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Subject: 4th TNC-WWF Alliance newsletter



TNC-WWF ALLIANCE@News is the electronic newsletter of [The Nature Conservancy \(TNC\)](#) and the [World Wide Fund for Nature \(WWF\)](#) Alliance to promote **forest certification** and **combat illegal logging** in Indonesia. The aim of this newsletter is to inform partners and stakeholders what the Alliance is doing to improve forest management and to reverse forest degradation and loss in Indonesia and to influence forest products markets internationally. The **TNC-WWF ALLIANCE@News** is produced every three months (quarterly) in two versions, Indonesian and English. To (un)subscribe, make inquiries regarding the content of the newsletter, or contribute to the newsletter, please contact GDA Communications Manager: Marius Gunawan (mgunawan@tnc.org)

For more information on activities of the TNC-WWF Alliance please go to:

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Business, Governments and Conservationists Hold Unprecedented Gathering to Combat Illegal Logging

Gathering in Hong Kong takes first steps to launch coordinated effort against illegal wood



More than 120 forest products company representatives, government officials and conservationists gathered in Hong Kong in March for the first time ever - to coordinate actions to combat the illegal logging that is devastating many forests around the globe.

Major companies from Europe, North America, Africa and Asia participated, as did officials from the European Commission, China, the United States, Japan, Indonesia, Malaysia, The Philippines and the World Bank. Joining the private sector and government leaders were social and forest conservation leaders from around the world, including participants from TNC and WWF.

Illegal logging and the trade of illegally harvested wood is destroying forests in many parts of the world and leading to the loss of biodiversity. This destruction deprives indigenous peoples and local communities of livelihoods and undermines confidence in the use of wood as a sustainable resource. Up to 30 percent of hardwood lumber and plywood traded globally could be of suspicious origin. As much as 17 percent of roundwood traded internationally could be illegally harvested.

"Forest products companies, manufacturers, governments, and consumers are all part of the wood supply chain," said Weiguang Lu, Chairman of Shanghai An Xin Flooring Company Ltd., one of the largest solid wood flooring companies in China. "We all must work together to eliminate illegal logging. Government policies alone cannot stop illegal logging. Businesses also must embrace responsible purchasing."

During the meeting, forest products companies and conservationists discussed cost-effective policies and tools to curb the flow of illegally-harvested wood into the global market. Government officials pledged to work together with businesses and conservationists to combat illegal logging.

"As a responsible nation, China would like to cooperate with other countries to eradicate illegal logging and illegal trade", said Su Ming, Deputy Director General, International Forestry Cooperation Center, State Forestry Administration, P. R. China. Illegal logging is devastating the forests of Indonesia. Over half of the logging in Indonesia is illegal.

"Combating illegal logging is a serious task that requires a clear agenda and continuous effort," said Transtoto Handadari, spokesman for the Indonesian Forestry Department. He stressed, "The Indonesian Ministry of Forestry is committed to stopping illegal logging but needs international assistance from all parties involved in sustainable forest management, including the wood trade, to work to save the tropical forests of Indonesia and promote the welfare of local communities."

The meeting, which took place from March 8-10, was convened by The Forests Dialogue, an international coalition of private landowners, forest products companies, conservationists, retailers, foreign assistance organizations, unions, and academia. "Illegally cut wood depresses the price of forest products on the global market by an average of seven to 16 percent and presents unfair competition to those companies that respect the law," said Cassie Phillips, Vice President of Sustainable Forestry at Weyerhaeuser Company and Co-chair of the dialogue. "This dialogue showcased a variety of practical tools to tackle illegal logging and support legitimate markets for forest products."

Gary Dunning, Executive Director of The Forests Dialogue, said, "The last three days yielded rich and inclusive discussion with an impressive group of leaders on this issue. We agreed that ending illegal logging was not only good for the Earth and local peoples but makes solid commercial sense as well."

Recommendations for further action and plans for partnership emerging from the meeting will be taken forward by the Steering Committee of The Forests Dialogue. All participants were urged to take action immediately and address the problem where they can.

Stop Talking and Start Acting

"This meeting marks the end to talk and a shift to concerted action on a scale that will make a real difference to communities, companies and forests," stated The

Nature Conservancy's Nigel Sizer, Co-chair of the dialogue.

Concrete actions arising from the discussions include the following:

- 1) A call for G8 Ministers meeting in Derby, England, March 17-18, to implement existing government commitments including increasing development assistance for poor countries to combat illegal logging and recognizing their responsibility as major consumer nations to reduce imports of illegally cut wood.
- 2) A delegation from The Forests Dialogue will visit Governments to stress the importance of coordinated action between China, Indonesia, Japan, Malaysia, Europe and North America to combat trade in illegal wood.
- 3) Strengthening and expanding three existing partnerships addressing illegal logging – Conservation International/American Forest & Paper Association Alliance, the Global Forest and Trade Network and the WBCSD/WWF Framework Agreement.
- 4) Encourage Governments to use existing laws more effectively to achieve exemplary prosecutions. These laws include those to combat money laundering, tax evasion, falsification of documents, and false claims. The laws apply in consumer and producer countries alike.

For further information about the event and copies of the presentation and background materials please see www.theforestsdialogue.org

European Buyers Visit Companies Embracing Independent Legality Verification (ILV) and certification



TNC was instrumental in organizing a visit to Indonesia in early March for a group of four Dutch timber buyers and two Dutch Timber Trades Federation (VVNH) representatives. "The objective of the visit was for the visitors, representing the 270 timber-buying members of VVNH, to speak to a range of stakeholders in Indonesia such as government, national and international NGOs and industry to assess for themselves the risks of continuing to buy timber from Indonesia, and to seek potential sources of legal or certified timber", said Moray McLeish, GDA program manager who joined this visit.

The group requested a visit to the concession of Sumalindo Lestari Jaya, to see first hand the work on Independent Legality Verification and Timber Tracking (ILV&TT) that the Conservancy is implementing. A two-day trip was arranged. The group was accompanied by the SLJ Director Mr. Lee Yuen Chak and Conservancy staff in viewing all forest management, ILV&TT and certification activities. The group was impressed, and in discussions sent a clear message to SLJ regarding the requirements of the Dutch market (independently verified legal, or certified, timber), as well as the likelihood of the supplier gaining a higher price for such timber.

A representative from the delegation said that they were in Indonesia with the intention of "Expressing our concern about the apparently unstoppable illegal logging practices, offering collaboration and drawing up an inventory of possibilities of acquiring verified legal timber in the shortest possible term".

As a result of their visit, the VVNH wishes to stay engaged in the Indonesian market (rather than cease purchasing) but is requiring it's members to buy only independently verified legal or certified timber, through business-to-business arrangements. Tools developed by the Conservancy will therefore be key to their future involvement. "This is a strong and direct market signal supporting our work" said Moray McLeish.***

New China Forest and Trade Network Launched

WWF launched the new China Forest and Trade Network in Hong Kong and released its report on China's Wood Market, Trade, and the Environment at a press event in Hong Kong on March 7. The Network has ten applicants that have begun the process of baseline appraisal and action plan development. The launch and findings of the study were widely reported on television, the radio and in the printed press in China and internationally. ***

Japan's Buyers Delegation Met with Indonesia FTN Partners

On 7 July 2005, a buyers delegation from Japan met with Indonesian Forest & Trade Network (FTN) partners in Jakarta. The purpose of the meeting was to provide details to Japanese buyers about the structure and progress of FTN initiatives, general information about the state of the forest sector in Indonesia and an update on forest certification in the country. The meeting was attended by 4 buyers from Japan, 10 producers and the forest concessionaires association (APHI), as well as Smartwood Asia Pacific.***

Collaboration with Perum Perhutani Continues

On January 2005 WWF signed a letter of intent with Perum Perhutani (a parastatal organization owning large teak plantations in Java) under which the Indonesia Forest and Trade Network (FTN), will assist five Forest Management Units in East Java to obtain FSC certification. WWF is currently assisting Perum Perhutani to conduct baseline appraisals and develop action plans consistent with FTN participation requirements. Over the last few months, production, environmental and social experts contracted by WWF have conducted baseline assessments of five forest management units of Perhutani with a total plantation area of 140,000 hectares. The consultants also began working with those units to develop action plans to address the gaps identified in the appraisals "If these action plans are completed satisfactorily and other participation requirements satisfied, Perhutani will become a Nusa Hijau member, with the scope of its participation initially limited to these units", according to Nurcahyo Adi, Indonesia Forest and Trade Network Coordinator.***

Comparative Study to Wonogiri



One of the Alliance objectives is to share the lessons learned from it's field experiences between it's project sites, with other organizations, and internationally. This is one of the many strategies to promote sustainable natural resource management internally and externally between different programs. In April 2005 a group from the Segah Collaborative Management body facilitated by TNC, visited teak farmers at Sumberejo and Selopuro villages, Wonogiri district, Central Java. These farmers have been assisted by local NGO PERSEPSI in collaboration with WWF since July 2002 and succeeded in achieving LEI community-based forest certification in October last year. "The visit aims to learn directly from these teak farmers on how they manage their forest. I believe there are a lot of lessons we can learn from this visit for collaborative process facilitated by TNC in Segah, East Kalimantan," said Agus Heryanto, TNC's Segah Community Coordinator, who joined this visit.

The visit was attended by 5 village heads representing the Segah Management Body, which includes the head of Segah sub-district, representatives from forestry institutions in Berau district and Sumalindo concessionaire, TNC and WWF staff. Hosted by PERSEPSI, the group visited the farmers teak forest, discussed and shared their experiences with each other. "Although the kind of forests here is different than the one we have, the problems are similar," said Bang Taman, Long Pay village chief. "I really admire the spirit of the teak forest farmers here. They are able to turn the rocky thin soil in Wonogiri into green teak forests. We have green forest in Kalimantan but, if we do not take care of them (manage them well), they will disappear and that means we will lose our source of living," he added.

A clear and common understanding emerging from this visit is that multi-stakeholder collaboration is needed in managing the forest sustainably, and that local people can be key players to sustain the forest. ***

Legality Verification Workshops in Samarinda and Bogor



Continuing the process to create a Legality Standard for Indonesia, TNC and the Indonesia-UK MoU team organized workshops in Samarinda (26/05) and Bogor (31/05) with the theme: "Public Consultation: Field Testing of Legality Verification and CoC systems". "The workshop aims to update stakeholders on the findings from our recent field tests, to get inputs from the stakeholders, and to move towards a common understanding of the legality standard," said Moray McLeish, GDA manager. "Such dialog and discussion are needed to give ownership of this process and tool to local stakeholders who are concerned about combatting illegal logging and managing the forest in Indonesia sustainably," he added.

The workshop in Samarinda was attended by more than 70 participants from NGOs, related institutions, community representatives and the private sector, including: BIOMA, East Kalimantan Working Group on Forest Certification, SHK Kaltim, Plasma, Kail (West Borneo), Collaborative Management Body of Segah, Forestry institutions from East Kalimantan province, Berau and Kutai Barat Districts, Mulawarman University, Certification Working Group (KKS), Sumalindo Lestari Jaya concessionaire, Daisy Timber, IntracaWood.

The workshop agreed upon on some important points:

- The process of forest gazettement is important to business security as well as sustainability and requires agreement among stakeholders: concessions, communities and regulatory parties. Recommendations from stakeholders include: the government should continue the (unfinished) gazettement process including physical demarcation of forest areas; concise and pragmatic regulations to clarify the process should be issued; companies should proactively identify and map the real land-use conditions and claims within their forest areas.
- In terms of the principle of free and prior informed consent (of local people to having a commercial forestry operation upon their lands), participants desire clarity and recognition regarding indigenous people's rights. Compliance to this principle can be demonstrated by a letter of agreement (consent) between company and affected community on issues related land use zoning within the concession, benefit sharing, labor; this should be witnessed by local government and an independent third party.
- In order to ensure representativeness, the legality standard should be field-tested in another site with wider stakeholder involvement (including community, NGOs and government), and the result should be easily accessible.

Meanwhile the meeting in Bogor was attended by 40 participants from NGOs, private sector and certification institutions such as: AMAN, TELAPAK, Green Peace SEA, WWF, Huma, ICEL, Forest Watch Indonesia (FWI), East Kalimantan Working Group on Forest Certification, IFC Pensa, Smartwood, TFF, LEI, ICRAF, IHSA, DLH Nordisk Indonesia, Sucofindo, PT Mutu Agung Lestari, Pokja Hutan Kaltim, DTE, TFF.

The workshop concluded the following:

- Legality standard applies only for natural production forest, industrial plantation and perhutani (state-owned company) plantation forest and does not yet cover community forests.
- Completion of the Gazettement process should become a pre-condition to move forward (towards legality verification or certification). How exactly to go about the process requires a pragmatic and creative solution, one acceptable to all stakeholders.
- The development of the legality standard and its verification system should be merged into an existing institution (such as LEI) which already has a wide constituent base. The Legality standard should also be linked into sustainable forest management.
- There should be room for public participation and monitoring in the institutionalization of legality verification system.

Finally, it was agreed that interested parties will meet again, within one month, to explore the possibility of forming a body to manage the Legality Standard and the way in which it is used in the future. A long side TNC and WWF, LEI, TELAPAK, Smartwood and AMAN voiced their interest in being part of the committee.***

photos : Linda Engstorm, Moray McLeish, Agus Heriyanto, Marius Gunawan

The TNC-WWF Alliance is a five year initiative that aims to: 1. Strengthen market signals to expand certification and combat illegal logging; 2. Increase supply of certified Indonesian wood products; 3. Demonstrate practical solutions to achieve certification and differentiate legal and illegal supplies; 4. Reduce financing and investment in companies engaged in destructive of illegal logging in Indonesia; 5. Share lessons learned from the project.

The Alliance Partners

The coordinating partners are The Nature Conservancy (overall coordinator) and the World Wide Fund for Nature (WWF-Indonesia in collaboration with WWF International and other offices). TNC and WWF are actively seeking other partners to join this effort. Leading partners in implementation are:

- United States Agency for International Development is the lead donor catalyzing this initiative.
- Indonesia's Ministry of Forestry and the United Kingdom Department for International Development are partners in legality verification and timber tracking.
- Indonesian national and local governments, civil society, and forest products companies are local partners in implementation.
- Center for International Forestry Research (CIFOR) is monitoring project impacts and assisting with research on illegal logging.
- World Resources Institute (WRI) is innovating in monitoring of forest condition and illegal logging detection.
- Tropical Forest Foundation (TFF) is training Indonesian forest products companies in improved forest management techniques such as reduced impact logging.

Leverage from the private sector is a key part of strategy. Partners include the following:

- ABN AMRO Bank: funding for corporate environmental performance profiles.
- BP: funding for Conservation Training and Resource Centre in Indonesia.
- Carrefour: partnership with communities in Java to improve teak plantation management.
- Edelman Worldwide Communications: pro bono public relations expertise
- ESRI: software and training GIS and image interpretation.
- Global Forest and Trade Network: over 800 member companies involved in funding and market linkages support.
- Goldman Sachs Investment Bank: pro bono expertise on investment issues.

- IKEA: partnership with WWF in China.
- Indonesian forest products companies: funding to cover various field activities in Indonesia.
- International Finance Corporation (IFC): working to help Indonesian companies green their practices.
- Lowe's Companies: using its buying power as an alliance partner.
- Smartwood (part of Rainforest Alliance): assisting improving forest management with companies in Indonesia.
- The Forest Dialogue: business and NGO leaders facilitating dialogue.
- Homebase UK: working with suppliers in South East Asia to improve forest management.
- The Home Depot: funding and using its buying power to influence suppliers.
- Texas Pacific Group: pro bono advice on investment issues.
- Tropical Forest Trust: investment in Indonesia wood suppliers to help them become certified