



WWF

ANNUAL
REVIEW

INT

2016

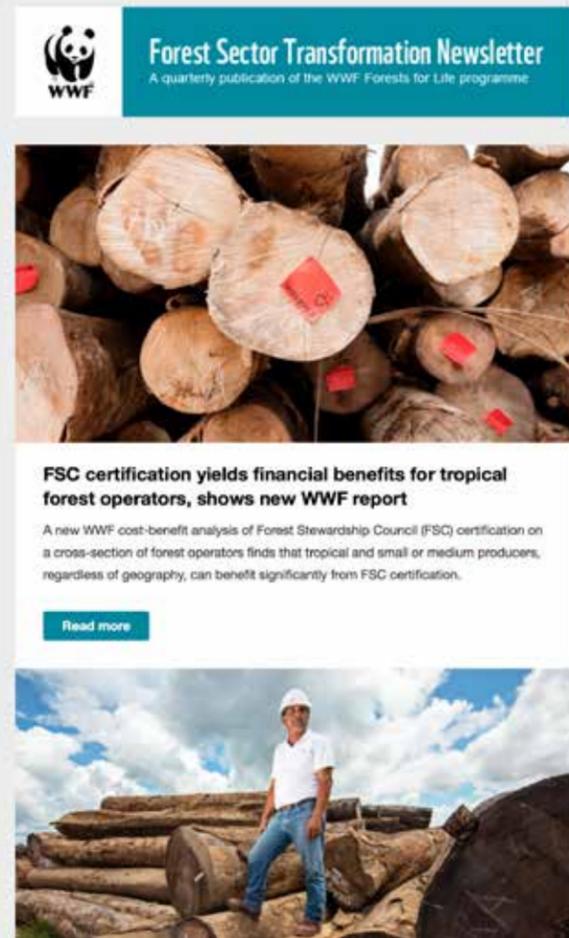
FOREST SECTOR TRANSFORMATION ANNUAL REVIEW

2016

Forest Sector Transformation quarterly newsletter

The WWF Forest Sector Transformation newsletter is the leading information source on WWF's work to promote a green forest economy. The quarterly newsletter features news, stories and updates from WWF, as well as unique insights from WWF experts, partner organizations and participating companies.

[Subscribe here](#)



WWF Forests for Life programme aims to reduce the risk of deforestation and forest degradation and the linked loss of natural capital, biodiversity and ecosystem services globally. It has a solutions oriented, integrated and local to global approach and seeks synergies with relevant stakeholders to influence drivers of forest loss and degradation. This report reflects upon the successes and achievements of the programme's work on transforming forest markets during Fiscal Year 2016 (July 2015 – June 2016).

For more information, visit panda.org/forests

Cover image: Forest in New Guinea © Tim Cronin

TABLE OF CONTENTS

LIVING IN HARMONY WITH NATURE	2
WWF Forest Sector Transformation work's global reach	2
GLOBAL OVERVIEW	4
Tackling illegal timber trade	5
Thinking outside the wooden box	7
Co-creating Solutions	9
Making sustainable forest management profitable	10
Planting new ideas	12
WWF Environmental Paper Company Index	13
FROM THE FIELD	14
Africa	
From controversy to cooperation	15
Communities taking control in Central Africa	18
Making community forest management work in Cameroon	20
Latin America	
FSC certified area in Argentina increases by 70 per cent	22
Legal timber? There's an app for that	24
North America	
US companies play leadership role to save the world' forests	26
Europe	
GFTN participant Europe's first energy company to receive FSC CoC certification	28
Asia Pacific	
New hope for Guinea's forests	29
Smallholders in China see fruits of FSC certification	32
Demand for FSC furniture offers a profitable future for Vietnamese companies	34
Towards more responsibly sourced pulp and paper in China	35
Indonesia first country to export FLEGT license	37
WWF REPORTS & INSIGHTS	38
FST GLOBAL STATS	39
FST GLOBAL CONTACTS	39

LIVING IN HARMONY WITH NATURE

NORTH AMERICA:

- McDonald's, a GFTN-North America participant, is labelling all its hot cups in the US with the FSC logo

LATIN AMERICA AND CARIBBEAN

- The area of FSC certified forest in Argentina increased significantly by 70% to 461,985 hectares with the certification of South American timber giant Arauco
- WWF Peru launched "The Pact for Legal Wood," a public-private coalition to battle illegal logging

WESTERN EUROPE

- GFTN-Sweden participant Fortum Värme became the first energy company in Europe, and only the second in the world, to become FSC chain-of-custody certified
- GFTN-Switzerland participants Migros and Coop achieved 70% of FSC certified (including mix) and FSC recycled sourcing

ASIA PACIFIC

- WWF China and six NGOs and associations, together with leading Chinese forestry companies, announced the "Forest Declaration," a commitment to completely avoid or eliminate timber products associated with deforestation by 2030
- Thuy Son Investment JSC, well-known for afforestation in the Mekong Delta, joined GFTN-Vietnam as a forest participant
- The Arabela-Schwanner landscape of West/Central Kalimantan achieved FSC certification of 970,000 hectares, representing more than 40% of Indonesia's total FSC certified area
- GFTN-Indonesia participant Sinar Wijaya achieved FSC certification of its 170,000 hectare concession in Papua, making the concession the first of its kind to receive FSC certification in Papua

AFRICA

- WWF signed an agreement with SIM, a logging company managing more than 450,000 hectares of forest, to support the company to verify the legality of its operations
- 12 Chinese companies managing more than 80% of forest concessions under Chinese operations in Gabon committed to responsible forest management

AUSTRALIA

- GFTN-Australia participant Officeworks reached its 2016 target of 50% FSC certified or recycled sources across all product lines, and has already surpassed 75% FSC or recycled for its own product lines

WWF'S FOREST SECTOR TRANSFORMATION WORK'S GLOBAL REACH



GLOBAL OVERVIEW

TACKLING ILLEGAL TIMBER TRADE

LAST YEAR BROUGHT POSITIVE DEVELOPMENTS IN THE FIGHT AGAINST ILLEGAL LOGGING, IN BOTH FOREST AND CONSUMER COUNTRIES



Karmenu Vella, EU Commissioner for the Environment, Maritime Affairs and Fisheries, puts the final piece in the EUTR jigsaw at a WWF event. © WWF European Policy Office

Illegal logging is one of the biggest threats to the world's forests and the people and biodiversity they support. In some regions, 50-90 per cent of wood is estimated to be harvested or traded illegally. This undermines legal and sustainable timber operations and results in billions of dollars of lost revenue in developing countries.

WWF has been working to tackle illegal timber trade at all points in the supply chain, and last year brought significant progress.

In Europe, WWF campaigned to strengthen the European Union Timber Regulation (EUTR) – legislation introduced in 2013 to prevent wood from illegal origins being sold in the EU market. While the EUTR was a big step forward, it's not been implemented and enforced consistently across the EU, and numerous valuable categories of products that may contain wood aren't covered.

WWF offices across Europe campaigned for the regulation to be strengthened, while 72 businesses and trade organizations backed our call in a public statement. The EU Commission's evaluation report reflected WWF's demands, recommending that the scope of the EUTR be extended and implementation and enforcement improved.

Meanwhile, several tropical forest countries and regions took steps to strengthen legal timber production:



Government representatives sign the Zanzibar Declaration to tackle illegal logging, World Forestry Congress 2015. © Artistry Media WWF

- The Zanzibar Declaration, signed in September 2015, is a historic commitment by the national forest agencies of Kenya, Tanzania, Uganda, Madagascar and Mozambique to jointly combat illegal timber trade in Eastern and Southern Africa. WWF was closely involved in the negotiations that led to the declaration, and will be working with the countries of the region to support better cross-border cooperation to prevent illegal trade.
- Indonesia became the first country to begin exporting timber to the EU under a FLEGT [Forest Law Enforcement, Governance and Trade] licence, which provides assurance that the wood has been harvested legally. It's the result of years of work to improve forest governance in Indonesia, which had been an illegal logging hotspot.
- Latin American countries have, with support from WWF, launched a number of ground-breaking initiatives. These include efforts to build and strengthen forest governance frameworks and traceability systems in Bolivia, Colombia, and Panama, as well as a public-private partnership to combat illegal logging in Peru.

While these results are highly encouraging, it's important that the focus on legality doesn't obscure the wider issue of sustainability. Across the WWF network, we'll continue to work with companies, governments and communities to combat illegal timber, and to bridge the gap between legality and sustainability.



Zanzibar Declaration signing, World Forestry Congress 2015. © Artistry Media WWF

THINKING OUTSIDE THE WOODEN BOX

WFC 2015 MARKED A MOVE TOWARD GREATER COLLABORATION AND A BIGGER PICTURE

There's no better opportunity to shape the future of the world's forests than at the UN FAO's World Forestry Congress. Held every six years and attracting more key stakeholders than any other forestry forum, the most recent event – WFC 2015 in Durban – was an important step on the road to a deforestation-free future.

The world has lost an area of forest the size of South Africa in the last 25 years, and – although rates of deforestation have slowed somewhat – if urgent action isn't taken, a further area the size of Germany, France, Spain and Portugal is projected to disappear within the next two decades.

So big ideas and bold solutions are the order of the day.

WFC provided a crucial platform to promote WWF's call to action for a deforestation-free future, and also a unique opportunity to bring together, build and strengthen people and organizations essential in tackling forest issues – government policy-makers, industry representatives, scientists, researchers, NGOs, community groups and many others. WWF played a prominent role at WFC 2015, with nearly 40 delegates speaking in plenary sessions and organizing a series of side events on topics ranging from plantations and landscapes to climate-smart forestry and deforestation-free pathways.

WWF's involvement in the event raised our profile in front of nearly 4,000 delegates from 142 countries. After the FAO, WWF was the most featured organization in the media, appearing in major international news outlets and social media.

"It's this collaboration and cooperation which is so important. No one organization is big enough to provide solutions on its own – but if we can harness the ideas and energy of a whole range of diverse sector voices then together we can put the world's forests on a healthy footing for the future," said Hisayo Fujikawa Harlan, Interim Deputy Leader, WWF Forest Practice.

"In the same way, forests now need to be looked at in terms of the people who rely on them, and the landscapes they're part of. Forestry is coming out of its 'wooden box', and now involves a much bigger picture," Fujikawa added.

WWF's Fred Kumah (middle) at WFC 2015 opening plenary session. © Artistry Media WWF





WWF's Luis Neves Silva in a WFC 2015 panel discussion. © Artistry Media WWF

WWF's outgoing Global Forests Programme Director Rod Taylor summed up the view from Durban: "This time around, everywhere you look is the word 'landscape'. Last time it was all about the forest; now it's about forests, farms, people – and how we bring all that together at the landscape scale."

To gather ideas on new solutions to address challenges facing forests, WWF invited Congress attendees to participate in the Forests for Life mini-campaign.

As Fred Kumah, WWF's Regional Director for Africa, explained: "The campaign is about what we can do together to make change happen. The solutions are out there between us all. Let's open up the space for dialogue, learning and hearing different viewpoints, so that we can co-create the future that we want."

Nearly 200 people attended the Forests for Life campaign reception at WFC 2015, and notable leaders – including Greenpeace's Kumi Naidoo, FSC's Kim Carstensen and IKEA's Mikhail Tarasov – joined hundreds of others in filling out "solutions" postcards and saying what they're doing for the world's forests (you can see these – and add your own ideas – at forestsolutions.panda.org).



IKEA's Mikhail Tarasov with the WWF panda. © Artistry Media WWF



WWF tote bags, World Forestry Congress 2015. © Artistry Media WWF



WWF's Fred Kumah at WFC 2015. © Artistry Media WWF

CO-CREATING SOLUTIONS

A NEW WWF PLATFORM HARNESSSES THE POWER OF COLLABORATION

"Together, anything is possible."

That's the message on the homepage of our Forest Solutions Platform, a WWF initiative launched on the International Day of Forests 2016.

Following on from our Forests for Life mini-campaign at the World Forestry Congress, the Forest Solutions Platform is an online space where anyone with an interest in sustainable forests can come together to exchange views and ideas.

Forests today are under pressure: we need innovative strategies and urgent action to save them for the future. The great thing is, the ideas are already out there. The point of the platform is to bring them into a collective forum where they can be shared and debated – so that together we can co-create solutions.

As well as spreading great ideas, our aim for Forest Solutions is that new alliances, synergies and opportunities for collaboration will emerge among its users so some of the best ideas can be refined and put into practice on the ground.

The site itself has two main aspects. Featured blogs from experts around the world showcase a range of subjects that all relate in one way or another to our goal of a deforestation-free world. Their practical experiences shed light on everything from core principles for successful locally controlled forestry, to a landscape-based approach to tree plantations and crop-growing, to how if we all drank our coffee from reusable cups we could save 32 million trees a year. New blogs are regularly added.

But the site really comes into its own with its Forest Solutions section. This takes more than a dozen different aspects of forest conservation and sustainable management, explains the principles behind them, and opens them up for users to vote on their favourites and share their knowledge and views.

So where Ecosystem Services are featured, for example, users of the site have discussed programmes for assessing their value, as well as how to raise awareness of what they mean. For Recycling, there are tips on reusing woodchips, as well as debate on how governments can scale up collection systems. Diet Shift explores how changing what we eat could make an immediate difference to the pressure on many forest ecosystems.

Other topics for dialogue include REDD+, local investment, tenure reform, landscape approaches, protected areas and indigenous reserves, deforestation-free supply chains, and infrastructure. And in the spirit of encouraging new ideas, we've left the list of solutions open for anything we might have missed.

Forest Solutions is fully connected to social media, so it's easy to spread the conversation even further. It has had more than 10,000 visits, with nearly 100 contributions added so far.

Check out the Forestsolutions portal and add your own contribution.





Cork stoppers certified by FSC. © Isaac VEGA / WWF-Spain

MAKING SUSTAINABLE FOREST MANAGEMENT PROFITABLE

The sound of a cork popping out of a bottle often signals celebration. And for cork producer ANSUB (Associação dos Produtores Florestais do Vale do Sado), there's good reason to celebrate.

ANSUB is one of the largest and oldest forest producers associations in Portugal. Like thousands of people in the Mediterranean, its members depend on cork as a vital source of income. Some of them have found that FSC certification has given them a competitive edge in the market place and helped attain a price premium – while also ensuring that cork continues to serve local communities and that the unique landscapes where it grows are protected.

“ANSUB decided to pursue FSC certification because it felt that was the right way to go in order to improve management and, of course, to have a tool that could make the difference in the market, enhancing and adding value to our products,” says Pedro Silveira, president of the ANSUB Board of Directors and a representative of Certisado, ANSUB's group certification.

A study from WWF suggests that FSC certification can directly benefit the bottom line of certain types of forest operations.

The report, Profitability and sustainability in responsible forestry: Economic impacts of FSC certification on forest operators, is the result of a rigorous and detailed research programme carried out on four continents. One key finding is that while FSC certification requires significant upfront and ongoing investment, for tropical forest operators and small/medium enterprises examined, the direct financial benefits outweigh the costs.

On average, the research found that globally, the companies earned an extra US\$1.80 annually for every cubic metre of FSC-certified roundwood or equivalent production, over and above any new costs, due to price premiums, increased efficiency, and other financial incentives.

GOOD FOR THE PLANET, GOOD FOR BUSINESS

The amount of wood we take from forests and plantations each year may need to triple by 2050 to meet rising demand. Sustainable forest management, as practised by FSC-certified companies, will be essential if the forest products sector is to increase supply without destroying the very forests it depends on.



Hector Perez Pereyra, Madre de Dios, Peru. © Nicolas Villaume / WWF-US

A growing body of research has shown that FSC certification brings numerous environmental and social benefits, from reducing impacts on wildlife habitats to improving workers' conditions and community relationships. But for forestry outfits in a developing country operating under difficult conditions, or small operations starting up with limited capital, finding the time, capacity and investment needed to achieve and maintain certification may not look attractive or realistic. In fact, the research suggests that these are the companies that have most to gain.

THE VIEW FROM PERU

“Everything we're doing is for the next generation. We want things in the future to be as they are today. We're careful to leave the trees that produce the most seeds, only cut certain species and cut as close to the ground as possible to maximize the wood we get from each tree. Before certification, there was no plan. We just cut trees randomly. Now we know exactly which trees we can take,” says Percy Montebalanco Guerra, leader of a Maderacre logging team.

The benefits of FSC certification come into sharp focus in the Peruvian Amazon. Illegal logging is a massive problem in Peru, with an estimated 80 per cent of timber harvested illegally, according to a World Bank report. In addition to causing environmental damage, these illegal logging operations depress market prices and make it harder for legitimate operations to compete.

So is it worth a company going the extra mile to achieve certification? Andrea del Pozo, industrial manager for Peruvian timber company Maderacre, believes it is. “Of course the goal is to be profitable,” she says. “But being sustainable makes us profitable.”

Becoming FSC certified was no small undertaking for Maderacre, which manages 220,000 hectares of tropical forest – the largest such concession in Peru. Certification requires significant upfront investment in improving management plans and carrying out the necessary audits. Ongoing spending is needed to maintain certification too: key expenses identified in the research include the cost of monitoring and mitigating environmental and social impacts, and spending on worker benefits such as bonuses and healthcare.

But like other companies involved in the study, Maderacre reported improvements across its operations, from better planning and management to a happier workforce and improved relations with local communities.

Financially, FSC certification allows firms to charge a price premium for their products and target high-end buyers who are willing to pay more for sustainably sourced wood – and in many cases insist on it. “The main benefit has been the unrestricted access it has given us to attractive markets, like in Europe,” says Maderacre's Jose Luis Canchaya.

“Companies that become certified today do so with a vision of the future,” says Canchaya. “Forestry projects have a long time horizon. The long-term benefits justify the short-term costs.”



Employee cutting wood, Madre de Dios, Peru. © Nicolas Villaume / WWF-US

PLANTING NEW IDEAS



NGP study tour participants harvest rice with locals in Laos. © Andrew Heald NGP

FROM THE AMAZON TO LAOS, THE NEW GENERATION PLANTATIONS PLATFORM JOURNEYED INTO NEW TERRITORY THIS YEAR

You never know where the **New Generation Plantations (NGP)** platform is going to take you next. You could be in a high-tech laboratory looking at the latest generation of drought-tolerant eucalyptus clones. You could be marvelling at how a local smallholder has restored an area of cleared Amazon rainforest around his home, incorporating 50 types of fruit trees. Or you could be learning about bomb disposal techniques in remote rural Laos.

NGP began in 2007 as a space to share and promote better practices in tree plantations. It started with a simple premise: that well-managed plantations in the right places could help meet the massive global demand for wood, while making a positive contribution to local people and the environment. Over the last decade, that idea hasn't changed – but it's brought us into contact with a huge cast of characters in a diverse range of settings.

That was reflected in the title of this year's event in Sao Paulo – billed not as an annual meeting or conference but an “NGP Encounter”. It brought together more than 100 participants from all over the world – from WWF offices, NGOs, plantation companies, indigenous communities, governments and social activists. The Encounter encompassed talks, panel discussions and field visits, as well as innovative techniques to stimulate conversation – including the World Café, where guests move between the lively debates taking place at different tables, and the Human Library, where the “books” are real people with a story to tell their reader.

The theme for the Encounter was “Sustainable Intensification” and how we can produce more with less: more resources and more value for more people, with less land, water, energy and waste. A visit to Fibria's lab showed one part of the equation. Thanks to advances in tree breeding, silviculture and processing, the area of land required to produce a million tonnes of pulp in Brazil has halved over the last 30 years. Without those advancements, Fibria would need around an extra million hectares of plantations for the pulp it produces today.

A different sort of intensification was showcased during a study tour to Acre, in the Brazilian Amazon, in June. Here, the state government – a regular NGP participant – has pioneered a successful programme of improving people's livelihoods while dramatically reducing deforestation. That includes supporting new models of land use in already cleared areas: the study tour took in plantations of rubber, acai and fruit trees, indigenous agroforestry systems, and tree plantations integrated with cattle and fish farms.

The year's second study tour was to Laos, where NGP participant Stora Enso has been developing a new land-use model in cooperation with local communities. This has included providing space and support for local people to grow rice and cash crops between rows of trees – while also working to clear the land of thousands of unexploded bombs dropped on the country during the Vietnam war.

“NGP offers a platform for convening a changing cast of stakeholders, and a safe space where they can listen to and learn from each other,” says NGP coordinator Luis Neves Silva. “The process has proven to be adaptable to a wide range of circumstances. We all have parts of the solution. By coming together, we can create a greater transformation.”



Member of the local indigenous community, Acre, Brazil. ©Andrew Heald NGP

WWF ENVIRONMENTAL PAPER COMPANY INDEX



Environmental Company Paper Index 2015. © Mondi Neusiedler

EPCI 2015 SHOWED CONTINUAL IMPROVEMENT BY LEADING PULP AND PAPER PRODUCERS

EPCI 2017 COMING SOON

The WWF Environmental Paper Company Index (EPCI) 2015 showed a positive trend towards more transparency and sustainability by the world's more progressive pulp and paper manufacturers. The 31 voluntary participants in the Index together produce 15 per cent of the world's paper and board and 15 per cent of the world's pulp. While all participating manufacturers demonstrated outstanding transparency, more than 90 per cent of product categories reported since 2013 showed improvement.

The 31 companies participating in EPCI 2015, up from 25 in 2013, disclosed the ecological footprint of 85 million tonnes of pulp and paper. This represents 30 per cent of the world's tissue, 28 per cent of the world's graphic paper, 16 per cent of the world's newsprint, 7 per cent of the world's packaging and 15 per cent of the world's pulp.

The EPCI 2015 participants showing leadership in transparency are (in alphabetical order) Appleton Coated, ARAUCO, Arjowiggins Graphic, BillerudKorsnäs, Bio-PAPPEL, Canfor Pulp, Cascades, Catalyst, CMPC, Crown van Gelder, Domtar, DS Smith, Fedrigoni, Fibria, ITC, Kimberly Clark, Klabin, Lecta, Leipa, Metsä Group, Mondi, Resolute Forest Products, Rolland Enterprises Inc., SCA, Södra Cell, Sofidel, Steinbeis, Stora Enso, Suzano, TNPL/India, UPM.

The EPCI is based on voluntary data disclosure by the companies. WWF evaluated environmental policies and targets as well as environmental performance in the production of newsprint, graphic paper, tissue, packaging and pulp. Scores were assigned on responsible sourcing, clean production, Environmental Management Systems and reporting. The Index also shows progress between 2013 and 2015 for companies that have participated in both of those years.

Of the 80 major manufacturers invited to the EPCI 2015, 31 participated, some already for the fourth time.

Companies who participated in the EPCI 2013 were able to increase their overall scores on more than 90 per cent of product categories. The product category in most need for improvement is pulp, which tends to show generally lower scores than other products.

WWF's Living Forests Report projects paper production and consumption may double in the next three decades, and overall wood consumption may triple. The key challenge for forest-based industries is how to supply more wood products with less impact on nature. This challenge spans the whole supply chain, from where and how wood is grown and harvested to how wisely and efficiently it is processed, used and reused.

The EPCI 2017 will be published in November 2017. Invites will go out to the companies in early 2017.

Read more at www.panda.org/epci2015



FROM THE FIELD



Chinese company representative inspects wood in Gabon. © WWF

FROM CONTROVERSY TO COOPERATION

RESPONSIBLE FORESTRY ROUNDTABLE IS IMPROVING FOREST MANAGEMENT AND LEGAL COMPLIANCE BY CHINESE COMPANIES IN GABON

One of Africa's most prosperous countries, Gabon is blessed with natural resources, with dense tropical forest covering around 85 per cent of the country.

The government has put in place legislation to protect large swathes of forest and develop a responsible timber industry that benefits local people: forestry companies must have a sustainable management plan, and a ban on exports of logs in 2010 has helped nurture a national timber processing industry. Meanwhile, foreign investment is soaring, particularly from Chinese companies which now manage almost 6 million hectares – more than a third of Gabon's government-owned productive forests.

“Chinese investments contribute considerably to creating employment and fighting poverty, particularly in rural areas,” says Emile Ngavoussa, the Gabon government's general director of forestry. “These companies also contribute to local development, for example by constructing and supplying schools and clinics.”

BAD IMPRESSIONS

But the reality is not always so rosy. Illegal and unsustainable logging leave forests empty and with few resources for local people.

“Unfortunately, Chinese companies are notorious for being involved in



12 Chinese companies made commitment to manage forests sustainably in Gabon June 17, 2016. © WWF

illegal practices,” says Protet Judicaël Essono Ondo from Brainforest, an NGO working on social and environmental issues in Gabon. “The people of Gabon have a bad impression of Chinese companies for many reasons, including disregard of the law, corruption and a lack of dialogue with local people.”

Ngavoussa acknowledges that Chinese companies fall short of the standards expected: “sustainable forest management audits by the Ministry of Forestry reveal that none of the ten Chinese concessions audited achieved even 50 per cent compliance.”

“Chinese companies have a significant influence in Gabon, so they have a responsibility to improve forest management practices, comply with forest and trade laws and promote sustainable development,” says Jin Zhonghao, Director Market Transformation, WWF-China. “This is important not just for Gabon’s forests and people, but for their own long-term viability.”

Part of the problem is a lack of communication between government authorities, local people and Chinese companies, exacerbated by language and cultural differences. For the last five years, WWF has been working with the governments both from Gabon and China, Chinese companies and other partners to improve the situation – for example, by translating legislation into Chinese and providing training.

BEARING FRUIT

The work is beginning to bear fruit. In 2010, the area managed by Chinese companies under an approved long-term forest management plan amounted to just 818,932 hectares. By 2015, this had increased to nearly 4 million hectares – two third of the total area of concessions managed by Chinese companies. The management plan includes comprehensive assessments of forest resources, biodiversity and social and economic impacts, and can be a step toward Forest Stewardship Council (FSC) certification. Previously, the majority of Chinese companies just registered their concessions again every three years under a new company name to avoid investing in a solid management plan.

In 2014, WWF brought together Gabonese and Chinese government officials, forestry companies and local NGOs to establish the Gabon-China Sustainable Forestry Roundtable. The 12 Chinese companies



Logs in a Chinese processing company in Lambarené, Gabon. © Deng Jia / WWF-Canon

taking part, which manage more than 4 million hectares of concessions, have made significant commitments to protect wildlife and improve conditions for local employees.

“The roundtable allows discussion of the difficulties Chinese forest operators are confronted with when implementing the law, and of the fundamental principles of sustainable forest management,” says Ngavoussa.

Relationships between Chinese companies and the administration, as well as with communities and NGOs have improved, Ngavoussa adds. He mentions companies such as Tali Bois, which sought to follow up with corrective actions after a sustainability audit in its concession, and Société des Bois de Lastoursville (SBL), which has asked for guidance from NGOs as it seeks FSC certification.

“We hope that through building trust, exchanging ideas and sharing best practices, the roundtable will lead to further concrete improvements in forest management and ultimately, to increased FSC certification of Gabon’s forests,” says Zhonghao.

Workers at a Chinese factory in Gabon. © WWF





Community training and capacity building. © WWF CAR



Community meeting. © WWF CAR

COMMUNITIES TAKING CONTROL IN CENTRAL AFRICA

VILLAGE COMMITTEES ARE ENABLING LOCAL PEOPLE TO BENEFIT FROM FORESTRY IN THE CENTRAL AFRICAN REPUBLIC

Forestry is a hugely important industry in the Central African Republic (CAR). Logging contributes about 15 per cent of GDP, and accounts for around half the country's exports.

However, local communities and the indigenous Ba'aka people rarely see the benefits. In fact, logging tends to have a negative impact on their livelihoods, rights and traditional way of life. The political turmoil in the country over the last few years has only exacerbated the situation, with illegal logging linked to armed militias.

In partnership with local NGOs in CAR, WWF has been working with civil society organizations, local communities and indigenous peoples to strengthen their rights to manage and benefit from their forest resources. Working in two districts in the south-west of the country, WWF has helped to set up village forest governance committees, establishing 28 committees to date, involving more than 2,000 people. For the first time, there are now structures in place for promoting dialogue between local people, forestry companies and government, and for identifying the socio-economic needs of people living in and around forest concessions and protected areas. The village committees also support various income-generating activities, such as raising crops and livestock and beekeeping.

They have become very active in monitoring forest operations in their local areas, in partnership with the government forestry administration and the private sector. In fact, village committees have become the main

players in combating illegal logging and other illicit activities such as artisanal mining in the forest areas where they operate.

Over the last year, reports from village committees have led to mining permits allocated within forest concessions being withdrawn. In addition, more than 50 small-scale operators have agreed to stop illegal logging activities, and have instead formed an association to contribute to forest restoration.

The forestry administration has recently undertaken efforts to directly repay 40 per cent of the revenues from the sale of seized illegal timber to the village committees. This benefit-sharing mechanism is a big step forward in establishing a truly participatory model of responsible management of forest resources.

There was also progress this year in WWF's efforts to promote legal recognition of community-based management of natural resources in the region. Thanks in part to WWF's advocacy and technical support, CAR and the neighbouring Democratic Republic of Congo now have legal provisions in place to guarantee communities' rights to access forest resources and to receive an equitable share of the benefits of timber harvesting.

NGO and community representatives. © WWF CAR





NNNK community village. © WWF

MAKING COMMUNITY FOREST MANAGEMENT WORK IN CAMEROON

COMMUNITIES HAVE HAD THE RIGHT TO OWN AND MANAGE FORESTS IN CAMEROON FOR OVER TWO DECADES – BUT THE BENEFITS HAVE ONLY RECENTLY BEGUN TO EMERGE

Cameroon's 1994 Forestry, Wildlife and Fisheries Law was a milestone for community forestry. The law provided for communities and indigenous peoples to acquire and manage up to 5,000 hectares of forest in their locality. By enabling local people to participate in and benefit from forest management, it aimed to increase the contribution of forestry to development.

In Cameroon today, more than 400 community forests have been allocated, covering about 900,000 hectares. Only a limited number of these operate on regular basis, and the benefit to communities has been limited. Complex procedures are part of the problem: although community forests operate on a simplified management plan, most communities lack the experience and expertise to develop this, and rely on external technical support. Some have been exploited by commercial partners, while the revenues generated haven't always been spent wisely or shared equitably, resulting in conflicts within communities.

In south-east Cameroon, though, some community forests have been operating successfully and delivering real benefits thanks to support from WWF. One example is the NKNK community forest. The forest is shared by two villages, Zoulabot Ancien and Ngato Ancien, including both Bantu communities and indigenous Ba'aka people.

Initiated in 2006, NKNK received technical and financial support from WWF till 2012. Since then, it's been financially independent, only receiving limited technical support from WWF.

In 2014, NKNK generated revenue of US\$8,500, rising to US\$8,800 in 2015, a considerable sum in the local context. Money earned by the two villages was spent on improving housing, constructing two classrooms and contributing to a school teacher's salary, subsidising the cost of the national ID card for Ba'aka people, and assisting with critical medical treatment.

As well as the direct financial gains, members of the community have used their skills to earn extra income from temporary employment in the forest sector in areas such as chain saw operation, carrying out forest inventories, and transporting timber. Community members have also gained expertise in areas such as finance management, bookkeeping and negotiation.

NKNK shows that community forestry can contribute to improving the living conditions of communities. While WWF's support was crucial in the early stages, NKNK is now largely autonomous. There is real potential for this approach to be scaled up, enabling community forestry to make a real contribution to local development and sustainable forest management.

NNNK community village. © WWF





Arauco's native forest, Argentina. © Emiliano Salvador, Fundación Vida Silvestre Argentina

FSC CERTIFIED AREA IN ARGENTINA INCREASES BY 70 PER CENT

THE AREA OF FSC CERTIFIED FOREST IN ARGENTINA INCREASED SIGNIFICANTLY BY 70 PER CENT TO 461,985 HECTARES IN JANUARY, 2016 WITH THE CERTIFICATION OF SOUTH AMERICAN PULP AND TIMBER GIANT, ARAUCO

One of the five largest producers of forestry products worldwide, Arauco employs more than 13,000 staff and has 30 production facilities across Chile, Argentina, Brazil and Uruguay. In all, it manages some 1.6 million hectares of plantations and a further 389,000 hectares of native forest.

Arauco's contribution added almost 188,000 hectares of FSC-certified forest to Argentina's total. Of the addition, 99,000 hectares are plantations, while the remaining 88,000 are natural forest.

In Argentina, Arauco announced its intention to pursue FSC certification in 2002 when it stopped conversion of native forest to pine plantations. This led to significant changes in the company's culture and its relationship with civil society, as it sought to shake off a legacy of conflict between the forestry industry and environmental and social organizations in parts of South America.

In Chile, Arauco invited the views of 80 civil society organizations in a series of forums on how it could best achieve the aims of conservation, and improve working conditions and community relations, which underpin FSC standards. The company implemented more than 40 proposals from these forums.

WWF associated organization, Fundación Vida Silvestre Argentina (FVSA) and WWF-Chile played a key role in assisting Arauco reach its certification goal. Reflecting the strategy of the regional conservation initiative, the Pulp & Paper Southern Alliance (PPSA), WWF helped plan and implement some of the central parts of Arauco's FSC commitments.

"This is a substantial contribution to the conservation and sustainable use of the Atlantic Forest. Its effects will multiply as other companies analyse the possibility of becoming certified. And we hope that it will also increase society's knowledge of – and support for – FSC certification," said Manuel Jaramillo, Conservation Director at FVSA.

In Argentina, standout terms of Arauco's FSC certification include:

- To preserve its native forests, and not convert them into plantations
- To protect, manage and monitor high conservation value (HCV) areas covering more than 60,000 hectares
- To promote the recovery of more than 3,000 hectares of native forest previously cleared over banks of streams for pine plantations
- To develop a landscape-scale analysis for connecting key species.

The PPSA, an important initiative in forest conservation, comprises five countries and six WWF Priority Places along with other WWF ecoregions. It unites WWF organizations in Brazil, Chile, Colombia, Argentina (through FVSA), and Uruguay (through Vida Silvestre Uruguay) under a common mission: to influence and trigger changes in the plantation sector and the pulp and paper industry to contribute positively towards maintenance and/or enhancement of ecosystems and communities.

San Jorge Forest Reserve, Argentina. © Emilio White, Arauco





Reading tagged data using smartphone. © WWF Bolivia

LEGAL TIMBER? THERE'S AN APP FOR THAT

SMARTPHONE TECHNOLOGY IS ONE OF THE INNOVATIONS SUPPORTING SUSTAINABLE FOREST MANAGEMENT IN BOLIVIA

Smartphones don't appear to have much to do with the traditional way of life of Bolivia's indigenous Chiquitano people. But in the community of Santa Monica, in the Monte Verde indigenous territory, local people are using Android QR code apps to keep their forests standing.

Half of Bolivia is forested, but around 200,000 hectares are cleared each year, mostly for agricultural and cattle ranching purposes, while illegal and unsustainable logging is causing widespread forest degradation. While legal, sustainable timber production can help to conserve forests, to date there's been little incentive for community and private owners to manage their forests responsibly.

In response, WWF has been working with the Bolivian government's National Authority of Supervision and Social Control of Forests and Land (ABT) to promote a national forest certification and incentives system. It's a mandatory standard for the forest sector which promotes legal and responsible forest management, and rewards those who comply.

"The aim is for 100 per cent of logging in Bolivia to be legal by 2020," explains Maria del Carmen Carreras, GFTN manager at WWF-Bolivia. "Complying with the standard is also a step towards achieving FSC certification, which would enable Bolivian producers to access markets that demand third-party certification."

A key part of the programme is an electronic timber-tracking system, which allows full traceability from the forest through the mill to the finished product. This prevents illegally logged timber from entering the supply chain. Existing paper-based systems are both laborious and easy to falsify – but Bolivia's new electronic system is simple, efficient and



WWF Bolivia is building capacity of local communities and companies to track timber using smartphones. © WWF Bolivia

secure.

Plastic tags with a unique QR code are attached to standing trees, cut logs and processed products. These can be scanned via a smartphone app, and the information is uploaded to a web-based system. As well as providing traceability, this data can be used to generate forest management plans and reports, making it easier for users to comply with the ABT's requirements.

Over 2,000 forest managers and companies in the timber supply chain have registered with the database so far – around 200 of them with direct assistance from WWF-Bolivia.

Communities and companies that can demonstrate that they're complying with the standard receive a range of incentives, including reduced administration costs, improved credit rating and lower taxes to import machinery and equipment. Certification enables them to supply public institutions within Bolivia, which has a responsible public procurement policy, and to export to regions that demand proof of legal origin, such as the US and EU.

The Santa Monica community received certification in 2016. After scoring exceptionally highly in an evaluation by the ABT, they were given two smartphones and a laptop to enable them to access the electronic management system. "These devices provide many benefits to our community forestry initiatives," says Erlan Chacon, president of the local forestry committee. "By guaranteeing the legality of our products, we have better opportunities in the market."

The system is already attracting attention in other parts of Latin America. In February, WWF brought forest stakeholders from Peru and Panama to Bolivia to share knowledge and experience, including a field visit to Santa Monica to see the digital timber-tracking technology in action.

Since then, the Ministry of Environment of Panama has launched a forestry control and tracking project, which draws on innovative features of the Bolivian model. WWF-Peru has promoted a "National Pact for Legal Wood", which has been adopted in the Ministry of Environment's national forest and climate change strategy.

Timber inspection at a factory. © WWF Bolivia





US COMPANIES PLAY LEADERSHIP ROLE TO SAVE THE WORLD'S FORESTS

PROMOTING FSC CENTRAL TO THEIR APPROACH

The United States is one of the biggest consumers and producers of forest products in the world – accounting for 27 per cent of the world's production of pulp for paper, and 19 per cent of global industrial roundwood consumption. That means US businesses and consumers have a huge role to play in ensuring the forests where these products originate are managed responsibly.

Last year saw a number of GFTN-North America participants, which are some of the biggest brands in the US, taking a lead in promoting responsibly-sourced forest products. In October, WWF joined HP, International Paper, Kimberly-Clark, McDonald's, Procter & Gamble (P&G) and Williams-Sonoma, Inc. to launch the "One Simple Action, One Profound Impact" campaign to promote the FSC label in the US. It's the first time that a group of businesses in the US – some of them direct competitors – have come together with a shared goal of creating awareness among consumers to help them make responsible choices.

Awareness of the FSC label among US consumers is relatively low, but the companies involved are trying to change that and educate these consumers about the importance and benefits of choosing FSC-certified products. McDonald's has a goal of procuring all its packaging from certified (preferably FSC) or recycled sources by 2020. Last year, it switched to 100 per cent FSC certified content in its hot drinks cups and fluted sandwich boxes. McDonald's also decided to apply the logo to these packages to share the good news, meaning, for example, that the FSC logo and message is seen on millions of cups of coffee every day.

Meanwhile, P&G's Charmin® toilet paper has also begun displaying the FSC label. P&G is collaborating with WWF to improve its fibre sourcing: in 2015, the company achieved its goal of having 100 per cent of the virgin fibre in its tissue and hygiene third-party certified, with just over half being FSC.

Kimberly-Clark began using the FSC logo on its US products such as Kleenex® and Scott® in 2009, and now displays the FSC label on all of its well-known brands including Cottonell® and Viva®. The company has increased the share of FSC-certified virgin fibre in its global tissue products from 7 per cent in 2006 to more than 75 per cent in 2015.

As well as sourcing FSC materials and promoting the label to their customers, a number of US companies are working to have a positive impact on the forests and landscapes they source from. Kimberly-Clark participates in the New Generation Plantations (NGP) platform, and has worked with its pulp suppliers in Brazil to restore areas of the Atlantic rainforest. The company is also

FSC FACTS AND FIGURES*

195,206,770
ha of certified forest in 83 countries

31,485
chain of custody certificate holders in 122 countries

Independent studies have shown that FSC certification has environmental, social and economic benefits. These include **reducing impacts on wildlife habitats, improving workers' conditions and community relationships, and increasing profitability**, particularly for smaller producers in the tropics.

*As of November 2016

piloting the use of alternative fibres like bamboo and wheat straw in an effort to reduce its forest footprint.

GFTN-NA participant Capital One provides financial support to the owners of working forest land in the Southeastern US seeking to place conservation easements on their land and obtain FSC certification.

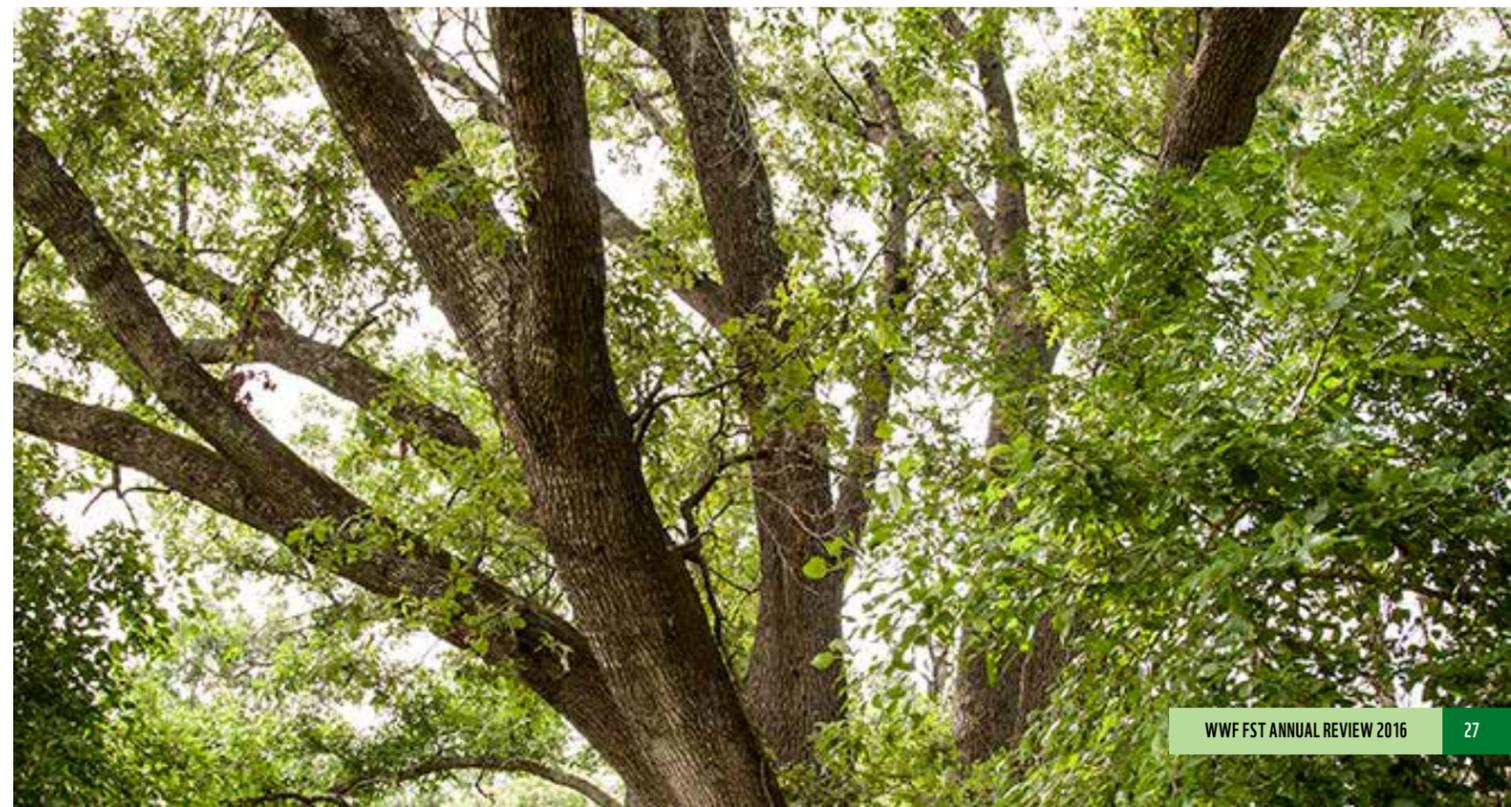
P&G and Domtar, also a GFTN-NA participant, continue to work with WWF, FSC and others to educate landowners in the southeast US on the benefits of FSC certification and the steps they can take to ensure responsible management of their forestlands. As a result of this work, more than 200,000 hectares of land in this region is now FSC certified with more on the road to becoming certified. The timber harvested from this land is used to produce products sold by P&G and other companies.

Another company aiming to protect the world's forests is Apple. In 2015, the tech giant released its paper sourcing policy and has since achieved over 99 per cent compliance with its sourcing standards (a combination of recycled fiber, certified wood and controlled wood). Apple has also gone a step further by working to protect and create responsibly managed forests around the world. In 2015, Apple launched a five-year project with WWF that seeks to transform the forest sector within China. The goal is to conserve a million acres (approximately 400,000 hectares) of forest across five provinces in southern China through FSC certification and improved forest management.

The collaboration aims to create up to 300,000 acres (roughly 121,000 hectares) of FSC-certified forest, and improve management across a further 700,000 acres (approximately 283,000 hectares). In addition, WWF will be working with Apple to influence policy and market incentives in China to encourage responsible forest management and paper sourcing.

The efforts by these companies set a strong foundation to boost awareness of the FSC label among US consumers and create positive change in the forest products markets, from Brazil to China.

Cherry bark oak tree in an FSC-certified forest in Arkansas, managed by landowner Bob Torrains. © Rufus Lovett / WWF-US





EUROPE



Fortum Värme's plant in Rör. © Fortum Värme

GFTN PARTICIPANT FORTUM VÄRME EUROPE'S FIRST ENERGY COMPANY TO RECEIVE FSC CoC CERTIFICATION

Forest biomass is becoming an increasingly important source of electricity and heat as countries seek to move away from fossil fuels. However, if bioenergy is to have a genuinely positive impact on the climate and the environment, it needs to be produced sustainably.

Swedish energy company Fortum Värme upped the ante on this front, becoming the first energy company in Europe – and only the second in the world – to become FSC-certified.

This means that the wood products it uses as biofuel – twigs, bark, branches and chips – can be traced in an unbroken chain back to producers in the forests themselves. The company's demand for purchasing certified and controlled wood material was implemented in all its agreements in mid-2016. As a result, the 2016 years' outcome for the forest based biofuel portfolio was 77 per cent FSC certified or Controlled Wood material, where 15 per cent was FSC-certified material.

Fortum Värme's responsible sourcing initiative is part of the company's wider strategy to produce 100 per cent of its heat and power from recycled or renewable sources by 2030.

Achieving the FSC Chain of Custody certification is a rigorous process, and standards are maintained with independent annual audits.

"We have now been certified for one year and had our first FSC Chain of Custody audit ourselves, which we managed well. We have learned a lot from the certification and are continuously trying to improve our processes," says Karin Juslin, Fortum Värme's Corporate Social Responsibility and Environmental Manager.

Fortum Värme has been a GFTN-Sweden participant for the last ten years, and WWF worked closely with the company to help put in place the processes and controls needed to ensure traceability throughout the supply chain.

"During the process leading up to certification we met regularly with Fortum Värme to review and discuss the company's activities and goals," said Per Larsson, GFTN-Sweden Manager. "We were impressed by their vision and their willingness to listen, and together we feel we've achieved very good results that will encourage others."

Fortum Värme's activities and goals are reviewed and discussed with WWF regularly with very good results," Juslin says.

A continuous dialogue and close support is needed with suppliers unused to meeting Fortum Värme's stringent new demands. Juslin says the company's next step is to get the customers to understand that their homes are heated with sustainable biofuels.

Fortum Värme has a state-of-the-art biofuel plant to produce clean heat and electricity for some 190,000 apartments.



ASIA
PACIFIC



Forest in New Guinea. © Tim Cronin / WWF Australia

NEW HOPE FOR GUINEA'S FORESTS

Home to at least 5 per cent of the world's species in just 1 per cent of its land area, New Guinea is special. The island, divided between Indonesia and Papua New Guinea, contains the largest tract of tropical forest outside the Amazon and the Congo Basin, and pristine ecosystems ranging from mangroves to mountains. Around two-thirds of its species are found nowhere else on Earth. It's also a place of incredible cultural diversity, with nearly 1,000 tribal groups speaking almost as many different languages.

But New Guinea's natural and cultural riches are under increasing threat. WWF's Saving Forests at Risk report identifies the island as one of 11 "deforestation fronts" at risk of large-scale forest loss over the next 15 years. From 2001 to 2012, New Guinea lost around 1 million hectares of forest, but if current plans and trends play out as projected, a further 7 million hectares could be destroyed by 2030.

The region is home to more than 3 million people, around half of which identify as Indigenous Papuans, representing a broad spectrum of ethnic, linguistic and religious diversity.

The tropical rainforests, wetlands and mangroves of Indonesian Papua, on the west side of the island, harbour a spectacular array of marsupial, mammal and bird species, including tree kangaroos, echidnas, crocodiles, monitor lizards, hornbills, cassowaries and birds of paradise.

While conversion to large- and small-scale agriculture is the biggest driver of projected deforestation in New Guinea, unsustainable logging is also a major threat. In theory, most timber harvesting permits authorize selective logging only. But poor management practices can lead to severe degradation, with illegal logging and fires often pushing forests past the point of recovery. Former logging concessions are at



A concession worker harvests logs in New Guinea. © Tim Cronin / WWF Australia

increasing risk of being cleared through slash-and-burn for subsistence cultivation or for commercial plantations.

Now, though, a different model is emerging, with the news that two forestry concessions covering more than 210,000 hectares in the Indonesian provinces of Papua and West Papua have achieved certification from the Forest Stewardship Council (FSC). They are the first certified concessions on the Indonesian side of the island, adding to the 40,000 hectares currently certified in Papua New Guinea. Another half a million hectares are set to achieve certification during 2016.

FSC certification provides independent assurance that the forest is being managed responsibly, that workers and local communities are fairly treated, and that areas of high conservation value – such as habitats for rare species and sites of cultural importance – are conserved.

WWF-Australia works with Bunnings to remove sources of timber that may be linked to deforestation, biodiversity loss and social conflict; and to prioritise Forest Stewardship Council (FSC) certified sources.

Sustainable forestry is about careful mapping and land use planning processes that capture a long-term vision in line with FSC, and ensure this vision is carried and integrated across all aspects of the operation

In August 2015, PT Bintuni Utama Murni Wood Industries (PT BUMWI) achieved certification for 82,120 hectares of mangrove forest – the largest certified mangrove concession in the world. The company processes the mangrove wood on site into wood chips, which are sold to pulp and paper markets, mainly in Japan.

PT Wijaya Sentosa received its FSC certificate in early 2016. This covers 130,755 hectares of lowland forest at Teluk Wondama in West Papua. The concession borders two protected forest areas, so provides an important buffer zone against illegal logging and encroachment.

Around 15 per cent of the timber harvested from the concession is merbau (*Intsia bijuga*), a highly valuable tropical hardwood. The tree is classified as vulnerable due to overexploitation across the Asia-Pacific region, and is a top target for illegal loggers in Papua. Wijaya Sentosa's concession will be the first certified source of merbau from Indonesian Papua.

The certification is good news for communities living in the area. Amus Timbore is the head of Dusner village, located in Wijaya Sentosa's concession. "Our ancestors teach us to protect the forest, and our daily needs such as food, water and medicine come from the forest," he says. "Wijaya Sentosa does not cut trees in areas that are important for us, and they are helping to conserve the areas where our ancestors' graves are and around the river that provides us with pure, clean water."

Both certified companies are participants of WWF's Global Forest & Trade Network (GFTN) in Indonesia, which – along with The Borneo Initiative – has provided technical support to help them meet FSC standards. Wijaya Sentosa's FSC achievement also illustrates the power of global collaboration to drive positive change. Its major buyer of merbau is Bunnings, Australia's largest DIY store and a long-standing GFTN participant. As part of its commitment to legal and sustainable sourcing, Bunnings engaged with Wijaya Sentosa over several years to encourage the company to pursue FSC certification.

Merbau is adored by Australian consumers for its earthy beauty and durability, but for some remains a symbol of Papua's history of poverty, corruption, illegal logging and social conflict.

Yopi belongs to the team of chainsaw operators who make sure the selective harvesting process minimises the impact on surrounding wildlife, waterways, soils and habitat.

"Bunnings has been committed to responsible timber sourcing for well over a decade," said Clive Duncan, Bunnings' Chief Operating Officer. "We understand our responsibility to ensure that communities where we source timber derive direct and long-term benefit from well-managed forestry operations. We've engaged closely with Wijaya Sentosa on their FSC journey over a number of years, so to see the company recognized

for global best practice is a great achievement for them, and a great example for other companies to follow."

"We congratulate PT BUMWI and PT Wijaya Sentosa on their FSC certification, and we hope they will be the first of many certified operations in Papua," said Joko Sarjito, manager of GFTN-Indonesia. "Sustainable forest management enables the people of Papua to benefit from valuable timber trade, while keeping the island's priceless forests standing."



Forest concession workers, New Guinea. © Tim Cronin / WWF Australia



Small farmers joint certification period, Linyi City Forest Bureau, China.

SMALLHOLDERS IN CHINA SEE FRUITS OF FSC CERTIFICATION

Thousands of small-scale tree farmers in Linyi, China, have joined forces to benefit from the growing demand for certified sustainable timber.

When Chen Zhikun first heard about Forest Stewardship Council (FSC) certification, he saw the opportunity immediately. As the deputy director of the local government forest department in Linyi, in China's Shandong province, Chen knew that the city's timber industry could benefit from international demand for certified sustainable timber. Here was a chance to secure access to lucrative markets, add value to wood-processing businesses and improve the livelihoods of the thousands of smallholders who grow poplar trees in the city's hinterland.

But seeing the opportunity was one thing: realizing it was quite another. Forest Stewardship Council (FSC) certification has been around in China since the start of the century, but most of China's certified area is made up of large state-owned or collectively owned forests. By contrast, many of the smallholders around Linyi owned less than a hectare each, and didn't have the capacity or the money to pursue certification on their own.

With support from WWF and IKEA, a major buyer of timber products from the area, the Linyi Forestry Bureau set about designing a programme that would enable small growers to become certified collectively. But first, they had to convince the farmers to take part.

“WHY CERTIFY THE TREES?”

“We set up a company to promote certification to local farmers, organize workshop training and provide professional guidelines case by case,” Chen explains.

At first, they encountered scepticism. “Why should we certify the trees?” wondered poplar farmer Zhang Zaijun, when the bureau first approached him. FSC certification requires following a set of principles that can be demanding. But you could sell timber at a higher price, the bureau explained, and it could lead to increased yields while also maintaining the health of plantations and the environment.

It sounded too good to be true, so Zhang went to see the owner of a local plywood factory who he sold his wood to. “He told me FSC was very popular and enjoyed large markets,” Zhang recalls. He said, “If you get FSC certified I'll pay you 15 per cent more for your trees, and I'll buy them all, no matter how many you have.”

Zhang went straight to the Forestry Bureau and told them he was on board. He persuaded another 30 smallholders in his village to follow his example and manage their plantations according to FSC principles.

Officials from the bureau repeated the same process in village after village, talking to thousands of smallholders and running more than 30 training sessions. “Local foresters increased their awareness about maintaining the health of plantations and the environment, wildlife protection, and reducing the use of dangerous chemicals, pesticides and diesel,” says Chen.

GROWING SUCCESS

The work paid off. In 2012, more than 4,000 households from 64 villages around Linyi achieved certification – the first and largest group certification in China. The FSC assessment was partly paid for by timber businesses in Linyi, which were keen to build a local supply of certified timber.

Since then, the programme has continued to grow – more than 20,000 smallholders around Linyi are now involved. As well as receiving a premium for the FSC timber they sell, farmers are reporting larger yields and lower costs as a result of adopting more sustainable management practices. Zhang now keeps rabbits within his plantation, providing an additional income and a source of organic fertilizer for the

trees. Having eliminated the use of harmful pesticides, other smallholders are raising goats, poultry and edible mushrooms.

Although the demand for FSC timber remains largely export driven, Chen believes the domestic market offers growing potential. “Environmental awareness is growing in China, and we hope that as the domestic market for FSC certified timber increases, we can attract more and more participants and increase economic returns for smallholders,” he says.

Flooring factory, Shanghai, China. © Brent Stirton / Getty Images / WWF-UK



DEMAND FOR FSC FURNITURE OFFERS A PROFITABLE FUTURE FOR VIETNAMESE COMPANIES

“My father and I are very dedicated to the forest,” says Le Xuyen. “We joined the FSC programme 10 years ago. Since then, our livelihood has been secured and we’ve been able to save more money. For example, I have managed to buy a car while my father has built a farm – all thanks to what we have got from our trees.”

Xuyen, who manages 180 hectares of planted forest, is one of hundreds of thousands of people in Vietnam whose livelihood depends on forest products.

The timber industry alone employs 300,000 workers, worth nearly 7 billion dollars in 2015. But this industry and the lucrative export trade it supports are built on shaky foundations. Vietnam’s own forest resources have been severely overexploited. The country has lost 43 per cent of its forest cover over the last 40 years, threatening its rich biodiversity and bringing environmental problems like soil erosion. To meet growing demand, increasing quantities of timber are imported – much of it illegally logged and smuggled in from Laos and Cambodia.

AWARENESS

One company bucking the trend is Forexco, the furniture manufacturer that Xuyen supplies. “Before 2000, the industry used wood mostly from natural forest,” explains deputy director Dang Cong Quang. “However, due to the awareness

of European consumers as well as the increased awareness of our people, we stopped using wood harvested from natural forests because overexploitation was harming the environment and the forests. Since 2000, our company has been mostly processing planted wood, especially acacia.”

Assuming forests are not cleared to make way for them, plantations can provide an efficient source of timber that helps to take pressure off natural forests and reduces the risk of illegally logged timber entering supply chains. Nevertheless, wood from plantations in Vietnam is not necessarily an environmentally friendly alternative: poor practices like clear-cutting of large areas, burning vegetation, clearing trees around watercourses and overuse of chemical fertilizers and weedkillers can have severe environmental impacts.

To satisfy demands for sustainability and traceability from its European customers, Forexco decided to pursue FSC certification. But a limited supply of certified wood in Vietnam meant it had to rely on expensive imports from Malaysia and South America. With support from WWF, Forexco began building a domestic supply of FSC-certified timber – both on its own land, which is managed by local people like Xuyen, and by working with smallholders.

CHANGE

Transformation did not happen overnight. “Our people are used to the old method and process of planting,” says Quang. “In order to change this, our company has to train people not just once but many times so that they can see the need to protect the environment and to avoid climate change.”

Forexco has carried out numerous training sessions and awareness-raising activities with growers, workers and communities to enable them to comply with FSC’s 10 principles and 56 criteria. The company provides saplings for planting and finances the costs of all the plantation activities. Since 2013, Forexco has helped two smallholders obtain FSC certification for an additional 245 hectares. Crucially, it can also



Forexco's plantation. © Angel Llavero WWF

guarantee a market – and a price premium – for its suppliers. “The local people benefit from the added value of FSC, which is nearly 15-20 per cent more per hectare,” says Quang. “These sustainably managed plantations stand in stark contrast to neighbouring areas, which have become so degraded that they offer little economic benefit.”

Xuyen has seen the change over the last 10 years. “With FSC, we have a better environment,” he says. “Burning and harvesting near the streams and riverbanks are forbidden to preserve the water quality. Also, indigenous trees are planted alongside the plantations. Compared to trees planted where vegetation was burnt before, my trees are

better. Young trees have enough humidity and grow faster because the soil has moisture and humus. If we burn the trees, the top soil will be washed away in the rainy season, making it infertile.”

“FSC standards are strict, but with the certificate, the planting of forest is more beneficial and valuable.”

TOWARDS MORE RESPONSIBLY SOURCED PULP AND PAPER IN CHINA

WWF and the Chinese Forestry Industry Association jointly launched the China Sustainable Paper Alliance, which aims to promote the development of responsibly sourced paper products in China.

Founding members include 10 domestic and international companies covering the whole supply chain of China’s pulp and paper industry. They include: China Paper, China’s biggest state-run paper company, Sun Paper, the country’s largest private paper company; the global producers Kimberly-Clark, International Paper, UPM, Stora-Enso and Fibria, as well as buyers such as HP, Fuji Xerox and IKEA.

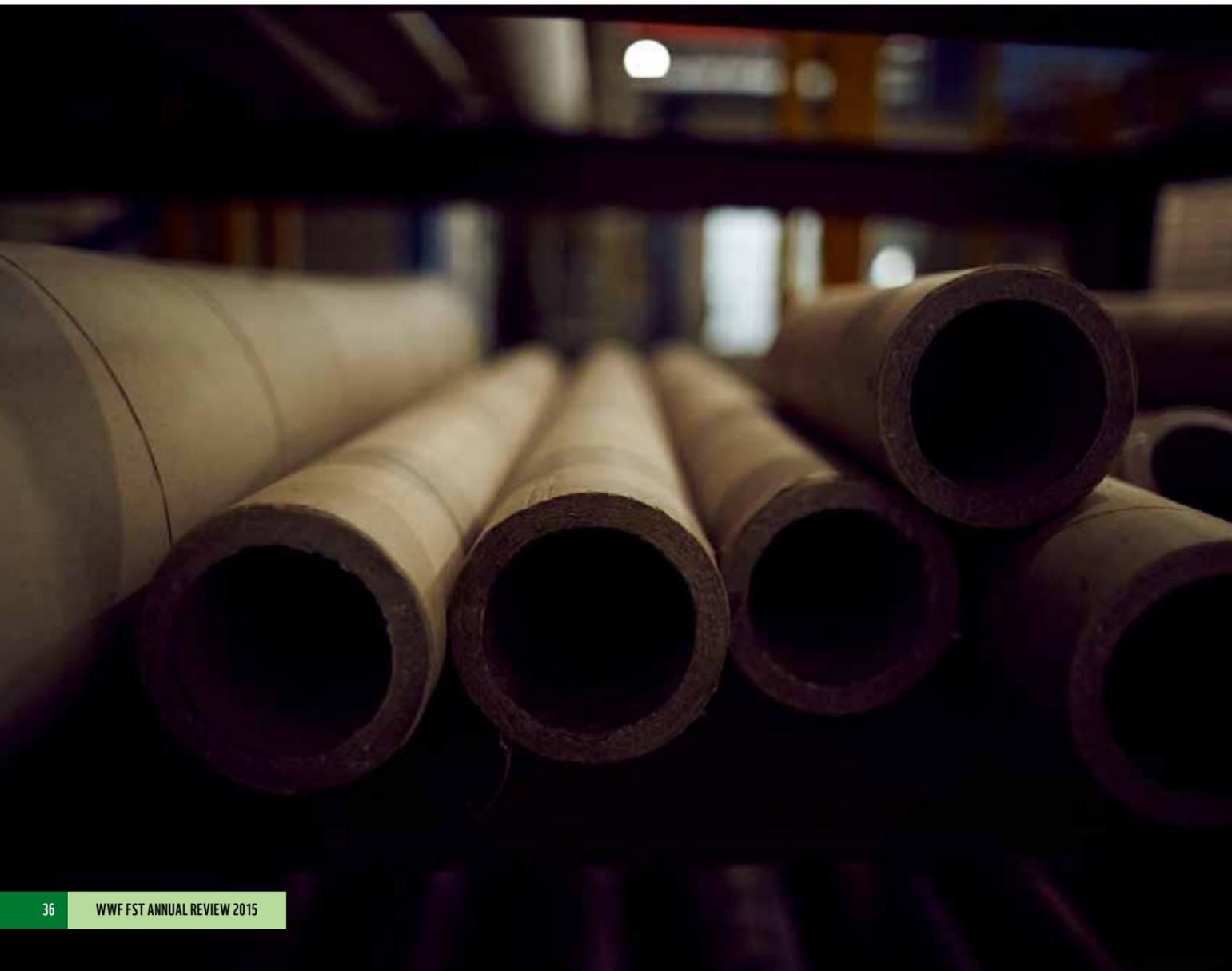
The pulp and paper industry in China has an enormous opportunity to positively influence global forests. China is the second largest economy in the world and over the past decade, with its growing middle class, China has become the world’s largest producer and consumer of paper products with projections of growing demand. However, there are domestic challenges such as shortage of timber and deforestation, restricting the sustainable development of China’s pulp and paper industry. Only by ensuring responsible forest management and wood procurement can the growing need of pulp and paper be sustainably satisfied.

Dr Li Lin, executive programme director of WWF China, commented, “WWF launches this regional sustainable alliance, aiming for an overall increase of supply and demand of certified and recycled paper products in the Chinese market. We are also expecting that this initiative can inspire a transition in other industries in China.”

The Alliance will seek to engage strategic market players within the paper industry supply chain, including producers, converters and buyers to commit to responsible paper products procurement and sales, and to create a coordinated demand for responsible paper products through a pre-competitive platform. To raise awareness, companies will collaborate with WWF on communication efforts targeting corporate buyers and consumers in China.

In China, WWF is working through the Market Transformation Initiative to encourage more companies to shift their supply chains towards more sustainable production and consumption. WWF China has successfully created other industry collaboration platforms such as the Global Forest & Trade Network China Program and the China Sustainable Retail Roundtable. In addition, by initiating the Sustainable Consumption Week, WWF China aims to generate more sustainable consumption behavior among Chinese enterprises and consumers.

Paper products made from recycled fibre, China. © WWF China



INDONESIA FIRST COUNTRY TO EXPORT FLEGT LICENSE

In late 2016, Indonesia became the first country to export wood products licensed under FLEGT (the Forest Law Enforcement Governance and Trade). WWF welcomed the news and called on Indonesia to firmly pursue its commitment to combat illegal logging and trade and serve as an example for other countries engaged in global forest protection.

“We strongly welcome the first shipment of Indonesia’s licensed forest products to the European Union,” says Benja V. Mambai, acting CEO at WWF-Indonesia. “This is an achievement of 10 years of hard work by stakeholders in developing the tracking system SVLK to ensure that Indonesia’s timber products being exported to the EU market and around the world are from legal sources.”

Indonesia is the first country in the world to export FLEGT-licensed wood products that will enter the EU without any further due diligence and in full compliance with the current EU Regulation on illegal timber. According to recent data, in 2015 Indonesia’s timber product export to Europe reached USD \$882 million.

The FLEGT- Voluntary Partnership Agreement (VPA) is a legally binding bilateral trade agreement aiming to improve forest governance and promote trade in legal timber from Indonesia to the EU market. The country is one of the world’s largest exporters of tropical timber products, ranging from plywood, pulp and paper to furniture and handicrafts. In addition to the EU, China, Japan and Korea are the main export destinations for Indonesia’s forest products.

“We need now to make sure that this new system lives up to the expectation in tackling illegal logging and deforestation. The EU and the Indonesian government must now properly enforce the system, support independent monitoring, and develop it further so that all timber products are not only legal but also sustainably sourced.” said Anke Schulmeister, Senior Forest Policy Officer at WWF European Policy Office.

Currently, there are 2,322 companies in Indonesia that have been certified allowing them to export directly to the EU. Indonesia’s forests are the second largest natural tropical forests in the world but illegal logging represents a major threat.

WWF calls on the European Commission to increase collaboration with other countries in Africa and Asia that are exporting timber to the EU and that are still negotiating similar agreements. Five countries – Cameroon, Central African Republic, Ghana, Liberia and Democratic Republic of Congo - are currently developing the systems needed to control, verify and license legal timber.

Blogs



Financing a sustainable forest future



Growing opportunities in Vietnam



Of flows and forests



Unlikely hero of the Fourth Industrial Revolution



WWF & CDP perspectives on halting deforestation



Not clearing but logging

Profitability and sustainability in responsible forestry: Economic impacts of FSC certification on forest operators

Through primary research on 11 forestry entities operating across four continents, the report finds that the financial benefits of FSC tend to outweigh the costs for tropical forest producers and small- and medium-enterprises, groups that are key players in the forest products sector and play an important role in managing forests sustainably.

Impact in the Forests: The potential for business solutions to combat deforestation in large forest landscapes in Asia

Small and medium-sized Asian businesses specializing in forest and ecosystem services can play a key role in reducing deforestation in the region.

Asian Fast Moving Consumer Goods – A Sustainability Guide for Financiers and Companies

Fast Moving Consumer Goods (FMCG) – defined as food and beverage, household and personal care – are an important economic growth sector for Asia and a crucial component of financiers' portfolios, due to a growing middle class population and urbanization. But companies risk serious environmental and social impacts over coming years if their supply chains are not well-managed, especially those relating to 'soft' commodities (agriculture, forestry and seafood), water and packaging.

Mapping Study on Cascading Use of Wood Products

The report looks at how regulation either hinders or promotes what is known as 'cascading use' of wood – prioritising value adding non-fuel uses so wood is burned for energy only after it has been used, re-used and recycled as a material first wherever possible.

Zero Net Deforestation – Status Report

International efforts to stem forest loss and achieve the goal of 'zero net deforestation' are lagging well behind target, with only Colombia, Ecuador and Peru having set targets to succeed by 2020. Of the 14 nations included in a new study by WWF and think-tank Climate Advisers, Indonesia, Papua New Guinea and The Democratic Republic of the Congo have targeted 'zero net deforestation' (ZND) by 2030.

FST GLOBAL STATS

190 MILLION

190 million hectares of forest area, representing 16% of total production forests globally, are certified by FSC

5 MILLION

NGP participants manage 5 million hectares of plantations, of which 4.6 million hectares are FSC certified

97.5 MILLION

GFTN participants produce and/or trade 97.5 million m³ of FSC or recycled material annually

31 COMPANIES

31 companies representing 15% of the world's pulp and paper production participated and disclosed their environmental policies and targets in the Environmental Paper Company Index 2015

26 MILLION

GFTN forest participants manage over 26 million hectares of forests, of which 20.8 million hectares are FSC certified



Forest Sector Transformation Global Contacts

Hisayo Fujikawa Harlan
Interim Deputy Leader, WWF Forest Practice
hisayo.fujikawa@wwfus.org
+1 202 495 4340

Huma Khan
Interim Communications Manager,
WWF Forest Practice
huma.khan@wwfus.org
+1 202 495 4686

Helma Brandlmaier
Senior Advisor, Forest Sector Accountability
hbrandlmaier@wwfdcp.org
+437 212 711 78

Gjjs Breukink
Coordinator, Responsible Forestry
gbreukink@wwf.nl
+31 6 52 04 6981

Angel Llaveró
Coordinator, Forest Product Markets & Supply Chain
allavero@wwf.panda.org
+ 34 600 259 156

Luis Neves Silva
Manager, Plantations and Landscapes
lnsilva@wwfint.org
+351 963 970 796

Karen Mo
Senior Specialist, Research & Development
karen.mo@wwfus.org
+1 202 495 4154

List of regional contacts is available at gftn.panda.org

