

FORESTRY CERTIFICATION
FROM A MANAGEMENT PERSPECTIVE

By

Trish Fordyce
Environmental Law Specialist

For

International Union of Forestry Research Organisations
Conference — Tasmania March 2000

Table of Contents

1. Introduction.
2. What is Forestry Certification?
3. Why have Certification?
4. What is happening Internationally?
5. Mutual Recognition
6. Advantages & Disadvantages
7. Conclusion

1.0 INTRODUCTION

This paper considers the phenomenon of forestry certification. The paper asks the following questions:

- § What is certification?
- § Why have certification?
- § What is happening on the international scene?
- § What are the advantages and disadvantages?

No theories are presented but the practical steps in obtaining forest certification are outlined and some opinions are advanced.

2.0 WHAT IS FORESTRY CERTIFICATION?

2.1 Certification is a tool to verify that the management of a forest meets defined standards. Forestry certification is a 1990 s phenomenon. It has been developed from a non-government movement against deforestation and efforts to promote sustainable forest management (SFM). There was an ideal that certification and labeling could be a tool to influence industry and trade to contribute to SFM. The Forest Stewardship Council (FSC) pioneered forestry certification and provides the only international label recognized in the marketplace.

In the year 2000 there is now a proliferation of international and national certification schemes some of these schemes are discussed below in Section 4.

2.2 Certification can be either performance-based or management-system based. Performance-based systems have performance requirements usually expressed as criteria and indicators or standards and certification is essentially a process of assessment against the standards.

Certification of environmental managements systems (EMS) is an assessment of a forest organisation to management and control environmental impacts of their operations measured against a management standard. ISO 14001 is the prominent environmental system being utilized.

2.3 The boundaries between the two are no longer clear-cut. Many management-system elements are included in performance-based systems. The ISO 14001 standard on EMS requires that groups define their own environmental performance standards. Both include the concept of continual improvement.

In practice it has been my experience that an EMS assists the verification of performance standards set out in a performance-based system.

2.4 Whatever the system, certification involves the important step of independent (third party) verification that the standards are being met. The resulting certificate is a communication to purchasers that the standards have been complied with. Certification can lead to labels and trademarks to be used on products.

3.0 WHY HAVE CERTIFICATION?

3.1 To date certification has been predominantly market driven and related to markets that differentiate in favour of SFM products. The market certification has been orientated to supplying markets in Western Europe and North America.

3.2 Certification of forest management may be used to define procedures for specific location, specific goals and principles of forest practice. Specific goals may be to protect areas against forest exploitation. In India joint forest management has been subjected to outside verification and in the United States a number of state forests have been certified. (New York and Pennsylvania)

Russia has a law for mandatory certification for improving the enforcement of regulatory requirements. The law is not yet operational. Bolivia is considering integrating certification criteria into regulatory requirements.

Certification is also under consideration for verification of carbon sequestration.

3.3 As stated above certification has been predominately market driven. It is my experience that in the last couple of years that there has been a marked increase in customer inquiries and consumer interest in the environmental performance behind a forest product.

In 1999, Home Depot (a large DIY chain in the United States) advised that it would prefer wood products to be certified. It went further and also advised that it would accept FSC certified products.

3.4 Unless the markets you are supplying require certification it would be difficult to foresee a growth in certified forests. However the figures show that after a fairly stuttering start the certified area of forests is now growing exponentially.

There is however a level of about 17 million hectares. The following conclusions can be made:

- § *Most (80%) certified forests are located in the temperate and boreal zone; one large certified forest in Zambia with low output accounts for 40% of the total area in developing countries.*
- § *Industrial and state forests cover 88% total of FSC certified total area in the world; community and private forests play a marginal role (4% of the total area).*
- § *The average size of certified forests is large (96,000 ha): The largest single audit covered 2.3 mill. ha while the minimum size has been 8 ha.*
- § *Most certificates have been issued for natural and semi-natural forests (93%), the total area of certified planted forests being about 1.0 mill. ha (Thorber 1999).*

3.5 Certification is a phenomenon that can no longer be ignored or written off as just a marginal part of the green movement. The World Bank has aligned itself with WWF in an alliance setting a target of 200 million hectares to be certified by 2005. The above figures indicate that the Alliance is at 8.5% of their global target.

The Alliance is in recognition of the potential of certification to promote best forest management practices. The Alliance was set up as a response to the global forest crisis, its goal to reduce forest loss and degradation by promoting forest conservation and internationally recognized best practices in forest management (WWF/WB 1999).

While FSC pioneered certification there is now a proliferation of international and national certification schemes. The next section outlines the international situation.

4.0 WHAT IS HAPPENING INTERNATIONALLY?

4.1 One may love or hate FSC but FSC has been in my opinion, the catalyst in the spawning of a family of alternative forestry certification systems. There are international, regional and national systems all in various stages of development.

Table 1 sets out an overview of systems.

Country	Title	Coverage		Status	International framework for the standard
		Chain of Custody	Label		
International	Forest Steward Council (FSC)	Y	Y	Operational 15.0 mill. ha certified	FSC
Regional	Pan-European Forest Certification (PEFC)	Y	Y	Operational end 1999	Pan-European C&I and Operational level Guidelines for SFM
Bolivia	Bolivian Voluntary Forest Certification Council	Y	Y	Operational, 7 forest management / COC certificates completed	FSC
Brazil	CERFLOR	Y	Y	Pilot, testing of criteria	ITTO C&I, FSC
Canada	CSA	N	N	Operational, one certification completed	Montreal Process C&I, ISO 14001 EMS standard
Finland	Finnish Forest Certification Scheme	Y	N	Operational, 14 mill. ha undergoing certification audits (7) in 1999	Pan-European C&I and Operational Guidelines, FSC, P7C; PEFC endorsement foreseen.
Germany	German Forest Certification Council	Y	Y	Pilot projects completed Nov. 1999, operational in 2000	Pan-European C&I and Operational Guidelines, PEFC endorsement foreseen.
Ghana	Forest Management Certification System Project	Y	Y	Planning and pilot phase	FSC, ITTO C&I, ATO C&I
Indonesia	Lembaga Indonesia Ekolabel	Y	Y	Pilot, testing, operational in 2000	ITTO C&I, FSC
Malaysia	National Timber Certification Committee	Y	N	Development phase, Operational in 2000	ITTO C&I, but also FSC, German Tropenwald Initiative
New Zealand	Verification Environmental Performance (VEP)	Y	Y	Development phase, Operational in 2000	Montreal Process
Norway	Living Forest	Y	N	Operational, 89,000 ha certified; target for 1999 is 3.2 mill. and for 2000 5.2 mill. ha	Pan-European C&I, FSC, PEFC endorsement foreseen
Sweden	Family Forest Certification	Y	N	Operational, 600,000 ha and 5,000 holdings certified	Pan-European C&I, PEFC endorsement foreseen
United Kingdom	UK Woodland Assurance Scheme (UKWAS)	N	N	Operational	Common audit protocol with FSC
U.S.A	Sustainable Forestry Initiative (SFI) of American Forest & Paper Association (AF&PA)	N	N	SFI operational since 1995; voluntary verification since 1998, 8.1 mill. ha undergoing 3 rd party verification	Montreal Process C&I, International Forest Industry SFM Vision, Principles and Elements.

Table 1: Certification Schemes

- 4.2** The two international certification systems are FSC and the Pan-European Forest Certification Framework (PEFC). FSC is an accreditation body and owns a trademark. It is a system that operates a comprehensive scheme of standard setting, accreditation, labeling rights and the use of a logo.
- 4.3** PEFC has established an umbrella framework for national schemes. PEFC uses six criteria based on SFM of the Helsinki process and sets the process for nations to establish their own national certification standards. PEFC will approve national schemes if they meet the specified requirements related to standard setting, third party auditing, certification procedures and accreditation. European and non-European schemes may be endorsed. (www.pefc.org) PEFC has just produced a draft chain of custody rules.
- 4.4** Both schemes require third party audits. FSC maintains control of its accreditation scheme. PEFC views audits to be the responsibility of national accreditation bodies. Both schemes have provision for the use of labeling. FSC is now an established entity in the market. PEFC is yet to prove if it will develop market penetration. However PEFC is already facilitating national schemes. Four European schemes are seeking endorsement by PEFC (Finland, Germany, Norway and Sweden). Bass/Simula 1999.
- 4.5** A number of national schemes are linking themselves with FSC. The Indonesian national scheme LEI (1999) agreed that the LEI standard Criteria and Indicators will be used by the FSC and further that FSC and LEI will develop a joint certification programme / protocol. The Nordic schemes have advised that they are seeking to be compatible with FSC. The non-European national-level schemes (Brazil, Canada, Ghana, New Zealand, Malaysia and the Sustainable Forestry Initiative (SFI) in the U.S.A) are not formally linked with any other schemes, but they have been communication with each other. Bass/Simula (1999)
- 4.6** New Zealand is in the development stage of setting up its scheme, named VEP (Verification of Environmental Performance). Its purpose is to ensure customers and stakeholders that the New Zealand forest industry is managed on a sustainable basis. It is also for establishing New Zealand plantation s environmental credentials in the international market. The concept involves a report card which sets out the standards and for supporting documentation that provides an audited, verified statement of an organisation s environmental and social performance. Report cards have been developed for forests and for pulp and paper.

4.7 Seven of the national schemes are operational. In the U.S.A, 8.1 million hectares have been independently verified under the SFI. In Canada, CSA certification stands at 230,000 hectares. In Norway, 5,000 holdings covering 600,000 hectares have been certified under the Family Forest Certification scheme. Bass/Simula 1999.

4.8 There are regional initiatives within the African Timber Organisation (ATO) and ASEAN. They have not developed any operation schemes.

5.0 MUTUAL RECOGNITION

- 5.1** There is an interesting degree of commonality between the schemes. Most have an objective of sustainable forest management. All national schemes have provisions for setting standards. Most require independent auditing. Not all include provisions for labeling. Most are applicable to all types of forests and forest ownership. Some are developing different criteria for different forest types or different size types of holdings.
- 5.2** Standards are generally performance standards developed under a framework of regional requirements for Criteria and Indicators for SFM (ITTO, Helsinki Process, Montreal Process.). Bass/Simula (1999). All schemes require compliance with national legislation. Some schemes require compatibility with ISO 14001 standard on EMS.
- 5.3** Stakeholder participation is an area where there are significant differences. The key issues appear to revolve around who participates in the development of the certification standard and how the decision-making takes place. The interpretation of such notions as participation, consultation, acceptability, consensus and transparency is important, but there is no common agreement on these terms and expectations differ on how they should be interpreted in practice. Bass/Simula (1999).
- 5.4** The degree of commonality, the desire to promote SFM, and the desire to ensure that there is not a monopoly situation for certification has led to a concerted effort by companies and forest association to consider the process for Mutual Recognition of the proliferation of certification schemes.
- 5.5** The WWF/WB Alliance in 1998 developed a list of criteria for credible and effective certification schemes. The International Forest Industry Roundtable (IFIR) in 1999 established a working group to develop a process for mutual recognition of credible SFM standards, their development and certification systems. Members of the group are from New Zealand, Brazil, U.S.A, Finland, Sweden, Norway, Tasmania, Canada and Chile.
- 5.6** The purpose may be summarised as to:
- § Avoid emergence of environmental non-tariff trade barriers.
 - § Minimise consumer confusion and give confidence to customer claims.
 - § Enable participation by developing countries.

§ Avoid government regulation.

5.7 The working group has designed a mutual recognition framework and analytical tools to measure substantive equivalence as a basis for bilateral mutual recognition agreements. A guideline for credible systems has also been produced.

5.8 The timetable process is as follows:

- § Confirmation by IFIR (April)
- § Independent assessment (May/July)
- § International stakeholder consultation WB/WWF Alliance (balance 2000)
- § Approval IFIR meeting (October)
- § First bilateral arrangements potentially in place by the end of 2000.

5.9 The Intergovernmental Panel on Forests (IPF) has a set of criteria for credible certification schemes. The WWF/WB Alliance has also established a list of criteria. The combined list of IPF and WWF/WB Alliance are based on:

- § Open access and non-discrimination
- § Credibility
- § Transparency
- § Free from conflict of interest
- § Participation and acceptability to interested parties
- § Non-deceptiveness
- § Reliable and independent assessment
- § Objective and measurable criteria
- § Goal orientation and effectiveness
- § Performance standards defined at national level within generally accepted SFM principles.
- § Adapted to local conditions
- § Cost effectiveness

5.10 The IFIR list of criteria are very similar. In my opinion the most important criterium is the performance standards defined at national level within generally accepted SFM principles . This allows for nations to set standards relevant to their types of forest and forest holdings.

6.0 ADVANTAGES AND DISADVANTAGES

6.1 To date I have only dealt with companies who have entered the certification system for market reasons. The advantage has been clearly increased market penetration.

In my opinion one must have a credible EMS in place to ensure the standards of a certification system can be met. Again the companies I have dealt with have a certified ISO 14001 EMS. The companies have viewed their EMS as an advantage however, there are costs involved in setting up such systems. I cannot emphasize it enough but this is where the major costs lie.

6.2 It is impossible to generally set costs per hectare of cubic metre produced as each organisation will be at different levels of developing an EMS.

It is my experience that if an organisation has health and safety and or quality management systems in place then development of an EMS will be a smoother process.

If one has to start from scratch there must be company commitment to the process. There will be increased documentation control, training, development meetings, internal and external audits of performance. These can all be costed and reviewed against the expected market benefit.

6.3 There are advantages which are harder to quantify. In my experience companies with a certified EMS have enjoyed less regulatory interference. Invariably, environmental performance has improved and there is a greater certainty that environmental incidents will be reduced. If there is an incident there has been a more effective response.

6.4 There is an initial cost in obtaining certification with regard to audits. Usually one undertakes an internal audit, then there is an initial audit by a third party auditor. This initial report outlines the further steps required to meet certification. Then there is the further audit. Usually one would expect a third party audit 1 year later and thereafter at 2 yearly intervals. As stated the costs of meeting standards must be weighed against the payment received from the market.

7.0 CONCLUSION

7.1 As stated in the introduction I have not presented theories. I have outlined the existing situation on Forestry Certification. I have offered some opinions based on where certification is at and my experiences with organizations with certified forests.

7.2 In conclusion, I offer the following summary:

- § Certification is a tool for market penetration.
- § FSC has to date not only pioneered, but dominated forest certification schemes.
- § There is now a development on international, regional and national certification schemes.
- § The proliferation has led to initiation of a process for mutually recognizing certification schemes.
- § The international acceptance of different schemes may lead to not only market acceptance but increase market demand for forest products to be certified.

7.3 Five years ago I listened to opinions that stated forestry certification would go nowhere, that there would not be the demand for certified products. The demand has grown along with the proliferation of schemes. The development of an internationally acceptable process for Mutual Recognition of schemes, will in my opinion, hold the key to the future of forestry certification.

DOCUMENTS REVIEWED

- § ISO 14001 standard for EMS.
- § Independent Certification / Verification of Forest Management. Stephen Bass and Markku Simula. A draft discussion paper for the World Bank / WWF Alliance Workshop. Washington DC, 8-9 November 1999.
- § PEFC Technical Document.
- § UKWAS Certification Standard.
- § FSC Forest Principles.