comparisons of all schemes, extracting key messages and communicating them to different audiences
- Working at national and regional levels on the development of standards and delivery mechanisms to encourage greater stakeholder participation in discussions on forest management standards



Position Paper

February 2002

One of a series of WWF position papers produced in response to the WWF/IUCN Forests for Life strategy and WWF's current five-year target-driven programme on forests
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- Developing forest certification among a diversity of global regions, forest types and land tenure regimes, including developing countries and economies in transition

* Specific policy papers regarding mutual recognition, the Forest Stewardship Council and PEFC have been prepared.

Certification Schemes: FSC

The independent third-party certification of socially and environmentally sustainable forest management is an important market mechanism allowing producers and consumers to identify and purchase timber and non-timber forest products from well-managed forests.

The Forest Stewardship Council (FSC) is a non-profit membership organization open to all interested stakeholders at global, regional, national, local levels. It provides an equitable global framework for the accreditation of forest certification schemes and endorsement of national standards. A growing number of national standards and certification schemes recognize each other under the FSC umbrella and more are seeking FSC endorsement and accreditation. The endorsement of national forest management standards, based on FSC's global principles & criteria, ensures compatible global standards development reflecting balanced and equitable decision-making. The FSC principles & criteria require legal compliance, recognition of land use rights including traditional rights, resolution of social conflict related to the utilization of forest resources and identification, recognition and preservation of High Conservation Value Forests.

FSC currently enjoys the support of most national and international environmental NGOs, unions, social groups, indigenous peoples, private, communal and state forest owners, timber industries, scientists and numerous individuals in more than 60 countries worldwide. All decision making in the FSC and its national and regional initiatives is based on a comprehensive consensus between environmental, social and economic interests. It currently offers the only certification system for good forest management that is globally applicable and thus ensures equal access to global markets for forest products in all continents. The FSC is based on the certification of performance of forest management against measurable standards. Over the past years the FSC has proven, that, through great flexibility in its certification approaches (individual certification, group certification, etc.), FSC certification is accessible to large as well as small forest owners and private as well as industrial or governmental forest owners in all forest regions worldwide.

The FSC provides credible independent verification of good forest management and is currently the only certification scheme that ensures environmentally responsible, socially beneficial and economically viable management of forests. It provides credible tracking of forest products from forest to consumer through rigorous independent verification of the entire chain-of-custody. In contrast to other competing certification schemes, it provides a credible guarantee to forest industries, processing companies, retailers, consumers and others that forest products carrying the FSC label come from well managed forests.

WWF believes that the scheme offers the best way forward with respect to forest certification and that:

- The logo of the FSC currently is the only credible label for good forest management;
- The statutes and principles & criteria of the FSC provide a clear and comprehensive reflection of the intentions and agreements at the Rio summit in 1992 and are the basis for development of any standard setting and/or certification initiative worldwide;
- The standards of the FSC are the minimum requirement for any management of forests anywhere in the world;
- The certification requirements and procedures of the FSC are the minimum requirement for any credible certification of forest management and chain-of-custody
- The statutes, principles & criteria and accreditation system of the FSC are minimum requirement, and an appropriate framework for worldwide agreements recognizing substantive equivalence between national standards or between certification systems

WWF will work with the forest industry, governments and NGOs to help the FSC by:

- Promoting new national standards and/or working groups recognised by the FSC



Position Paper

March 2001

One of a series of position papers produced as WWF's response to the WWF/IUCN Forests for Life strategy and WWF's current five-year target-driven programme on forests
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- Promoting the labelling of wood-production from FSC certified forests
- Supporting the FSC through forest and trade networks and development of community management protocols and use of High Conservation Value Forest tools
- Working with the FSC to develop forest certification amongst a diversity of global regions, forest types and land tenure systems

Certification Schemes: PEFC

The Pan European Forest Certification (PEFC) scheme was developed by as an umbrella system to endorse national certification initiatives. Its statutes allow national initiatives to vary greatly in terms of development approach, standards, certification process and governance. However, formal endorsement under the PEFC umbrella system implies that each endorsed national scheme is fully aware of, recognizes and endorses the PEFC itself and all other national schemes accredited under this umbrella. Research on the statutory and procedural framework of the PEFC confirm earlier concerns of WWF that:

- PEFC does not require:
 - Verification of legal compliance of forest management certified under its national schemes. Thus, the PEFC label does not guarantee that the timber certified originates from legal forestry operations.
 - The comprehensive implementation of international agreements and conventions (e.g. the Convention on Biological Diversity).
 - The identification, recognition and protection of high conservation value forests. It fails to recognize the rights of indigenous peoples and does not provide a comprehensive framework to resolve social conflict.
 - Assessment of forest management against a measurable performance standard. Environmental, social and legal conflicts related to PEFC certifications across Europe show that national PEFC schemes focus on the certified organizations' management systems rather than independent verification of forest management. Furthermore, random sampling of forest holdings is not applied systematically, but it appears that certificate holders have significant input into sample size, location and content.
- PEFC was created by the forestry sector not taking into account balanced and equitable decision-making with civil society. Full membership and participation in PEFC voting Council is limited to representatives of national PEFC bodies based on the country's annual harvest. Extraordinary members (social and environmental NGOs, consumer groups) have no access to voting. Equal participation of interested parties and balanced decision-making among interest groups, as agreed in the Rio agreement, Agenda 21 and the ISO regulations, is not intended.
- PEFC's claims are vague and misleading. Claims are made that consensus has been reached between all major stakeholders. However, most national and all international environmental organizations in Europe did not participate in any part of PEFC and reject PEFC. Claims are also made that forest management is sustainable. However, evaluation of performance of forest management against a measurable performance standard is neither required nor has it been undertaken consistently. Claims made on products are not consistent with ISO regulations and the current guidelines for verification of the chain-of-custody and product labeling do not guarantee traceability of products from the forest to the consumer.
- PEFC lacks transparency and limits access to information. Many decisions and certification reports are not publicly available.
- PEFC neither ensures commitment of forest managers nor guarantees that timber comes from well-managed sources. While certificates in other sectors purposely recognize individual enterprises for special achievements, PEFC encourages the certification of entire forest regions without recognition for the commitment of the individual forest owner. Thus PEFC is neither likely to recognize special achievements, nor able to identify poor practice. Regional certifications in Finland, Norway, Germany and Austria show that national PEFC schemes were unable to clearly identify and/or improve deficient forestry operations in any region certified. Instead they legitimized current practice throughout the regions certified.
- PEFC does not have any provision for certification of tropical and other non-European timber. It therefore discriminates against timber products from well-managed forests outside Europe, especially from tropical regions. It is possible that PEFC qualifies as a barrier to international timber trade.



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WWF believes that although individual national certification schemes under PEFC do address some of the above points and could potentially encourage improved forest management, the PEFC's requirements and procedures can not guarantee credible verification of good forest management throughout the system. WWF therefore, does not recognize the PEFC as an appropriate system to improve forest management, encourage preservation of biodiversity, solve social conflict and provide a credible guarantee of good forest management.

Certification: Mutual Recognition of Schemes

Since forest certification became a significant market mechanism to promote sustainable forest management, there has been a proliferation of certification schemes around the world. These vary widely in their standards, means of verification and in the degree to which decisions are open to different stakeholders.

There is currently a fierce debate about the practicality and implications of creating links between the various schemes, including the possibility of "mutual recognition" of certification offered by different certification bodies. Whilst such a recognition system would have clear advantages to users in the case of schemes with similar aims and level of stringency, it risks undermining the whole purpose of certification if "weaker" schemes are given equal weight to those that have developed careful and responsible certification procedures.

WWF believes that it is not within WWF's mandate to produce a framework for "mutual recognition". This is the responsibility of those certification initiatives that may wish to enter into such types of agreement. However, WWF recognises the potential value of a framework that would allow for the evaluation and comparison of different certification initiatives. Such a framework must consider both the system and performance (i.e. input and output) aspects of certification initiatives.

To date, the frameworks for evaluating certification initiatives that have been published rely on system aspects and neglect performance evaluation. In addition, they rely on questionnaires filled in by the initiatives in question, which casts doubt on the independence and reliability of the data. They cannot therefore be considered to be adequate at this time.

It is very difficult to compare the performance on the ground of different certification initiatives without making a direct comparison in the field. Therefore, WWF considers that any credible evaluation or comparison of certification initiatives should include a number of joint certification exercises. It is possible that following such exercises, careful analysis and discussions may lead to mutual recognition between the certification initiatives concerned, which WWF would, in principle, welcome.

WWF reiterates that for the time being, only certification under the FSC system can be considered to reach satisfactory performance levels and thus provide an adequate incentive for improving forest management worldwide.



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Illegal Logging and Forest Crime

Introduction

The global trade in illegally extracted timber is a multi-million dollar industry. Illegal logging: *occurs when timber is harvested, transported, processed, bought or sold in violation or circumvention of national or sub-national laws.*

Although generally portrayed as a problem in tropical forests, illegality also occurs in developed countries and economies in transition. Even those countries that pride themselves on good domestic management are not exempt. Illegal activities have a particularly devastating impact on biodiversity because they often deliberately target remaining pristine forests, including protected areas, which contain the highly valuable hardwood species that have been logged out elsewhere. Forest crime also affects human communities through loss of natural forest resources and sometimes through intimidation and violence. The hundreds of millions of dollars of tax revenues lost around the world as a result of forest crime also has a wider social impact.

WWF believes that illegal logging and other forms of forest crime are part of a larger problem that includes issues of forest governance and corruption. They extend far beyond some individuals violating resource-management laws. WWF uses the term "illegal logging and forest crime" to include both large and small-scale timber theft and a variety of issues such as transfer pricing, breaching tax rules, any illegal aspects of timber sourcing and circumvention of concession agreements through bribery or deception. Poor governance and forest management can also lead to increased access to, and unsustainable utilisation of forests and an increase in activities such as illegal mining, bushmeat hunting and settlement. There is also a whole range of corrupt activities, which has the cumulative effect of reducing effectiveness of governance even if the precise letter of the law is not breached. Up to 65 per cent of WWF's Global 200 forested ecoregions are threatened by illegal logging. WWF believes that illegal logging and forest crime are best stopped using a combination of existing tools and the development of new policies:

WWF will work with partners, international organisations and governments to:



- Promote improved transparency and enforcement of existing laws. Where necessary encourage amendment or drafting of new legislation and strengthening of implementation
- Promote independent monitoring and auditing schemes such as that provided by the Forest Stewardship Council for forest management and tracking wood products from the forest to the end user
- Encourage consumer countries to provide aid and technical assistance to producer countries to address the root causes of forest crime (including poverty alleviation)
- Support Global Forest and Trade Networks linking buyers and consumers of certified forest products
- Work to build human resource and institutional capacity to plan and manage the forest estate (protected areas, production forests and community-managed forests)
- Assist the implementation of systems for the verification of legal compliance, especially in countries where certification will take some time to develop
- Promote and encourage the use of government public procurement to specify timber and wood products from legal and sustainably managed forests
- Support the adoption of voluntary bilateral trade agreements that ensure the supply of legal timber as a first step in applying responsible procurement policies
- Raise awareness of the social and economic impacts of illegal logging and forest crimes amongst key audiences: governments, business, industry and consumers
- Increase the use of CITES as a tool against timber-related crime
- Engage with financial institutions to ensure adequate forest policy safeguards are in place so that investments do not facilitate illegal logging and forest crime

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High Conservation Value Forests

High Conservation Value Forests (HCVFs) are defined by the Forest Stewardship Council as forests of outstanding and critical importance due to their high environmental, socio-economic, biodiversity or landscape values. WWF is developing and extending the HCVF concept in its wider protect-manage-restore programme. HCVFs comprise the crucial forest areas and values that need to be maintained or enhanced in a landscape. HCVFs are found across broad forest biomes (tropical to boreal), within a wide range of forest conditions (largely intact to largely fragmented), and in ecoregions with complete or under-represented protected area networks. HCVFs could be old-growth forests in Siberia, habitats of threatened orang utans in Southeast Asia or the sacred burial grounds of a North American first nations people. Although originally designed as a tool to help certification, the HCVF concept is being extended to more general conservation planning including the design of representative networks of protected areas and buffer zones.

The identification of HCVFs requires a multi-scale approach. First a rapid assessment and mapping of *potential* HCVF areas is made at a global or continental scale, based on indicators of biologically or environmentally important forest values that can be mapped at this broad scale. Next, these areas are further refined within ecoregions and a more detailed investigation within a given landscape delineates *actual* HCVFs, including local stakeholder consultation to identify forests that meet community needs and maintain cultural identity, and scientific research to identify biologically important forest stands and those critical for maintaining ecosystem functions and populations of endangered species.



WWF believes the first priority is to ensure that HCVFs are adequately represented in protected area systems. In practice, many HCVFs will continue to be managed outside protected areas and here approaches will vary – e.g. enhanced management or long-term "no-cut" reserves – but should always aim to maintain HCVF values. In regions where the forest is largely degraded, HCVF management should be consistent with a forest landscape restoration strategy (see separate position paper) that addresses ecological, social and economic objectives. Two principles are paramount: (1) HCVFs are managed to *maintain the attributes that are of high conservation value*, and (2) management employs the *precautionary principle*, which requires that where the effects of extraction and other management are unknown, values are insured through a cautious approach.

WWF calls on producers, retailers and investors in the forestry, agricultural, mining and petroleum sectors and governments to ensure that their business activities do not promote the clearing or degradation of HCVFs.

WWF will work with partners to identify and protect HCVFs by:

- Developing tools for identification of HCVFs that are applicable around the world, particularly through pilot projects and dissemination of the lessons learned
- Developing tools and activities for the adequate protection of HCVFs that are applicable around the world
- Working with the Forest Stewardship Council in developing detailed guidance on the application of FSC's Principle 9 that covers HCVF
- Co-ordinating with other organisations, so that a HCVF approach can integrate conservation agendas
- Working to ensure, where appropriate, that development of the HCVF concept is coordinated between interested organisations
- Further developing the concept of HCVFs as a useful guide for fulfilling ecologically friendly procurement policies for forest products
- Promoting and helping to apply the HCVF concept with forest managers and forest management certifiers in selected ecoregions

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