

WWF-UK

FLEGT Project DCI-ENV/2011/220-427: Advancing a legal and sustainable global timber trade through the EU FLEGT action plan

Terms of Reference

Improving our understanding of illegal logging: A study into timber trade flows, actors and impacts of illegal logging

1 BACKGROUND

1.1 *Illegal logging and timber trade*

Recent studies into the extent of illegal logging estimate that illegal logging accounts for 50–90 per cent of the volume of all forestry in key producer tropical countries and 15–30 per cent globally. Meanwhile, the economic value of global illegal logging, including processing, is estimated to be worth between US\$ 30 and US\$ 100 billion, or 10–30 per cent of global wood. The vast majority of deforestation and illegal logging takes place in the tropical forests of the Amazon basin, Central Africa and Southeast Asia.¹ Illegal logging costs some of the world's poorest economies critical income which could otherwise be used to build public and social service infrastructure and enhance community welfare, as well as invest back into sustainable forest management, securing revenue in the long term.

Timber trade is important for the economy of all five project countries (See box 1).

Box 1. Relevance of timber trade for the economies of the 5 project countries².

- *Colombia*

Colombia is a net exporter of wood and furniture. Timber exports and manufactures for the period 2004 --- 2008 reached a cumulative of 548.8 million dollars. Despite these export values, Cardenas and Salinas (2007) state that forest production in Colombia does not occupy an important economic share in the GDP. However, this does not include the high value of the Colombian forest that is not accounted for in the GDP.

- *Central African Republic*

Eleven (11) logging companies are operating at present, with a production of about 600 000 m³ of logs and 200 000 m³ of sawn timber in 2011. Exports of logs and sawn timber are respectively about one-third and one sixth of the production. The forestry sector contributes 4% of GDP and 40% of the country's export earnings.

- *Ghana*

¹Nellemann, C., INTERPOL Environmental Crime Programme (eds). 2012. Green Carbon, Black Trade: Illegal Logging, Tax Fraud and Laundering in the Worlds Tropical Forests. A Rapid Response Assessment. United Nations Environment Programme (http://www.unep.org/pdf/RRALogging_english_scr.pdf)

² - Information for Ghana, CAR and Indonesia is taken from the VPA briefing notes, produced by the EC. For Malaysia see: <http://www.theprospectgroup.com/executivefocus/profile/jalaluddin-harun-director-general-malaysian-timber-industry-board-mtib/81004/#sthash.j2mOKoBA.dpuf>; and for Colombia: see: J. H. Maldonado et al (2010) *Biodiversity and Ecosystems: Why these are important for Sustained Growth and Equity in Latin America and the Caribbean* Bogota (UNDP).

Independent studies estimate the annual timber production of Ghana to be about 3.5 million m³ of round wood, half of which is destined for export markets. Revenue from timber exports in 2008, EUR 187 million, makes the forest sector the 4th largest contributor to GDP.

- *Indonesia*

Indonesia exports a wide variety of forest products, ranging from plywood, pulp and a variety of paper products to furniture and handicrafts. The value of this trade grew from approximately US\$7.3 billion in 2005, to US\$8.3 billion in 2006, US\$8.5 billion in 2007, and US\$9.1 billion in 2008. In 2009, after the financial crisis, the value of exports decreased to US\$7.5 billion, but in 2010, the upward trend resumed with a value of US\$9.7 billion US\$. Furniture, pulp and paper products and plywood are the most important timber products by value. In terms of the economy as a whole the relative share of forestry has dropped from 8.2% in 2005 to 6.2% in 2010 as the importance of other commodities has grown more rapidly.

- *Malaysia*

In 2011, Malaysia exported about \$7.4bn worth of timber and wood products, which contributed close to 2.9% of Malaysia's total exports, and which is roughly 1 – 2% of its GDP. Malaysia has ambitious growth plans for its timber sector and it aims to achieve an export value of the timber sector of \$17bn by 2020, which means an annual growth rate of over 6 %.

1.2 The project 'Advancing a legal and sustainable global timber trade through the EU FLEGT Action Plan'

This project targets Colombia, CAR, Ghana, Indonesia and Malaysia, all priority countries for the FLEGT Action Plan implementation. The aim of the project is *to enable effective implementation of FLEGT Voluntary Partnership Agreements (VPAs) and secure an increase in legal and sustainable timber flows.*³ The status of each of the five project countries as regards to the VPA process and other actions to increase legal and sustainable timber flows is different⁴:

- Colombia is in the information/pre-negotiation phase for a VPA with the EU
- Central African Republic, Ghana and Indonesia have all agreed a VPA with the EU and are now in various stages of developing their licencing systems.
- Malaysia is in the process of negotiating a VPA with the EU.

Key problems identified by stakeholders in each of the target countries are: the lack of civil society representatives with capacity to input into the VPA process, as well as an apparent disjoint between civil society and private sector input; and local, regional and national governments managing input into the VPA process. Implementing innovative solutions covering the policing, monitoring and verification requirements to secure improved governance and control along the chain of custody are aimed at ensuring the strengthening of the forest governance structure in each of the countries and the export of legal and ultimately sustainable timber products to the EU.

2 THIS STUDY

2.1 Study objective and audience

³ Quote from the project document

⁴ This means that different parts of the project aim are more or less relevant to the different project countries (e.g. 'secure an increase in legal and sustainable timber flows' is more relevant to Colombia than *to enable effective implementation of FLEGT Voluntary Partnership Agreements (VPAs)* since no VPA process is in place (yet) in Colombia.

Lack of reliable information on illegal logging is another key element hindering progress with forest governance issues.⁵ Increasing information and understanding will help to design and implement more effective strategies to decrease illegal logging. On the basis of the project document and in close consultation with project partners, WWF-UK identified three information gaps that are particularly relevant that form the basis for the *objective* of this study, which is:

To describe and analyse for each of the five project countries and for all of them together:

1. *Timber trade flows:*
2. *The impacts of illegal logging*
3. *Stakeholders and actors in the illegal logging and timber trade and how they can be motivated to support actions to decrease illegal logging and timber trade.*

Section 2.2 below elaborates the objective and associated information needs.

The study aims *to inform key stakeholders* in relation to illegal logging, in particular government officials and non-state actors, including NGOs and the private sector, and the wider public. The study primarily targets these audiences in the five partner countries but also in the EU.

The study will contribute to enhancing transparency in the forest sector. For example, the information generated by the study will enable NGO's to hold government accountable for decisions and policies. Furthermore, the findings of the study will feed discussion and debates at country level, e.g. in the national structures that have been set up for VPA negotiation and implementation. This will lead to an increase in pressure against the illegal timber trade within the partner countries. The ultimate aim is to see an increase in the amount of legal timber and forest products from the target countries traded in global markets.

2.2 Details of the study's objective

For each of the five project countries the study will gather, describe and analyse information on the following topics:

1. Timber trade flows

- A description of the domestic and international timber trade flows (to be gathered primarily from other sources where possible), including:
 - Import and export information, including volumes and values, import and export ports, types of shipping, main destinations and main export products
 - Trends
 - Economic importance of the timber trade
- *A description of illegal logging and trade, including⁶:*
 - Scale (e.g. volume, value, incidence, trends) of the illegal timber trade; areas with high levels of illegal logging,
 - Proportion of illegal trade of overall timber trade (e.g. based on discrepancies between data about export from x to y and import in y from x)
 - Internal routes of illegal timber;
 - Illegal timber trade links to regional markets and the EU; and trade statistics and discrepancies;

2. Impacts of illegal logging on:

⁵ Insofar as data are available.

⁶ Insofar as data are available, e.g. in S. Lawson & L. MacFaul (2010), *Illegal Logging and Related Trade Indicators of the Global Response*. Chatham House

- The rule of law in a country (and the issue of informality versus illegality);
- Livelihoods, access to resources, security, and other economic and social impacts on local communities and indigenous peoples;
- The economy and trade (e.g. lost tax revenues, the economic cost and/or benefits to groups and businesses that patronize illegally logged timber, risks associated with losing overseas markets).

The study will also describe and analyse any other impact that can be found and documented.⁷

3. Stakeholders and actors⁸

The study will identify, describe and analyse in detail stakeholders and actors in relation to illegal logging and timber trade⁹ in the five project partner countries. This will comprise different government institutions that play a role in relation to illegal logging, which often include institutions outside the forest ministry (e.g. environmental authorities, ministries responsible for finance, agriculture, etc., border and port authorities).

Furthermore, the study will map the stakeholders and actors in terms of their relations, interests, (political) influence and willingness to change, power, accountabilities and responsibilities, and their role and importance in illegal logging and timber trade. These maps should (also) be produced in diagrams for easy understanding and interpretation, including by the actors themselves. The narrative will include elements of the political economy¹⁰ of illegal logging and timber trade in each country.

In addition to the information gathering, description and analysis for each of the five countries, the study will also synthesize and analyse that information for all countries together, with the aim to distil general findings and conclusions.

3 STUDY METHODOLOGY

The methodology to implement the study will include, but not be limited to, the following elements:

- a) Desk study: Identify, review and analyse any relevant reference material and information and use the most up-to-date information, including from relevant organisations (e.g. Forest Stewardship Council, illegal-logging info, European Forest Institute and Chatham House).
- b) Interviews: identify and contact informants working on timber trade and illegal logging matters, internationally and in the five partner countries. Consult and coordinate with relevant WWF staff (e.g. in country) to identify and contact these individuals. Develop and apply interview protocols. These key informants may include:
 - a. Representatives of the EU delegations in each country as well as in the EU (Brussels).
 - b. Government representatives.

⁷ A description and analysis of impacts on biodiversity and ecosystem services, whilst very important, is beyond the scope of this study. A brief description of (possible) impacts will suffice.

⁸ The study will cover both actors and stakeholders. Actors are always stakeholders, but many stakeholders are not actors, since they never interact directly with the issue of illegal logging and trade, even though they care or have an interest related to the issue

⁹ As opposed to legal logging and timber trade. Illegality will be defined as per the legality definition in the countries where these definitions exist. In other cases, the consultant will propose a 'working definition' of legality.

¹⁰ i.e. explaining how political institutions, the political environment, and the economic system influence each other and affect the choice of economic policies, especially as to distributional conflicts and political institutions. See http://en.wikipedia.org/wiki/Political_economy

- c) Insofar possible, cross check and triangulate between different sources of information.
- d) Analysis and synthesis: Identify and apply analytical tools such as for stakeholder and actor mapping and for power mapping. Analysis and synthesis should be done as much as possible in consultation with relevant WWF staff.
- e) Report: produce a study report by June 2014. See details under section 4.3 below.

4 TASKS AND OUTPUTS

The consultant will be working under the direction of the WWF staff managing the assignment, namely Valerie de Liedekerke (WWF-UK) and Guido Broekhoven.

The tasks and outputs for this assignment are detailed below.

4.1 Management, planning and communication

- The consultant will develop a detailed (draft and final) work plan, including budget and timeline for the tasks and outputs. The consultant will ensure timely completion of the tasks and outputs.
- Communication with the WWF-UK managers for this assignment will be regular to coordinate the study. This will include email, Skype, in-person and telephone communications as required. At a minimum, the consultant will produce a monthly written update. A maximum of three meetings (likely teleconferences) between the consultant and the WWF UK managers is anticipated (e.g. one meeting to discuss work plan and methodology, one to cover study progress and one to discuss the draft report). Additional meetings will be required with the project partners and others in the five project countries. The consultant may be required to do a presentation of interim findings/study update.

4.2 Research and methodology

- Together with the work plan, the consultant will produce a (draft and final) study methodology for review and approval by the study supervisors. The methodology will include, but not be limited to, the elements identified in section 3 above. After approval, the consultant will implement the study using the agreed methodology.

4.3 Study Report

- The consultant will prepare a (draft) table of content for the study report based on the requirements of the consultancy work and/or the topics described in these ToR's. The draft table of content will be discussed with the WWF UK managers for this assignment. As a minimum, the table of content should include the sections listed in the box below.
- The consultant will produce a draft (i.e. at least one draft) and a final study report. The draft will be reviewed by the WWF UK managers and anybody else they may identify for review. The final report will address the feedback received on the draft report. The assignment will be completed when the consultant has submitted to the WWF-UK managers the final version as an e-copy in word and after these managers have provided their final approval.
- The study report will compile all of the data necessary to draw conclusions and recommendations against the study objective. The consultant will provide, within the study report, a full description of the data and the date on which it was collected. It shall include clear presentation i.e. diagrams and explanations and be of high quality. WWF will provide a standard format for the report. Documents produced not using this format will not be accepted.

- The final report and the data will be owned by WWF-UK but attributed to the consultant. This report will be made publically available, as well as available across the WWF network and to key partners and funders.

Table of Content of the study report

The study report should contain, as a minimum, the following sections:

Summary

- a. Introduction
- b. Description and analysis of the methodology, including a description and discussion of any systematic information gaps and systematic uncertainties surrounding the accuracy of the data;
- c. Country descriptions (covering the topics described in section 2.2 above): for each of the five countries:
 - i. Brief description of the illegal logging situation, including drivers, incentives/disincentives of illegal logging and illegal timber trade, policy context, status of FLEGT and related initiatives and information gaps
 - ii. Timber trade flows
 - iii. Impacts of illegal logging
 - iv. Stakeholder and actor analysis, including:
 - a. Stakeholder and actor map; power map
 - b. Description of the key stakeholders and actors, their relations and interests
 - c. Analysis and discussion of the implications of the stakeholder and actor analysis for initiatives to decrease illegal logging and trade.
- d. Synthesis, comparison and analysis of the 5 country descriptions and implications for initiatives to decrease illegal logging and trade, including:
 - i. Possibly a typology of different stakeholders and actors
 - ii. Conclusions and, if appropriate, recommendations, in particular in relation to stakeholder and actor engagement and to the design and implementation of strategies to decrease illegal logging.
 - iii. Suggestions for further study
- e. Annexes:
 - i. The Terms of Reference for the study
 - ii. Detailed description of the methodology
 - iii. List of people consulted and interviewed (if appropriate)
 - iv. List of references

Summary of outputs:

- Draft and final work plan
- Draft and final description of the methodology
- Draft Table of Content for the study report
- Draft and final report of the study, including all elements identified under section 2 of these ToRs (aim and scope of the study)

5 TIME TABLE

The study will be implemented according to the following time table.

When	What	Who (responsible person)
12 July 2013	Target date for feedback from EC	Anke
12 July	Deadline for feedback from partners	Guido & Valerie
16 September	ToRs finalised and call for tenders out	Guido to prepare, Valerie to approve
29 November	Deadline for submission of proposals	n.a.
9 December	Consultant selected	Guido to prepare, Valerie to approve
13 December	Contract with consultant agreed	Valerie
ASAP	Start date as soon as possible	Consultant
6 December	In country informants suggested	In country project coordinators
TBC	Work plan and methodology agreed and finalised	Consultant, Valerie & Guido
TBC	Work plan being implemented	Consultant & Guido to coordinate
TBC	Draft study report submitted	Consultant
TBC	Deadline for feedback on draft study report	Guido to coordinate
30 May 2014	Final study report submitted	Consultant
15 June 2014	Final study report approved	Guido to prepare & coordinate, Valerie to approve

6 FEE SCHEDULE AND PAYMENT

Payments will be made as per WWF UK policy, which will be specified in the contract.

7 REQUIREMENTS/

Individual consultants or teams can apply. They should fulfil the following requirements:

- Language: excellent command of English and working knowledge of French and Spanish
- Extensive knowledge of the timber sector, forest governance reform, FLEGT, VPAs, illegal logging, in general and preferably in many or all of the five project countries.
- Ability to absorb and analyse large amounts of information in a short time span.
- Proven ability to write well (in English)
- Experience in actor analysis and the use of associated tools
- Used to working 'remotely', using challenging communication channels

8 HOW TO APPLY

Proposals should include the relevant background of the consultant(s) involved, CV of consultant(s) who will participate in the project, a cost estimate and budget for the project, and a detailed timeline for delivery of the report.

Interested experts, institutions and or consortia should send their letter of intent with CV, plus examples of previous work by 29 November 2013 to contact details below. Applications received after this date will not be considered.

Project Manager: Valerie de Liedekerke – Programme Manager Forests (FLEGT)

WWF-UK, Living Plant Centre, Rufford House, Brewery Road , Woking, GU21 4LL

Phone: 01483 412 533

Email: vdeliedekerke@wwf.org.uk
