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Sourcing timber from responsibly managed sources
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ABSTRACT

WWF is one of the world's largest non-governmental, non-profit conservation organisations. WWF recognises the increasingly important role that business, financial institutions and governments have in shaping and implementing sustainability policies through their purchasing and investment power. When establishing a purchasing policy a step-wise approach can be used to gradually achieve a long-term goal of sourcing wood products from responsible sources. The steps can include entry thresholds (known origin, legal sources, not from high conservation value forests (HCVFs) or protected areas unless certified), a transition level and a final level of sourcing from well-managed, credibly certified sources. Companies such as The Home Depot and IKEA have created purchasing policies to address their wood sourcing. Public procurement policies to promote responsible forestry, guarantee legality, and/or favour certification have been made by the Governments of the UK, Germany and Denmark and by numerous local authorities in Europe. Producer Groups, organised by WWF Global Forest and Trade Network, offer a modular, verifiable approach for achieving certification (Modular Implementation and Verification, MIV). GFTN's demand-oriented Networks influence purchasing policies to give preference to products from credibly certified forests or from forests tracked for certification in the Producer Group programme.

Key words: WWF, responsible forest management, purchasing policies, High Conservation Value Forests (HCVFs), credible forest certification, public procurement, Global Forest and Trade Network (GFTN), Producer Groups

INTRODUCTION

World Wide Fund for Nature (WWF) is one of the world's largest non-governmental, non-profit conservation organisations. It has nearly 5 million supporters and a global network in nearly 100 countries. WWF forestry staff of 150 runs projects in 70 countries and provides the largest amount of non-governmental funding for forestry work in the world. WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature. WWF works to protect forests and promotes responsible forest management and the restoration of degraded forest landscapes. WWF has set a target to achieve 100 million hectares of certified forests by 2005, distributed in a balanced manner among regions, forest types and land tenure regimes.

WWF recognises the increasingly important role that business, financial institutions and governments have in shaping and implementing sustainability policies through their purchasing and investment power. WWF has established a web of global partnerships on forest issues that show that the interests of economy and ecology are not in opposition but can work together to promote responsible forestry and responsible wood sourcing. WWF's partnerships with the global home furnishing retailer, IKEA, the Swedish state-owned forest company, Sveaskog, and the World Bank demonstrate that social and environmental issues are intricately linked to business concerns.

ESTABLISHING PURCHASING POLICIES FOR RESPONSIBLE WOOD PURCHASING

According to the World Bank, the definition of illegal logging includes harvesting without permission and over-harvesting, but also activities where there is contravention of national laws including avoidance or taxes. Illegal logging accounts for 15% of all commercially logged timber globally and has resulted in the loss of about 3% of the world's forest land during the 1990's. This represents an annual revenue loss to timber producer countries of some US $10-15 billion, which is more than the total aid that the world gives for health and education. There is an emerging recognition that a focus on procurement is a powerful tool to address illegal logging.

When establishing a purchasing policy a step-wise approach can be used to gradually achieve the long-term goal of sourcing wood products from responsible sources. The first step is to identify entry threshold requirements. One such threshold is to require third-party verification of the origin and legal status of the products purchased. It is also important to independently verify that the wood products sourced do not come from protected areas or High Conservation Value Forests (HCVFs) that are not certified. Within the framework of the WWF/IKEA cooperation on forest projects and in consultation with a wide range of stakeholders, WWF is developing a toolkit for the identification and management of HCVFs. This Toolkit is now available in draft form. The HCVF concept goes far beyond the debate about which forests should be managed and which should not. It focuses on the critical biological, environmental or social values that make a forest important in its particular context. Examples of such values are the habitat of endangered mountain gorillas or sacred burial grounds of indigenous people. WWF's hope is that the HCVF

concept and Toolkit will become widely available in the practical reality of achieving responsible forestry.

Once the entry-level threshold requirements are fulfilled suppliers can enter a transition phase, where verification of continuous improvement is a key part. Here, the Modular Implementation and Verification (MIV) process (see section on Producer Groups below) can prove very useful. Through establishing an action plan where all of the key elements of fulfilling a responsible forestry standard are set out on a time line and independently verified suppliers can show progress towards responsible forestry. Producer Group membership can provide the framework for this.

The final level of the stepwise approach: sourcing from well-managed responsible sources can be achieved when wood products are certified according to a credible system. Certification systems can be assessed based the World Bank/WWF Alliance's criteria for certification schemes (see Annex I). Guidelines are now being developed to help apply these criteria. Through a criteria-based analysis, focusing on credibility, rigour and transparency, robust certification schemes and standards can be identified. At present the Forest Stewardship Council (FSC) best meets WWF's conservation agenda.

Standardisation of reporting on wood consumption as a part of a company's general Corporate Social Responsibility reporting would make understanding of the current status of sourcing and communication of progress easier and more transparent. Together with its partners, GFTN is investigating ways of globally standardising corporate reporting of this kind.

Many companies have created purchasing policies to address their wood sourcing. Two examples are IKEA and The Home Depot. The world's largest do-it-yourself retail chain, The Home Depot is committed to giving preference to the purchase of wood and wood products originating from certified, well-managed forests wherever feasible. The Home Depot committed to eliminating the purchase of wood and wood products from endangered regions around the world by year-end 2002. The Home Depot has also stated that it expects its vendors and their suppliers of wood and wood products to maintain compliance with laws and regulations pertaining to their operations and the products they manufacture.

IKEA's longterm goal is to source all wood from verified, well-managed sources. By using a four-level staircase model they are gradually placing higher demands on solid wood. Levels one and two of the staircase include criteria such as known origin, legal compliance and no wood from intact natural forests or HCVFs unless certified according to a standard recognised by IKEA; i.e., FSC or equivalent. Also, no wood from protected areas or from plantations established after November 1994 by replacing intact natural forests is accepted. High value tropical tree species, such as teak must be FSC-certified and labelled. Level three of the staircase is a transition phase towards step four which is sourcing from verified, well managed forests according to a standard accepted by IKEA. The standard must include established performance levels co-operatively developed by a balanced group of environmental, economic and social stakeholders and verified by an independent third party. Currently, the FSC is the only level four standard recognised by IKEA.

PUBLIC PURCHASING: GOVERNMENTS AND LOCAL AUTHORITIES

It is estimated that government procurement, at both central and local government levels accounts for about 20% of the timber demand. Public procurement policies to promote responsible forestry, guarantee legality, and/or favour certification have been made by the Governments of the UK, Germany and Denmark.

In July 2000, the UK Government made a binding commitment to "actively seek to buy timber and timber products from sustainable and legal sources". The GFTN WWF 95+ Group in the UK is working with the central Government to help them implement their policy, providing guidance and sourcing advice for credibly certified timber. In June 2001, the Danish parliament passed a law declaring that all tropical wood used by official institutions must come from legal and sustainable sources. FSC was mentioned as an example of a credible guarantee. In 2002, the German Government agreed to apply for FSC certification of all federal public forests and declared that all tropical timber procured for public purposes must be FSC certified.

Local authorities in Belgium, The Netherlands, Spain, United Kingdom and Sweden have all successfully used FSC-certified wood for public projects. In the Netherlands, Amsterdam, Rotterdam and many other cities have policies for procurement of FSC timber. In Belgium more than 200 local authorities in Flanders have committed to prescribing and using certified timber for public construction projects by signing a contract with the Regional Government of Flanders. Recently, several hundred local authorities in Germany answered a questionnaire sent out by WWF, requesting more information about forest certification and how to set up responsible purchasing policies forest products.

WWF GLOBAL FOREST AND TRADE NETWORK (GFTN) – PARTNERSHIP TO PROMOTE RESPONSIBLE FORESTRY

WWF Global Forest and Trade Network (GFTN) promotes partnership between non-governmental organisations and companies to improve the quality of forest management worldwide. The GFTN consists of 18 local demand- or Producer Group Forest and Trade Networks (FTNs) active nearly 30 countries, mainly in Europe and North America. There are also networks in Japan and East Asia - a network open to members in Hong Kong, China and South Korea. There are 12 FTNs in Europe: 11 demand-oriented and one Producer Group in Russia.

The overarching goal of the GFTN is to support WWF's work to protect, manage and restore the world's forests with a focus on eliminating illegal logging and improving the quality of forest management forest. Hundreds of companies are members of the GFTN, representing a wide range of actors including forest owners, timber processors, construction companies, retailers, investment agencies and local authorities. Members are committed to gradually producing, trading and/or sourcing independently and credibly certified forest products.

The main activities of the GFTN and the individual FTNs are to:
➤ support buyers, both private and public, in developing and implementing responsible purchasing policies for forest products
➤ promote trade between responsible buyers and producers of forest products
➤ support producers in developing, implementing and communicating responsible management
➤ help get credibly certified forest products into supply chains
➤ integrate forest product purchasing into Corporate Social Responsibility (CSR) policies.

WWF believes that wood purchasing should be integrated into the spectrum of issues that fall within CSR. The GFTN works in cooperation with and provides support to other WWF programmes such as Toxics and Climate. Together these programmes present a comprehensive set of solutions for corporate partners.

The market-demand oriented Forest and Trade Networks function as drivers for creating certification through Producer Groups and for areas already under credible certification. By focussing on market links GFTN will drive demand for products from Producer Groups where market incentives are lacking to sustain certified operations. Activities include linking interested buyers in key markets with responsible producers through reciprocal trade visits, participation in trade fairs and commissioning of sector-wise studies.

PRODUCER GROUPS – IMPROVING FORESTRY ON THE GROUND

Producer Groups are FTNs that promote improved forest management and credible certification through offering services to forest managers and primary processors. The first Producer Group has been established in Russia. Additional producer groups are currently under development in Latin America, Central and West Africa, South East Asia and Eastern Europe.

The members of Producer Groups are primarily forest managers who need assistance to improve their forest management, understand certification requirements and achieve forest certification. They can also be processors, who seek to source certified wood raw material for their manufacturing processes. A third category of members is certified forest managers or processors who need links to markets for their certified forest products. In some regions Producer Groups will provide special assistance to small and community forest owners who need help developing their forest management, group certification or marketing activities. One of the key services is to provide information and training on credible forest certification standards and their implementation as well as the on implementation of chain-of-custody certification.

Non-certified members of Producer Groups are required to sign a contract under which they make a commitment to certification over a specified period of time. The progress towards this goal will be regularly monitored by an independent auditor. Members prepare action plans with targets for achieving responsible forest management and ensuring that all forest products are legally sourced from areas under secure tenure. Members submit regular reports of progress with implementation of the action plan and undergo audits as required. One of the main services of Producer Groups will be to manage forest organisations which commit to, and are improving

their forest management practices through a modular implementation and verification (MIV) approach.

MIV is a tool for the application of a phased approach to meeting forest management standards and certification. It has been designed primarily as a practical tool to help forest managers improve the quality of their forest management to the level required in responsible forestry standards. The basic principle is very simple. Forest standards are broken up into a number of predefined modules, each of which contains a number of requirements from the standard. All the modules together contain all the requirements of the original forestry standard. Each module and the requirements it contains can be addressed individually. Forest managers can undertake a phased approach to full compliance by implementing the modules in a stepwise fashion until all the modules are completed. Verification of progress is based on assessment of whether each module has been completed, making the improvement process easy to monitor.

Producer Group Managers can provide buyers with information of the management status of the members. Buyers can choose to purchase from forest producers that can demonstrate clear forest management improvements and thus secure the exclusion of illegally harvested timber and timber from HCVFs. It is important for members of Producer Groups to have their efforts to move towards responsible forest management recognised both nationally and internationally.

A draft Producer Group Toolkit has been developed by WWF within the framework of the WWF/IKEA cooperation on forest projects. This describes the current thinking on methodology, including the MIV process and membership requirements.

CONCLUSION

In conclusion, the gradual improvement of forestry practices towards responsible forestry can be supported through stepwise procurement policies that give preference to products from credibly certified sources or from forest companies tracked for certification in a GFTN Producer Group programme. Several multi-stakeholder based documents have recently become available that create consensus around some key concepts crucial for sourcing from responsible sources. These are, among others, the draft High Conservation Value Toolkit, the draft Producer Group Toolkit, including Modular Implementation and Verification (MIV) and the World Bank-WWF Alliance's Principles and Criteria for Defining Acceptable Independent Certification Systems. WWF GFTN will continue to work with and influence market demand to support credibly certified forests and certification efforts by Producer Groups.

REFERENCES

Annex: The World Bank-WWF Alliance's Principles and Criteria for Defining Acceptable Independent Certification Systems
WWF website: www.panda.org/forests4life

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Annex

The World Bank-WWF Alliance's Principles and Criteria for Defining Acceptable Independent Certification Systems

Update February 2003

The following is an extract from the World Bank-WWF Alliance *Guidance Note for Improved Forest Management & Certification Target: Achieving the Independent Certification of 200 Million Hectares of Well Managed Production Forests by the year 2005.*
A revised version of the guidance on acceptable certification schemes is currently under development by the Alliance.

Goal and Purpose:

The goal of the alliance is to promote improved forest management through the adoption of best practices that are internationally recognized, and the verification of their application based upon performance reviews conducted by independent parties. The purpose of independent certification is to identify, recognize, communicate and promote the broader adoption of these best practices. For the purposes of the alliance, independent certification is achieved when the following conditions have been met:
1. the participation of all major stakeholders in the process of defining a standard for forest management that is broadly accepted;
2. the compatibility between the standard and globally applicable principles that balance economic, ecological and equity dimensions of forest management;
3. the establishment of an independent and credible mechanism for verifying the achievement of these standards and communicating the results to all major stakeholders.

Principles:

The alliance believes that a common set of principles that should underscore any standard for improving forest management. These include the following:
1. Compliance with all relevant laws: Forest management shall respect all applicable laws of the country in which they occur, and international treaties and agreements to which the country is a signatory.
2. Tenure and Use Rights: Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented, and legally established.
3. Indigenous People's Rights: The legal and customary rights of indigenous peoples to own, use, and manage their lands, territories and resources shall be recognized and respected.
4. Community Relations & Workers Rights: Forest management operations shall maintain or enhance the long-term social and economic well-being of forest workers and communities.
5. Benefits from the Forest: Forest management operations shall encourage the efficient use of the forests multiple products and services to ensure economic viability and a wide range of environmental and social services.

6. Environmental Impact: Forest management shall conserve biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and landscapes, and by so doing, maintain the ecological functions and integrity of the forest.

7. Management Plan: A management plan -- appropriate to the scale and intensity of the operations -- shall be written, implemented and kept up to date. The long-term objectives of management, and the means of achieving them, shall be clearly stated.

8. Monitoring and Assessment: Monitoring shall be conducted -- appropriate to the scale and intensity of forest management -- to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts.

9. Maintenance of Natural Forests: Primary forests, well developed secondary forests, and sites of major environmental, social or cultural significance shall be conserved. Such areas shall not be replaced by tree plantations or other land uses.

10. Plantations: Plantations shall be designed and managed consistent with Principles a) through i). Such plantations shall complement overall ecosystem health, provide community benefits, and provide a valuable contribution to the world's need for forest products.

Criteria for Determining Acceptable Certification Systems:

The Alliance believes that credible certification systems must be built upon the following foundation:
1. institutionally and politically adapted to local conditions;
2. goal-oriented and effective in reaching objectives;
3. acceptable to all involved parties;
4. based on performance standards defined at the national level that are compatible with generally accepted principles of sustainable forest management;
5. based on objective and measurable criteria;
6. based on reliable and independent assessment;
7. credible to major stakeholder groups (including consumers, producers, conservation NGOs, etc.);
8. certification decisions free of conflicts of interest from parties with vested interests:
9. cost-effective
10. transparent
11. equitable access to all countries