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FOREST CERTIFICATION: PENDING CHALLENGES FOR TROPICAL TIMBER

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Forest certification: pending challenges for tropical timber

Richard Eba'a Atyi and Markku Simula

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Foreword

ITTO was one of the first international intergovernmental organizations to address the issue of forest and timber certification. Intense and protracted policy discussion within the International Tropical Timber Council in the early 1990s led ITTO to commission its first study of the issue in 1993. Since then it has: conducted several more studies; developed guidelines, criteria and indicators and auditing systems for sustainable forest management; financed projects to assist producing member countries to develop approaches to certification and to progress towards sustainable forest management; participated in and sponsored and jointly organised international seminars; and, in April 2002, convened its own international workshop on the subject.

This present report was originally commissioned for the April 2002 workshop and formed a very useful basis for discussions. In the fast-moving field of tropical forest certification it provides an excellent analysis of the state of play and, importantly, identifies the key challenges for tropical producers in their efforts to increase the area of certified forest and the volume of certified timber they are able to put onto the market.

ITTO work on forest and timber certification is made more urgent by the fact that certification and labelling are making great strides in developed countries while tropical and other developing countries are lagging behind. There is thus a clear need to support the efforts of those developing countries that want to engage in certification and labelling to promote sustainable forest management and to enhance market acceptance of their forest products.

ITTO will continue to play a constructive role in the development of tropical forest certification, through both policy and project work. Certification has the potential to be a useful catalyst for sustainable forest management, but much work still needs to be done if this potential is to be fully realized.

Manoel Sobral Filho
Executive Director
International Tropical Timber Organization

Acronyms

ABNT	Associação Brasileira de Normas Técnicas
AF&PA	American Forest & Paper Association
ATFS	American Tree Farm System
ATO	African Timber Organization
C&I	Criteria and indicators
CEF	Certification Española Forestal
CEPI	Confederation of European Paper Industries
CERFLOR	Programa de Certificação de Florestas (Brazil)
CFFP	Conselho da Fileira Forestal Portuguesa
CFV	Consejo Boliviano para la Certificación Forestal Voluntaria
CIFOR	Center for International Forest Research
CNCC	Council of the National Certification Center, Czech Republic
CoC	Chain-of-custody
CSA	Canadian Standards Association
EC	European Commission
ECE	Economic Commission for Europe
EMAS	Environmental Management and Auditing System
ENGO	Environmental non-governmental organization
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FFCC	Finnish Forest Certification Council
FMU	Forest management unit
FSC	Forest Stewardship Council
GFTN	Global Forest and Trade Network
GTZ	Gesellschaft für Technische Zusammenarbeit
IAF	International Accreditation Forum
IEC	International Electrotechnical Commission
IFF	Intergovernmental Forum on Forests
IFIR	International Forest Industry Roundtable
IMAZON	Instituto do Homem e Meio Ambiente de Amazônia
IMO	Institut für Marktökologie
IPF	Intergovernmental Panel of Forests
ISO	International Organization for Standardization
ITTA	International Tropical Timber Agreement
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
JCP	Joint Certification Program
LEI	Indonesian Ecolabelling Institute
MC&I	Malaysian Criteria and Indicators
MR	Mutual recognition
MRA	Mutual recognition agreement
MTCC	Malaysian Timber Certification Council
NGO	Non-governmental organization
NSC	National Steering Committee
NTCC	National Timber Certification Council, Malaysia
NWG	National Working Group
OFI	Oxford Forestry Institute
P&C	Principles and criteria
PCI	Principles, criteria and indicators
PEFC	Pan-European Forest Certification
PEFCC	Pan-European Forest Certification Council
PPM	Process and production method
RIL	Reduced impact logging
SA	Soil Association
SCC	Standards Council of Canada
SCS	Scientific Certification Systems
SFI	Sustainable Forestry Initiative
SFM	Sustainable forest management
SGS	Société Générale de Surveillance
TBT	Technical Barriers to Trade
TRDA	Timber Research and Development Associates
UK	United Kingdom
UKWAS	UK Woodland Assurance Standard
UN	United Nations
UNCED	United Nations Conference on Environment and Development
UN-ECE	United Nations Economic Commission for Europe
WB	World Bank
WTO	World Trade Organization
WWF	World Wide Fund for Nature

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1 Introduction

Background and objectives

The International Tropical Timber Organization (ITTO) has been involved in forest certification since 1991. The work focused first on international-level analyses of the potential contribution of this new instrument to sustainable management of tropical forests through a series of studies[1]. It was recognized – as was later affirmed by the Intergovernmental Panel of Forests (IPF) and the Intergovernmental Forum on Forests (IFF) – that certification is a potentially useful tool for contributing to the achievement of sustainable forest management (SFM), a key objective of the International Tropical Timber Agreement (ITTA). However, many hurdles had to be overcome before the Organization's producing member countries could be fit for forest certification.

ITTO has a particularly important role in building up local capacity to implement SFM, and thereby the certifiability of tropical forests. This work has taken place through support of various forms (establishment of permanent forest estates, forest inventories, staff training, improved logging practices, development of silvicultural systems, etc). However, further efforts will be necessary, because only a fraction of the world's currently certified forests are located in ITTO producing member countries.

Certification involves the external verification of forest management quality, which raises the need for adequate auditing systems and local auditing capacity. In this field, ITTO has developed a common framework for auditing guidelines[2] for ITTO's Criteria and Indicators (C&I) for Sustainable Management of Natural Tropical Forests, which can be used by enterprises and countries in setting up their own arrangements. The respective decision of the International Tropical Timber Council (ITTC (XXI/19)) also makes provisions for assistance to establish credible auditing systems for ITTO's C&I; ITTO has already provided such assistance by supporting the training of auditors in Indonesia (LEI 2001). Demand for such training is large and support in this field is needed in most producing member countries.

ITTO's role in the policy debate related to forest certification has been important, and in the mid-1990s the Organization was the only intergovernmental forum dealing with this issue. The results of ITTO's policy debate were fed into other fora and processes, notably IPF and IFF, but also events such as the workshop on mutual recognition between certification systems sponsored by ITTO, FAO and GTZ held in Rome on 19–20 February 2001.

At its Thirtieth Session, the ITTC recognized that further work in the area of policy development was needed and decided to convene a workshop with broad-based participation on the progress made regarding the comparability and equivalence of certification schemes. To facilitate the dialogue, it was further decided that an overview paper would be prepared on the current situation.

This paper was subsequently prepared by the present authors and served as background information for an ITTO workshop on certification held in Kuala Lumpur, Malaysia, on 3–4 April 2002, updating the current situation and clarifying the issues of comparability and equivalence. The paper has been edited to form the basis of this report, with the inclusion of the recommendations of the ITTO workshop. Recent international efforts and initiatives on mutual recognition have been taken into account.

Status of international dialogue

Certification is driven by a variety of interests. For industry and trade, it is an instrument for environmental marketing. For buyers and consumers, it provides information on the impacts of products they purchase. For forest owners and managers, it is a tool for gaining market access or market advantage, or perhaps for capturing price premiums. It also serves to demonstrate responsible forest management through independent third-party certification regardless of what the market wants. For the environmental movement, it is a way of influencing how production forests are managed. For governments, it is a soft policy instrument to promote SFM, sustainable consumption patterns and a variety of other environmental and social goals. For investors, it can help in risk mitigation. Others may see additional benefits or interests in forest certification (Rametsteiner & Simula 2001).

Forest certification remains one of the most contentious issues in international forest policy because it is a trade-related instrument and count-

[1] OFI & TRDA (1991), Baharuddin & Simula (1994, 1996 and 1998)
[2] Baharuddin & Simula (2001)

ries feel that it could influence their competitiveness and market access. In particular, tropical timber producers are concerned about their difficulties 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 needs, possibilities and resources for making use of certification. In developing countries, certification is often perceived as yet another market requirement imposed by importers which is difficult to meet and which may constitute a barrier to trade rather than help these countries to promote their exports.

As long as the certification system of the Forest Stewardship Council (FSC), which started operations in 1993, was the only operational scheme, the international debate focused on the FSC's general acceptability and its implications for forest owners, managers, industry and trade. The emergence of other schemes has raised the issue of comparability and eventual mutual recognition between individual schemes. The crux of the international debate centres on credibility criteria for certification schemes, and whether or how cooperation between individual schemes should be arranged. More deeply, it is a question about who should define forest management standards and how this takes place (Rametsteiner & Simula 2001).

Boycotts of or discrimination against tropical timber loom constantly. Some local governments in Europe require that timber products can only be used in their projects if they are certified, while more blunt measures to restrict tropical timber use have also been taken (eg in Belgium, Denmark, Germany, the Netherlands and the United Kingdom). There is a pressing need for clarity about which certificates and labels related to forest management quality can be considered 'reliable'/'credible'/'acceptable' to assure consumers that certified forest products are sourced from areas which are managed in an environmentally and socially sound way.

If each scheme was to use its own label in marketing it would be difficult for producers, buyers and consumers to establish which should be considered reliable. Buyers cannot be expected to make an assessment of the credibility of each certificate; the task is complex and requires expertise and information they do not usually have.

Mutual recognition has been proposed as one of the solutions to the problem of proliferation of national certification schemes.

Four international seminars/workshops have been organized during the last two years on the issue of mutual recognition. These were:

(i) Mutual Recognition Technical Seminar organized by the Pan-European Forest Certification Council (PEFCC) in Brussels, 26–27 June 2000;

(ii) Second International Seminar on the Mutual Recognition of Credible Forest Certification Systems organized by the Confederation of European Paper Industries (CEPI) in Brussels, 28–29 November 2000;

(iii) FAO-GTZ-ITTO Seminar on Building Confidence among Forest Certification Schemes and Their Supporters held in Rome, 19–20 February 2001; and

(iv) European Commission (EC) Workshop on Forest Certification: Forging Novel Incentives for Environment and Sustainable Forest Management held in Brussels, 6–7 September 2001.

While all these events reiterated the potential useful role that certification can play in SFM and that the proliferation of schemes should be addressed, they also revealed differing views and a lack of trust between key stakeholders. FSC supporters appear to see little merit in other schemes and, therefore, their recognition of such schemes through mutual or other arrangements is not considered desirable or possible. The supporters of national certification schemes would like to find a mechanism by which their certificates could be accepted by the market and eventually linked to a label or trademark. As the Pan-European Forest Certification (PEFC) scheme provides the only alternative to the FSC at the international level, the debate has become very polarized; the fact that the two schemes are competing with each other in the marketplace doesn't help, either.

The FAO-GTZ-ITTO seminar called for, among other things, further analytical work on the similarities and differences between schemes, including the development of common definitions and indicators. This was taken up by participants at the EC workshop, who suggested that there was a need

or desire to have an agreed set of clearly defined evaluation criteria to assess forest certification standards and systems. The most sensitive issues were found to be related to the procedures of standards-setting and the certification process, transparency and governance. All four seminars/ workshops listed above called for the continuation of the dialogue at the international level.

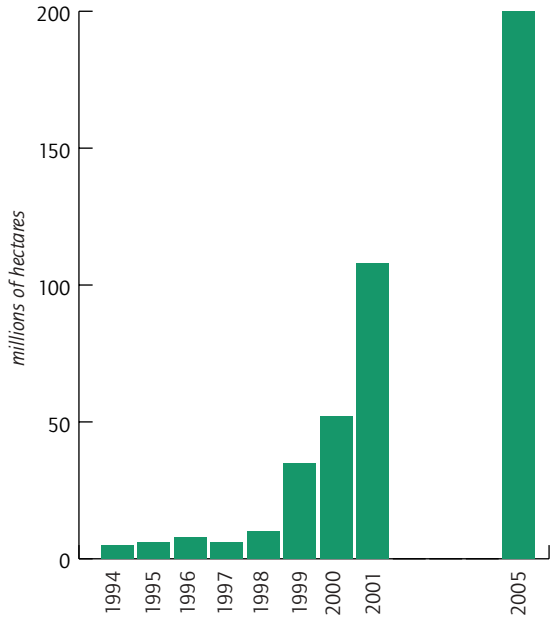
2

2 Overview of the current situation in forest certification

Certified forests and certification schemes

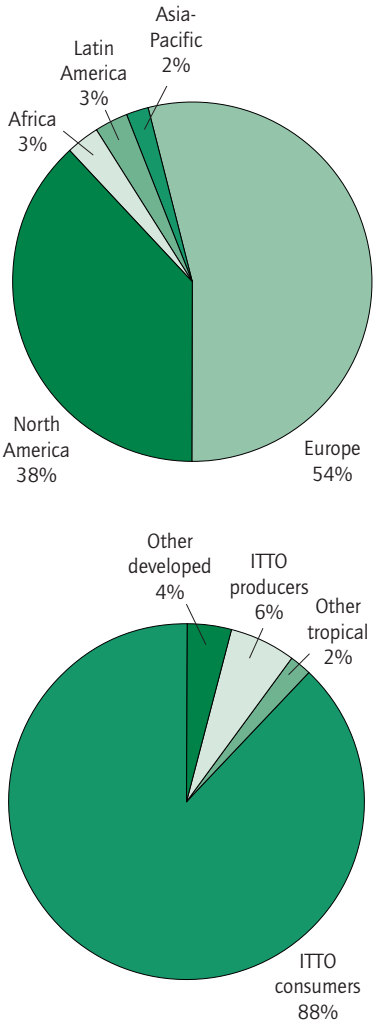
Forest certification is expanding rapidly; growth has been exponential during the last two years. In January 2002 the area of certified forest was estimated at 109 million hectares. This is almost four times higher than two years ago and twice the level of a year ago (Figure 2.1). The total figure includes third-party audited areas under the two international systems (FSC and PEFC), national schemes (Canada, Malaysia and the United States), and those forests for which a Keurhout declaration has been issued.

Figure 2.1 The world's certified forests in 1994–2002 and the World Bank/WWF Alliance Target 2005



Geographically, the total area is distributed unevenly: more than half is located in Europe and almost 40% in North America (Figure 2.2). Developing countries account for no more than 8% of the total, of which three-quarters (6.7 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).

Figure 2.2 Certified forests by region, January 2002



The World Bank (WB)/WWF Alliance target for the world's certified forest area is 200 million hectares by 2005, evenly shared between developed and developing countries. For the former, the level has already been reached, while in the latter group the current area represents only 6.4% of the target (Figure 2.3). It appears unlikely that this part of the target can be achieved by 2005 without new approaches. The situation is a cause for concern, particularly since certification was originally introduced as an instrument to promote the sustainable management of tropical forests.

Figure 2.3 *Progress in achieving the WB/WWF Target 2005, January 2002*

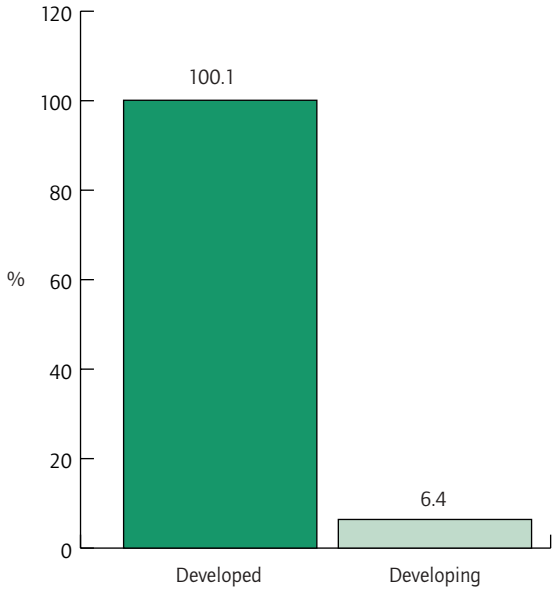
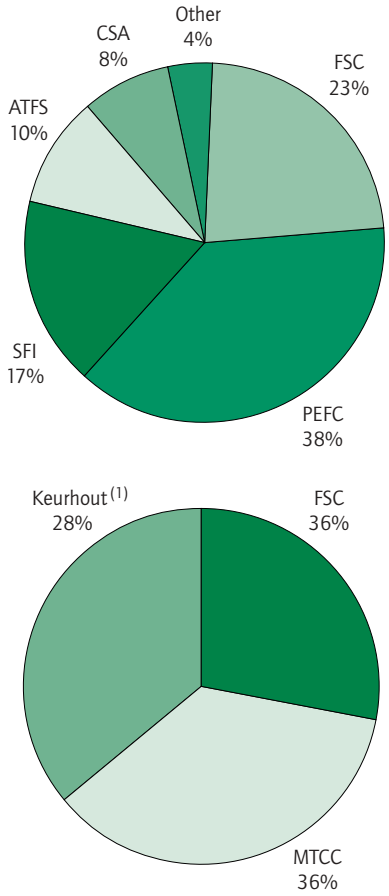


Figure 2.4 *Certified forests by system, January 2002*



(1) Area covered by certificates accepted by Keurhout

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%) (Figure 2.4). 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 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 (Indonesian Ecolabelling Institute – LEI), Malaysia (Malaysian Timber Certification Council – MTCC), Brazil and Ghana (Table 2.1); however, only the first two are currently operational. The Brazilian scheme, Programa de Certificação de Florestas – CERFLOR, has finalized its standard for plantations and was expected to become operational in the first half of 2002.

In ITTO producing member countries, the area covered by certificates that have been accepted by Keurhout is currently 4.2 million hectares, followed by the FSC (2.6 million hectares). The Keurhout figure includes 2.3 million hectares of certified forests in Malaysia that have also been registered under the national MTCC system. Fifteen ITTO producing member countries have certified forests totalling 6.7 million hectares, with the largest areas found in:

Malaysia (MTCC, Keurhout)	2.37 million hectares;
Congo (Keurhout)	1.15 million hectares;
Brazil (FSC)	1.05 million hectares;
Bolivia (FSC)	0.98 million hectares;
and	
Gabon (Keurhout)	0.62 million hectares.

The regional market shares between schemes are quite different (Figure 2.5). While the FSC has been the only system applied in Latin America, its

Table 2.1 National certification systems in ITTO producing member countries[3]

Country	System	Standards elements	Other relevant	Accreditation system	Status of the recognition	International
Brazil	CERFLOR	Five standards covering all the elements of the system	Auditing procedures	National accreditation body INMETRO	Preparations in the final phase, operational in 2002	Open for various options
Ghana	National Scheme	Forest management standards draft: seven principles, criteria and indicators based on the ITTO C&I	Log-tracking project		Under development	
Indonesia	LEI	Seven standards • natural and plantation forestry • non-wood products • timber tracking • labelling	Development of a certification system for community-based forest management under way Log audits to establish legality	LEI acts as accreditation body for independent assessors and is responsible for system development and supervision and monitoring	Operational Eleven FMUs assessed by the end of 2001; one forest certificate issued	LEI-FSC Joint Certification Programme under implementation
Malaysia	MTCC	3 standards • C&I • standards of performance • assessment procedures	Auditing procedure	MTCC engages assessors, no reference to accreditation	Operational 2 310 567 hectares certified Three forest and 16 chain-of-custody certificates	In the third phase, mutual recognition of FSC is foreseen MTCC standards have been used in Keurhout audits

share in Africa and Asia-Pacific is low. A significant share of FSC-certified forests in developing countries is located in non-ITTO-member countries (notably the Republic of South Africa, Mexico and Chile).

In the developing countries, a large share of FSC-certified forests is plantation. For example, 73% of the Brazilian FSC-certified forests (0.77 million hectares) are plantations located in the south, southeast and central-west of the country. According to Roda (2002), about a third of tropical forests certified under the FSC are plantations. MTCC and Keurhout certifications are solely for natural forests.

The forest certification industry is in relatively few hands. Only a handful of recognized or accredited certification bodies tend to be working under the national schemes in each country. In North America and Europe, these bodies are often also involved in certification work against the ISO 9000/14000 series of standards. In the case of the globally operating FSC scheme, SGS accounts for 57% of the total certified area, followed by Rainforest Alliance/SmartWood, SCS and the Soil Association (Figure 2.6). The FSC has a total of ten accredited certification bodies but the six newcomers have made little impact; their combined share of the FSC market is only 3%. The market shares vary by region: SGS dominates in the African and Asia-Pacific markets while in Latin America the Rainforest Alliance accounts for three-quarters of the total. The Rainforest Alliance subcontracts the auditing work to local partners, which has improved its cost-competitiveness. It follows a similar approach in other regions, including Europe.

[3] As of March 2002

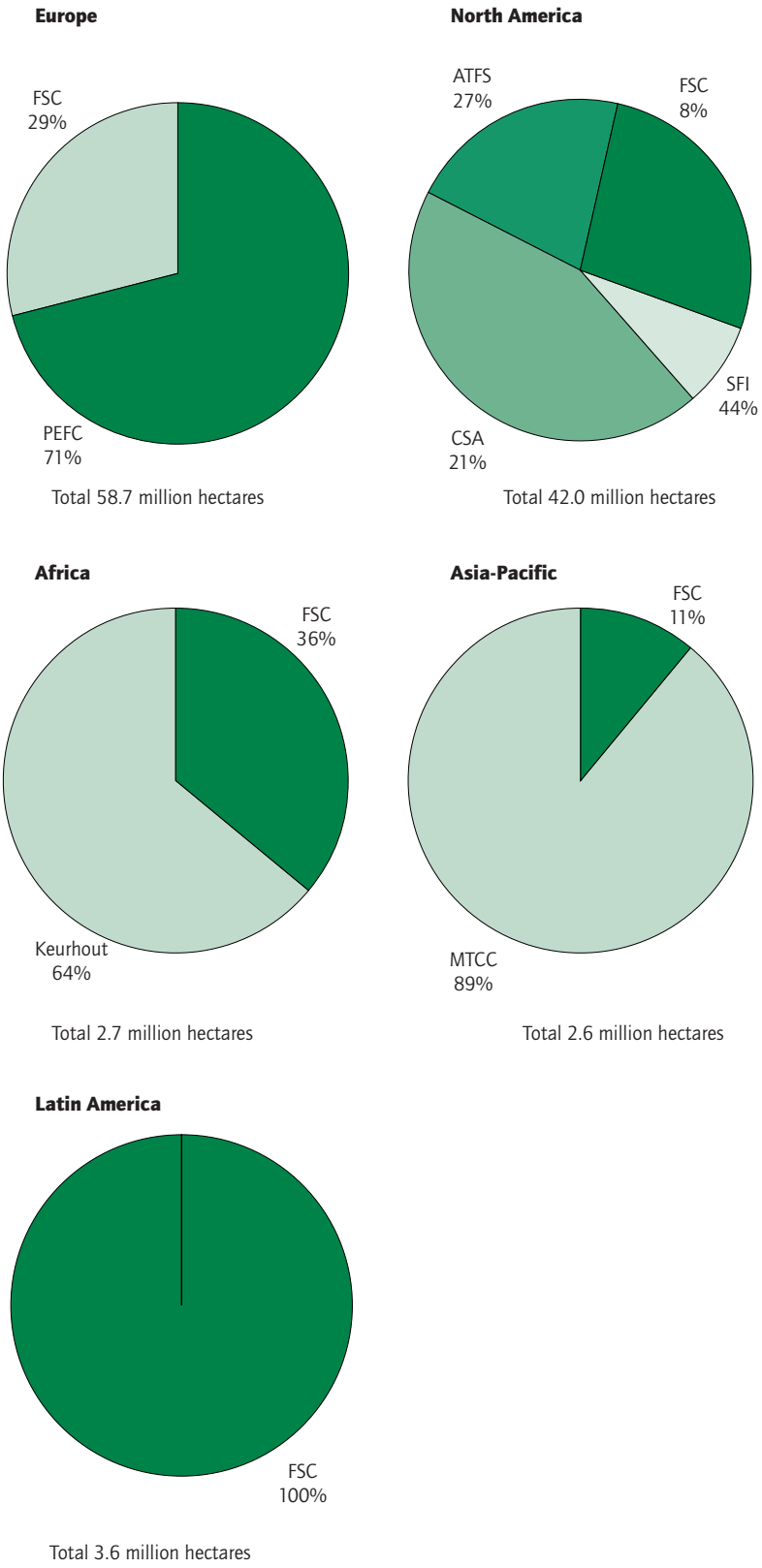


Figure 2.5 Market shares of certification systems by region, January 2002

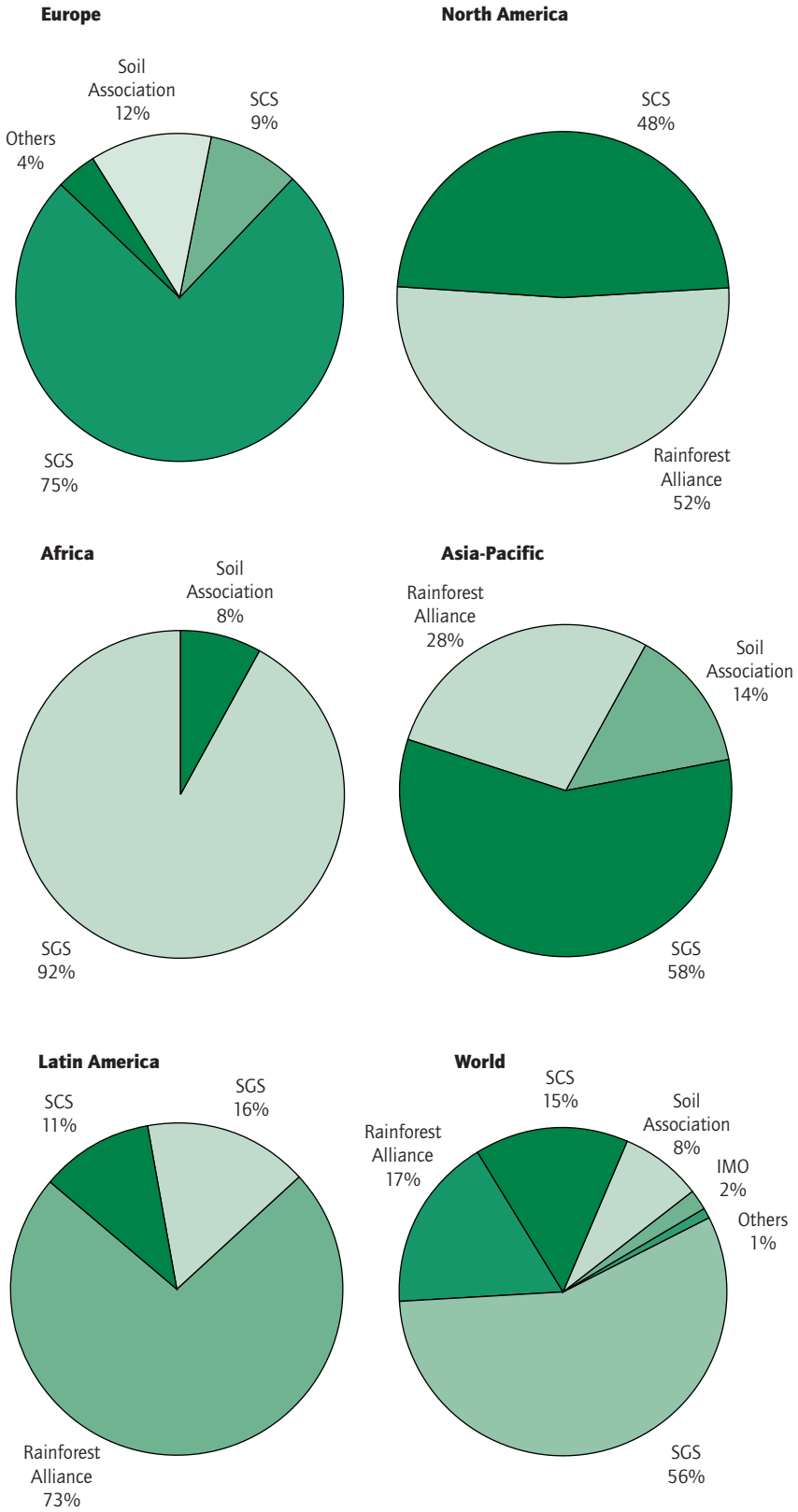


Figure 2.6 *FSC-certified forests by certification body by region, January 2002*

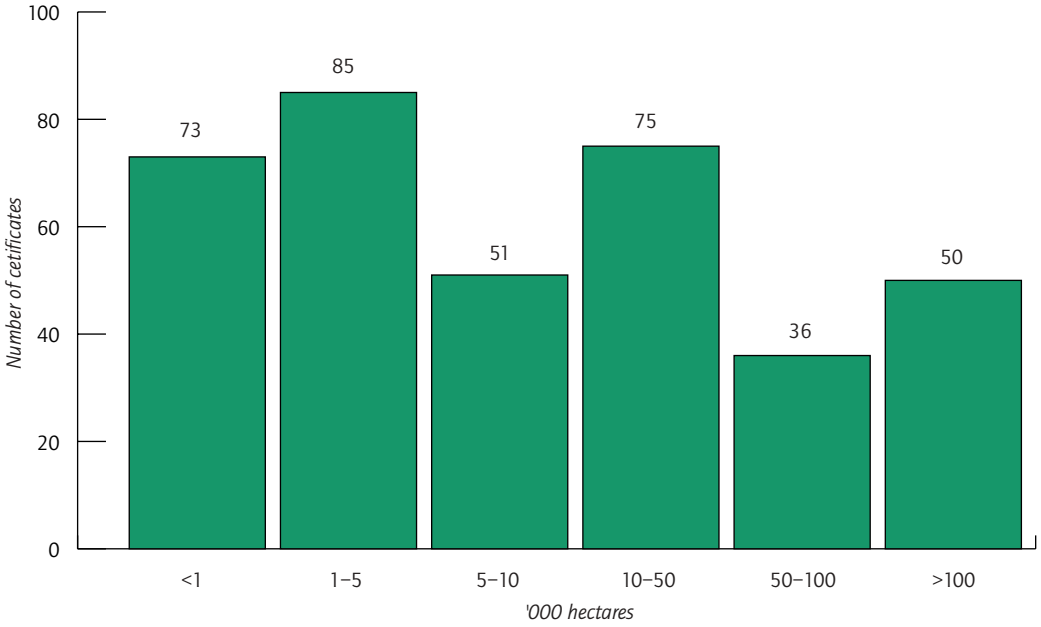
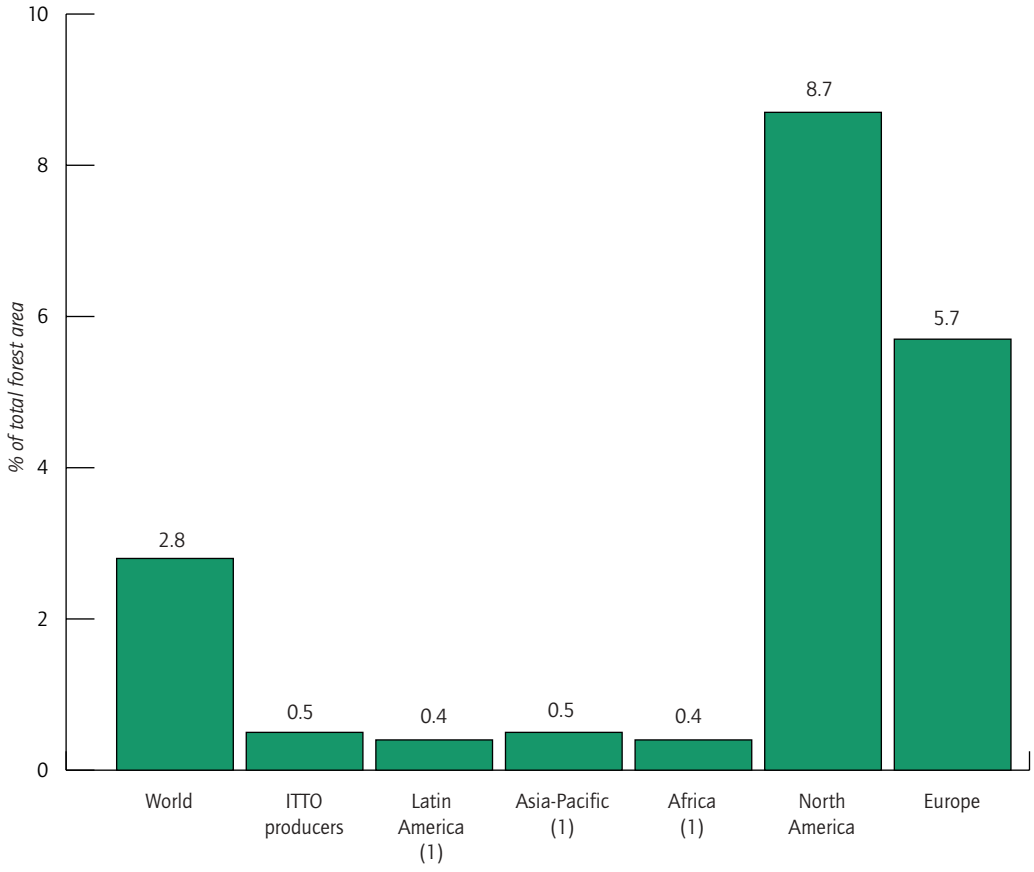


Figure 2.7 *FSC-certified area by size of forest holding, January 2002*



(1) Including countries not members of ITTO

Figure 2.8 *Share of certified forest of the total forest area by region, January 2002*

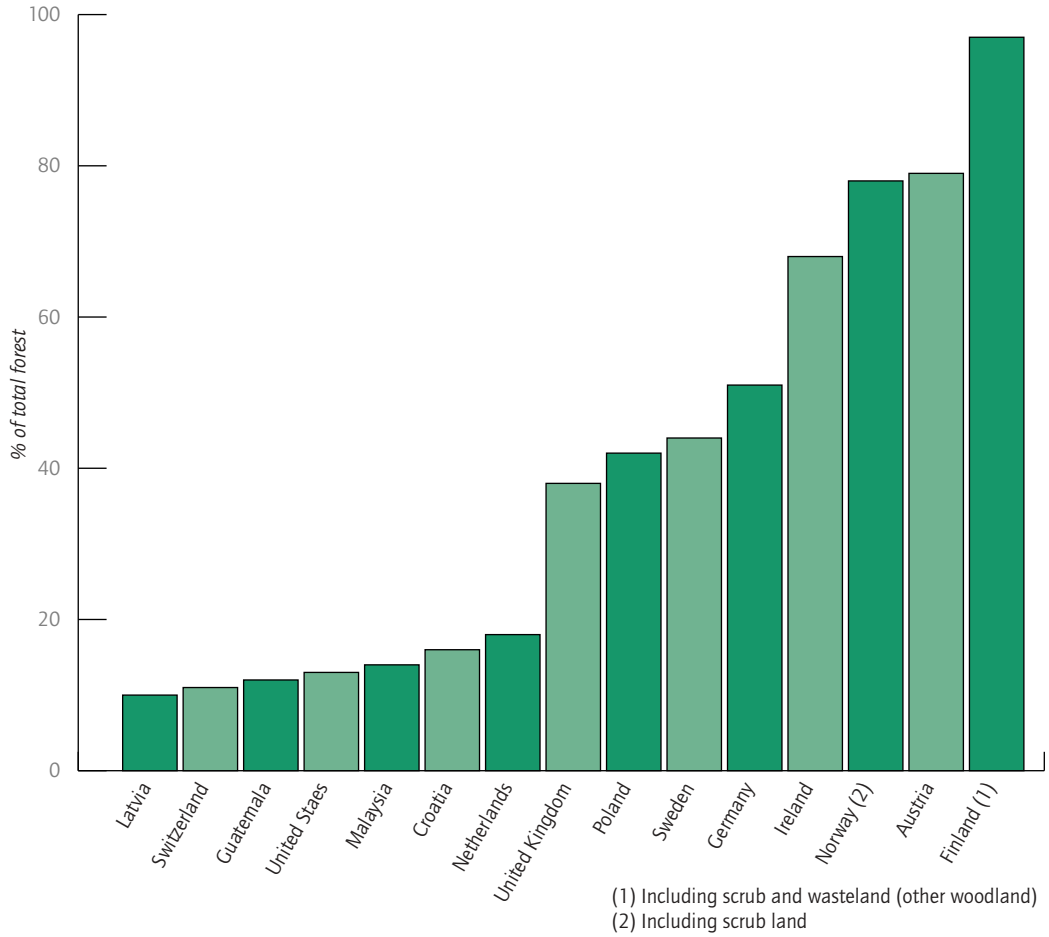


Figure 2.9 Certified forest as a percentage of the total forest area – top 15 countries, January 2002

Most of the certified forests under the PEFC and ATFS schemes are relatively small holdings and these systems were specifically developed for such land owners. However, comprehensive data on the distribution of the size of certified holdings of these schemes are not yet available. The US-based SFI and the Canadian CSA scheme are mainly applied by relatively large industrial land owners or concession holders.

Group certification of smallholdings is included in almost all the schemes. In the case of the PEFC, it can be done through (a) a grouping of individual owners, or (b) a regional grouping drawing on local organizations of forest owners. The FSC applies only the former approach, which has made progress relatively slow in this market segment. More than 90% of the FSC-certified area is covered by 86 certificates only (Figure 2.7). The FSC presently has only 284 valid certificates for holdings of less than 50 hectares. It is difficult to see how it can make fast progress in terms of certified area in those countries where small-scale private forest ownership is predominant. For example, Thornber's (1999) analysis of FSC certificates revealed that relatively few had been issued for communal or community forests (29 certificates in 1999). It is not known how many community forests have been certified under other schemes but at least national PEFC schemes have issued group certificates which cover communal lands.

As a whole, less than 3% of the world's forest area is presently certified (Figure 2.8). In ITTO producing member countries, the share is less than half a percent, contrasting with North America's 9%, the highest regional average in the world. The top 15 countries in terms of relative certified forest

area include only two ITTO producing members, Malaysia and Guatemala (Figure 2.9), while Bolivia is another positive example. It appears that existing certification schemes have not been designed in a way that allows developing countries to make fast progress in this field. As a market promotion tool, certification has been clearly more important for the developed than developing countries. The support provided to tropical timber producers has not been sufficient to help them remove the prevailing hurdles to forest management, particularly in the natural forests.

Demand and supply of certified products

The available data on demand/consumption and supply/production of certified forest products do not allow accurate estimations. The general perception is that demand exceeds supply in some major markets (the United Kingdom, the Netherlands, Germany and Belgium) where many buyers are committed to certification. However, the potential timber supply from the world's certified forests is large, estimated at about 234 million m^3 on an annual basis. Most of this production is marketed without reference to certification status and only a small share is labelled.

However, a shortage of supply is perceived in some major markets. This has led some buyers to support their suppliers in achieving certification status. The first certifications achieved in a number of countries (eg Poland, Croatia) have been paid for by buyers or other external parties. This has resulted in a situation where state forest organizations have wanted to expand the certified area in order to support the local processing industry involved in export trade. On the other hand, these organizations have found it difficult to discontinue certification despite high costs because of the risk that negative publicity could emerge if certificates are not renewed.

A recent study carried out by UN-ECE and FAO (Vilhunen et al. 2001) revealed that the demand for certified products is mainly driven by marketing factors: competitive advantage, image risk aversion, and offering options for consumers. On the other hand, market development is constrained by limited demand, lack of supply, lack of premiums, and limited industry involvement. The study estimated that more than half of the demand is created by the WWF Global Forest and Trade Network (GFTN), which operates in almost 20 countries. As many member companies of the Network have announced their commitment to buy only FSC-certified products, more than two-thirds of the total demand is estimated to be for FSC-labelled products. Despite the potential demand and the fairly large number of certified product lines that are claimed to exist, the actual consumption of wood and paper products sold as certified or labelled is estimated at less than 5% of the total in the European market.

Buyers have expressed their commitments to certification in differing ways, where nuances are sometimes important. Box 2.1 provides two examples: a simple one (IKEA) and a more complex one (B&Q). The first case calls for FSC or equivalent systems; this is common in many other buyer policies as well. However, no guidance is provided on what equivalence means and how it should be established (other than through formal endorsement by the FSC). The B&Q policy is more detailed; it makes it clear that in the long run only FSC certification will be good enough, but, due to the current shortage of certified supply, a number of exceptions are provided. The policy interestingly prejudges the (mutual) recognition of certain national schemes by the FSC which, however, may be uncertain. 'Sources under development', a category applicable to many tropical timber producers, should apply to the SGS Certification Support Program or the UK-based Tropical Forest Trust. No room appears to be left for developing local solutions or associating with other certification bodies or agencies which could have an interest in supporting tropical countries to achieve certification. The B&Q policy can be assumed to have not only environmental but also commercial objectives promoting a strong link with potential qualified suppliers.

Rametsteiner (2001) assumed that there was little reason to expect any significant increases in the total demand for forest products as a result of certification. However, in the tropical timber markets of some European countries, especially Germany, consumer behaviour could be positively influenced, but possible substitution would be by other timbers rather than by non-timber materials.

While most of the demand for certified products has originated from the members of the WWF-

Box 2.1 Examples of buyers' policy statements related to certification

IKEA

"Our long-term goal is to ensure that all the wood raw material used in IKEA products originates from independently verified well-managed forests, i.e. forests certified according to FSC or equivalent.

"By 1st January, 2000, any high-value tropical tree species used in IKEA products must originate from forests certified according to FSC or equivalent systems."

B&Q

B&Q Timber Buying Policy – Revised August 2000 (extract):

"All virgin wood bought by B&Q will come from forests of known location where the supplier has given us sufficient reassurance that the forest is well managed and independently certified as such.

"B&Q recognizes that FSC currently has the best available standards and certification procedures and so will only buy products certified under the FSC scheme.

"The following exceptions do however apply, at present:

- Products certified by other schemes, which in our judgement are likely to achieve mutual recognition or accreditation by the FSC: currently LEI (Indonesian) scheme and NTTC (Malaysian) scheme
- Products certified by other schemes, which in our judgement require improvement before they are likely to achieve mutual recognition or accreditation by the FSC: the Finnish Forestry Certification Scheme
- Products which are on very limited sales trial
- Products with a verifiable post-consumer recycled content exceeding 82.5%

In addition B&Q will, on a very limited basis, consider buying timber from sources still under development, but only when there is an independently verifiable action plan. To qualify the sources must either be registered under the Certification Support Programme organized by SGS or be members of the Tropical Forest Trust."

Sources: www.ikea.com, www.diy.com

coordinated GFTN, a new factor is also coming into play: public procurement. In the United Kingdom, Denmark, the Netherlands, Belgium and Austria, as well as several states of the United States, administrations have introduced 'green' procurement policies also covering wood and paper products. The most far-reaching government procurement decisions relating to SFM have so far been taken in the United Kingdom. The UK policy is to require, as far as possible, that government bodies purchase 'sustainably produced timber', for example by specifying in orders and contracts that suppliers must provide documentary evidence that the timber derives from lawful and sustainably managed sources. This documentary evidence may take the form of a certificate issued under a credible, preferably independent, verification scheme or other documents that demonstrate that timber producers are conforming to internationally recognized principles (for Europe, these principles should correspond to those elaborated under the Pan-European Process; outside Europe, the UNCED Forest Principles and regional C&I processes, ecosystem approach, precautionary principle). However, the policy is new and there is little experience in its operation in practice. Another example is the Danish government's recent decision[4] to recognize the FSC label as an example of an instrument providing credible assurance that timber is legally and sustainably produced.

In business-to-business trade, where there is less direct exposure to consumers, there are various ways of communicating the environmental quality of products. The European paper industry, facing alternative certification requirements and often experiencing difficulties in achieving the certified fibre thresholds of parallel schemes, has introduced a new instrument to communicate its environmental performance (*www.paperprofile.com*). This Environmental Product Declaration is a voluntary, internationally harmonized means of providing

[4] Approved 1 June 2001

information to guide the buyer. Under the section on environmental aspects of wood procurement, companies can report the certification status of their fibrous raw material (including the type of system) as well as on ISO 14001 or Environmental Management and Auditing System (EMAS) certification/registration of their wood procurement operations.

From the tropical timber producers' point of view, demand for certified products is often derived: ie through clients (further processors, traders) who are directly faced with customer requirements related to certification. The complex web of timber and fibre flows and the diverse forms in which these are combined in end-products have made it difficult for tropical timber producers to manage their sales when certified demand often concerns only part of production (some exported species and grades). Success stories have been reported where further processing takes place in the producer country in an integrated operation, using one or a few species only, for products like garden furniture which are sold directly to retailers.

Another development is the interest of further processors and traders in chain-of-custody (CoC) certification. There are perhaps about 2000 CoC certificates in the world, a relatively small number considering the complexity of the wood and fibre flows at national and international levels. Some companies which have only token access to certified supplies have been active in getting CoC certificates for use in general market communication. The credibility of CoC certification is likely to become an issue in the future, not only because of possible malpractices in the control of certified and uncertified materials, but also because CoC certificates may be used by companies for broader publicity purposes even though their other business practices may be subject to criticism (eg purchasing illegal timber, inappropriate transfer pricing, tax evasion, corruption, etc).

Local imbalances in demand and supply have also led to new trade flows. For example, demand exceeds certified supply in Brazil's Pará state. This has led some traders to look into the possibility of importing certified timber from Bolivia and processing it in Brazil. Such cases may not, however, be sustainable in the long run and are likely to disappear if the local supply of certified timber expands.

The market for certified products is very dynamic and not very transparent, as no official statistical data collection system differentiates between certified and uncertified products. This should change to enable forest owners and managers, industry and government to make informed decisions on certification.

3

3 Substantive differences between the schemes

Forest certification standards and programs

A substantial effort has been made during the last few years to compare certification standards and schemes. Most comparisons have been based on a questionnaire technique or assessment by individual specialists or teams using available documentation. The CEPI Comparative Matrix (CEPI 2001) has been compiled three times and probably provides the most comprehensive and frequently used source of information for this purpose (Annex 2). CEPI's approach is based on a questionnaire; it has been claimed that replies have been misinterpreted in the compilation of the results. For example, the FSC has asked to be withdrawn from the comparison for this reason[5].

Another approach has been applied by Fern, a European NGO, which has made analyses of the PEFC and some of the national standards and systems it has endorsed (Fern 2001a,b). Diverse sources were used, including correspondence and interviews with scheme representatives and some stakeholders. WWF has also commissioned an analysis of the PEFC based apparently on a documentary review (Vallejo & Hauselmann 2001). However, the objectivity of these assessments has been challenged.

A more participatory and comprehensive approach was recently taken in the United States to compare the FSC and SFI certification programs (Meridian Institute 2001). The results of this in-depth work on 'salient similarities and differences between the two programs' were passed through a panel on which all the relevant stakeholders were represented, and the document reflects a consensus view between them (Annex 3).

It may be concluded that many certification programs and standards share common elements, but there are also important differences. Some of these differences could be bridged through adjustments in the requirements and rules. Some are more fundamental, be they perceived or real, and establishing equivalence may need changes in the values or philosophies underlying the standards and schemes. Such a change process is gradually taking place, the policy impacts of certification being one channel of influence. According to Rametsteiner (2000), these impacts include (but are not limited to):

- improved definitions of SFM through the development of a wide range of standards, guidelines, etc. Efforts have also been made to test and refine the developed standards, criteria and indicators and their measurement. This has also improved policy coherence between the governmental, academic and voluntary approaches;
- forest policy dialogue between stakeholders from the government, private sector, NGOs and the civil society has received contributions from the concept of forest certification;
- improved forest legislation. In some cases forest certification has had an impact on the means for implementing existing laws, rather than changing the content of the law itself; and
- international policy impacts. International organizations such as IPF/IFF/UNFF, ITTO and FAO have been engaged in reflections on forest certification.

Chain of custody

While differences in forestry standards may take time to bridge, it could be expected that there are fewer problems in achieving equivalence in CoC verification requirements. Mutual recognition between FSC and Keurhout CoC certificates shows that this is possible and highly desirable from the trade's point of view.

The FSC Policy for Percentage-based Claims is in its third edition (dated 15 May 2000). This policy has become clearer and more accurate, indicating that there has been a learning-by-doing process and the rules have been adjusted to better meet the needs of the industry and trade. Along the way, the FSC has slackened its requirements on the certified content of chip and fibre products and has allowed percentage-based claims on 'collections of solid wood products'. The PEFC rules on CoC and logo usage are given in PEFC (2001).

The CoC certification requirements of the FSC and PEFC are compared in Table 3.1. The major difference is that only wood certified according to the requirements of the certification scheme in question is endorsed. Other differences are related to the maximum batch length of production to be monitored, the impartiality of the accreditation

[5] The FSC is therefore not included in Annex 2

Table 3.1 *Comparison of chain-of-custody certification requirements of PEFC and FSC*

Feature	PEFC	FSC
Number of product categories	1	3
Number of categories of materials	4	4
Minimum average percentage system	+	+
Input/output system	+	–
Physical separation system	+	+
Batch calculation	+	+
Maximum batch length, days	365	60
PEFC-certified wood and products approved	+	–
FSC-certified wood and products approved	–	+
Verification by an external body	+	+
On-product claims	+	+
Off-product claims	+	+
Additional information on label	+	+
Maximum content of recycled fibre, %	..	82.5
Minimum content of certified wood or fibre (excl. recovered wood/ recycled fibre), %		
- collection of solid wood products	70 (1)	70
- chip and fibre products	70 (1)	30 (2)
- assembled products	70 (1)	70

+ provided; – not provided; .. no limit set.

(1) In the minimum average percentage system. (2) Actually, 30–100% depending on the recycled content.

Sources: www.fscoax.org, PEFC 2001

body, allowance for recycled fibre, and the minimum content of certified fibre in chip and fibre products. In the latter respect, PEFC is more demanding than the FSC. Table 3.1 shows that these elements are common in both schemes, with a few differences. In most cases, verification procedures at the company level are similar across the two schemes.

In conclusion, CoC verification is a technical exercise that could be relatively easily harmonized at the international level. The problem arises from the lack of recognition of other schemes' forest certificates, and different minimum requirements for certified raw materials in assembled or mixed products and related claims. The latter could, however, be harmonized without major implications for the credibility of schemes. However, the issue of recognition of certification and accreditation between schemes would still need to be resolved.

4 International requirements and validation mechanisms

Requirements

What constitutes a 'credible'/'acceptable'/'reliable' certification standard or scheme still remains undefined through an inclusive process at the international level. Several parties have attempted to define such requirements but there is no consensus on them, and there is no identified forum with a mandate to undertake this task (Rametsteiner & Simula 2001).

Certification standards

In the World Trade Organization (WTO) context, forest certification standards fall into the category of process and production methods (PPM) standards, which specify in this case how natural resources are managed and how harvesting is carried out for raw materials which are used in end-products. Both performance and management system quality aspects are covered by SFM standards. They define those measures or outcomes of forestry interventions that are acceptable and what kind of management system should be in place before a certificate can be issued.

Another important feature of SFM standards is that they must be specific for the national or local conditions prevailing in different types of forests with regard to their ecosystem functions and socioeconomic values. The diversity of forest management makes uniform standards difficult to apply and therefore only general requirements for SFM may be agreed upon at an international level. Such an agreement exists in the various sets of regional C&I for SFM, among which the ITTO C&I have played a pioneering role (Castañeda 2000). These C&I were originally developed for monitoring forest management (*ex post*), but they have started to affect the setting of objectives and performance requirements (*ex ante*) (Rametsteiner & Simula 2001). Examples of the latter include the Pan-European Operational Level Guidelines (PEOLG), which are used by the PEFC as a reference basis and are related to the Pan-European C&I for SFM.

The principles, criteria and indicators (PCI) of the African Timber Organization (ATO), recently harmonized with the ITTO C&I, include sub-indicators which are directly applicable to certification audits (ATO 2001). Another approach was adopted by the FSC, which developed its own principles and criteria (P&C) for well-managed forests independently of any other international sets through a consultative process.

The international/regional sets of C&I share a number of common elements (Box 4.1) and they also largely cover nine of the FSC principles[6]. Despite this compatibility, it needs to be emphasized that C&I for SFM are *neutral assessment tools for monitoring trends and therefore cannot be used as substitutes for minimum agreed-upon forest management standards which underpin certification.*

Box 4.1 *Seven globally applicable criteria for SFM identified by inter-governmental processes for C&I*

(1) Extent of forest resources
(2) Forest health and vitality
(3) Productive functions of forests
(4) Biological diversity
(5) Protective functions of forest
(6) Socio-economic benefits and needs
(7) Legal, policy and institutional framework

Source: Rametsteiner & Simula 2001

It may be concluded that there is a fairly consistent understanding of the essential elements of SFM. There is also a common general view of what constitutes an appropriate management system to achieve SFM through the ISO 14000/9000 series of standards and the guidance on how the former could be applied by forestry organizations (ISO 1998). An adequate degree of harmonization between national or locally applicable forest certification standards can be achieved if:

- they are developed through a process which meets a set of minimum requirements; and
- they adequately cover all the relevant aspects of SFM, including performance requirements.

Generic guidance for the standard development process is provided in the WTO Code of Good Practice for the Preparation, Adoption and Application of Standards, which is annexed to the Agreement on Technical Barriers to Trade (TBT). Rametsteiner & Simula (2001) compared the

[6] The remaining FSC principles related to the management plan are defined for the FMU level.

provisions for standard-setting of the FSC and the PEFC and detected seven common criteria (Box 4.2), but these may not be adequate or sufficiently specific for reaching an international consensus.

The second requirement – that the standards of different schemes adequately cover all the relevant aspects of SFM – appears to be more difficult, not least because it is closely linked to the first. The FSC's approach is to apply a globally applicable generic standard (P&C) under which verifiers are developed for specific conditions (ie national FSC standards). This global approach has the following advantages and disadvantages:

Box 4.2 *Common requirements for the setting of SFM standards*

(1) Use of internationally accepted standards and references, accordance with national legislation
(2) Non discrimination
(3) Transparency, adequate participation and representation
(4) Clear rules for decision-making process, including adequate consultative process
(5) Clear complaints procedures
(6) Public access to results

Source: Rametsteiner & Simula 2001

Advantages

- uniform minimum requirements are applied everywhere;
- national standards can be developed within the FSC P&C, reducing the scope for differing views on many issues; and
- the FSC offers a single-scheme solution for all interested parties with clearly defined rules for many aspects of the scheme.

Disadvantages

- uniform minimum requirements may not be applicable in local forestry conditions;
- uniform minimum requirements may not be acceptable to all stakeholders as they sometimes lead to rigidities and irrelevancies in application; and
- uniform requirements may be too high for developing countries to start with.

The other approach relies on (i) a general framework which defines the scope of the SFM elements to be covered by national certification standards and respective general principles, and (ii) common rules for standard-setting. It can be assessed as follows:

Advantages

- performance requirements can be tailored to country conditions and are set at what is achievable;
- the development of standards is country-driven; and
- differing 'starting levels' in performance requirements allow developing countries to make use of certification in their own conditions.

Disadvantages

- common guidance to the development process is still lacking;
- there are difficulties in comparing national standards between countries as their structures may be different; and
- performance requirements may be too lax to ensure SFM.

Certification systems

In addition to standard-setting, comparability (or equivalence) is also required for the other elements of the certification system, including: (i) certification body; (ii) accreditation body; (iii) conformity assessment procedures; and, if labelling is included, (iv) labelling rules and trademark-owning body. For each of these bodies or functions, international standards have been developed for structures and procedures. Most existing forest certification schemes have been developed outside the ISO framework but are gradually changing their systems and procedures towards higher quality in terms of transparency, reliability, etc: ie towards a higher degree of conformity with the existing ISO standards or guides (Rametsteiner & Simula 2001).

Specific guidance regarding the key attributes of a forest certification system is available from a number of sources (Table 4.1)[7]:

[7] In addition to the sources indicated in Table 4.1, various authors or individual parties have made their own contributions (eg Baharuddin & Simula 1994, Nsenkyiere & Simula 2000, AFFA 2000, Elliott 2001, Vallejo & Hauselmann 2000, etc).

- IPF Proposals for Action (IPF Proposal 133c);
- Confederation of European Paper Industry Matrix (CEPI 2001);
- International Forest Industry Roundtable (IFIR) Criteria and Indicators for Credible SFM Certification Systems and Standards (IFIR 2001); and
- WB/WWF Alliance for Forest Conservation and Sustainable Use.

The wording used to express the various attributes can vary between sources, which means that their interpretations are not necessarily the same. In addition, some requirements have been expressed in general terms and some are more specific.

For group certification, the procedures are basically the same as for individual forest management units (FMUs) where assessment and surveillance on the ground are based on sampling. Regional group certification, however, poses a number of additional challenges, such as in the establishment of the commitment of participants to adhere to the certification standards, the maintenance of this commitment over ownership changes, and the use of claims by participating owners in a certified region. These issues could be resolved if the group can establish itself as a legal entity and build up a quality or environmental management system.

International reference material for CoC standards is not available beyond what is provided by the FSC and the PEFC. However, the ISO 9000 series of standards for quality management systems provides relevant guidance on the necessary documentation, material flows, etc, for monitoring and control.

Table 4.1 Main international references for specific attributes on forest certification schemes

Attribute	IPF	CEPI	IFIR	WB/WWF
Operate in accordance with national legislation/ institutionally and politically adapted to local conditions	✔	✔	✔	✔
Non-protectionist	✔			✔
Open equitable access	✔		✔	✔
Non-discrimination	✔	✔	✔	
Credibility and non-deceptiveness	✔			✔
Cost-effectiveness	✔			v
Participation	✔	✔	✔	✔
Acceptable to all involved parties				✔
Sustainable forest management	✔	✔	✔	✔*
Transparency	✔	✔	✔	✔
Use of international standards	✔	✔		
Aim at consensus		✔	✔	
Objective and measurable criteria				✔
Aim at performance standards		✔		✔
Scientifically supported			✔	
Continual improvement			✔	
Independence, reliability and competence		✔	✔	✔
Free from conflict of interest				✔
Wood-flow accounting system			✔	
Accreditation procedures		✔		
Complaints procedure		✔		
Adaptive		✔		
Product labelling		✔		

*'well-managed forests'

Sources: IPF Proposals for Action, CEPI (2001), IFIR (2001) and the WB /WWF Alliance; adjusted from Rametsteiner & Simula (2001)

Conclusions

Even though there is a relatively high degree of commonality between many forest certification standards and schemes, it is clear that there are also differences. For some stakeholders, these differences appear to be fundamental – as the past international dialogue has shown (see Section 1). Differing views have been expressed by organizations representing private forest owners, industry and trade, and social and environmental NGOs.

It appears to be broadly accepted[8] that because forests and forest management vary so widely, forest management standards have to be based on, and adapted to, the respective regional or local ecological and socio-economic conditions. Establishing equal, globally applicable standards for SFM appears, therefore, to be neither possible nor desirable. A general and broadly accepted framework for identifying elements of SFM, such as the ITTO C&I for SFM for tropical countries, would be helpful in this context. The SFM elements can be considered and covered, as appropriate, by locally applicable certification standards developed through a process which follows commonly agreed principles.

As regards to conformity assessment bodies, their minimum requirements could be relatively easily defined based on the existing agreed, well-established reference material. The requirements and possibilities of developing countries need special consideration to establish adequate conformity assessment bodies. While some adaptation of the general quality requirements seems to be inevitable in these countries, the basic system quality should always meet the defined minimum standards (Rametsteiner & Simula 2001).

Mutual recognition and related options for international-level validation

Mutual recognition has been proposed as a solution to the proliferation of forest certification schemes and is a common practice in other fields of standardization and conformity assessment. While mutual recognition requires the consent of the parties, unilateral recognition depends on the decision of one party only. Any recognition arrangement requires the definition of the minimum criteria that a certification system should meet and appropriate arrangements for assessment and recognition. Rametsteiner & Simula (2001) identified and described six existing models which could be applied to the evaluation, validation and eventually formal recognition of forest certification standards and systems (Table 4.2).

The International Accreditation Forum (IAF) and

Table 4.2 Options for the international recognition of certification schemes

Options	Scope of recognition	Basis of recognition/endorsement
IAF model	Conformity assessments (certificates issued) by accredited certification bodies participating in a multilateral mutual recognition agreement	• Defined standards (eg ISO 9000/14000) used in certification • Accreditation rules
FSC model	• Forest management standards developed under common rules • Private certification bodies applying the FSC scheme • Other schemes meeting the FSC requirements	• FSC National Initiatives Manual • FSC Accreditation Manual • Policy under development
IFIR model	Mutual recognition between schemes	Criteria identified in the IFIR Mutual Recognition Framework Document
PEFC model	National certification schemes	PEFC Technical Document Annex 5
Keurhout model	Forest management certificates	• Minimum requirements of the Dutch Government • Keurhout's other requirements
Users' assessment model	Labels or certificates entering markets	Toolkit offering necessary elements for each type of user and purpose

Source: Rametsteiner & Simula (2001)

[8] But not by all stakeholders

FSC models draw on accreditation as the instrument for linking certification programs; the underlying generic standards also need to be common (IAF) or harmonized (FSC). The IFIR and PEFC approaches address the recognition of entire schemes, the former based on generic criteria and the latter applying specific criteria for applicants. The Keurhout model is quite near these two options as it addresses all the key elements of a certification scheme (standards, certification body, CoC).

The users' assessment model may address all the elements for validating/evaluating a scheme but it does not provide an institutional arrangement for the process, leaving it to the users to pick their assessment criteria and carry out the work individually (or in a group). A tentative practical guide has been developed for this purpose by Nussbaum et al. (2002).

Three of the options make a provision for trademark/logo (FSC, PEFC, Keurhout), and the IFIR Mutual Recognition Framework makes reference to a possible single trademark which could be used globally. When labelling is covered, the CoC requirements have to be included as well.

While the IAF, IFIR and PEFC models are targeted at mutual multilateral recognition, the Keurhout model is unilateral in the sense that the Foundation arranges the assessment of certificates from individual producers. The users' assessment approach would be applied unilaterally but it could also form part of a mutual multilateral arrangement.

The first five options in Table 4.2 apply a set of predetermined requirements which define the basis for substantive equivalence, while in the last option users define their own criteria for assessment. PEFC and Keurhout require external experts to carry out assessments while the FSC has set up internal procedures for this purpose. Table 4.3 summarizes the main strengths and weaknesses of each option.

All the options except the FSC and Keurhout can provide a framework for the mutual recognition of national certification schemes. In the case of the FSC, the global accreditation facility allows individual private certification bodies to use a common label.

The two international schemes (FSC and PEFC) are competing in the marketplace because their certificates and labels are used for marketing communication. While all the other schemes appear to be interested in developing some sort of mutual recognition, the FSC has not yet established clear rules for this purpose[9].

Another approach, as identified by Rametsteiner & Simula (2001), would be to establish a validation arrangement through an identified body which would apply a set of minimum requirements for performance standards, the standard-setting process, conformity assessment, CoC verification, and conformity assessment bodies (certification and accreditation) in its assessment work (Box 4.3).

Application for validation assessments could be made by certification schemes or by users of certificates. An international arrangement to build towards the mutual recognition or validation of forest certification schemes would be possible based on the existing elements. However, broad stakeholder support would have to be mobilized to support such a process. This has not been possible for a number of reasons:

- stakeholders have different objectives in promoting certification which have not yet been aligned; in particular, minimum requirements and mutual recognition remain issues on which views differ (FAO/GTZ/ITTO 2001);
- there is a great gulf of trust between the supporters of various schemes (Synnott 2000, Ozinga 2001);
- there has apparently been insufficient impartial effort to identify detailed substantive differences among individual schemes and future stakeholder discussion on their implications and importance is required (FAO/GTZ/ITTO 2001);
- competition between internationally operating schemes (FSC and PEFC) and concerns of national schemes not participating or having access to international schemes; and
- general concerns related to cost impacts due to certification, particularly among developing country producers and small-scale private forest owners.

[9] A working group is reported to be preparing a policy on this issue.

Table 4.3 *Assessment of options for the recognition and validation of certification systems*

Model	Strengths	Weaknesses
IAF	• Commonly agreed criteria for forest management standards • Operating under current ISO accreditation standards • Established procedures	• The arrangement is between national accreditation bodies, which do not exist in all countries • Uncertain if sector-specific arrangements may have priority within IAF
FSC	• Single scheme which can provide clear rules • Support from NGOs and part of trade and industry • Current visibility in the marketplace of the common trademark	• Monopoly if the only scheme in the world • High level of requirements leads to limited access to the scheme in practice • No other scheme formally recognized as yet
IFIR	• Comprehensive approach addressing all elements and all kinds of schemes • Quality assurance provisions • Support from industry and some other stakeholder representatives	• Still at conceptual stage • Assumes schemes wish to get mutually recognized
PEFC	• Comprehensive approach addressing all elements • Established mechanisms for endorsing national schemes • Common trademark	• Regional application only for the timebeing • Lack of ENGO support • Accreditation arrangements not yet fully completed • Low perceived performance requirements by some stakeholders
Keurhout	• Comprehensive approach • Can be applied to both certification systems or individual certificates • No need for own label by applicant schemes	• Unilateral mechanism • Certain level of ambiguity in the role of the recognition body
Users' assessment	• Flexible, meets the needs of users • Possibility of linking with other models	• Different evaluation criteria by users creates problems for schemes • Not directly aimed at reducing proliferation

Source: Compiled based on Rametsteiner & Simula 2001

Box 4.3 *Possible elements to be covered by an international validation/evaluation system of forest certification schemes*

1. Forest management standard
   – common/regional framework for locally applicable performance standards and management system
   – minimum requirements for procedures for developing such a standard
2. Conformity assessment
   – requirements for assessment procedures
   – requirements for third-party certification body
3. Chain-of-custody verification
   – harmonized CoC standards
   – verification procedures
   – requirements for independent third-party certification body
4. Accreditation
   – accreditation standards
   – accreditation bodies

Source: Rametsteiner & Simula 2001

Bottom-up approaches

Many countries in which parallel standards have been developed under the FSC and national initiatives have made efforts to harmonize these (boxes 4.4 and 4.5 describe approaches in the United Kingdom and Sweden). These kinds of bottom-up approach have been successful in reaching a consensus on what a good forestry standard in the local conditions should be. The problem is that the international schemes do not have provisions to consider such amalgamated standards if these are not formally submitted for their endorsement.

In situations where a harmonized standard is used in the assessment, the forest owners can (must) choose which certificate they want to be issued. However, it is necessary that the certification body used has been accredited to work under the chosen system. This has caused some confusion in the United Kingdom, for example, where some forest owners assumed that they had been certified to the national UKWAS standard even though that was not the case because the certifier had (only) FSC accreditation.

Another situation has arisen in countries where a national standard has been developed and thereafter measures have been taken to make it compatible with the international requirements. This has been the case for the Malaysian Timber Certification Council scheme (Box 4.6) and LEI in Indonesia. The lessons to be learned from the Malaysian process with regard to the recognition of national schemes or standards by the FSC appear to be that:

- the FSC can only accept other standards which fully meet the structure of the FSC P&C; and
- the FSC may only accept other standards if they are developed strictly under FSC rules, particularly with regard to the balance of interests.

In the Indonesian case, joint field assessments were carried out to establish compatibility with the FSC. The resulting agreement between the two bodies (Box 4.7) means that the two programs are fully compatible with each other and, for LEI, the agreement will provide recognition by the FSC of the LEI standards. So far, only a few successful certification assessments have been made under the joint protocol between LEI and the FSC.

Box 4.4 *Mutual recognition bottom-up approach: United Kingdom*

An independent forest management standard for the UK was developed in order to gain the support of all stakeholders in the United Kingdom. The UK Woodland Assurance Standard (UKWAS) is recognized by the FSC and has been submitted by PEFC UK for recognition by the PEFCC (Goodall 2001).

The current forest area certified in the UK against UKWAS is 1.1 million hectares (40% of the forest area), including all the government-owned forest holdings of the Forestry Commission. All certifications have been carried out by FSC-accredited certifiers and, therefore, all these forests are considered 'FSC-certified'. According to FSC rules, certificates do not mention the standard used by name but they ensure that forest management meets the FSC's requirements.

FSC UK participated in the development of UKWAS and amended its own UK standard to make it equivalent with UKWAS. The FSC has recognized the FSC UK standard and UKWAS as being equivalent. UKWAS does not provide a label; its purpose is to provide a credible and widely supported compromise standard for the audit of UK forest management. Schemes using UKWAS will provide their own labels.

A national body for the PEFC has recently been established in the UK and has made an application to get the UKWAS standard recognized by the PEFCC. This would allow producers to make use of the PEFC trademark if they chose to do so.

As the PEFCC endorsed the UKWAS standard on 6 March 2002, PEFC claims can be made on UK products produced from forests certified against UKWAS by an accredited certification body. The UK Accreditation Services will be the accreditation body for certifiers using the UKWAS standard.

As both the FSC and nationally accredited certification bodies use the same standard (UKWAS), the choice for forest owners and managers is on the certificate they want to have – FSC or PEFC.

The FSC has a Working Group on Recognition Agreements. It may, if so requested, form an opinion on referring to UKWAS or similar standards on FSC certificates.

Box 4.5 *Mutual recognition bottom-up approach: Sweden*

Sweden has been applying two different concepts to forest certification: FSC and PEFC. This has made it difficult to implement certification in the country and, even more important, it has reduced the possibilities for producing labelled products.

In order to facilitate labelling, improve market communication and rationalize efforts to achieve certification in the Swedish forest sector, a bridging document between the two national standards was agreed upon by forest owners, forest industries and two leading ENGOs in December 2001.

The bridging document (Forest Dove) shows what is required from a forest owner applying one standard to achieve the other. The document identified 50 differences between the FSC and PEFC standards among the total of 100 criteria and made definitive proposals for overcoming them. Of the differences, 30 were minor, 13 major, and for seven the degree of difference was not indicated.

Four additions have been proposed to the FSC standard and 18 to the PEFC standard. This was due to the fact that the FSC standard has a broader coverage and is richer in detail.

The criterion on reindeer husbandry by Sami people could not be agreed upon and was left open to be clarified through further work and discussion between the involved parties.

The bridging document will be revisited annually to establish its continuous validity.

The document has been submitted to the Swedish FSC Council and the Swedish PEFC Council to serve as a bridge between the two forestry standards in order to increase the amount of certified wood.

It is to be noted, however, that neither of the national bodies is competent to make a decision related to the formal status of the bridging document without submitting the revised standards for approval by the respective parent body.

An amendment to the PEFC Swedish scheme has been sent to the PEFCC as a result of the Forest Dove for possible endorsement after the amendment has been duly assessed.

Source: Aulén & Bleckert 2001

Box 4.6 *Mutual recognition: stepwise bottom-up approach in Malaysia*

Malaysia expressed its desire to develop its own certification scheme based on standards that are specifically designed for Malaysia and in 1998 the Malaysian Timber Certification Council (MTCC, originally called the National Timber Certification Council, Malaysia) was established to develop an appropriate certification system. Over a 14-month process, the MTCC identified and finalized its certification criteria, indicators, activities and standards of performance in consultation with a number of stakeholder organizations. The *Malaysian Criteria, Indicators, Activities and Standards of Performance (MC&I) for Forest Management Certification (Forest Management Unit Level)* were published in December 1999.

The MC&I have been developed through many drafts. Although they are based on the ITTO structure and guidelines for SFM, they also incorporate substantial elements of national legislation. They include standards of performance that are based on a considerable history of silvicultural and management experience and some of the most detailed research in the world.

The national-level criteria and indicators for SFM were tested and further adopted to apply to regional conditions. Malaysia has been spearheading the development and application of national C&I for SFM among the ITTO producing member countries, both at the national and FMU levels.

To further improve the criteria and certification procedures and to ensure the international recognition of its standards and certification scheme, the MTCC and the FSC agreed to conduct a joint study to compare the MC&I for Forest Management Certification with the FSC's P&C. The study concluded that the national standard could be made compatible with the FSC requirements by further action with regard to the standard development process and adjustment to the contents of the standard.

The national timber certification scheme was officially launched on 31 January 2002; this made it operational. By February 2002 a total of 2.3 million hectares of permanent forest estate had been successfully audited under the scheme.

As part of the collaborative efforts between the MTCC and the FSC, a multi-stakeholder national steering

committee (NSC) has been formed to determine the terms and conditions of further cooperation and to revise the MC&I to make them compatible with the FSC P&C. In doing its work, the NSC has endeavoured to comply with the FSC process requirements in determining the membership of the NSC and in the election of members by the stakeholder groups. The NSC has also decided to follow the structure and format of the FSC P&C in developing the FSC-compatible MC&I. In July 2001, five members representing certain social stakeholders including some local communities decided to withdraw from further involvement with the NSC.

An action plan has been adopted towards the formation of an FSC National Working Group (NWG) as a new body to advance the work of the NSC. There will be a fresh election process to determine the representatives of the stakeholders in the NWG to represent all parties interested and involved in SFM in Malaysia. The NWG will further develop the FSC-compatible MC&I before submitting them for the FSC's endorsement. The MTCC will use this FSC-endorsed standard for the third phase of its certification scheme.

Sources: Thang 2000, NTCC 2000, Sandom & Simula 2001, MTCC 2002

Box 4.7 *Mutual recognition: joint certification protocol between certification bodies accredited by LEI and the FSC in Indonesia*

In order to obtain public and international confidence as a credible system and to refine field assessment methods, LEI has undertaken improvements of its data collection and field analysis method through workshops in cooperation with the FSC. The result was the protocol of a joint certification program (JCP) in accordance with the Mutual Recognition Agreement (MRA). The JCP is still ongoing with the purpose of strengthening the bargaining position of LEI in facing other forest certification initiatives, FSC among others. This action was taken to convince foreign interests of the high degree of credibility of the national-based system. The LEI system intends to gain status as a compatible certification system to an internationally recognized system as well as being acceptable to local views.

The JCP protocol was signed between LEI and FSC and their accredited certification bodies operating in Indonesia in September 2000[10]. The salient elements include:

- the JCP meets all requirements under both the FSC and LEI certification systems;
- the C&I of LEI will be used by all certification bodies operating in the country; the FSC's certification bodies will use all LEI C&I, including those exceeding the requirements of the FSC as well as any additional requirements not included in the LEI C&I;
- only FMUs that pass both LEI and FSC system requirements will be certified (both certificates will be issued and both logos can be used);
- FSC scoping is not compulsory and will be determined by the FSC's certification bodies;
- public consultation is a fundamental component of the JCP;
- public summaries of the certification decision will be made available in Bahasa and English; and
- surveillance visits and the appeal process will be according to each system's requirements.

Source: LEI 2002

In conclusion, experience in bottom-up approaches has shown that without clear rules on how national-level efforts can be incorporated under the rules of international certification programs, the process of mutual recognition is likely to be complex and tedious and the results uncertain. Stakeholders should be aware of the possible outcomes of various types of harmonization processes. Expectations have been high when a consensus has been achieved at a national level. However, local stakeholders will become frustrated if such expectations cannot be met or duly addressed by the international schemes that are supposed to endorse or formally recognize the outcomes; this may, in turn, undermine the role of certification as a tool for promoting SFM.

[10] The protocol was also signed by GTZ, which facilitated the process.

5 Impacts and issues for tropical timber-producing countries

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. As shown in Section 2, less than 10% of the currently certified forests are located in tropical countries. The figure becomes even lower if only natural tropical forests are considered. Therefore, the following assessment of the impacts of certification in tropical timber-producing countries is based on a very small sample of cases and the discussion is mostly based on potential impacts rather than on current field effects.

Impacts on SFM

In tropical countries, as in other regions, most now-certified forest concessions already had better-than-average forest management practices before certification took place. Therefore, the impact of certification on forest management practices can be assumed to have been rather limited. A good number of certified concessions in natural forests are managed by state forest services or are supported by donor funding or pilot projects. However, private firms have also made efforts on their own to achieve certification. The following aspects have been affected by efforts to meet certification requirements (cf Bass et al. 2001).

Planning of all forest management operations: in all cases, forestry organizations have put a great deal of effort into planning forest management operations covering both strategic and operational planning. Adequate forest inventories and elaboration of management plans have been the first activities which forestry enterprises seeking certification have carried out. This is an important point; in most tropical countries, the quality and implementation of forest management plans have left a lot to be desired and SFM plans are still an innovation.

Adoption of scientific methods and improved conservation: forest certification has encouraged forest managers to include silvicultural methods in their operations. In some cases, permanent sample plots have been established to improve growth estimates and production projections in forest management planning. All certified forest concessions have included measures for biodiversity conservation and environmental protection in their plans. Examples include the protection of riparian zones, water catchments and wildlife. In some cases the emphasis has been on regulating the use of chemicals.

Adoption of reduced impact logging (RIL) techniques: most certified forest concessions have received a great deal of attention concerning the careful planning of the road infrastructure, operational logging plans, directional felling and other elements of RIL. In some cases, detailed guidelines for the implementation of logging operations in respect of RIL techniques have been developed. The work carried out by IMAZON, supported by the Tropical Forest Foundation, in Brazil to improve planning methods and train staff is a salient example. Most certified natural forests in Brazil have benefited from IMAZON's programs.

Monitoring of forest management practices and documentation: one of the most important obstacles to SFM is the low level of knowledge about the functioning of the forest ecosystem and a lack of proven techniques and methods to manage these ecosystems sustainably. To improve on these aspects, effective monitoring and documentation of all forest operations and the forest ecosystem response to change are crucial. Perhaps one of the most important contributions of certification to SFM in tropical timber-producing countries has been the careful documentation of field operations and management procedures. This impact is especially beneficial as it also allows improved reporting. The ITTO projects to implement C&I in all the three tropical regions have contributed to capacity-building in this area.

Issues related to certification standards

Inflexibility of standards: one of the reasons that so few natural tropical forests have been certified over the last nine years is the inflexibility of standards of performance. 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. Certification standards do not recognize successive steps to go through when moving towards SFM. In addition, certification standards that specify particular types of inputs and

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 primarily focuses on FMUs 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 level 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 concerned by certification, which would not recognize 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, usufruct rights of 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 which may need to be addressed before certification can work in practice. Locally developed standards through an inclusive participatory process within an appropriate international framework should result in performance requirements which are relevant to and achievable by concession holders, communities and other forest owners in specific country conditions.

Impacts on the benefits and costs of tropical forest management

Benefits of certification: although certified suppliers have occasionally obtained some price premiums, the overall trend suggests that there is no price premium to be expected from certification in the long run. However, as the current demand for certified tropical timber exceeds supply in some export markets (see Section 2), some suppliers report price premiums ranging from 5% to 65% in sawnwood and plywood. The higher figures refer to special products (decorative and others) sold through retail outlets, but their share of the total production of the mill is generally low in tropical countries. In integrated operations, part of these benefits go to pay for the increased costs of forest management but there is not even anecdotal evidence that they would have translated into significantly higher log prices for non-integrated producers. Benefits are likely to be mostly related to market share and access. Some tropical timber producers have been able to enter new markets as a result of certification, others have been able to protect markets which would otherwise have been lost. Several certified producers of tropical timber are reported to have obtained access to new markets and customers in Europe (mainly in the United Kingdom, the Netherlands and Germany) and the United States. Some of these customers have been retailers belonging to buyers' groups, which in turn have gained in terms of reputation.

While certification is becoming a baseline requirement for suppliers of temperate and boreal timbers in some markets and market segments, buyers cannot be expected to pay any extra for certification, even though certification adds value to the product in the sense that it provides information on the environmental quality of the product. The slow progress of certification in the natural tropical forests means that the current shortage of supply will remain for some years to come, enabling advanced exporters to benefit from a price premium, which varies by product, market and end-use segment. With increasing supply, the premium is likely to disappear as in the case of other types of timber.

Costs of forest certification: the costs of certification can be divided into direct and indirect costs. The main direct costs include the costs of forest management certification and the costs of CoC certification. They tend to be higher for tropical forests than for temperate forests, most certifiers being located in temperate countries. This becomes more apparent as the size of the forest to certify decreases.

Indirect costs are those related to efforts to upgrade the whole forest management and/or wood

processing systems in order to meet the requirements of the certification system desired. Such efforts can be relatively small in cases where forest management was already good enough before certification, which is the case in many temperate situations. In contrast, the indirect costs of forest certification become very high if the company is a long way from good forest stewardship, as is the case in many forest concessions in tropical countries.

The costs of CoC depend on the management system of the enterprise, particularly control measures and records. Many timber-processing companies produce both certified and non-certified products, implying additional costs related to the separation of the two types of raw materials and products. Some companies are certified under two systems (eg FSC and ISO 14001), which also has an impact on the costs. As a whole, CoC certification tends to be more costly in tropical countries than in developed countries because industry management systems are less developed.

Sharing the costs and benefits of forest certification: in general, certification costs tend to be much heavier for primary producers than for processors. On the contrary, the benefits of certification, which relate mainly to market access, tend to be realized by actors further down the supply chain. Therefore, at present, the main winners from forest certification appear to be far from the forest, particularly in the case of tropical forests.

Impacts on forest-related social issues

In most cases,two types of social issues are encountered in forest management: those related to local communities and those related to workers. Both are addressed by forest certification standards. For example, Principle 4 of the FSC focuses on 'community relations and workers' rights'; this topic is covered by other schemes as well.

In all the cases of certified tropical forests, efforts have been made to provide employment to the local community and to include local community members in forest management. However, the overall impact of forest certification on local development has been limited and linked to the existence of other economic opportunities in the area. The economic sustainability of forestry operations is a precondition for maintaining employment and generating income and other social benefits. Such local benefits may not be sustainable if forestry is an economically marginal activity. For example, the public summary of the certification report of PT Diamond Raya in Indonesia indicates that there is little interest among community members in forestry because the local economy is based on fishing and there is no tradition of working in the forests.

Concerning workers' rights, the impact of forest certification depends on national legal rules, which are often minimal in tropical countries. However, in most cases of certified forests, concessionaires have put in place health and safety standards that are above the national norms. Similarly, certification can be expected to improve the ability of workers to organize and result in stronger trade unions. In the tropical countries such impacts may be larger than in temperate and boreal zone countries where legislation is more advanced and workers are already relatively well organized.

Another dimension of social impacts is related to communities and, in particular, to whether community forests can benefit from certification. Some examples of certified community forests include (Bass *et al*. 2001):

- the Lomerío community management project in Bolivia (Markopoulos 1998) certified in 1996 by the Rainforest Alliance's Smart Wood program (FSC) for an area of 52 000 hectares;
- the campesino forestry groups in Honduras (Markopoulos 2000) certified by Smartwood in 1997 for an area of 13 978 hectares;
- the Union of Zapotec and Chinantec Forestry communities in Mexico (Markopoulos 2000) certified in 1996 by SmartWood for an area of 24 996 hectares;
- the Bainings Ecoforestry Project in Papua New Guinea (Thornber 1999), certified in 1994 by SGS (FSC certificate) for an area of 12 500 hectares; and
- Muzuma Craft Limited in Zambia (Thornber 2000), certified by Woodmark (FSC) for a total area of 1.27 million hectares.

There are comprehensive analyses of the impacts of certification on the management of community forests as well as on the managing of communities themselves (eg Bass et al. 2001, Thornber & Markopoulos 2000). In most cases, the commu-

nities were supported by donor projects or had a strong relationship with an international ENGO. The impacts observed include:

- *the adoption of scientifically rigorous techniques by community forest managers*: communities that have moved towards certification have adopted more formal forest management practices, including planning and taking measures to reduce negative impacts on environmental values. However, it should be noted that prior to certification most of these communities had adopted high technical standards as part of donor projects or to meet existing legal regulations. As a result, the incremental impact of certification on forest management practices has been relatively limited. In addition, current certification processes do not appear to put enough value on local knowledge in forest management;
- *improvement of administration:* this is achieved through better documentation of forestry operations, bookkeeping and reporting. Community forestry administrators have in a sense been forced to adopt more businesslike methods, including internal evaluation and tighter management of financial resources. Certification has sometimes led to the restructuring of the community-based forest enterprise in a way that increases the efficiency and transparency of the administration. On the other hand, there are cases where only a few individuals of the community enterprise have understood the requirements, and the impact on management has therefore remained limited;
- *decision-making and participation*: certification emphasises transparent and equitable participation in forest management. In most cases, the institutional arrangements of the community-based forest enterprise have been re-evaluated to strengthen local commitment to forest management. Certification has also enhanced the professional status of community-based forest enterprises, which have become partners with government agencies and donor projects in decision-making on forest management;
- *changes in targeted markets*: because certification relies on environmentally sensitive markets, which are mostly located outside the tropical countries, it has encouraged community managers to turn to export markets. Sometimes, certification has helped the promotion of lesser-known species in export markets. In most cases, however, the market benefits have remained limited for commercial reasons;
- *effects on community income:* in general, certification has not resulted in a substantial increase in community income. In addition, improving forest management and processing practices to meet certification requirements has often reduced production capacity and offset any short-run price premium which might have occurred. In order to take advantage of newly opened markets, community forest managers need good managerial capacity and knowledge of these target markets, which has rarely been the case;
- *improved organization of communities:* in order to conduct dialogue with government, industry and donors, forest management communities have improved the structure of their internal organizations; and
- *outgrowers:* in many countries, small landowners grow timber to supply big companies installed in the vicinity of their processing plants. These landowners face a number of difficulties when considering forest certification (Tolfts 1998; Scrase 1999). One of the most important problems is the cost of certifying such woodlots individually; outgrowers can rarely afford the cost of an external audit. The problem of costs is aggravated by the burden of record-keeping and administration.

6 Options for tropical timber producers

Certification standards and systems

Where ITTO producing member countries lag behind the other countries, accelerated action and more support is needed to enable them to have access to, and benefit from, certification. The development of certification standards has proved to be costly and time-consuming (the Cameroon case is described in Box 6.1). A number of options can be drawn on in the development of certification in the 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 (cf Section 5);

(ii) development of national certification standards to be used in the country: this work should meet the international requirements set for such standards. For marketing purposes, the standards should be recognizable 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 P&C structure and the FSC rules for national initiatives should also be met. 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 applied – as is happening in Malaysia and the Congo Basin. In this case, the direct market benefits would apply to exports to the Dutch market.

The PEFC also has provisions for recognizing non-European schemes, even though no such endorsement has taken place yet. It is expected that non-European applications will be received by PEFC in 2002; and

(iii) in view of the uncertainties related to option (ii)[11], countries may consider *developing regional schemes* (such as the planned pan-African certification scheme), drawing on the ITTO/regional set of C&I for SFM.

In the Pan-African case, the harmonized ATO/ITTO PCI may serve as a common framework for a national standard or for a regional certification standard. This approach is demanding, because an adequate governing structure would have to be established. On the positive side, the standard(s) and arrangements could be tailored to fit local conditions and requirements. On the other hand, the regional scheme would reduce the proliferation of national schemes that could otherwise emerge in the region.

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

Due to weaknesses in organization 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 their strengths and weaknesses, their feasibility in the local conditions, and the acceptability of the results by the major certification-demanding markets.

Stepwise approaches

Several proposals have been made by different fora (eg the EC workshop in 2001) to develop a stepwise approach for developing country producers to recognize their progress toward SFM. The reason has been that the FSC requirements have been so high that the scheme's progress in the natural tropical forests has remained slow (see Section 2) and other options have not been available.

A related development is the growing importance given to curbing illegal logging and 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 requirements define two alternative 'levels' for the quality of forest management and the wood supply chain. Compliance with the legal requirements is inherent

[11] 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

Box 6.1 Promotion of forest certification through national working groups: the Cameroon case

The national working group (NWG) on sustainable forest management and certification in Cameroon was created in 1996 within the framework of an EU-funded project: 'Promotion of Sustainable Forest Management and Certification in Timber Producing Countries of West and Central Africa'. This was implemented by WWF Belgium and its first phase was designed for about one year (January 1996 to February 1997). The project activities were carried out at three levels: (1) the national level in Cameroon, Gabon and Ghana; (2) the regional level, in association with the African Timber Organization (ATO) and international organizations including CIFOR; and (3) the international level, mainly in Europe. The initial objectives of the EU project were two-fold:

- to prepare a framework for certification in one pilot country (Cameroon) and to create awareness in two other countries (Gabon and Ghana) and at a regional level; and
- to improve understanding and commitment for the certification of African timber among importers/industrialists in Europe.

In Cameroon, the NWG consisted of 15 members: three from government institutions, three from NGOs, three from logging companies, three from local communities, and three from pilot forestry projects and the scientific community. Although the NWG included forestry specialists, most of the members of the NWG had no precise knowledge of certification. At its creation, the tasks of the NWG of Cameroon were:

- to exchange information and organize training sessions on SFM and certification; and
- to adapt international criteria of SFM (CIFOR, ITTO, ATO, FSC) into locally accepted and measurable criteria.

During the first phase of the project, the NWG met almost monthly and organized many training sessions, targeting first its members and then other forest management stakeholders. The NWG also sensitized the interested public on the issue of forest certification. By the end of 1996, a draft set of principles, criteria and indicators had been worked out.

During the second phase, the project focused on 'building capacities for sustainable forest management through the strengthening of NWGs and the development of regional certification strategies with ATO'. The specific project activities related to the Cameroon NWG were to:

(i) strengthen the NWG by consolidating results of the first phase and building its capacity to become a link between international accreditation organizations and future certification activities in the region;

(ii) refer to the NWG during the identification of logging companies and local forest communities interested in certification;

(iii) organize a study tour of NWG members to Europe to discover the markets for certified tropical timber products;

(iv) support the exchange of information between the NGOs of Cameroon and those of Europe; and

(v) organize training sessions for NWG members on aspects related to auditing, accreditation, forest management plans, etc.

Activities (iii) and (v) were easily accomplished, but the other activities had mixed results. An important achievement of the NWG has been awareness-raising on forest certification at the national and regional levels. The NWG has done much to include forest certification in almost all forestry-related public debates. It has contributed to a better understanding of certification within the forestry adminstration and logging companies. The NWG has become a valid interlocutor in discussions and debates related to SFM. One of the reasons for this is the composition of the NWG, which incorporated representatives of the forestry administration alongside other stakeholders.

However, the Cameroon NWG has also faced a number of problems. One is its unclear position between WWF Belgium, WWF Cameroon and the Government of Cameroon. The NWG depended on WWF for its means of functioning but was supposed to be ideologically independent. This has proved to be difficult. Similarly, it has not been clear whether the NWG was to influence government policy on SFM and certification and seek the recognition of its draft standards by the forestry administration, or whether the purpose was to move towards FSC to obtain recognition of its standards. Before developing a set of PCI it was not clear how the developed set was to be used. To finalize its drafted standards the NWG intended to test these in the field but this never happened because of a lack of means.

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 CoC verification. Certification of CoC does not, however, necessarily concern full verification of the origin of uncertified wood. Therefore, a CoC certificate holder may be involved (unintentionally or otherwise) in handling illegally procured timber.

In view of the seriousness of illegal harvesting and trade in tropical timber (see, for example, ITTC document (XXXI)/21), 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 all its elements are addressed by the concession holder or forest manager as specified in the SFM standards. These elements may be formulated into operational modules as suggested by Cozannet & Nussbaum (2001) (Box 6.2). 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 (see ITTO 1998). This is also recognized 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.

A stepwise approach has also been applied by the Keurhout Foundation in some African concessions. In the initial audit, the current status of forest management is established as defined in the five Keurhout principles[12]. An action plan is then prepared, addressing gaps and corrective action requirements. The implementation of the action plan is subsequently verified by an external body through surveillance visits.

The stepwise approach is still under conceptual development but it seems to offer an attractive option for enterprises which need to demonstrate to their customers that verified progress is being made towards SFM. Cozannet & Nussbaum

Box 6.2 *Verification system of progress towards SFM*

Initial review (optional)	• Review of the current situation of forest management
↓	
Entry requirements	• Formal, public commitment to the improvement process • Preparation of forest management/action plan with timetable and responsibilities • Compliance with the regulatory requirements of forest management • Verifiable origin of raw materials (processing industries)
↓	
Entry audit	• Verification of compliance with entry requirements
↓	
Annual audits	• Surveillance of continuous compliance with entry requirements • Verification of the implementation of the forest management/action plan and its adjustments
↓	
Final review/application for certification	• Verification of the completion of the action plan

Source: Adapted from Cozannet & Nussbaum (2001)

[12] www.stichtingkeurhout.nl

(2001) list a number of issues which have to be addressed if market claims are aimed at during the process:

- who should carry out reviews and audits;
- the type of communication based on the results;
- achieving an adequate level of transparency;
- the potential for 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. A recent decision by the International Tropical Timber Council (Annex 4) will allow a detailed exploration of the concept.

International support

As pointed out before (Section 2), the external support which has been available from multilateral sources like ITTO, bilateral donors, international NGOs, private foundations, etc, has been inadequate for fast progress to be made in the certification of natural tropical forests. Ambitious targets have been set from outside (eg the WB/WWF Alliance), with certification as one of the key instruments to promote SFM in the tropics. The limited actual results suggest that solutions proposed from outside may not work and support has not been well targeted or may have been of inadequate quality.

ITTO has made a significant contribution to provide an appropriate policy framework, a range of tools, and direct support on the ground to promote SFM. However, ITTO's role in promoting the certification of tropical forests is still largely undefined as long as it may go beyond capacity-building. A more limited role has been mainly advocated by ITTO consuming member countries, while producing members tend to emphasize a more active role for ITTO. The ITTO International Workshop on Comparability and Equivalence of Forest Certification Schemes, held in Kuala Lumpur, Malaysia, in April 2002, produced a range of recommendations, including in relation to ITTO's future role (Annex 1). Certainly, 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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www.diy.com
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www.foresttrends.org
www.fscoax.org
www.ikea.com
www.itto.or.jp
www.lei.or.id
www.mttc.com.my
www.paperprofile.com
www.pefc.org
www.stichting.keurhout.nl

Annex 1

ITTO INTERNATIONAL WORKSHOP ON COMPARABILITY AND EQUIVALENCE OF FOREST CERTIFICATION SCHEMES

3–4 April 2002

Kuala Lumpur, Malaysia

PROCEEDINGS

Background

At its Thirtieth Session held in Yaounde, Cameroon on 28 May–2 June 2001, the International Tropical Timber Council adopted Decision 10(XXX) on Certification. This decision called for the convening of a workshop prior to the Thirty-second Session of the Council with broad-based participation on progress being made regarding the comparability and equivalence of certification schemes. Pursuant to the decision, the ITTO International Workshop on Comparability and Equivalence of Forest Certification Schemes was held at the Park Plaza International in Kuala Lumpur, Malaysia on 3–4 April 2002. The Food and Agriculture Organization of the United Nations (FAO) extended its cooperation and collaborated with ITTO in the convening of this workshop.

Objectives

The purpose of the workshop as provided for in Decision 10(XXX), was:

- to invite member countries and relevant interested parties to participate in a discussion of the principles, frameworks, and elements of certification schemes;
- to identify principles and critical elements relevant to the development of standards for certification;
- to review progress being made towards comparability and equivalence of certification schemes;
- to obtain the perspective of buyers' groups towards certification; and
- to recommend relevant activities for ITTO and its members.

In realizing the above objectives, it was hoped that the ITTO International Workshop would also contribute to the on-going process of international dialogue and consultations on some of the outstanding issues relating to certification.

Workshop program and overview paper

The final program for the ITTO International Workshop was developed by the appointed consultants, Dr. Richard Eba'a Atyi (Cameroon) and Dr. Markku Simula (Finland), in consultation with relevant interested parties and the ITTO Secretariat, taking into account the comments and suggestions received.

An overview paper entitled 'Forest Certification: Pending Challenges for Tropical Timber' was also prepared by the consultants and distributed to registered participants prior to the convening of the workshop. The final version of the paper incorporating comments provided during the course of the workshop forms the main body of this technical report. The paper presents an overview of the current situation in forest certification, points out the substantive differences between the schemes and analyses international requirements and validation mechanisms. It also assesses the impacts and issues for tropical timber-producing countries and offers options on certification for tropical timber producers. The paper served as a useful reference for participants in the ITTO workshop.

Attendance

The ITTO workshop was attended by 68 registered participants from: 14 ITTO member countries; five relevant international organizations; nine certification schemes; 14 private sector groups; seven relevant non-governmental organizations; and two buyers' groups.

The list of participants is included at the end of this annex.

Opening session

The opening of the workshop was officiated by the Honourable Deputy Minister of Primary Industries, Malaysia, Y.B. Datuk Anifah Aman. His opening address was preceded by a message from the Executive Director of ITTO and by remarks by the representative of FAO.

Substantive sessions

The remaining program of the workshop was conducted in the form of plenary and working-group sessions, with the appointed consultants serving as the moderators. Apart from an introduction to the objectives and organization of the workshop, the moderators made presentations in plenary to introduce three thematic aspects of certification: namely, an overview of recent developments related to mutual recognition; common principles and elements of, and differences between, existing certification schemes; and

approaches and mechanisms for improved comparability, validation and recognition of certification systems – global and regional options.

Three panel discussions were conducted to address the issues of: market requirements for certified timber and timber products; can national schemes and standards meet international requirements?; and approaches and mechanisms for improving comparability, validation and recognition of certification systems – global and regional options. The first panel discussion involved five presentations comprising two representing the buyers' groups, two representing the timber trade and one representing the suppliers. Six presentations by national certification schemes in ITTO producing member countries were made during the second panel discussion, consisting of three schemes in Asia and Pacific, two in Africa and one in Latin America. The third panel discussion was facilitated by six presentations made by representatives of major international and regional certification schemes and initiatives. All presentations made available in electronic format can be found on the ITTO website.

Two working-group sessions were held during the course of the workshop. The first session dealt with the issues relating to the needs of producers and forest managers in meeting market requirements; certifying small-scale and community forests; and benefits and constraints in developing countries. In this connection, working groups 1 and 2 were assigned the task of addressing the main constraints that tropical timber-producing countries were facing in having access to, and making use of, forest certification at the national and forest management unit levels. The working groups were also tasked to consider what was needed in tropical timber-producing countries to remove these constraints and the specific problems related to facilitating community forests, outgrowers and small-scale forest owners. The steps that could be taken in tropical timber-producing countries to meet the requirements of the international markets concerning certification, considering national experiences constituted the subject of the deliberation of Working Group 3, while Working Group 4 tackled questions related to the market requirements for certified tropical timber products and what markets could do to assist tropical producing countries to achieve certification.

The second working-group session was focused on the way forward in building trust, follow-up process, and special provisions and support needs in tropical timber-producing countries. In this session, Working Group 1 addressed the kind of phased approach that could be recommended for tropical timber-producing countries that could not achieve certification status in their forests in the short term, while Working Group 2 considered the principles and critical elements that were relevant to the development of standards for certification. Working Group 3 was assigned the topic of whether regional certification schemes/initiatives were an appropriate solution for tropical timber-producing countries (identifying the pros and cons) and those aspects that should be considered in their implementation. The role ITTO should have in facilitating its producing member countries to make progress in forest certification and the identification of activities to be taken at the international level and in member countries constituted the issue deliberated upon by Working Group 4. In addition, all four working groups were invited to consider how more trust could be created between stakeholders supporting different certification schemes and what should the follow-up process be in the international dialogue on equivalence and comparability.

Following the completion of each of the working group sessions, participants met in plenary to consider the reports of each of the working groups. Plenary sessions were also held to discuss the way forward in relation to the continuation of international dialogue and follow-up actions and to consider and adopt the moderators' concluding remarks.

Moderators' concluding remarks

The gist of the proceedings and outcomes of the workshop, including a set of recommendations for the consideration of ITTO and its members, is contained in the moderators' concluding remarks as follows:

Only about 8% of the world´s certified forests totalling 109 million hectares are found in developing countries. Tropical timber producers are seriously lagging behind the developed countries in making use of forest certification, which was originally designed as an alternative to bans and boycotts of tropical timber in the international

marketplace. Nevertheless, many tropical countries are committed to promote and implement certification as a tool to make progress towards sustainable forest management (SFM).

The problems that tropical countries are faced with in making progress towards SFM include extremely diverse ecological and socio-economic conditions, uncertain or disputed land tenure, social and political conflicts concerning the use of forest resources, lack of financial and human resources, institutional weaknesses, and poor cost-competitiveness of SFM-certified forest products. Forest use is in many cases a high-level political issue that cannot be addressed through sectoral measures alone. Tropical timber-producing countries are also experiencing many demands other than certification from outside which tend to limit their access to the markets. In the international markets, there appears to be a lack of understanding about local realities and a lack of appreciation of the fundamental problems faced by tropical countries in making progress towards SFM and implementing certification to demonstrate this.

In many tropical countries there is a wide gap between the existing level of management and what is required by certification standards. Constraints in bridging the gap include inadequate government support, an insufficient information base and lack of human resources, a lack of resources needed for improving forest management practices, a lack of incentives for forest managers and industry, and a lack of understanding of what certification entails. The management systems in place are not yet adequate and the concept of forest auditing is still at the introductory stage. In some cases the small size of forest management units and the short duration of allocated harvesting rights are other constraints.

Certification can contribute to the control of illegal logging and trade by tracking the origin of tropical timber and by verifying legal compliance, which is a basic requirement in all certification standards. With regard to deforestation, certification may help create more value to the resource so that forest land is not converted into other uses, but the issue of increased costs must be addressed. On the other hand, as the best-managed forests are commonly certified first, the impact of certification on forest management is not yet taking place where it is most needed. Another constraint is that the costs and benefits of certification are not shared equitably between the stakeholders.

Multiple requirements of different markets and buyers on what kind of certification is needed for tropical timber products makes it difficult for producers to meet these requirements and can even be a disincentive for SFM. The buyers should bear their part of the responsibility in assisting tropical timber producers in achieving certification. Examples of such measures are: innovative procurement policies; education of consumers, stakeholders and the general public; support for training and R&D in tropical timber-producing countries; the promotion of certified lesser-used species and non-timber forest products; and such measures as preferential tax policies for certified timber products in consuming countries.

Relevant principles and critical elements with regard to the development of certification standards include a set of globally applicable principles and a mechanism for their interpretation to define standards at the national level. The development process should be based on participation to ensure broad ownership of the outcome involving stakeholders from the beginning. Decisions should be preferably made by consensus. All stakeholders should be informed about the standard development process and be invited to nominate their own representatives to participate. Such representatives should preferably be genuinely committed to the process. The lack of adequate capacity for some stakeholders to effectively participate in the process should also be addressed. There should be mechanisms for communication and the provision of information as well as for resolving grievances. Adequate field-testing is needed to ensure that the standard works in practice. The standard should be based on available science and technology, draw on the existing regulations and guidelines, and should meet an agreed international baseline while being locally applicable. The standard should be periodically reviewed based on new knowledge and expectations as well as experience from implementation.

Some buyers have expressed their minimum requirements as ‘FSC or equivalent’ in order to obtain confidence in certificates. However, what equivalence means in this context has not been defined. The main concerns of buyers appear to be related to how and by whom the standards have been developed.

Demand for certified timber products in certain markets and market segments exceeds the available supply. Certification has brought confidence to traders to promote wood products. On the other hand, only part of the production of timber from certified forests is marketed as certified due to a general lack of demand.

It is necessary to address the problem of lack of trust between stakeholders, which is associated with their different objectives, political conflicts and sometimes with inadequate dialogue due to a lack of information. Support from major stakeholders including governments, industry, trade and NGOs is important to make progress in certification. The role of NGOs, among other stakeholders, needs to be recognized; they tend to be considered a reliable source of information by the general public in developed countries as regards the monitoring of, and making judgements on, environmental and social issues. All parties should be prepared to make allowances for achieving more convergence between certification schemes.

There are three main possibilities for bridging the gap between the existing certification schemes: (a) cooperative arrangements like mutual recognition and/or joint certification assessments; (b) consumer pressure which would lead to the disappearance of unacceptable schemes; and (c) producer pressure, which has resulted in the harmonization of national-level certification standards in some countries.

Mutual recognition between schemes as a means of reducing confusion among buyers and consumers received support from several participants of the workshop, although others did not support the idea and saw more merit in competition between schemes or in allowing the market to decide which schemes to support. Any international framework for mutual recognition should be non-discriminatory, transparent, cost-effective and should include the regular revision of standards. It was noted that mutual recognition requires rigorous technical analysis and should not lead to the lowering of standards. Many participants thought that there was a need for an international framework for the evaluation and validation of certification schemes, eventually leading to mutual recognition. This, if implemented, should preferably be organized through existing bodies.

The FSC is not supporting international-level mutual recognition, while PEFC works based on that principle, also offering to recognize non-European certification schemes. Keurhout has its own criteria for accepting certificates. Practical tools have been developed to assess individual schemes with due consideration of their objectives.

National certification schemes have been developed in a number of tropical countries. This has ensured the due consideration of local situations in the development of standards and certification arrangements. The catalytic role of governments has been important in these efforts, not least because the government is often the ultimate owner of forests. In the development process, inputs are needed from all the stakeholders, including the private sector, social groups, workers, the scientific community and others. The involvement of government has also contributed to the integration of SFM and its certification into national policies and programs.

National schemes are committed to meeting international requirements. Efforts to make national standards compatible with the international ones and the regional and national sets of criteria and indicators for SFM have been taken in a number of tropical countries. National schemes have also tried to obtain endorsement by international certification schemes but the processes have been time-consuming and their outcomes remain uncertain. Many participants thought that international schemes should be more flexible when their requirements are adapted to local conditions.

Setting the requirements for certification standards and schemes too high to be achievable in tropical countries will discourage such countries from taking action in this field. SFM should be understood as a process where continuous improvement is essential and different starting levels must be recognized. A phased approach was proposed as a potentially feasible option for tropical timber producers in gaining recognition of their efforts to implement certification. Such an approach should be based on a commitment to achieving certification to a defined standard for SFM that is acceptable to the market, and has baseline requirements, a defined time-schedule, independent verification, and rigorous rules. The first step could be the independent voluntary verification of legal compliance. In the design of the phased approach, possible risks should be considered in order to

avoid a weakening of existing standards in practice. The phased approach merits further consideration but requires in-depth analysis and discussion with stakeholders to design it in a way that makes it acceptable to the market, producers and other stakeholders.

Regional initiatives such as the proposed Asia-Pacific Forum on Forest Certification and the Pan-African Forest Certification scheme could be valuable in assisting countries in developing certification and building capacity through the analysis of common problems, exchange of experience, communication, etc. Regional initiatives could also be useful in supporting the development of comparable national standards within a common framework and making effective use of scarce resources. In addition, they could help mobilize financial and other support to tropical timber producers, and even promote common product specifications. Regional approaches are not applicable in all regions and they risk being time-consuming and dominated by large producing countries. Existing organizations could be drawn on in developing and implementing regional initiatives.

Recommendations for ITTO

ITTO´s role in promoting SFM and SFM certification should be strengthened. The workshop made the following recommendations on the actions that the Organization should take:

(1) provide support for capacity-building to its producing member countries in forest certification, including institutional strengthening, stakeholder participation, auditing systems, training, and better understanding of certification, and be more responsive to project proposals related to certification;

(2) monitor progress in the comparability and equivalence of certification systems and explore opportunities for promoting convergence in forest certification standards in member countries, including regional initiatives. This could involve facilitation of multi-stakeholder dialogue and communication between schemes;

(3) facilitate discussion involving stakeholders and provide support for exploring the feasibility of a phased approach to certification as a means of improving equitable access to certification by producers in producing and consuming member countries;

(4) recognize the potential contribution of forest management and chain-of-custody certification to the control of illegal logging and illegal trade in tropical timber;

(5) facilitate dialogue and cooperation between consuming and producing member countries, and educate stakeholders and the general public about the principles and complexities of SFM and the certification of natural and planted forests;

(6) give more emphasis to its efforts in promoting enabling conditions for SFM and its certification in its member countries;

(7) support research to examine the effectiveness and efficiency of alternative sets of indicators for satisfying specific certification criteria and to clarify the impact of certification on SFM;

(8) keep its members informed on initiatives related to international frameworks for mutual recognition between certification systems; and

(9) provide support to regional certification fora and related organizations in the tropical regions.

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SUMMARY OF CEPI COMPARATIVE MATRIX OF FOREST CERTIFICATION SCHEMES

Attributes	Schemes																		Standard-setting bodies		
	PEFC	AF&PA SFI	ATFS	CNCC	FFCC	LEI	Living Forests	PEFC Austria	PEFC Latvia	PEFC France	PEFC Germany	PEFC Sweden	PEFC Switzer-land/ HWK	PEFC UK	SCC	ABNT Cerflor	CEF	CFFP	MTCC	CFV	Swedish FSC Council	UKWAS
Geographical coverage	Europe, USA, Canada	North America	USA	Czech Rep.	Finland	Indonesia	Norway	Austria	Latvia	France	Germany	Sweden	Switzer-land	UK	Canada	Brazil	Spain	Portugal	Malaysia	Bolivia	Sweden	UK
Endorsement[13]				PEFC	PEFC	(FSC)	PEFC	PEFC	PEFC	PEFC	PEFC	PEFC	PEFC	(PEFC)			(PEFC)	(PEFC)		FSC	FSC	
Accommodates all relevant forest types	++	++	++	++	++	+	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
Participation of leading forest owners[14]		++	++	++	++	++	++	++	++	++	++	++	++	+	++	++	++	++	++	++	++	++
No significant cost variation[15]	++	++	++	++	++	?	++	++	++	++	++	++	?	++	+	?	++	?	+			
Accreditation bodies[16]	++	++	++	++	++	+	++	++	++	++	++	++	++	++	++	+	++	++	+			
Registration/ certification bodies[17]	++	++	++	++	++	+	++	++	++	++	++	++	++	++	++	++	++	++	++			
Registration/ certification bodies[18]	++	++	+	++	++	+	++	++	++	++	++	++	++	++	++	++	++	++	++			
Complaints procedure established	++	++	+	++	++	+	++	++	++	++	++	++	++	++	++	++	++	++	++			
National accreditation	++	++	++	++	++	+	++	++	++	++	++	++	++	++	++	+	++	++	+			
Accreditation body - Fully conformant with ISO/ IEC Guide 61	++	++	+	++	++	+	++	++	++	++	++	++	++	++	++	+	++	++	+			
- Affiliated to IAF	++	++	o	++	++	?	++	++	++	++	++	++	++	++	++	+	++	++	+			
PCI frame-work[19]		MONT, EURO, FSC	MONT	MONT, EURO, FSC	EURO, FSC	ITTO, FSC	EURO, FSC	EURO	EURO	EURO	EURO	EURO	EURO	EURO, FSC	MONT	ITTO, EURO	EURO	EURO	ITTO, FSC	FSC	FSC, EURO	FSC, EURO

[13] Fully endorsed by; in brackets: ëworking towards full endorsement byí
[14] Active participation of leading forest owner representatives in development of the scheme
[15] No significant cost variation for certification of forests of differing sized and ecological types and in different regions
[16] ISO/IEC Guide 61/2.1.1
[17] ISO/IEC Guide 66/4.1.1
[18] ISO/IEC Guide 66/4.1.2 & 4.2
[19] Commitment to develop performance standards in line with one or more sets of internationally recognized forest principles and criteria

Attributes	Schemes																		Standard-setting bodies		
	PEFC	AF&PA SFI	ATFS	CNCC	FFCC	LEI	Living Forests	PEFC Austria	PEFC Latvia	PEFC France	PEFC Germany	PEFC Sweden	PEFC Switzer-land/ HWK	PEFC UK	SCC	ABNT Cerflor	CEF	CFFP	MTCC	CFV	Swedish FSC Council	UKWAS
Conformity with ISO 14001 or EMAS[20]		++	NA	+	+	++	++	+	++	++	++	++	++	+	++	?	++	+	?	+	+	+
Conformity with national forestry policies[21]		++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
Consultation with authori-ties[22]		++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
No single interest domi-nation[23]	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	+	++	++	++
Opportunities to participate[24]	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++
Encouragement of parti-cipation[25]	++	++	++	++	++	++	++	++	++	+	++	+	++	++	++	++	++	++	++	++	++	++
Clear definition of ìconsensusî[26]	++	++	++	++	++	o	++	++	++	++	++	++	++	++	++	++	++	++	+	++	++	++
Provision of information[27]	++	++	++	++	++	+	++	++	++	++	++	++	++	++	++	+	++	++	+			
Access to information[28]	++	++	++	++	++	+	++	++	++	++	++	++	++	++	++	+	++	++	+			
Standards published[29]		++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	++	?	++	++	++	++
Conformance with ISO Guide 61/ 2.1.4, 2.1.5 & 3[30]	++	++	+	++	++	+	++	++	++	++	++	++	++	++	++	+	++	++	+			
Conformance with ISO/IEC Guide 66/ 4.1.4 & 3[31]	++																					
Conformance with ISO/IEC Guide 66/ 4.1.4 & 5[32]		++	+	++	++	+	++	++	++	++	++	++	++	++	++	++	++	++	++			

[20] Forest management standards conform with ISO 14001 or EMAS
[21] Standards-setting body committed to ensuring certification standards conform with national forestry policies and regulations
[22] Relevant regulatory authorities consulted during standards-setting process
[23] Rules established to ensure no single interest dominates the decision-making process
[24] Procedures established to ensure all relevant interests are given opportunities to participate and influence decisions
[25] All relevant interests invited to participate and concerted efforts made to encourage their participation
[26] Presence of clear definition of ëconsensusí
[27] Rules developed governing the provision of information to the public on certification scheme
[28] Procedures to ensure ready public access to information on the certification process
[29] Certification standards published and readily available
[30] Conformance of accreditation bodies with ISO/IEC Guide 61/2.1.4, 2.1.5 & 3
[31] Conformance of registration/certification bodies with ISO/IEC Guide 66/4.1.4 & 3
[32] Conformance of registration/certification bodies with ISO/IEC Guide 66 Sections 4.1.4 and 5

Attributes	Schemes																			Standard-setting bodies		
	PEFC	AF&PA SFI	ATFS	CNCC	FFCC	LEI	Living Forests	PEFC Austria	PEFC Latvia	PEFC France	PEFC Germany	PEFC Sweden	PEFC Switzer-land/ HWK	PEFC UK	SCC	ABNT Cerflor	CEF	CFFP	MTCC	CFV	Swedish FSC Council	UKWAS
Periodic revi-sion of standards[33]		++	++	++	++	?	++	++	++	++	++	++	++	++	++	++	++	?	+	++	++	++
Monitoring and reassessment[34]	++	++	++	++	++	?	++	++	++	++	++	++	++	++	++	+	++	++	+			
Training of assessors[35]	++	++	++	++	++	++	+	++	++	+	++	++	++	++	++	+	+	+	++			
CoC proce-dures[36]	++																					
Rules for product claims[37]	++																					

Symbols

++	fully
+	partially
o	does not comply
?	insufficient data
na	not appropriate

Note: This table does not include the FSC even though included in the CEPI Matrix as the FSC has asked that their information not be used in the matrix.

Source: CEPI 2001

[33] Procedures developed to ensure the periodic review and revision of certification standards
[34] Procedures developed for regular monitoring and re-assessment of certifiers
[35] On-going training programs provided for accreditation body and certification personnel
[36] Chain-of-custody auditing procedures developed for product labelling
[37] Rules developed governing products claims

Annex 3

SIMILARITIES AND DIFFERENCES BETWEEN THE CERTIFICATION PROGRAMS OF FSC AND SFI

Attribute	FSC	SFI
Program		
Origin	Initially a strong NGO focus; a comprehensive international program	Initially a strong industry focus; a national initiative, now also promoting third-party certification
Objectives	Provide market rewards through labelling	Baseline of performance building on the concepts of sustainable forestry
Governance structure	Comprehensive international governance structure Membership organization with General Assembly and chamber structure	US oriented, more limited governance structure Created by AF&PA for its members, who oversee implementation
Decisions on standard modification	Decisions by members through voting and the international FSC Board of Directors	Decisions are made by a separate Sustainable Forestry Board
Mandatory public involvement	Participatory process in standard-setting Stakeholder consultation during certification process Public summaries of certification reports	Consultation of outside parties in standard-setting Broader social aspects of SFM in the public law and regulations in the US and Canada Certified companies to issue a summary of the findings
Program funding	85% from private foundations 15% from membership and accreditation fees	82% from AF&PA members 18% grants and other revenue
Standards		
Structure	Tiered structures of principles and supporting requirements but they are different and difficult to compare	
Employment of standards	Compliance with FSC P&C is mandatory. Compliance may be lacking on some indicators and a criterion while still meeting the principle but conditions are defined	Compliance with SFI objectives, performance measures, and core indicators is mandatory with limited room for interpretation by auditor
Certification	Third-party certification only	Annual reporting to AF&PA on the results of first party verification Optional second and third-party verification
Scope of forestry standards	Comprehensive as intended for international use	Initially assumes compliance with the US law and regulations (ordered and state) covering many aspects
Accreditation		
Accreditation	FSC	Third-party verifiers accredited by national accreditation bodies
Accreditation reports	Summaries are public	Published if required by law or the certifier
Certification process		
Consultation	Announcement of plans for a pending certification in advance of audit Extensive consultation during the audit	Consultation with stakeholders optional
Peer review	Mandatory	Not required
Validity and surveillance	Compliance with changes in standard in one year Maximum validity of certificate five years Annual surveillance audits	Compliance with changes in standard in one year First recertification in three years and every five years thereafter; no annual audits
Conflict resolution	Elaborate internal policies and procedures	Through State Implementation Committee, use of Expert Panel possible, ultimately Board of AF&PA Directors

Logo rules and CoC		
Logo	Only one logo	Different versions of logo for third party and other verifications
CoC	CoC verification necessary following a separate standard	Verification of lands owned/controlled by participants; ìprocurement system approachî for other supply sources using a variety of approaches
Forestry standard		
Both programs cover seven areas using essentially the same approach: - Water quality and riparian zone protection - Soil protection - Forest protection from fire, pathogens and disease - Periodic monitoring of environmental conditions and adaptive management - Identification and protection of cultural, archaeological and historic resources/sites - Public access and use opportunities - Efficiency of resource utilization		
Different approaches for the same subject areas: - Forest plantations - Sustained yield - Clearcutting and even-aged forest management - Forest regeneration and reforestation - Road building and maintenance - Visual impacts and aesthetics - Long-term financial viability of the forest operation - Competency and adequacy of the forest management staff - Management planning framework		
Subject areas where fundamentally different approaches, or addressed only one of the two programs: - Special and unique forest areas - Use of chemicals - Use of genetically modified organisms - Use and management of exotic species - Maintenance and conservation of biological diversity - Maintenance of ecological function - Assessment of environmental impacts - Consultation and public reporting - Health, safety and general welfare of employees and contractors - Compliance with applicable laws and regulations - Recognition of indigenous peoples rights - Education and outreach - Forest management research - Assessment of social impacts - Contribution of socio-economic benefits to local community/region		

Source: Abridged from Meridien Institute 2001

I T T O

INTERNATIONAL TROPICAL TIMBER COUNCIL

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Bali, Indonesia

DECISION 11(XXXII)

THE POTENTIAL ROLE OF PHASED APPROACHES TO CERTIFICATION IN TROPICAL TIMBER PRODUCER COUNTRIES AS A TOOL TO PROMOTE SUSTAINABLE FOREST MANAGEMENT

The International Tropical Timber Council,

Reaffirming the commitment of Members to the process of advancing ITTO Objective 2000;

Recalling Decision 10(XXX) on Certification;

Recognizing that ITTO as an international organization should not endorse, create or adopt, or be perceived to endorse, any particular certification approach or scheme, including any accompanying standards developed for the purpose of certification;

Noting the Report on the ITTO International Workshop on Comparability and Equivalence of Forest Certification Schemes as contained in Document ITTC(XXXII)/10;

Recognizing forest certification as an important voluntary market-based tool to encourage and create incentives for sustainable forest management and improving market transparency;

Underscoring that certification schemes should be voluntary, non-discriminatory, transparent and market-oriented;

Recognizing that while the ITTO Criteria and Indicators were developed to assess progress towards sustainable forest management, performance standards would be required for the purposes of certification;

Recognizing the role of ITTO in promoting market access as provided for in the objectives of the ITTA, 1994, and the ITTO Yokohama Action Plan 2002-2006;

Recognizing the role of ITTO in improving transparency of the international timber market and promoting tropical timber from sustainably-managed sources as stipulated in the ITTO Yokohama Action Plan 2002-2006;

Recognizing the potential contribution of certification to sustainable forest management, including forest law enforcement and related trade;

Recognizing that many tropical timber producing countries have made considerable progress towards sustainable forest management, and that at the same time those countries account for a very small percentage of the coverage of certified forests around the world;

Recognizing that in many tropical timber countries there is a wide gap between the existing level of management and what is required by certification;

Recognizing that tropical timber countries face many institutional, social, human resource and financial constraints to achieve sustainable forest management;

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Recognizing the potential role of regional consultations in advancing discussions on comparability and equivalence among certification schemes, and in assisting tropical timber producing countries to meet sustainable forest management standards and to achieve certification;

Decides to:

1. Authorize the Executive Director to engage two consultants, one from producer and the other from consumer country to undertake a study on the potential of phased approaches to certification as a tool to promote sustainable forest management, as per the attached Terms of Reference;

2. Authorize the Executive Director to convene three regional workshops to disseminate and discuss the results and implications of the study, with recommendations to the Thirty-fourth Session of the Council based on the attached Terms of Reference;

3. Request the Executive Director to facilitate improved understanding, information-sharing and dialogue between interested parties from both consumer and producer countries on these phased approaches;

4. Encourage Member Countries to support project proposals for national capacity building to engage in forest certification in producer Member Countries, including institutional strengthening, stakeholder participation, auditing systems, training and better public understanding of the role of certification as regards to sustainable forest management; and

5. Authorize the Executive Director to seek voluntary contributions from Member Countries to meet the financial requirements of this Decision, not exceeding US$297,980.00.

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ANNEX

Terms of Reference for Consultants

The consultants, one from a producer and the other from a consumer country, will undertake a study on the potential role of phased approaches to certification as a tool to promote sustainable forest management.

The study will include the following items:

a) Consult with relevant parties, including buyers groups, consumer groups, industry, retailers, certifiers, certification schemes, forest owners and managers, governments, environmental and social NGOs, local communities, and indigenous peoples
b) Elaborate the concept and reflect the full range of views as regards to phased approaches to certification
c) Identify existing models and initiatives on phased approaches to certification
d) Analyse the elements and operations of the existing models and initiatives
e) Collect and analyse information on market acceptance of the existing models and initiatives
f) Identify key issues, potentials, risks, and constraints on possible designs and implementation of phased approaches
g) Identify and elaborate on common elements and stages of phased approaches
h) Prepare a preliminary report to present at the Thirty-third Session of the Council
i) Taking into consideration comments and views of Member Countries and the Workshop participants, finalize the report and present to the Thirty-fourth Session of the Council

Terms of Reference for the Workshops

The three Regional Workshops will be three days duration each and convened in Africa, Asia-Pacific and Latin America between the Thirty-third and Thirty-fourth Sessions of the Council.

The purpose of the Workshop will be to disseminate and discuss results and implications of the study and comments from Member countries, and make recommendations to the Thirty-fourth Session of the Council.

The Secretariat, in extending invitations to participants, should seek to provide a balance of the following views at the Workshop:

- producer and consumer Member Countries
- forest owners and managers
- certification schemes
- environmental and social NGOs
- local communities and indigenous peoples
- buyers groups and consumer groups
- industry, traders and retailers

Priority for sponsorship should be given to participants from producer Member Countries.

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