

Forest certification: pending challenges for tropical timber

Plenty of work needs to be done before certification becomes common in the tropics

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Uncertain certificate: This timber at the CIB concession in northern Congo was certified by the Keurhout Foundation, although the certificate is now under review. An ITTO project being implemented by the Wildlife Conservation Society and the Government of Congo is helping to raise management standards in the concession. *Photo: E. Müller*

FOREST certification is expanding rapidly. In January 2002 the area of certified forest was estimated at 109 million hectares; this is almost four times higher than it was two years ago and twice the level of a year ago. The total includes third-party audited areas under the two international systems (Forest Stewardship Council—FSC and Pan-European Forest Certification—PEFC), national schemes (Canada, Malaysia and the United States), and those forests for which a Keurhout declaration had been issued.

Geographically, the certified forest area is distributed unevenly: more than half is located in Europe and almost 40% in North America (*Figure 1*). Developing countries account for no more than 8% of the total, of which three-quarters (6.5 million hectares) are in ITTO producing member countries. The imbalance has changed over time; for example, in 1996 the share of developing countries in the total was 70% (Baharuddin & Simula 1996).

The market share between the schemes has also changed. A few years ago, all the world's certified forests were

registered under the FSC; the scheme's current market share is 23%, falling well behind that of the PEFC (38%). The national schemes in North America (Sustainable Forestry Initiative—SFI, The American Tree Farm System—ATFS, and the Canadian Standards Association—CSA) account for a quarter of the world total. With the exception of Malaysia and the certifications approved by Keurhout, all the forests certified under national systems are located in the North. In the case of the FSC, the developing world accounts for 19% of the certified area, which is more than double the world average.

Several ITTO producing member countries have been actively developing their own national certification schemes. The most advanced are found in Indonesia (LEI), Malaysia (MTCC), Brazil and Ghana.

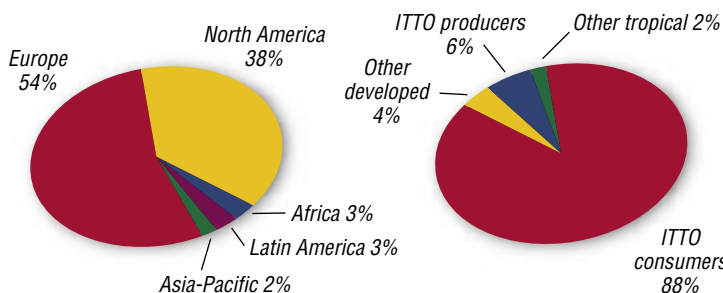
Impediments to progress

In contradiction to its initial focus, which was on “distinguishing between tropical deforestation and good tropical forest management” (Bass et al. 2001), the overall direct impact of certification in timber-producing tropical countries has remained very low. Several issues need to be addressed if more rapid progress is to be made.

Inflexibility of standards: one of the reasons that so few natural tropical forests have been certified over the last nine years relates to the inflexibility of performance standards. Tropical forests, where efforts to implement SFM are recent and often far from definitive, are disadvantaged because certification standards tend to focus on the end-results of SFM practices. Current certification standards do not recognise stages on the way to SFM. In addition, certification standards that specify particular types of inputs and

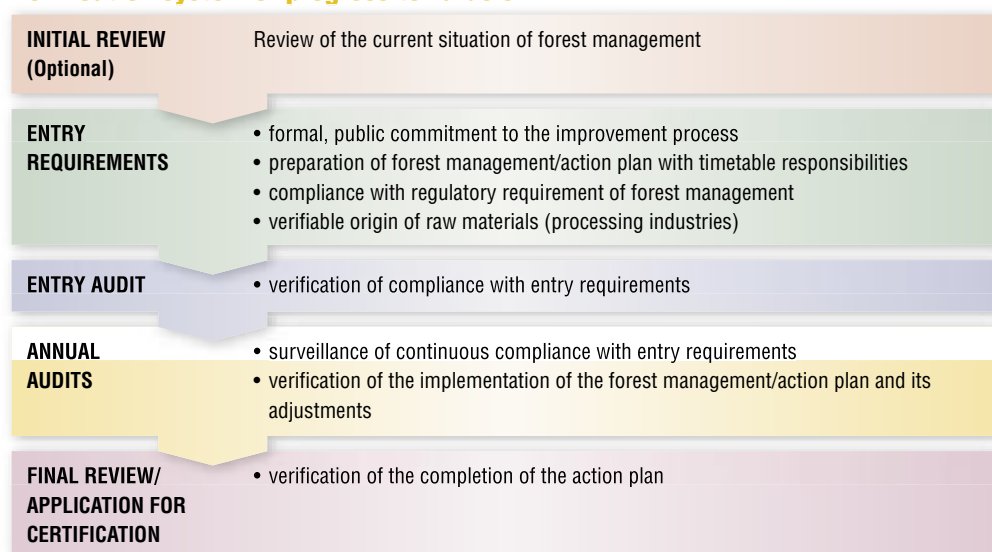
Regional bias

Figure 1: Certified forests by region, January 2002



Total area 109.1 million hectares

Verification system of progress towards SFM



Source: Adapted from Cozannet & Nussbaum (2001)

technologies can impose a greater cost burden in tropical situations than in developed countries, or even exclude producers without access to the required inputs (Markopoulos 2000).

Lack of recognition of broader local land-use issues: certification focuses primarily on forest management units and often fails to take into account other land-use issues—such as the development of agriculture—which can have a significant impact on forests. For example, comprehensive land-use planning at the landscape or regional levels may include delineating permanent forests and designating forested areas where the development of agriculture will be allowed. In such a case, only permanent forest would be affected by certification, which would not recognise efforts to sustain land-use practices on a larger scale. Certification is not able to address the root causes of deforestation, which is not its purpose, either.

Conflicts and/or incompatibility between legal settings and certification standards: in some cases there may be conflicts between national laws and forest certification standards. For example, the ownership of land, common-use rights to forest products and services and the sharing of responsibilities between the government, the local people and the forest concessionaire may be locally defined in a way which does not correspond to the requirements of voluntary certification. What may be considered ‘illegal’ based on public law or unacceptable for voluntary certification standards may still be part of customary law and the traditional rights of local people living in and around forests.

The above points are just a few examples of constraints that should be addressed before certification can work on a large scale in the tropics. Local standards developed through an inclusive participatory process within an appropriate international framework should result in performance requirements that are relevant to and achievable by concession holders, communities and other forest owners in specific country conditions.

Options for tropical timber producers

Forest certification remains one of the most contentious issues in international forest policy because it is a trade-related instrument and countries feel that it could influence their competitiveness and market access. In particular, tropical timber producers are concerned about

the difficulties they face in achieving certification status and the expected increase in production costs, while market benefits look uncertain and distant. Developing countries are in a quite different situation compared to developed countries with regard to their certification needs and possibilities and in the resources they have for making use of certification. In developing countries, certification is often perceived as yet another difficult-to-meet market requirement imposed by importers and as something that may constitute a barrier to trade rather than be an aid for promoting their exports.

Where ITTO producing member countries lag behind the other countries, accelerated action and more support are needed to

give them access to, and to benefit from, certification. The development of certification standards has proved to be costly and time-consuming. A number of options are available in the development of certification in ITTO producing member countries:

- (i) **the certification of best-managed concessions to the requirements of the generic FSC standard in cases where the necessary preconditions exist:** a number of examples are already available but experience suggests that progress is likely to be slow and the impact on SFM will remain limited;
 - (ii) **development of national certification standards:** this work should meet the international requirements set for such standards. For marketing purposes, the standards should be recognisable by buyers and eventually also by a suitable international scheme. For the time being, the FSC offers the only option for international recognition, which means that the structure of the national standard should strictly follow the FSC Principles and Criteria structure and the scheme should meet FSC rules for national initiatives. Bolivia is an example of where a national, FSC-endorsed standard has worked well.
- If the FSC approach is not feasible in a particular country, other avenues such as the Keurhout Foundation, based in the Netherlands, can be explored—as is happening in Malaysia and the Congo Basin. In this case, the direct market benefits would be linked to exports to the Dutch market. The PEFC also has provisions for recognising non-European schemes, even though no such endorsement has taken place yet (see article page 8);
- (iii) in view of the uncertainties related to option (ii)—in the case of the FSC, a lack of firm policies and clear rules on the endorsement of other schemes, long time periods needed for consultation, etc—**countries may consider developing regional schemes** (such as the planned Pan-African certification scheme; see page 11), drawing on the ITTO/regional set of criteria and indicators for SFM.

In the Pan-African case, the harmonised ATO/ITTO Principles, Criteria and Indicators may serve as a common framework for a national or regional certification standard. This approach is demanding, because an adequate governing structure would have to be established but, on the other hand, the regional scheme would reduce the proliferation

of national schemes that could otherwise emerge. The standard(s) and arrangements could be tailored to fit local conditions and requirements.

In addition to Africa, the regional approach has been suggested for the ASEAN, Central American and Andean countries, but these initiatives have not led to concrete action. Currently, the strongest support appears to exist for the Pan-African scheme.

Due to weaknesses in organisation and capacities, the above strategic approaches have not resulted in a rapid expansion of certification in the ITTO producing member countries. Further action may be needed to clarify the strengths and weaknesses of such approaches, their feasibility in local conditions, and the acceptability of the results in the major certification-demanding markets.

Stepwise approaches

Several proposals have been made by different fora for stepwise approaches that would recognise the progress being made towards SFM by developing country producers. The reason behind such proposals is that the FSC requirements have been so high that the scheme's progress in the natural tropical forests has remained slow and other options have not been available.

A related development is the growing importance given to curbing illegal logging and illegal trade. Some consumer countries or buyers have established policies which state that wood products must originate from sustainable and/or legal sources. The issue of how legality should be defined is not addressed here, but such policies usually recognise two alternative 'levels' for the quality of forest management and the wood supply chain. Compliance with the legal requirements is inherent in all the forestry standards, which are broader and often more demanding than the law. As regards trade and industry, the control of the origin of raw materials and its 'legality' is part of the chain-of-custody (CoC) verification. Certification of CoC does not, however, necessarily provide full verification of the origin of wood that does not have a certificate for the quality (and legality) of the forest management regime under which the timber was harvested. Therefore, a CoC certificate holder may be involved (intentionally or unintentionally) in handling illegally procured timber.

In view of the seriousness of illegal harvesting and illegal trade in tropical timber (see, for example, *TFU* 12/1), synergies between improved enforcement and certification could be tapped through a phased approach. One first step could be the verification of legal compliance, with the gradual introduction of other elements of SFM. This kind of phased approach would have specific protocols stepwise covering the various elements of SFM but the verification procedures would be identical to 'full' certification assessments. The approach could allow applicants to make claims on their progress towards full certification status. These claims would always be based on external verification.

In forest management, sustainability requires that the concession holder or forest manager address all its elements as specified in the SFM standards. These elements may be formulated into operational modules as suggested by Cozannet and Nussbaum (2001; see diagram on opposite page). In large-scale concession forestry, the core component of the management system is the forest management plan, supported by an adequate inventory and demarcation of the permanent forest estate (eg see ITTO 1998). This is also recognised by many producing countries, which have revised or instituted

minimum legal requirements for inventories and management plans. Appropriate management planning is a fundamental requirement in all certification systems.

The Keurhout Foundation has also applied a stepwise approach in some African concessions. In the initial audit, the current status of forest management is established as defined in the five Keurhout principles (see www.stichtingkeurhout.nl). An action plan is then prepared, addressing gaps and corrective action requirements. An external body subsequently verifies the implementation of the action plan through surveillance visits.

The stepwise approach is still under conceptual development but it offers an attractive option for enterprises that need to demonstrate to their customers that verified progress is being made towards SFM. Cozannet and Nussbaum (2001) list a number of issues that have to be addressed if market claims are to be made during the process:

- who should carry out reviews and audits;
- the type of claim that may be made;
- ensuring an adequate level of transparency;
- the potential for a conflict of interest between advisory and verification functions; and
- the link with certification.

The phased approach can take various forms and merits further consideration, particularly from the viewpoint of tropical timber producers.

ITTO support

ITTO has made a significant contribution to providing an appropriate policy framework, a range of tools, and direct support on the ground to promote SFM (see page 16). However, the Organization's role in promoting the certification of tropical forests is still largely undefined as long as it may go beyond building capacity. A more limited role has been mainly advocated by ITTO consuming member countries, while producing members tend to emphasise a more active role for ITTO. The issue merits further examination in view of making full use of certification as a potential tool for promoting SFM and credibly demonstrating progress towards this goal in the ITTO producing member countries.

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