

Supplying sustainable timber to the public sector



Authors:



Alessandro Leonardi
(COPADE)



Simon Clement & Peter Defranceschi
(ICLEI – Local Governments for Sustainability)

August 2012



The Sustainable Timber Action project is co-funded by the European Union Programme Non-State Actors and Local Authorities in Development, managed by EuropeAid

Table of contents

1 Introduction.....	3
1.1 Goals and targets	3
1.2 Sustainable timber demand in the European public sector.....	3
1.3 Legality, sustainability and forest certification	4
1.4 Fairer trade with SMEs and forest communities	4
1.5 Sustainable Timber Action in Europe	5
2 Meeting public demand for legal and sustainable timber	6
2.1 How to prove that timber comes from a sustainably managed forest?.....	7
2.2 Recycled sources: a responsible alternative to sustainable	9
2.3 Supplying legal timber to the public sector	10
3 Going further: additional criteria for a more responsible timber	15
3.1 Fair trade in timber supply.....	15
3.2 Accompanying awareness raising activities	18
3.3 Other social issues in the timber sector	18
About Sustainable Timber Action.....	21

1 Introduction

1.1 Goals and targets

This guide is designed for use by timber companies that wish to meet the demand of public procurers for the responsible purchasing of forest products. The document is aimed at any small medium-sized or large enterprise, wholesalers and retailers that supply timber products (furniture, office paper, etc) to public procurers, or who supply to construction companies which carry out work for the public sector. The guide outlines the various ways in which timber companies can demonstrate compliance with legal and sustainability requirements which may be included in tenders published by European public authorities.

1.2 Sustainable timber demand in the European public sector

The public sector is a major purchaser of wood for a number of uses: building and civil construction, office and outdoor furniture, office paper and packaging. In general, public authorities are major consumers in Europe, spending some 17 % of the EU's gross domestic product.

European public authorities are increasingly looking to purchase timber products that come from legal and sustainable sources. Eight EU Member States (Austria, Belgium, Denmark, Finland, France, Germany, the Netherlands, and the UK) already have public procurement policies for wood and wood based products, while a few other (Luxembourg, Italy, Portugal, Spain, Malta and Sweden) have developed policies only for some categories (furniture and paper). Many local authorities also have policies in place that require timber to be sourced sustainably.

Companies seeking to supply timber products to the public sector increasingly need, therefore, to ensure that they meet these standards, and to provide appropriate evidence of the origin of the timber used during public tender processes. This additionally applies to

companies supplying timber or timber products to construction companies working on public sector projects, as public authorities may require the use of sustainably sourced timber.

1.3 Legality, sustainability and forest certification

Legality is a prerequisite and a first step towards the sustainability of timber. In some regions of the world, illegal logging operations deprive local forest communities of the resources they depend on for their livelihoods and revenues from illegal logging may even fuel national and regional armed conflicts. Legality in the timber trade and forest management ensures that national environmental legislation and the international agreements are respected.

Sustainable forest management, as a dynamic and evolving concept, aims to maintain and enhance the economic, social and environmental value of all types of forests, for the benefit of present and future generations. It is characterised by seven elements, including: (i) extent of forest resources; (ii) forest biological diversity; (iii) forest health and vitality; (iv) productive functions of forest resources; (v) protective functions of forest resources; (vi) socio-economic functions of forests; and (vii) legal, policy and institutional frameworks”.

Forest certification schemes have been developed by civil society groups, governments and the private sector, in order to decrease forest degradation and increase the area under sustainable forest management. Nowadays, there are several certification schemes. The best known are PEFC (Programme for the Endorsement of Forest Certification, www.pefc.org) and FSC (Forest Stewardship Council, www.fsc.org).

1.4 Fairer trade with SMEs and forest communities

Smallholders and communities often face tough competition in the global timber market. Unbalanced trading relationships within the timber industry often mean that forest communities and small forest companies do not sufficiently benefit from the global market – receiving low prices for their produce, and enjoying little security of livelihood. The concept

of fair trade is designed to ensure that producers in the developing world receive a fair price for the goods they produce, and has proved successful in improving the lives of many families across the world for many other commodities¹. Some initiatives are now starting which combine sustainable forest management and fair trade. Public authorities are well placed to provide the market for fair trade timber products which these initiatives require to be successful, and help drive poverty reduction in the global South.

1.5 Sustainable Timber Action in Europe

This guide has been produced by the Sustainable Timber Action in Europe (STA) project. STA aims to increase public awareness in Europe about the human and environmental issues caused by deforestation and forest degradation in developing countries (mainly Latin America and Africa), and about the impact of unsustainable consumption and production of forest products (such as timber) on climate change, biodiversity and people dependent on forests. STA aims to encourage European public authorities to consider these impacts when purchasing forest products for their cities or administrations.

¹ According to Fairtrade International, more than 1.2 million producers and workers in in 58 developing countries are now benefitting from global sales of Fairtrade labelled products

2 Meeting public demand for legal and sustainable timber

Public authorities are increasingly demanding or preferring timber and timber-based products that originate from legal and sustainable sources. As an alternative, authorities may also accept recycled timber.

When public authorities issue an Invitation to Tender (ITT) for such products, suppliers should check the following sections for reference to sustainability and/or legality when preparing their bids:

- **Subject matter** – this is the “title” of the contract, and describes what is being procured. It may well include a reference to sustainability, e.g. *Wooden window frames, produced from sustainably harvested timber, or construction works using sustainable timber.*
- **Technical specifications** - These provide a detailed description of precisely what the public authority wishes to purchase. It indicates the minimum standard which the bidder must meet. At this stage many authorities will require that the timber used originates from legal and sustainable sources specifying the type of certificates or documentation you need. They may also as an alternative accept recycled timber.
- **Award/evaluation stage** – At this stage, all the offers which meet the minimum standard outlined in the technical specification are compared. Some authorities compare on price alone. Others may also award extra marks during the evaluation for products coming from sustainable sources.
- **Contract clauses** – These provide the rules which the supplier must follow once they have been awarded the contract. A sample contract should be supplied with the original Invitation to Tender. They may include reference to timber coming from sustainable sources, and an obligation for the supplier to provide evidence for this during the contract.

2.1 How to prove that timber comes from a sustainably managed forest?

Whether in the technical specifications or award criteria when public authorities refer to timber from sustainably managed sources they will typically provide a clear definition of what is meant by this, and indicate how a company should prove that it complies with the criteria.

The definition of sustainable forest management will often come from internationally recognised sources such as FOREST EUROPE (MCPFE). Alternatively authorities may use the definition which underlies certification schemes such as FSC or PEFC. As both main certification schemes require - in most cases - only 70% of timber to originate from certified sources in order to comply, this figure may also be included in the definition.

For proof of compliance, authorities will normally accept timber certified by FSC or PEFC. Other forms of evidence which suppliers can provide that the timber originated from sustainably managed sources will also be accepted. Such alternative evidence can prove complex to obtain, and FSC/PEFC certification is typically the most straightforward approach for demonstrating compliance.

A typical specification may look like this:

Defining recycled content	Verification
<p>The [timber product] shall comply with one of the following conditions:</p> <p>At least 70% of the raw material of the product comes from sustainably managed sources, in line with the principles defined by FOREST EUROPE (MCPFE), with the remainder coming from legal sources:</p> <ol style="list-style-type: none">1. Management of the forest must ensure the:2. Maintenance and appropriate enhancement of forest resources and their contribution to global carbon cycles;3. Maintenance of forest ecosystem health and vitality;4. Maintenance, conservation and appropriate enhancement of biological diversity in forest	<p>The contractor [supplier, bidder] must be able to provide either:</p> <ol style="list-style-type: none">1. An invoice containing a valid FSC or PEFC CoC number linked to the product in question specifying the percentage of certified material2. Any equivalent means of proof.

ecosystems; 5. Maintenance and appropriate enhancement of protective functions in forest management (notably soil and water); 6. Maintenance and encouragement of productive functions of forests (wood and non wood)	
---	--

Forest Stewardship Council (FSC)

FSC is a global, multi-stakeholder, not-for-profit organisation dedicated to the promotion of responsible forest management worldwide in order to meet the social, ecological, and economic rights and needs of the local and global communities and stakeholders. To achieve this FSC facilitates the development of standards, ensures monitoring of certified operations and protects the FSC trademark so consumers can choose products that come from well managed forests. The organization members (more than 900 so far) include some of the world's leading environmental NGOs (WWF and Greenpeace), businesses (Tetra Pak and Mondi PLC) and social organizations (the National Aboriginal Forestry Association of Canada), as well as forest owners and managers, processing companies, and individuals. So far, FSC counts on 159.798 forest million ha certified in 80 countries and on more than 23,807 Chain of Custody certificates released in 107 countries along the value chain of forest products (wood, paper and non timber forest products). More information at: www.fsc.org

Programme for the Endorsement of Forest Certification (PEFC)

PEFC is an international non-profit, non-governmental organisation dedicated to promoting Sustainable Forest Management (SFM) through independent third-party certification. PEFC works throughout the entire [forest supply chain](#) to promote [good practice in the forest](#) and to ensure that timber and non-timber forest products are produced with respect for the highest ecological, social and ethical standards. Thanks to its [eco-label](#), customers and consumers are able to identify products from sustainably managed forests.

PEFC is an umbrella organisation. It works by endorsing [national forest certification systems](#) developed through [multi-stakeholder processes](#) and tailored to local priorities and

conditions. PEFC works in 30 countries through endorsed national certification systems and counts with more than 230 million hectares of certified forests and 8,886 Chain of Custody. More information at: www.pefc.org

2.2 Recycled sources: a responsible alternative to sustainable

Many public authorities ask for recycled paper or timber as a responsible alternative to sustainable timber. Supplying recycled wood fibres assures that no virgin or planted forests were logged to provide timber and provide more value added to these renewable resources.

Suppliers have different ways to demonstrate they are providing recycled timber, first through valid documentation, second, by using credible standards such as PEFC and FSC recycled. Recycled timber can be divided in two classes:

- **Pre-Consumer Recycled Material**

Pre-consumer material is has been diverted from the waste stream during a manufacturing process. Materials generated in a process and capable of being reclaimed within the same process (such as rework, regrind or scrap) are excluded.

- **Post-Consumer Recycled Material**

Post-consumer material is generated by households or by commercial, industrial and institutional facilities in their role as end-users of a product that can no longer be used for its intended purpose.

With the aim of improving the efficiency of timber use, **public procurement requirements can ask for providing recycled material with higher percentages of post-consumer wood fibres.**

A typical specification may look like this:

Defining recycled content	Verification
The product is made from at least 85% of post- or pre-consumer^(c) recycled	The contractor [supplier, bidder] must be able to provide: 1. An invoice containing a valid FSC CoC number linked to

<p>material. The remaining material must come from legal sources.</p>	<p>the product in question,</p> <ol style="list-style-type: none"> 2. An invoice containing a valid PEFC CoC number linked to the product in question where a percentage of 85% recycled content or higher is clearly stated,^(d) or 3. Any equivalent means of proof where the recycled content percentage by weight is stated
--	---

2.3 Supplying legal timber to the public sector

Legality is a first, sometimes taken for granted, criteria for timber public procurement. The trend in public procurement policy is to ask preference for sustainable timber and exclude those suppliers that cannot provide evidence of legality within the timber supply chain. The European Union is tackling this issue through the **Forest Law Enforcement, Governance and Trade Action Plan (FLEGT)**, which was endorsed by the European Council in November 2003, and the main mechanisms, which will affect the supply of timber, are: **Voluntary Partner Agreements (VPAs)** and the **European Union Timber Regulation (EUTR)**.

Some data on Illegal logging

Every two seconds, across the world, an area of forest the size of a football field is clear-cut by illegal loggers, leading to the degradation and possible eventual destruction of five million hectares of forests each year. In some countries, up to 90% of all the logging taking place is illegal. Estimates suggest that this criminal activity generates approximately US\$10–15 billion annually worldwide—funds that are unregulated, untaxed, and often remain in the hands of organized criminal gangs. The illegal logs still being cut each year, laid end to end, would stretch ten times

Voluntary Partner Agreements and FLEGT licensed timber

The bilateral Voluntary Partnership Agreements (VPAs) are set between the European Union and timber-producing countries. Under the VPA the producer country agrees with the

EU to implement a timber licensing system.

From that country, the EU will only accept timber that will carry the FLEGT license, and unlicensed products will be refused customs clearance with the aim of preventing illegal products from entering the EU market.

At the current stage there are three groups of countries according to their VPAs implementation status:

- **VPA countries currently in the system development phase:** Cameroon, Central African Republic, Ghana, Indonesia, Liberia, Republic of Congo (Brazzaville)
- **VPA Countries in negotiation phase:** Democratic Republic of Congo, Gabon, Malaysia, Vietnam, and Honduras
- **VPA Countries in information/pre-negotiation phase:** Bolivia, Colombia, Ecuador, Guatemala, Guyana, Peru, Cambodia, Laos, Myanmar/Burma, Papua New Guinea, the Solomon Islands, Thailand, Côte d'Ivoire, Sierra Leone.

Based on the development of the first FLEGT Voluntary Partnership Agreements (VPAs), it is now clear that the agreements deliver much more than legality and sustainability at the forest management unit level (Proforest, 2011).

FLEGT licensed timber is suitable to demonstrate compliance with the legality requirements of public procurement policies. Sometimes it is also recognised as a proof that it "contributes to sustainability", although there are different opinions on this topic. For instance the public procurement policy of the United Kingdom accepts either sustainable, recycled or FLEGT licensed timber. It is likely that in the next few years, provided that FLEGT licensed timber will increase its market share, more countries will require FLEGT as a proof of legality and/or sustainability.

EU Timber Regulation

In March 2013 the requirements of the EU Timber Regulation will come into force. This new legislation prohibits placing timber on the EU market if it was illegally harvested. To achieve this, anyone placing timber or timber products onto the EU market for the first time must implement a **Due Diligence System (DDS)** to mitigate the risk that the timber was illegally

harvested.

The basic components of a DDS are:

- **Information:** Information on the product and supplier, the country where the timber was harvested and information on compliance with applicable forestry legislation in the country of harvest must be available.
- **Risk assessment procedure:** Each operator is required to have a risk assessment procedure which takes into account the information collected and relevant risk criteria.
- **Risk mitigation procedures:** Where the risk assessment indicates that there is some risk of a product containing illegally harvested timber, risk mitigation procedures must be put in place.

There are several ways to demonstrate compliance with legality requirements. Be aware that much of the public procurement tenders will assume that these criteria are already met and will ask for higher requirements such as sustainability.

More information and guides on EU TR are available at:

- PROFOREST, 2011. EU TR Part 1: preparing for the regulation:
www.proforest.net/objects/publications/eu-timber-regulation-briefing-note
- Timber Trade Federation - EU TR DEFRA GUIDE & EU TR FAQ:
www.ttf.co.uk/Environment/EU_Legislation_.aspx &
www.ttf.co.uk/Environment/EUTR_FAQs.aspx
- NEPCON GAP ANALYSIS: importing wood products to the EU?:
www.nepcon.net/files/resource_1/documents/Certification/EU%20Timber%20Regulation/LegalSource%20Gap%20Analysis%20fact%20sheet.pdf
- European Commission - Timber Regulation:
http://ec.europa.eu/environment/forests/timber_regulation.htm

2.4 Between legality and sustainability

The jump from legality to full sustainability in forest management is a big one, and certain intermediate steps have been defined. Public authorities may define minimum standards in terms of these intermediate steps instead of full sustainability, as an indication of a commitment to move towards sustainability. The table below give some examples.

Table 1: Sources in progress to certification

Requirements	Definition	How to meet the requirement
Controlled Wood	<p>Timber and other derived wood products that exclude the following categories:</p> <ol style="list-style-type: none"> 1. Illegally harvested wood 2. Wood harvested in violation of traditional and civil rights 3. Wood harvested in forests in which High Conservation Values (areas particularly worth of protection) are threatened through management activities 4. Wood harvested from conversion of natural forests 5. Wood harvested from areas where genetically modified trees are planted 	<p>The contractor [supplier, bidder] must be able to provide an invoice containing a valid FSC CoC number for Controlled Wood linked to the product in question.</p>
Non-controversial sources	<p>Timber and other derived wood products that comply with local, national, or international legislation, in particular relating to the following areas:</p> <ol style="list-style-type: none"> 1. forestry operations and harvesting, including conversion of forest to other uses; 2. management of areas with high environmental and cultural values designed and covered by the legislation; 3. protected and endangered species, 	<p>The contractor [supplier, bidder] must be able to provide an invoice containing a valid PEFC CoC for non controversial sources linked to the product in question.</p>

	<p>including requirements of CITES;</p> <ol style="list-style-type: none">4. health and labour issues relating to forest workers;5. property, tenure and use rights of indigenous peoples;6. payment of taxes and royalties; and7. areas utilizing genetically modified organisms.	
--	---	--

3 Going further: additional criteria for a more responsible timber

3.1 Fair trade in timber supply

Forests are home to an estimated fifty million indigenous people and represent important sources of livelihood for communities, thus supporting positive development opportunities.

Illegal logging strongly contributes to the marginalisation (in both economic and political terms) of SMEs, thus limiting the recognised important roles that these enterprises can play in rural development and the alleviation of rural poverty.

SMEs and communities in the south face extreme difficulties in competing with large forest companies. Thus a more fair and ethical trade would allow SMEs and community products to enter the global market. Fair Trade coupled with sustainable sources might be a way of recognising and supporting SMEs and community sourced timber.

The currently accepted definition of Fair Trade, as agreed by Fairtrade Labelling International (FLO) and the World Fair Trade Organization (WFTO), is the following²: "Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the right of, marginalized producers and workers - especially in the South".

² Fairtrade is used to denote the product certification scheme operated by Fairtrade Labelling Organizations International (FLO). Fair Trade Organizations (FTOs) are organizations of which Fair Trade is part of their mission and constitutes the core of their objectives and activities. They are actively engaged in supporting producers, raising awareness for FT and in campaigning for changes in the rules and practices of ordinary international trade. WFTO is the global network of Fair Trade Organizations.

Fair Trade Principles:

- Creating Opportunities for Economically Disadvantaged Producers (poverty reduction)
- Transparency and Accountability (participation of producers in decision making)
- Fair Trading Practices (pre-payment, long term contract and relationships)
- Payment of a Fair Price
- Ensuring no Child Labour and Forced Labour (UN Convention on the Rights of the Child)
- Commitment to Non-Discrimination, Gender Equity and Freedom of Association
- Ensuring Good Working Conditions (ILO conventions)
- Providing Capacity Building to workers and producers organisations
- Promoting Fair Trade (raise awareness)





Public authorities give preference to suppliers who demonstrate compliance with fair trade principles and practices. Potential forms of proof are indicated in Table 2 below.

Table 2: Fair Trade requirements and means of proof

Defining fair trade	Verification
20 points will be awarded to [timber product(s)] produced according to the parameters of the European Parliament Resolution on Fair Trade and Development (2005/2245(INI)).	The contractor [supplier, bidder] must provide either: <ol style="list-style-type: none">1. Products carrying a Fairtrade label (Fairtrade Labelling Organizations International)2. Products imported and distributed by Fair Trade Organizations (recognised by World Fair Trade Organization)3. Any equivalent means of proof

Some initiatives have combined sustainable forest management and fair trade, and it is hoped that companies will look at these initiatives with increasing interest.

Table 3: Examples of timber products from both sustainably managed and fair trade sources

Type of forest product	Picture	SFM scheme used	Fair Trade schemes used	Name and Website
Tables, chairs, benches		FSC	FLO	Fairtrade Deutschland www.fairtrade-deutschland.de
Furniture, outdoor furniture, flooring, office wood material and wood craft		FSC	WFTO	COPAIDE www.copade.org
(Wood, sawn or chipped lengthwise, sliced or peeled, of a thickness exceeding 6 mm; railway or tramway sleepers		FSC	WFTO	FORCERT www.forcert.org.pg
Engineered Flooring		FSC	FLO	Kahrs, Sweden www.kahrs.com

To see detailed case studies on community and fair trade sources please refers to the STA guide for forest communities ³.

³ *How to combine fair trade and forest management certification – A short guide for community forests and traders.* Available on the STA project website at www.sustainable-timber-action.org

3.2 Accompanying awareness raising activities

Some companies might be preferred by local authorities when delivering their timber products together with awareness raising activities related to sustainability issues and fairness in the forestry and timber sector. These activities may target staff of the administration, local businesses or the local community (or all three).

In this case, public entities are likely to publish the tender with the following type of statements included in the subject matter:

‘Purchase of [product] made of sustainable and/or recycled timber, together with accompanying awareness raising activities’

And the award criteria might look like the following:

(Note: Assumes the application of the “most economically advantageous tender” (MEAT) model).

Defining awareness raising	Verification
Up to 10 points will be awarded to suppliers offering awareness raising activities targeting <include target group> on the topic of sustainable timber/fair trade. Points will be awarded on the basis of likely effectiveness of the activities proposed	The contractor [supplier, bidder] must provide a short and structured description of the type of activities planned for the duration of the contract (maximum 4 pages)

3.3 Other social issues in the timber sector

More often public authorities may ask for proof of compliance with international labour standard or even better social standards. Usually these types of social/labour requirements are placed in the performance clauses of the contract. Thus timber suppliers can provide

public procurers with documentation or certificates showing the commitment to higher social standards. For instance preference would be given to companies that hire disable people and or have other social or ethical programs.

PALM

Palm is a woodworking company, founded in the '60s by the Barzoni family in the the province of Parma in northern Italy, specialised in producing a large variety of wood packaging solutions (especially pallets). From the beginning Palm's strategy - focused on applying innovative eco-design and eco-planning concepts in order to save costs and protect the environment. Palm uses mainly raw materials - fir and pine wood – coming from northern Europe, certified by FSC or PEFC.

In recent years an increasing number of Italian forests and plantations have been certified as sustainably managed, which has allowed Palm to increase its use of local timber. This has led to projects such as the "0 km pallet", which uses locally planted poplars.

Palm has issued a "Valore Sociale" certification (www.valoresociale.it) - an Italian ethical certification system that guarantees the respect of social and labour standards along the whole supply chain. Moreover Palm has created a social cooperative for the inclusion of disadvantaged workers such as handicapped people. Thus, Palm is an example of a timber company that demonstrates both compliance with sustainability and social/ethical criteria.

Adapted from <http://www.greenpallet.it/PalmCompany/Thehistory/tabid/98/Default.aspx>

Locally sourced timber

In order to reduce carbon emissions and to meet climate change policy targets some public authorities may prefer suppliers which are able to demonstrate that the timber or part of the supplied products comes regional timber businesses – especially if they are located in forest-rich regions. However it is difficult to do this within European procurement regulations which do not allow authorities to prefer local suppliers.

Some authorities do however still make this demand. Others may wish to assess the carbon footprint of the delivered timber products, which indirectly favors locally-sourced timber.

Community and/or SMEs sourced timber

Increasing local employment and access to public procurement for SMEs are important elements for ensuring a competitive and inclusive European market. There are still many barriers which discourage SMEs from responding to tenders or even lead them to avoid such opportunities altogether. The European Commission promotes SMEs' participation in public procurement as a means of stimulating innovation and growth.

On the other hand, increasing market access and thus creating development opportunities to forest communities in the south is part of many development cooperation policies and Millennium Development Goals.

For example a contracting authority might want to contribute to community forest development by asking for products originating from forest managed by community groups which can assure both social and environmental standards.

To see detailed case studies on community and fair trade sources please refer to the STA guide for forest communities⁴.

⁴ *How to combine fair trade and forest management certification – A short guide for community forests and traders.* Available on the STA project website at www.sustainable-timber-action.org

About Sustainable Timber Action

Sustainable Timber Action (STA) aims to increase public awareness in Europe about the human and environmental issues caused by deforestation and forest degradation in developing countries (mainly Latin America and Africa), and about the impact of unsustainable consumption and production of forest products (such as timber) on climate change, biodiversity and people dependent on forests. STA addresses how public authorities, particularly local authorities in Europe, purchase and consume forest products for their cities or administrations.

ICLEI – Local
Governments for
Sustainability



National
Association of
Local Authorities
in Italy



Municipality of
Rakvere



Fundación
Comercio para
el Desarrollo
(COPADE)



Madrid City
Council



Alba Local Energy
Agency (ALEA -
Romania)



Forest
Stewardship
Council – Italy
(FSC-Italy)



Miskolc City
Council



Contact Us:

Email: procurement@iclei.org

Tel: +49 761 368 92-0

Website: www.iclei.org

Disclaimer: This publication has been produced with the assistance of the European Union. The contents of this publication are the sole responsibility of the Sustainable Timber Action Project Consortium and can in no way be taken to reflect the views of the European Union.