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META-EVALUATION OF PREVIOUSLY EVALUATED ITTO PROJECTS

Lessons learned & good practices towards sustainable management of tropical forests

Summary Report

6. Illegal logging and forest certification

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THEMATIC SUMMARY REPORT No. 6

Illegal Logging and Forest Certification

1. INTRODUCTION

Combating illegal logging and development of forest certification are common issues in the tropical timber producing countries and to the international trade. ITTO has a strong commitment with sustainable forest management (SFM) and was one of the first international organizations to develop and promote Criteria and Indicators (C&I) to facilitate the sustainable management of tropical forests. This and other initiatives have contributed to reduce illegal logging and helped the development of certification schemes.

Assisting members with their efforts in this area is part of the Objectives of the International Tropical Timber Agreement (2006) which call for promotion of the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests.

ITTO has supported its member producing countries to improve forest legislation, governance and law enforcement to establish enabling conditions for sustainable forest management. Strengthening of national capacities in enhancing law compliance and developing forest certification has been a key issue in this field, together with information sharing on various voluntary mechanisms and timber tracking technologies, including their adoption at the national level.

ITTO's Thematic Programme Tropical Forest Law Enforcement, Governance and Trade (TFLET) and the ITTO/CITES Programme have been instrumental in supporting member countries in this field.

2. KEY ISSUES

- Illegal logging is driven, inter alia, by weak governance, ready access to market of illegally harvested timber, high short-term profits for illegal operators, and lack of alternative economic activities for forest dependent people. In many countries there is no level playing field for forest management units (FMUs) which comply with legal requirements and strive for SFM.
- Weak governance is typically associated with limited or no transparency on financial transactions in the forest sector, lack of enforcement and insufficient field control of harvesting operations in forest areas, corruption, lengthy and over-regulated bureaucratic procedures for legal timber production and trade in tropical timber, lack of prosecution of culprits, and inadequate low-paid staff. These constraints are often associated with the reluctance to required institutional reforms in the forest administration.
- The failure to ensure land rights for indigenous peoples, forest-dependent people and other traditional rural populations has led to illegal logging and limited progress in forest certification in many tropical timber producing countries. In addition, indigenous populations and other forest communities are weakly organized and equipped to safeguard their own forest resources against external violators of their rights.
- Projects in addressing illegal logging and weak governance are often complex and sensitive to changes in political priorities and economic conditions.
- Strengthening of governance is often hampered by the lack of reliable information on legal and illegal production and trade of forest products.
- Many current government-operated control systems for the supply chain contain several loopholes and shortcomings thereby reducing their credibility for verification of legality of tropical timber and timber products.
- Progress in certification has been constrained by: (i) inadequate capacities to develop and implement national certification standards at the FMU level; (ii) uncertainty about market benefits which could have encouraged producers to take early action; (iii) increased costs to be borne by FMUs; and, (iv) constantly changing market requirements both in public and private procurement policies related to legality and sustainability of timber products.

- Credibility and market acceptability of different forest certification systems have been questioned sometimes based on legitimate concerns, sometimes due to stakeholder or competitive interests, or sometimes because of speculative information. The choice of forest certification system to be applied remains therefore a sensitive question for tropical timber producers.
- Occasionally progress in forest certification has been constrained due to inconsistencies between government regulations and certification standards.

3. LESSONS LEARNED

Illegal logging

- Identification of the main drivers of illegal logging and associated trade is necessary for designing measures to curb it.
- Providing clarity on land tenure issues is necessary for establishing the legal origin of timber and legal compliance in an FMU.
- The formal recognition of the land rights of indigenous peoples and community customary land rights should be a priority but tends to be beyond the scope of forest projects.
- Mechanisms should be put in place to bring indigenous peoples' organizations and national NGOs, the private sector and the government together for meaningful dialogue on forest governance and certification.
- Conflict resolution techniques have proved useful in stakeholder consultations but the capacity to apply them is sometimes weak.
- Downsizing the industrial overcapacity and make it compatible with sustainable forest production levels, as expressed as the Average Annual Cut, may be necessary to reduce the pressure for illegal logging. Regulatory measures on downsizing may be necessary but are politically and economically difficult to implement. In addition, it may be even counterproductive in case of weak governance. Regulation of new investments in expanding harvesting and processing capacity is commonly the first step. Other approaches such as voluntary measures should also be explored in cooperation with the private sector.
- The reduced supply of large diameter logs to processing industries has also stimulated positive changes in business strategies in the utilization of forest resources. Several companies have invested in new equipment to improve the utilization of raw material through processing of small-sized logs and lesser-used species (LUS).
- Addressing the needs of small-scale enterprises and the informal sector in strengthening governance and implementing timber tracking usually requires specific support.
- Improved governance requires increased transparency and accountability of forest authorities and private sector operators. This should be duly considered in the design of forest information systems.
- Paper trail-based timber tracking systems have inherent weaknesses reducing their credibility. These systems are likely to remain an intermediary solution.
- The development of the local capacity is vital to ensure the sustainability of the project. It also facilitates the funding of new future activities. Excessive reliance on use of external consultants has hampered the uptake of their recommendations, which may affect the project's sustainability.
- Governance strengthening projects often produce valuable technical studies and other reports. Project impacts can be enhanced by effectively disseminating information to relevant government agencies, universities, the private sector, NGOs, and other stakeholders. In addition, press releases and policy briefs have been useful for dissemination of key information to the general public through newspapers and other media.

Forest certification

- Certification processes at local and national levels have brought the private sector, government and NGOs together contributing to improved understanding of difficulties in implementing SFM and its certification, and thereby to a constructive dialogue among stakeholders.
- Fundamental elements in all forest certification systems are legal compliance and good quality management plans and their effective implementation. Forest certification is therefore a useful tool for improving governance.
- There may be a need to harmonize national regulations and certification standards to enhance certification's role in promoting legal compliance. Projects need to examine this issue.
- For FMUs achieving certification means entering an on-going process with enterprise commitment to continual improvement. FMUs are under risk of losing their certificates unless such improvements are made.
- Although the actual certification process at the FMU level may require only one year to be completed, the preceding preparatory process can be arduous and time consuming. It may take several years for a FMU to be ready for certification.
- Phased-approach could be suitable in achieving full certification of an FMU. The first step would usually be verification of legal compliance. However, even the phased-approach is also demanding, e.g. in terms of the strict documentation required, and it can also be time consuming. As the phased-approach should aim at full certification, the FMUs that enter this procedure are expected to be fully committed to the process, granting them enough time to make necessary adjustments. FMUs should be aware that market benefits may be rather limited until full certification has been achieved.
- Government involvement in promoting certification is crucial through improved regulations and procedures, incentives for certified FMUs, as well as direct training support.
- Enterprise level capacity building for certification usually covers improvement of the forest management system, changes in operational practices (e.g. RIL, occupational safety and health), training of staff and sub-contractors, and strengthening of the company-community relationships.

4. GOOD PRACTICES

Illegal logging and governance strengthening

- A detailed study on the current situation and on the future needs, demands and expectations of stakeholders helps planning of the project strategy.
- Effective involvement of key stakeholders is important in projects on governance and certification. It helps mitigate negative impacts related to eventual institutional and other changes during the project implementation;
- Improving governance is often complex and the project design need adequate consideration of necessary measures for institutional strengthening and policy reform.
- Good project design allows for flexibility to ensure effective implementation in changing political and economic conditions. This would also contribute to the sustainability of the project.
- Governance projects often need to address access to statistical and other information at the national and regional levels throughout the different phases of the forest production chain, within appropriate standards of quality and timeliness of information.
- Institutionalization of governance strengthening projects can ensure future continuity and sustainability.

- Projects designed to improve legislation and policy produce specific recommendations for the required changes with adequate indicators to measure progress. Pursuing these recommendations is critical for the sustainability of governance projects.
- In regulations and procedures of tracking of timber and timber products, development of systems based on digitized data capture, storing and analysis to minimize errors and malpractices is usually preferable compared to paper-trail based approaches.
- In governance projects involving improved information systems, technical training needs to cover database managers, enforcement staff, and various users of the improved information.
- Effective dissemination on project plans, activities and results is critical for the project impacts and sustainability. Effective dissemination of lessons learned is necessary for mainstreaming to the policy decision-making level.

Forest certification

- The consistency between mandatory legal requirements and certification standards need to be clarified.
- Development of national forest certification standards helps ensure their consistent application in the specific country context.
- Pilot enterprise approach to build up FMU level capacity for certification needs to include adequate provisions for validation of experience and dissemination of results. Firm commitments are needed from participating enterprises to sharing of the knowledge generated.
- Pilot enterprise approach is also applicable to certification of community forest enterprises but clarity is needed about the cost-benefit ratio and sustained financing of auditing, if community enterprises cannot pay for these services themselves.
- Assessment of the basic level of management systems of community forest enterprise is necessary as their strengthening may be needed before introducing new instruments like timber tracking system or forest certification.
- In the development phase forest communities need support from and close contact with local authorities and other relevant bodies operating in the region as well industrial companies using timber from the forest area. Good project design includes measures to facilitate these linkages.
- Relevant target groups of training on certification include, among others, FMU managers, technical staff, sub-contractors and auditors on technical aspects, and key stakeholder groups on general aspects.
- Technical assistance is effective when it (i) is carefully timed within the project work schedule; (ii) focuses on aspects that cannot be tackled by national expertise; and (iii) includes sufficient training to ensure knowledge transfer.
- There is a risk of conflict of interest if technical assistance and certification audits are carried out by the same organization which should be avoided.

SOURCES

This thematic summary is based on the ex-post evaluation reports of the following projects:

PD 85/01 Rev.2 (I)	STRATEGIES FOR THE DEVELOPMENT OF SUSTAINABLE WOOD-BASED INDUSTRIES IN INDONESIA
PD 35/94 Rev.4 (M,I)	FOREST PRODUCTS MARKETING ORGANIZATION FEASIBILITY STUDY
PD 25/96 Rev.2 (M)	CHINA'S CONSUMPTION OF FOREST PRODUCTS AND ITS DEMAND FOR THEM IN THE INTERNATIONAL MARKET BY THE YEAR 2010
PD 27/95 Rev.3 (M) II 1	ESTABLISHMENT AND OPERATION OF A FOREST STRATEGIC INFORMATION CENTER (CIEF) PHASE II STAGE 1
PD 56/00 Rev.3 (M)	ENHANCEMENT OF THE FOREST STATISTICS INFORMATION AND MANAGEMENT SYSTEM (STATFOR) THROUGH THE INTEGRATION OF TWO COMPUTER MODULES: COMPILATION OF MANAGEMENT INVENTORY DATA AND MANAGEMENT OF EXPORT LOG LUMBERYARD (GABON)
PD 27/95 Rev.3 (M) II 2	ESTABLISHMENT AND OPERATION OF A FOREST STRATEGIC INFORMATION CENTER (CIEF) PHASE II STAGE 2
PD 80/01 Rev.6 (M)	CONSOLIDATING SUSTAINABLE FOREST MANAGEMENT CERTIFICATION SYSTEMS IN INDONESIA
PD128/91 Rev.2 (F)	MANAGEMENT, CONSERVATION, AND DEVELOPMENT OF MANGROVE FORESTS IN PANAMA
PD017/00 Rev.3 (F)	CONSERVATION AND DEVELOPMENT IN THE NATURAL PROTECTED AREAS SYSTEM OF TAMBOPATA (PERU) - MADIDI (BOLIVIA)