



## The Emergence Of Public Procurement Policies For Timber And Wood Products:

Within only a few years, the use of government procurement policies to develop protected markets for legally verified or certified wood products has emerged as a powerful disincentive to those who trade in wood products of unknown or “suspicious” provenance. These policies can cover all timber and timber products used by governments — from the construction of civil buildings to paper and furniture — and, in the short term at least, appear to be resulting in premium prices for responsible traders.

The UK timber procurement policy was the first to be adopted in July 2000. It required all central Government departments and their agencies to actively seek to buy timber and timber related products from legal and sustainable sources (the definition of “illegal logging” is usually accepted as the violation of relevant national legislation, including ratified international treaties and conventions). Over time, the government established criteria by which contractors can demonstrate that they supply legal and sustainable timber, primarily through independent 3<sup>rd</sup> party verification. Today, all government suppliers must provide legally-produced timber as a condition of contract, and sustainable timber is preferred.

Several other European governments, as well as Japan and New Zealand, now have similar timber procurement policies or are in the process of developing them. Both the London and Vancouver Olympic construction projects are working on procurement policies that specify only legally verified or certified wood products are used in those venues.

Although still a relatively new tool, there is strong political momentum driving their adoption in Europe and Japan (two of the largest importing markets in the world). Despite this, some aspects of these policies, particularly their long-term impacts, remain unclear and potentially controversial. For example, the effects on sustainable forest management at the production level are difficult to document, and some believe such policies may pose a barrier to trade.

Regardless of these teething problems, the policies represent a clear trend: the presumption of legality in many producer countries is no longer felt to be reliable, and demonstrable “legality” of products is emerging as a minimum standard in both the public and private sector in some of the world’s largest markets. Broadly speaking, the public sector’s motivation primarily stems from development and environmental policy commitments, whereas the private sector’s from pressure from environmentally sensitive consumers, premium markets for ‘green’ products and concern with reputational risk.



Dr. Dave Cohen, Professor at the University of British Columbia

Realistic approaches to designing and implementing policies will be essential as they will likely need to be revised over time. Thus, lessons learned from the existing policies will be critical going forward. The UK policy has been under implementation the longest, and informal market surveys conducted over the past 18 months show that (a) there is a multiplier effect as private construction companies prefer the efficiency of using the same raw materials for private clients in order to avoid the cost of separating materials between civil and private projects — they are therefore tending to move to 100% verified or certified products; and (b) there is little evidence of increasing costs of government construction projects as supplies of certified softwood are abundant and certified tropical hardwoods, which are achieving premium prices in the UK market, represent only a small element of any total project and so far additional costs appear largely to be absorbed by the trade.

More systematic assessment of these policies is now coming to the fore. The UNECE and FAO hosted a meeting “Public procurement policies for wood and paper products and their impacts on sustainable forest management and timber markets” on October 5, 2006 in Geneva. Exporters, traders, industry and NGOs discussed the role that national public procurement policies can play in making progress towards sustainable forest management, and how these policies affect forest products markets and industries. Background documents are available at <http://www.unece.org/trade/timber/docs/tc-sessions/tc-64/2006PolicyForum.htm>. A UNECE discussion paper will synthesize the findings of the workshop and be published at a later stage Contact: Christopher Prins, UNECE at [christopher.prins@unece.org](mailto:christopher.prins@unece.org) or Wulf Killman, FAO at [wulf.killman@fao.org](mailto:wulf.killman@fao.org).

## Africa

### Central African Forests Commission (COMIFAC) and Parliamentarians: Forest Good Governance and Poverty Reduction:



Joe Nyangon/IISD

Over 300 participants, including Senate Presidents and National Assembly Speakers from Central African countries, convened in Yaoundé, Cameroon October 24–27 to, among other objectives, promote the harmonization of forest laws and policies in the sub-region in conjunction with the Africa FLEG process and the EU FLEGT processes. Objectives of the meeting included, inter alia, to: involve central African parliamentarians in Voluntary Partnership Agreements (VPAs) arising from the EU FLEGT Action Plan; ensure appropriate use of forest royalties; build capacity for parliamentarians on national laws and international conventions; and facilitate communication systems to track entrepreneurs who are engaged in cross-border illegal operations. A Yaoundé Declaration and a draft Action Plans were prepared. Further information can be found at [www.iisd.ca/ymb/psmcafe1/](http://www.iisd.ca/ymb/psmcafe1/) or IUCN Regional office for Africa: Daniel Ngantou, IUCN at [Daniel.ngantou@iucn.org](mailto:Daniel.ngantou@iucn.org) or Cleto Ndikumagenge, IUCN at [cleto.ndikumagenge@iucn.org](mailto:cleto.ndikumagenge@iucn.org)

### Second East Africa Consultative Forum on FLEG:

A high level policy meeting on FLEG will be held in February, 2007 in Nairobi, Kenya to evaluate how to integrate selected recommendations from the AFLEG Yaoundé Ministerial Declaration into existing structures of the East African Community as a way of facilitating regional cooperation in promoting good forest governance. Organized by the African Academy of Sciences (AAS), the African Research Network (AFONET), the IUCN-World

Conservation Union (Eastern Africa Regional Office) and the Sustainable Forest Management in Africa Project (SFM), the event will be hosted by Embassy of Finland, the East African Community Secretariat and the European Commission. Contact: Dr. Antti Erkkilä, Embassy of Finland (Nairobi) at [Antti.Erkkila@formin.fi](mailto:Antti.Erkkila@formin.fi) or Dr. Iba Kone, AAS/AFONET at [i.kone@afonet.org](mailto:i.kone@afonet.org).

### Independent Monitoring in Cameroon:

The AFLEG Yaoundé Ministerial Declaration in 2003 highlighted the importance of independent monitoring and improved access to information as important tools in the fight against illegal logging, poaching and trade. Two programs which have since developed in Cameroon include:

- **Independent Monitoring of Forest Law Enforcement and Governance (IM-FLEG):** With funding from UK DFID, the World Bank and the European Union, Resource Extraction Monitoring (REM) was selected through a competitive tender process to serve as the official Independent Monitor of Forest Law Enforcement and Governance (IM-FLEG) in Cameroon. REM's monitoring teams follow the routine activities of forest law enforcement officials, including joint investigations of logging activities with the Forest Department and analyzing the administrative follow-up of infractions. This approach enables analyses on how forest law enforcement procedures are applied in practice, and results in recommendations to reinforce enforcement systems. Reports are regularly published on the project website ([www.observation-cameroun.info](http://www.observation-cameroun.info)) to increase transparency and facilitate a public comparison of the actions taken by the government and the private sector operators. Details of the forest law offences uncovered, follow-up of legal cases and recommendations for future work are presented in IM reports available at [www.REM.org.uk](http://www.REM.org.uk).
- **Involving local communities in independent monitoring:** With the support of UK DFID, IUCN is working with the Cameroonian Government and other partners to strengthen the capacity of local communities to participate in independent monitoring.

During a workshop field visit to a forest concession in November 2005, villagers immediately spotted illegal activities and proposed solutions. With access and training for basic monitoring (using GIS, GPS, maps, compasses, etc.), local communities demonstrated they are an important part in any monitoring program. An action plan, action network and community observatory group were developed to collect and disseminate information on illegal logging and poaching activities in a pilot area. Victimization by the stakeholders who benefit from illegal logging, lack of funds to do monitoring and expertise to detect what is legal or illegal remain challenges for these types of programs. To be successful, local community actions will need to collaborate with other stakeholders, namely governments, industry, national and international NGOs. Contact: Cléto Ndikumangenge, IUCN at [cleto.ndikumangenge@iucn.org](mailto:cleto.ndikumangenge@iucn.org) or Michelle Laurie, IUCN at [michelle.laurie@iucn.org](mailto:michelle.laurie@iucn.org)



Cléto Ndikumangenge/IUCN ROCA

### Implementing FLEG at the Local Level in Ghana:

Land ownership rights are vested by the constitution with communities and management rights rest with the Forestry Commission in Ghana. However, communities cannot afford to take trees they cut to sawmills operated by the private sector, even after obtaining permission to harvest a resource that is supposed to belong to them. This has led to the spread of illegal chainsaw operators who are processing 90% of domestic consumption. Concessions are also being granted without royalties being shared (as stipulated in the constitution) with the community forest owners. IUCN is working with the Assin Akropong community in the Central region, the Forestry Commission

and others to test real community forestry and bring governance at the community level to bear on national processes, including the negotiation of a VPA. This project is also creating greater willingness at the regional level to implement AFLEG — related actions, particularly in Liberia through an ongoing Ghana-Liberia AFLEG learning exchange process initiated by IUCN. For more information, please contact: Wale Adeleke, IUCN at [adewale.adeleke@iucn.org](mailto:adewale.adeleke@iucn.org), [yaadeleke53@yahoo.co.uk](mailto:yaadeleke53@yahoo.co.uk) or +233 24 224 9678.

## Asia

**East Asia FLEG Ministerial Process:** The Regional Steering Committee of the East Asia FLEG Process convened (September 9–10, 2006 in Jogjakarta) to review calls for a second East Asia Ministerial Conference sometime in 2007 bringing together representatives of timber producer and consumer countries to discuss issues of shared responsibility for control of illegal logging and associated trade. Forest sector transparency and customs cooperation are likely to be the basis for the agenda of this Ministerial Conference. The Philippines has offered to host the second Ministerial sometime in 2007. ASEAN (Association for the South East Asian Nations) has expressed initial interest in the EAP FLEG process and it is expected that formal support for this will be forthcoming at the next ASEAN Ministers of Agriculture and Forestry Meeting to be held in mid-November, 2006. The Philippines, Indonesia and the ASEAN Secretariat are making efforts to shepherd this proposal through the ASEAN process. Based on the response, the EA FLEG Steering Committee would launch a preparation process in early 2007 similar to the recent ENA FLEG Ministerial preparatory process, and likely to include at least two senior-level preparatory meetings. Contact: Neria Andin, Government of Philippines, at [neria\\_andin2003@yahoo.com](mailto:neria_andin2003@yahoo.com) or [www.worldbank.org/eapfleg](http://www.worldbank.org/eapfleg).

### Malaysia and the European Union to negotiate a Voluntary Partnership Agreement on illegal timber:

Under the umbrella of the EU FLEGT Action Plan, Malaysia and the European Union are starting negotiations on the signing of a bilateral voluntary partnership agreement (VPA) which aims to establish a trading system and a licensing mechanism to curb the sale of illegal timber products to the EU. The EU and Malaysia agreed on September 25, 2006, in Brussels to start negotiations on this trade agreement in November with the shared objective to conclude the VPA by the end of 2007. For more information on the Malaysia — EC VPA, contact **vincent.van-den-berk@ec.europa.eu**. For more information on the FLEGT Action Plan and VPAs: [www.ec.europa.eu/comm/development/body/theme/forest/initiative/index\\_en.htm](http://www.ec.europa.eu/comm/development/body/theme/forest/initiative/index_en.htm).

### Sri Lanka National FLEG Working Group Forming:

The designation of the Knuckles Buffer Zone in Sri Lanka deprived people of their traditional forest use practice, creating an impetus for illegal activities. In response, IUCN is working with communities to implement a package of sustainable and locally appropriate economic activities, including ecotourism and cultivation and marketing of vegetables for urban markets. Early results led to the decision by the Dilmahtea company to give Rs. 50,000 [US\$500] to each of 200 small entrepreneurs in support of this initiative. Tripartite consultations involving these communities, the private land-owners and government officials had led to a desire to establish a National Working Group on FLEG to develop a national action plan. Contact: Shanta Hennayake, IUCN Sri Lanka at [skh@iucnsl.org](mailto:skh@iucnsl.org); tel: +(94) 1-12 68 24 18 ext. 304.

**Indonesia Update:** In Indonesia, national focus on controlling illegal logging has led to several concrete outputs and activities, including *inter alia*:

- The drafting of a new law on illegal logging by the Indonesian Ministry of Forestry (MoF) to improve law enforcement operations and expedite efforts to curb illegal logging.



- Collaborative Program between the MoF and South Dakota State University to assess and identify forest monitoring approaches that can be integrated in the governmental decision-making process and training and technical partnerships; and studies to identify and analyze forest cover change between 2000–2006. The partnership produced a preliminary set of annual change maps with Moderate Resolution Imaging Spectroradiometer (MODIS) data and validated these with high-resolution imagery. The MoF hopes to install this MODIS-based forest monitoring system by the end of 2007.
- Multistakeholder Forestry Program with UK DFID, which has supported a MoF partnership with Forest Watch Indonesia (FWI) to establish a comprehensive GIS database on forest utilization licenses especially those dealing with selectively felling natural forests and creating timber plantations.
- An initiative of the Coordinating Ministry for Law and Security which, as a part of its Presidential mandate to coordinate efforts against illegal logging, intends to adopt a comprehensive framework of actions (identified as part of a multi-stakeholder consultation process) to curb illegal logging.

For additional information, contact Mario Boccucci, World Bank at [Mboccucci@worldbank.org](mailto:Mboccucci@worldbank.org).

## Latin America

### **Government of Brazil, Amazon Cooperation Treaty Organization (ACTO), ITTO and FAO Workshop on “Application of Forest Law Enforcement in the Amazon”:**

A workshop held from 29–31 August in Sao Paulo, Brazil brought together over 50 legal and forestry experts from the eight ACTO member countries (Bolivia, Brazil, Colombia, Ecuador, Guyana, Surinam, Peru and Venezuela) as well as representatives from several intergovernmental organizations including the World Bank. The meeting, one of the first such gatherings of technical experts from the Amazon region, heard detailed summaries

of the status of FLE in each of the member countries, focusing on instruments available, solutions available and opportunities to further improve development and enforcement of forestry laws. Group work focused on the themes such as political and legal frameworks; institutional structures and opportunities for social participation; and technology and information. A report of the meeting will include recommendations for national and regional action, including for better coordination on monitoring and controlling frontier areas as appropriate, and will be available on ITTO and FAO websites soon. Contact: Steve Johnson, ITTO at [johnson@itto.or.jp](mailto:johnson@itto.or.jp)

### **Initiative to Prevent and Control Illegal Logging and Promote Independent Forest Monitoring in**

**Honduras:** The National Commission of Human Rights of Honduras (CONADEH) and the State forest administration government agency of Honduras (AFE-CODHEFOR), with technical assistance from Global Witness, are launching a new initiative that aims to address opportunities for forest sector stakeholder dialogue and conflict resolution at the national level to improve forest policy and legislation in Honduras. Unsustainable forest resource use, overgrazing in national forest lands and lack of rule of law continue to contribute to illegal logging and forest, soil and water resources degradation. Structural conflicts over land tenure in forest lands have triggered mobilization of thousands of rural families. Recent local, national and international allegations of widespread illegal logging and corruption have captured the attention of the new Honduras administration, which has responded with concrete actions to improve forest service administration, launched raids to halt illegal logging and prosecuted cases of corruption. The initiative will also sponsor municipal-based pilot projects using tools such as independent forest monitoring for consistent monitoring of the effectiveness, transparency and accountability of government and private sector forestry activities with participation of civil society. Contact [www.conadeh.hn](http://www.conadeh.hn), [www.globalwitness.org/projects/honduras](http://www.globalwitness.org/projects/honduras) or Edgardo Maravi, World Bank at [Emaravi@worldbank.org](mailto:Emaravi@worldbank.org).

## Europe & North Asia

**Europe — North Asia FLEG Process:** Following up on the ENA FLEG Ministerial Conference held in St. Petersburg, Russia in November 2005, the Ministry of Environment and Forestry of Turkey, in collaboration with the World Bank, organized a workshop in Antalya, Turkey from May 16 to 18, 2006, to offer interested stakeholders an opportunity to learn from past experiences in combating illegal activities in the forest sector and to provide practical guidance on formulating national action plans with clearly defined targets and means for monitoring progress of implementation as called for in the St. Petersburg Declaration. The workshop brought together more than 110 participants from 30 countries, representing government, civil society and the private sector. The principal objectives of the workshop were to: (i) learn from experiences gained so far in the ENA region and elsewhere in combating illegal activities in the forest sector; (ii) share experiences and improve skills in formulating Action Plans to combat illegal activities in the forest sector; (iii) provide a forum for discussions between country representatives and funding agencies.

“Guidelines for Formulating and Implementing National Action Plans to Combat Illegal Logging and other Forest Crime” were developed in preparation of the workshop and formed the basis for discussions. Participants noted the importance of evaluating the adequacy of relevant legislation in the early stages of any assessment, as well as developing frameworks for analysis that are flexible enough to include links to other sectors. A revised draft of guidelines is available at: [www.worldbank.org/fleg](http://www.worldbank.org/fleg) or Tapani Oksanen, World Bank at [toksanen@worldbank.org](mailto:toksanen@worldbank.org).

**Lake Baikal statement & announcement at Lake Baikal Economic Forum:** On August 17–18, 2006, stakeholders representing Chinese, Russian, and international leaders in business, international investment, government, environment and academia convened in Burduguz, Irkutsk Oblast, Russia near Lake

Baikal to discuss the forest products trade between Russia and China and its long-term impact on the economy, environment and society on both sides of the border. Recognizing the influence of global forest products demand on the situation with respect to the forest sector development in Chinese - Russian border regions, the meeting, convened by Forest Trends<sup>1</sup>, aimed to identify how responsible trade and investment policies can foster sustainable forest sector development on both sides of the border -- with positive contributions to local economies and livelihoods. A summary of the findings were presented at the Baikal Economic Forum in September 2006. Further information can be found at [www.forest-trends.org](http://www.forest-trends.org) or by contacting Luke Bailey, Forest Trends at [lbailey@forest-trends.org](mailto:lbailey@forest-trends.org)



Charlie Pye-Smith

**EU — Russia Cooperation on Environment:** A meeting of a Partnership Council between the EU and Russia met for the first time in Helsinki on October 10, 2006 to discuss closer cooperation in the environment sector between the EU and Russia. Taking part in the council were Russia’s Minister of Natural Resources Juri Trutnev, as well as Finnish Environment Minister Jan-Erik Enestam (Swedish People’s Party), Matthias Machnig, State Secretary at the Ministry for the Environment of Germany, which is the next holder of the EU Presidency, as well as the European Commissioner for the Environment, Stavros Dimas. Russia’s Minister of Natural Resources, Juri Trutnev was quoted in the international press as saying that responsibility for illegal felling in Russia lies mainly with Russian officials, but also with the buyers of illegally cut timber.

Minister Trutnev acknowledged that illegal felling is one of the greatest problems of the forest sector in Russia, including cross-border trade that takes place over the border with China. Following upon their ENA-FLEG commitments, the Russian authorities are currently finalizing preparation of a comprehensive National Action Plan To Combat Illegal Logging and Associated Trade. The approval and launch of this plan, in combination with the forthcoming enactment of the new Forest Code, is expected to bring substantial changes in the overall responsibilities and accountability of the industry in the utilization of forest resources in Russia.

#### **Riga transparency of timber flows:**

Representatives from Belarus, Estonia, Finland, Latvia, Lithuania, Moldova, Netherlands, Norway, Russia and Sweden participated in a meeting in Riga, Latvia on June 8, 2006 to discuss the relative roles of NGOs, industry and government in implementing some of the follow-up recommendations to the ENA FLEG process. A specific focus for the workshop, and a related multi-lateral project was to identify mechanisms to ensure transparency and monitoring of timber flows from forests to the end user (e.g. legal and regulatory processes, certification and industry processes). Working groups devised work plans for a multi-lateral project on transparency in timber flow in the Baltic Sea Region. Contact: Surendra Joshi, surendra.joshi@skogstyrelsen.se

## International

**GLOBE Illegal Logging Dialogue:** At the September 2006 World Bank Annual Meeting in Singapore, GLOBE International (Global Legislators Organization for a Balanced Environment) –and the Com+ Alliance of Communicators for Sustainable Development launched the G8 Illegal Logging Dialogue. The Dialogue shadows the G8 Heads of Governments Summits but is not part

of any formal negotiations, being a separate international Dialogue. The Dialogue acts as a catalyst for international and domestic action, providing a forum for the discussion, agreement and implementation of specific and practical measures to illegal logging and poor forest management. It uses the unique position of legislators to push the boundaries of what is politically possible internationally and to build a constituency amongst legislators and other key stakeholders for action by the G8 and other consumer and producer countries. The Dialogue comprises four thematic Working Groups: improved forest sector transparency; increased access to development support and appropriate financing for sustainable forest management; developed markets for legal and sustainable timber product in consumer countries; and, legislative options against the importation of timber product made from illegal logs. Contact Dr. Mike Packer at [mike.packer@globeinternational.org](mailto:mike.packer@globeinternational.org) or go to [www.globeinternational.org](http://www.globeinternational.org) or [www.complusalliance.org](http://www.complusalliance.org)

#### **OECD Round Table on Sustainable Development:**

On January, 8-9, 2007 the Round Table on Sustainable Development at the OECD will meet in Paris, France to discuss the economics of illegal logging and how to strengthen international efforts to stop illegal actions in the forestry sector. The objective of the meeting is to take stock of progress made to date and identify the key barriers and potential ways forward. The aim will be to focus on illegal logging as a key economic issue rather than just a law enforcement or environmental issue. Ministerial attendance is expected from both OECD and developing countries and other invitees will include executives from leading sector companies, representatives of the relevant inter-governmental organizations, and experts from academic and non-governmental organizations that have taken a lead role in the issue. Contact: Richard Doornbosch, OECD at [richard.doornbosch@oecd.org](mailto:richard.doornbosch@oecd.org).

# Publications

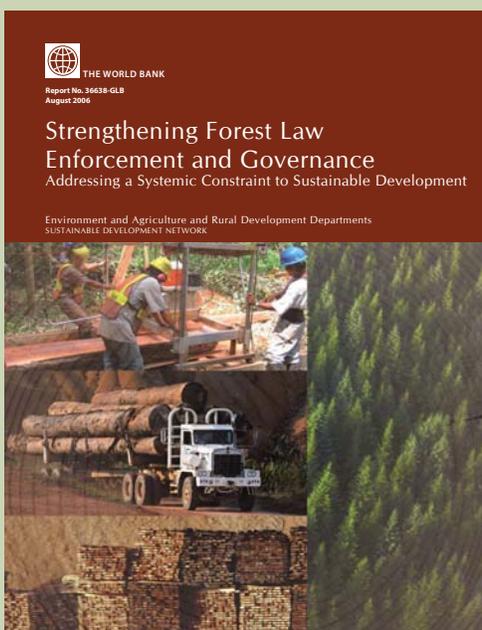
## **Strengthening Forest Law Enforcement and Governance — Addressing a Systemic Constraint to Sustainable Development:**

The World Bank released a new publication during its Annual Meetings in September which takes stock of action to date on FLEG and charts a course for how to move beyond dialogue, negotiation and piloting to initiatives with concrete and visible impacts. In recent years, illegal logging has shifted from an almost taboo subject discussed only indirectly and in vague terms, to part of an open dialogue on sustainable forest management. According to the report, the drivers of illegal logging must be addressed both within and outside the forest sector. Linking to law enforcement capacity and expertise in other sectors can also help to strengthen the fight against forest sector corruption. The report emphasizes that both failures of law and enforcement of laws and regulations must be addressed to improve forest sector governance and ensure that forest-dependent poor are not unfairly punished.

**The report is available at [www.worldbank.org/fleg](http://www.worldbank.org/fleg).**

## **Financing Pulp Mills: an Appraisal of Risk**

**Assessment and Safeguard Procedures:** In early 2006, CIFOR published this study by Maysa Spek, which analyses the risk assessment and socio-environmental safeguard procedures associated with the financing of pulp mill projects. The type and cost of the fiber source is clearly key to the economic competitiveness of any pulp mill. Nevertheless, investment institutions are shown to often carry out only limited assessment of the fiber source of the proposed mill. Thus, investment institutions often underestimate both the financial risks associated with pulp mills, as well as their social and environmental impacts. The study offers suggestions to address this shortcoming. The report is available at [www.cifor.cgiar.org](http://www.cifor.cgiar.org)



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