



Forest Certification

A Review of Impacts and Assessment Frameworks

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Executive Summary

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Executive Summary

Introduction

This paper has been commissioned and was written under the guidance of the Steering Committee members and participants in The Forests Dialogue (TFD). Formed in 2000, TFD's mission is to provide an on-going forum for leaders from all sectors to discuss the most pressing issues related to achieving sustainable forest management (SFM) and conservation around the world. In pursuit of this mission, TFD's international dialogues have focused on five key SFM issues: illegal logging, forest and biodiversity conservation, forests and poverty reduction, intensive forestry and forest certification. For more background on TFD visit: www.theforestsdialogue.org.

The issue of forest certification has been a particularly compelling one for TFD since its inception because forest certification has generated significant discussion and controversy over the last decade. Currently, the debate is focused on how to assess which of the existing schemes is 'acceptable' or what are the desirable characteristics of certification schemes. Different groups have begun to develop different methodologies for assessing schemes to see which meet their needs. However, this has not resolved the controversy, but simply shifted the focus onto the frameworks developed to assess schemes, rather than the schemes themselves.

As a result, certification remains complex and confusing for many forest owners and managers and those involved in processing and trade in forest products. Many actors and organisations have difficulties in choosing which scheme to use and they find themselves baffled by the conflicting views on the applicability and market acceptance of alternative schemes. Others are weary of the seemingly endless disagreements and would like to find a way to resolve them, but remain uncertain how to make progress.

Recognizing the urgent need to move the discussion forward in a constructive way, TFD convened its first multi-stakeholder dialogue on forest certification in October 2002 in Geneva, Switzerland. The focus of the meeting was to bring together key leaders for the first time in a neutral, non-confrontational setting to freely discuss how to maximize the future potential of the tool of forest certification. Participants welcomed TFD's efforts and committed themselves to continuing to share lessons learned, build trust and maintain constructive interaction.

Following the Geneva meeting, TFD focused its certification related activities in two ways. The first was to work to create an opportunity for the heads of the active forest certification systems to meet privately. The second was to develop a multi-stakeholder dialogue process that would consider the

impacts of 10+ years of forest certification and the potential ramifications of system proliferation. In the first half of 2004, TFD organized several small preparatory stakeholder discussions. The participants were asked to help advise TFD in the development of a larger international dialogue on forest certification in October 2004. The principle questions posed to the stakeholders at the preparatory dialogues were:

1. Is system proliferation negatively impacting the tool of forest certification and;
2. If so, would an independent forest certification system assessment framework help alleviate some of the negative impacts of system proliferation.

As a direct result of those preparatory stakeholder discussions, this paper was commissioned. TFD asked the authors to reflect on the impacts of forest certification over the last 10+ years and to compare and contrast several prominent certification assessment frameworks that had recently been developed by different stakeholders. The express intent of this two-part paper is to gather information and share it in a comprehensive format for the participants of the certification dialogue in October 2004. This will provide a shared base from which those discussions can proceed and hopefully provide a greater opportunity for understanding and agreement.

The first part of the paper examines the impacts of certification, trying to provide a balanced and objective overview based on available information. As discussed above, there is no doubt that certification has had a range of impacts, many of them positive, but this is often lost in the debate about differences between schemes. A clear understanding of what certification can achieve provides the background needed for any constructive debate about how to move forward.

The second part examines four assessment frameworks, each developed by a different group of stakeholders to assess certification schemes. This analysis has two main aims:

- Firstly, to identify those features of certification schemes which all stakeholder groups consider necessary, helpful or important. Establishing that there are many areas of commonality provides a good foundation for constructive discussion between different groups.
- Secondly, to identify those aspects of schemes where there are differences between the requirements of different stakeholder groups. While some of the current debate may derive from perceptions or politics, there are also genuine differences in the values, needs and priorities of different stakeholder groups which are reflected in differing views of what constitutes an acceptable or desirable certification scheme. If these differences can be clearly identified, it becomes possible for the groups to discuss them individually and, for each one, develop a better understanding of why the difference exists and the potential for finding a compromise or resolution.

Impacts of Forest Certification

The current evidence on the impacts of certification can mainly be derived from individual case studies on certified FMUs and countries where they are found or where national processes to develop certification standards and processes have been active. This evidence, supported by expert opinions, suggests that, by and large, the impacts have been positive and in many cases significant.

However, such assessments, including the one carried out in this paper, are based on secondary information which is not consistent and often compiled for other uses than impact assessment. An attempt to apply a systematic approach using selected indicators was not successful due the fragmentary and anecdotal nature of the available information. There is a need for further studies on certification impacts to advise policy-makers and stakeholders on how to best use certification as a soft policy instrument for achieving intended goals and objectives. More systematic studies would be useful covering both Forest Management Unit (FMU) and national level impacts which are rarely systematically assessed. Future research could therefore have a broader focus than just limiting itself to FMU-level issues. This is important as many impacts are indirect and broader than those observed on the ground.

The analysis did not differentiate impacts of different certification systems as the focus was on the instrument as a whole. It is, however, apparent that:

- Different certification systems seem to address different potential needs of different users.
- Different schemes are almost certainly delivering different impacts, so that any further analysis needs to establish the degree to which any particular impact is generic or scheme-specific.
- There remain concerns about the impacts and equity of forest certification on different groups and particularly Non-Industrial private forest owners (NIPFOs) and other small or community enterprises. However, there is very limited data on what the actual impacts have been to date. Work in this area is needed to inform the equitable further development of certification schemes.

Certification has had most of its direct impacts in large-scale industrial and state-run forestry in the temperate and boreal zones. The direct impact on tropical forests is still limited, though there are a number of reasons for this, while concerns remain about the very slow progress in certification of community forests.

Most of the impacts on the ground have been FMU and stand level measures for conservation of biodiversity. Reduced impact practices have been promoted and habitat conditions have been improved. It is unclear to what extent certification has had an independent effect on the flow of forest produce as in many cases sustained yield was a guiding principle already before certification.

The social impacts of certification are probably positive and likely to be emphasized in the future while until now the emphasis has been mostly on environmental issues. Such impacts can be observed in recognition of land and forest use rights, workers, communities, cultural sites and provision of various social services. Social impacts on non-industrial private forest owners are not adequately known.

The impact on the market is still limited but growing. Potential supply is already significant but it does not appear to meet the demands in the market segments which demand certification. The impact on cost competitiveness of producers is mainly due to costs of compliance which can be significant. However, certified FMUs appear to have been able to cope with these costs but small-scale holdings of all types, community forests and some producers in developing countries may be in a disadvantaged position in this respect.

The impact on buying behaviour is mostly observed in business-to-business trade and it is also emerging in public procurement. Only limited impact on the end consumer has been observed. Impacts on substitution with other materials are probably non-existent.

Policies, institutions and governance are areas where the impacts - even though mostly indirect - have been clearly significant and by and large positive. Impacts on values, beliefs, awareness and perceptions are mostly related to direct stakeholders rather than the public at large. Their measurement is not possible with the present data.

Many of the impacts discussed in this paper could be enhanced by removing prevailing constraints. Therefore, the potential contribution of certification is certainly larger than identified in this paper, which focused on actual impacts. Identification of barriers and how they could be removed was not part of the objectives of this paper.

Analysis of four assessment frameworks

Four frameworks were analysed:

1. Confederation of European Paper Industry (CEPI) Matrix;
2. International Forest Industry Roundtable (IFIR) Framework;
3. World Bank - WWF Alliance Questionnaire for Assessing the Comprehensiveness of Certification Schemes (QACC) and;
4. (FERN) report 'Footprints in the Forest'.

List of attributes

One of the purposes of the analysis of the four assessment frameworks was to establish whether a 'master list' of attributes could be developed which included all the attributes each stakeholder group considers necessary for assessing certification schemes.

A list of attributes was developed from the frameworks and is presented in Part 2, Section 3 which provides a good basis for further discussion. However, it should be recognised that there may be additional attributes which are not included for two reasons.

- Firstly, in some cases the authors may not have identified an attribute which was implied by an indicator or requirement in one of the four frameworks. It is unlikely that any major attributes have been missed, but some minor ones may not have been included. Alternatively, attributes may have been included, but formulated in a way which is unclear or inadequate for a particular stakeholder.
- Secondly, the list of attributes was derived from the four frameworks, so any attribute which was not included in any of the frameworks will not feature in the list. It has already been suggested that attributes relating to endorsement of a scheme by another scheme or expulsion from a group scheme are inadequate. Therefore, an opportunity should be given to the full range of stakeholder groups to add any attributes which they consider absent before the list is considered finalised.

Key commonalities and differences

The analysis of the four frameworks indicated that there are many areas of overlap or commonality between the frameworks as well as a number of areas of difference.

Commonalities

Two types of commonalities between the frameworks were identified: explicit and implicit. The analysis carried out indicated that some of the most important commonalities are:

Standards

1. Standard-setting procedure publicly available: In order to ensure credibility and participation it is widely agreed that the procedure for standard-setting should be public knowledge. Though the International Standards Organization (ISO) Guide 59 (Code of Good Practice for Standardization) is not mentioned explicitly by all the frameworks, it seems likely that there would be broad agreement that the type of guidance it provides should serve as common guidance on the minimum requirements for standard setting.
2. Wide involvement of stakeholders in the standard-setting process : There is general agreement that a range of different stakeholder groups should be involved in the standard-setting process. However, there are significant differences in the requirements for how this should be achieved (see Differences No.1).

3. Stakeholder influence over the standard-setting process: There is a common view that all stakeholders should have the possibility to influence the outcome of the standard-setting process, including the aim to work by consensus. However, there are also some differences in the requirements for how to proceed in the absence of consensus.
4. Standard publicly available: There is agreement that the standard against which certification is carried out should be publicly available.
5. National standards based on international principles or criteria of SFM: There is broad agreement that national standards should be locally defined but based on an accepted set of international principles or criteria defining SFM (sustainable forest management) covering economic, environmental and social aspects. There is less clarity about which international definitions should be used.
6. Performance-based standards: There is broad agreement that standards must contain performance requirements.
7. Legal compliance: There is broad agreement that the standard should include a requirement for legal compliance.

Certification and Accreditation

8. ISO Guides: There is agreement that there should be compliance with the type of guidance set out in the ISO guides as a baseline or minimum by both certification bodies and accreditation bodies - Guides 62, 65 or 66 for certification bodies and Guide 61 for accreditation bodies.
9. Absence of conflict of interest: All certification bodies and accreditation bodies should have measures in place to ensure that they are free of all actual and potential conflicts of interest.
10. Competence of certification and accreditation auditors: While there is little detail about exactly what training or experience should be required, there is agreement that auditors, whether undertaking certification or accreditation audits, should be properly trained and experienced.
11. Dispute resolution: There should be adequate procedures for resolution of disputes relating to accreditation or certification decisions.

12. Procedures of certification and accreditation bodies: Information on the procedures, structure and financing of certification and accreditation bodies should be publicly available.
13. Accreditation: There is a common view that certification bodies should be accredited, though there are differences in view of whether this should be done exclusively by national bodies or can also be undertaken by international bodies (see Differences No. 10).

Chain of custody and claims

14. Chain of custody: There should be requirements for a robust, independently audited chain of custody from certified forest to final product if claims are made linking the product to certified forest. However, there are differences in the type of approach favoured (see Differences No. 15).
15. Control of claims and logos: There should be rules for, and proper control of, claims and use of logos and labels which are consistent with laws, standards and existing guidelines.

Scheme

16. Non-discrimination and cost effectiveness: The scheme should not discriminate between forest types, sizes or ownerships. Certification should be as cost-effective as possible to minimise costs to forest owners.

In summary, it is clear that there are significant areas of agreement relating to the processes, procedures and requirements which a certification scheme should include.

Differences

In addition to the many commonalities discussed above, there are also a number of differences. These fall into two categories. Explicit differences where an attribute is included in one or more frameworks but excluded from others and differences of interpretation where the same issue is being addressed but there are differences in the precise requirements which each framework sets out.

Standards

1. Participation in the standard-setting process: All the frameworks agree that it is important to have wide participation in the standard-setting process (see Commonalities No.2), but there is a significant difference between the precise requirements. Some frameworks require that

the scheme should invite the full range of stakeholders to participate, while others require that there must be involvement of the full range of stakeholders in the process.

2. Decision-making in the standard-setting process: All the frameworks agree that there should be clear rules and procedures, that all parties should be able to influence decision-making and that decision-making should not be dominated by a single stakeholder group. However, some frameworks go beyond this to specify that the process should ensure that no decision can be made in the absence of agreement from a stakeholder group.
3. Performance standards: All the frameworks require standards based on performance requirements. However, FERN and QACC explicitly require defined performance thresholds to be included in national standards.
4. Management system standards: It is unlikely that any interest group would disagree with a requirement for some management systems requirements in forest standards as they are almost always included. However, the CEPI matrix recommends that all certified operations should comply with an environmental management system (EMS) which is compatible with internationally recognised EMS standards (ISO 14001 or EMAS).
5. Specific requirements: Only the QACC has much detail of the performance requirements which must be included in a standard, though the scope of requirements is implied by both the IFIR and CEPI frameworks through reference to international Criteria & Indicator sets. There are a number of specific QACC requirements which may not have broad support among all stakeholders, including the prohibition on the use of GMOs, forest conversion (both of which are also in the FERN requirements), protection of the legal and customary rights of indigenous people and the requirement to apply the precautionary principle. This level of specificity represents a different philosophy from the other two frameworks where these issues are left for stakeholders to decide in national standard-setting processes.

Certification

6. Regional certification: Regional certification is explicitly encouraged by CEPI and IFIR. Both FERN and QACC support group certification but are explicit in excluding certification which allows forests to be certified without the owner or manager actively seeking or agreeing to certification.
7. Field visits: There is broad agreement between the frameworks on the need for assessors to collect information on both forest management systems and procedures and, through field visits, from the forest itself. However, QACC and FERN explicitly require the field element to be adequate to demonstrate that the performance element of the standard is being met.

8. Consultation: An important difference between the frameworks is the explicit requirement for consultation during the assessment process in both the FERN and QACC frameworks, while it is not required by either the CEPI or IFIR frameworks. This, together with public reports (see 9 below), is seen as fundamental to credibility by the FERN and QACC frameworks.
9. Public information on certified operations: Both QACC and FERN require public summaries of the results of certification assessments as an additional element of transparency and thereby credibility, while CEPI and IFIR require only information on the name, location and forest type to be publicly available as required by ISO guidelines.

Accreditation

10. National vs international: The CEPI matrix specifies that accreditation should be undertaken at the national level. In contrast, the Forest Stewardship Council (FSC) system is based on international accreditation.
11. Information: There is agreement that public information should be provided on procedures, systems and certification bodies which are accredited. However, the QACC framework also requires public summaries of the results of accreditation audits which is not specified by other frameworks.
12. Affiliation: CEPI and IFIR both specify that accreditation bodies should be affiliated to the International Accreditation Forum (IAF) or European Accreditation (EA), both of which only accept national accreditation bodies as members. QACC, in addition to IAF, specifies the International Social and Environmental Accreditation and Labeling (ISEAL) Alliance which accepts international accreditation bodies such as the FSC.

Chain of custody and claims

13. Approaches to chain of custody: The IFIR framework makes provision for wood flow accounting as one of the means to establish the chain of custody, while the other three frameworks do not refer to such an option implying tracking of wood and fibre throughout the various phases of the chain of custody.

Schemes

14. Participation in scheme development and governance: Both the QACC and IFIR are explicit in listing the range of stakeholders who should be involved in developing and running a certification scheme including owners, industry, government, environmental NGOs and social NGOs. CEPI is explicit only in requiring the involvement of forest owners.

Conclusions

Despite the continuing controversy which surrounds the different forest certification schemes, there appear to be many areas where there is broad agreement between different stakeholder groups on the way in which certification schemes should be designed and run.

Nevertheless, there remain significant differences which need to be addressed if progress is to be made in resolving some of the current discussion and polarisation. It is possible to identify what some of the most important of these are, providing a rational basis for further discussion between different groups.

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For an electronic copy of the full report, please email your request to info@theforestdialogue.org

The Forests Dialogue (TFD), formed in 1999, is an outgrowth of dialogues and activities that began separately under the auspices of the World Business Council for Sustainable Development, The World Bank, the International Institute for Environment and Development, and the World Resources Institute. These initiatives converged to create TFD when these leaders agreed that there needed to be a unique, civil society driven, on-going, international multi-stakeholder dialogue forum to address important global forestry issues.

TFD's mission and purpose is to bring key leaders together to build relationships based on trust, commitment and understanding and through them, generate substantive discussion on key issues related to achieving sustainable forest management around the world. TFD's dialogues serve as a platform to share aspirations and learning and to new seek ways to take collaborative action on the highest priority forest conservation and management issues.

TFD is developing and conducting international multi-stakeholder dialogues on the following issues:

- ▶ *Forest Certification*
- ▶ *Illegal Logging and Forest Governance*
- ▶ *Intensive Forest Management*
- ▶ *Forests and Biodiversity Conservation*
- ▶ *Forests and Poverty Reduction*
- ▶ *A Vision for the World Forests*

There are currently 23 members of the TFD Steering Committee. The Committee is responsible for the governance and oversight of TFD's activities. It includes representatives from private landowners, the forest products industry, ENGOs, retailers, aid organizations, unions, and academics.

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