



GLOBAL  
FOREST  
& TRADE  
NETWORK

ProForest

EU and GFTN Forest and Trade  
Networks for legal and sustainable  
forest management in Africa and Asia

Stepwise Certification *A practical guide*

Includes case studies from China and Vietnam

August 2009



This document has been produced with the financial assistance of the European Union. The contents of this document are the sole responsibility of WWF and can under no circumstance be regarded as reflecting the position of the EU.



ProForest is an independent company working with natural resource management and specialising in practical approaches to sustainability.

ProForest was a joint partner in the EU and GFTN Forest and Trade Networks for legal and sustainable forest management in Africa and Asia project.



The Global Forest & Trade Network (GFTN) is a WWF initiative designed to eliminate illegal logging and encourage responsible forest management.

WWF/GFTN was a joint partner in the EU and GFTN Forest and Trade Networks for legal and sustainable forest management in Africa and Asia project.



This document has been produced with the financial assistance of the European Union. The contents of this document are the sole responsibility of WWF and can under no circumstances be regarded as reflecting the position of the European Union.

© 1986 Panda symbol WWF. ® "GFTN", "WWF", and "panda" are WWF Registered Trademarks.

Published August 2009 by WWF – World Wide Fund For Nature (also known as World Wildlife Fund). Any reproduction in full or in part of this publication must mention the title and credit the above-mentioned publisher as the copyright owner. © 2009 WWF International. All rights reserved.

# Table of contents

1.	Introduction to stepwise certification.....	5
2.	About this guide .....	6
3.	Step 1. Baseline Appraisal.....	7
3.1.	Internal review of operations .....	7
3.2.	Independent baseline appraisal .....	9
3.2.1.	Planning for the baseline appraisal.....	10
3.2.2.	Results of the appraisal.....	11
3.2.3.	Entry level requirements .....	12
4.	Step 2. Development of an action plan .....	13
4.1.	Identifying actions .....	13
4.2.	Planning activities .....	13
4.3.	Detailed Planning .....	14
4.3.1.	Root causes .....	14
4.3.2.	Specific objectives .....	15
4.3.3.	Rolling programme with review.....	16
5.	Step 3. Guidance on implementation .....	17
5.1.	Developing Systems .....	17
5.2.	Delegating responsibility for actions .....	17
5.2.1.	Staff and budgeting .....	18
5.3.	Internal monitoring of implementation .....	19
5.4.	Closing the gap.....	20
6.	Step 4. Verification of progress .....	21
6.1.	Using an external party to audit progress against the action plan .....	21
7.	The six habits of successful FTN companies .....	22
8.	Sources of Further Information .....	23

<b>List of abbreviations</b>	
CAR	Corrective Action Request
FSC	Forest Stewardship Council
FLEGT	Forest Law Enforcement Governance and Trade
FTN	Forest and Trade Network
GFTN	Global Forest and Trade Network
MIV	Modular Implementation and Verification
QM	Quality Management
P&C	Principles and Criteria
SFM	Sustainable Forest Management
WWF	World Wide Fund for Nature

# 1. Introduction to stepwise certification

## What is stepwise certification?

For most companies, meeting the requirements of independent certification means the implementation of considerable change. There are a large number of requirements to be met, many of which require the development of new ways of working. Some go beyond the requirements of national forest law. Performance against each requirement needs to be checked, reviewed, and if necessary improved; systems need to be established and monitoring needs to be put in place. In most cases this can only be completed over a period of several years of concerted effort, all of which needs to be focused and carefully directed to specific issues.

It is for these reasons that a stepwise approach to the implementation of the requirements makes sense.

The Modular Implementation and Verification (MIV) toolkit (ProForest 2003) demonstrates how the requirements of the certification process can be broken down into separate elements to better facilitate this phased implementation. Since its initial publication in 2003 it has provided the basis for several companies to make the transition to formal third party certification through the Global Forest and Trade Network (GFTN), and other groups. This document presents an introduction to the process of stepwise progress to certification. It outlines how a company can use the stepwise approach to progress through the requirements and ultimately, to obtain independent forest certification.

Key to managing the process is the idea that sections of the standard can be addressed separately over time, and in an order that best suits the priorities of the applicant company. This makes the process easier to control and monitor, and ultimately therefore makes the standard more achievable.

## The need for independent advice and support

The division of the requirements into modules provides the framework for stepwise implementation. However, to complete the process, external advice and support is often required on specific modules. In recent years there has been considerable growth in consultancy, advice and monitoring services to provide this support. Specialist advice on different elements, such as the social components, environmental components or the technical aspects of silviculture, is available. The GFTN has rendered the step-wise approach into a formal programme, where member companies can enrol in a process of transition to certification. The GFTN facilitates the process from the baseline appraisal through to the eventual certification, and provide a package of support, often at reduced cost, to the member companies.

### **The importance of credible verification**

The process of modular implementation requires regular review, through some form of credible verification. This means companies can get regular feedback on their achievements and guidance on further work. It also means that they can demonstrate measurable progress is being made towards the ultimate goal of certification. This can enable companies embarking on step-wise implementation to gain some recognition for their efforts, and benefit from access to certification-sensitive markets.

The GFTN model aims to provide companies with access to consulting services to assist with appraisals, planning and technical changes, and to verification services to monitor progress and give regular feedback. The verification is overseen in a structured manner, using techniques based on those of accredited certification bodies. This independent verification is crucial if companies are to have the opportunity to market themselves or their products as 'in transition' to certification.

### **FLEGT and illegal logging**

In tropical forest areas, increasing importance is placed on the independent verification of legal forestry operation. This is often seen as the starting point for certification, or the first step in the process.

The governments of the EU have established a process of support for timber exporting countries to promote Forest Law Enforcement, Governance and Trade (FLEGT). Under this process, exporting countries are encouraged to develop timber licensing systems that can provide assurance that relevant laws were complied with in the country of production.

Independent verification of legal operation is a key part of this process, and is recommended as a way to ensure qualification for a FLEGT timber licensing system. It is possible for companies to obtain independent verification of legal operation through membership of the GFTN. Verification can be carried out during the baseline appraisal, if this is requested as a specific service by the applicant country.

## **2. About this guide**

This guide sets out the important elements of a stepwise or 'modular' approach, and provides practical guidance on how to follow the process on implementation and verification. It is intended for use by GFTN member companies who are committed to obtaining independent FSC certification, but who are new to the process.

The guide explains the different stages of the process: baseline appraisal, action plan development, implementation of plans and programmes and finally, verification of progress. These are outlined in Table 1 below.

<b>Table 1. Modular implementation of the certification requirements requires four things:</b>	
•	An baseline appraisal: a comparison of current practice against the requirements of the standard, and the identification of gaps and opportunities
•	An action plan: A detailed list of the actions that need to be taken to close the gaps, by changing practices or developing management systems
•	Implementation of specific actions: Changes to specific activities (legal, technical, environmental and social) to bring performance into line with the requirements of the standard
•	Monitoring and verification to ensure progress: A process by which the completion of specific actions is checked off and progress is measured

The following sections deal with each of these stages in turn, beginning with the baseline appraisal (Section 3) then Action planning (Section 4) Implementation (Section 5) and finally monitoring and verification (Section 6).

## **3. Step 1. Baseline Appraisal**

### ***3.1. Internal review of operations***

The first stage in the stepwise implementation of the standard is to undertake an internal review of the current level of management. The purpose of this review is:

- To assess the extent to which the requirements for each module are already being met;
- To identify all the gaps which must be addressed in order to achieve full compliance with the requirements for each module.

The internal review should be coordinated by the forest manager, or another member of senior management with ultimate responsibility for the certification process. Some companies establish a formal position 'certification manager' to oversee this. Whatever approach is taken, the person responsible should have authority over heads of individual sections within the company, and report directly to senior management.

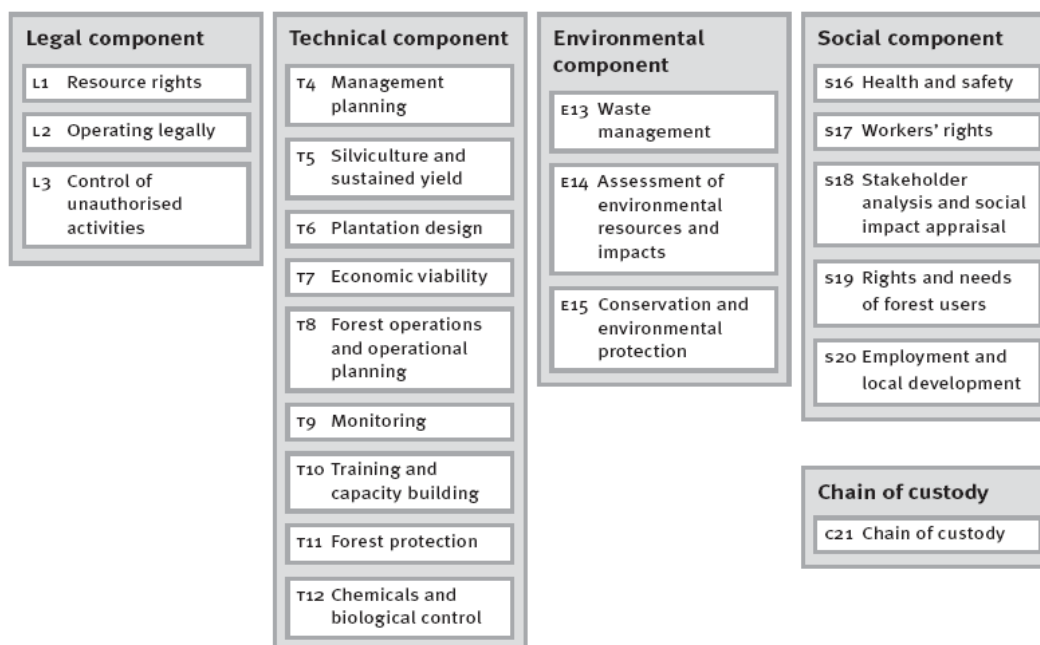
Depending on the size of the organisation it may be appropriate to bring together a team or committee to carry out the review. A suitable team would include people from planning, forest operations, processing, environment/conservation, human resources or community relations. The team should be headed by the certification manager.

Where the process and demands of certification are new to a company, it is recommended that they bring in experienced external assistance to undertake the internal review. This will help to ensure that the assessment is comprehensive and covers all elements of each module – setting company off on the right track from the start.

The review should use the generic certification standard (e.g the FSC principles and criteria) and/or the modules presented in the MIV. It should assess each area of the standard and evaluate the organisation's current activities in each category. In some

cases there exists a national adaptation/interpretation of the MIV or a national FSC standard.

Figure 1 The Modular Implementation and Verification (MIV) modules, shown schematically



The internal review may be a desk based exercise, and does not need to be a detailed investigation. However, the review should be based on discussions with the relevant staff. It is suggested that a brief summary report is produced that reports against each module, and shows where existing activities seem to address the requirement, and where additional activities may be needed, as shown in table 2 below

Element of the standard or Module	Existing relevant actions/activities	Possible additional activities
Social impact appraisal	Social impact appraisal carried out for sawmill site	Need updated list of stakeholders Need info on legal and customary rights Impact appraisal needed for forest operations in both concessions
Management plan and annual plan of operations	Logging management plan in place	Need to detail conservation measures and identification and maintenance of High Conservation Value Forest

The results of this internal review will form the basis for all further actions on the path towards certification. It requires an objective assessment of the organisation's performance against the criteria, which is why an external opinion such as from a consultant, donor or investor may be useful.

Whoever carries out the initial review, it is essential that they are:

- Familiar with the requirements of the modules (and/or the standard), including the interpretation of the requirements for the specific location and forest type. This is particularly important if you are using the generic modules in this Toolkit without any national adaptation;
- Competent to carry out an assessment/audit effectively;
- Able to adequately examine technical, social, environmental and economic issues. This will almost always require the use of a team for medium and large operations;

### ***3.2. Independent baseline appraisal***

As discussed in Section 3.1, modular implementation is based on an internal review of the current level of performance which identifies the areas of non-compliance with the requirements for each module. These areas of non-compliance are sometimes called gaps. The identification of these gaps is then used as a basis for developing an Action Plan (Section 4), which is a framework for the actions that will be taken to fill the gaps.

Where a stepwise process is being used to meet the needs of external parties such as customers, investors or donors, they will need to be sure that the baseline appraisal has been thorough, and that the resulting action plan is realistic. In these cases it is increasingly common that a formal baseline appraisal is carried out by a qualified independent auditing body.

A formal, independent baseline appraisal helps to ensure the scope and depth of the investigation is appropriate to highlight all the major issues. It also ensures that:

- The organisation is suitably benchmarked against national and international good practice
- Gaps are identified accurately, providing a good basis for developing the action plan
- An objective independent assurance that a set of minimum requirements have been met

The last point is increasingly important for schemes such as the GFTN that are seeking to promote organisations that are ‘in transition’ to certification. For such schemes it is important to demonstrate that participating companies are complying with a basic minimum set of requirements (See 3.2.1 below).

<b>Table 3. Internal review and baseline appraisal</b>	
<ul style="list-style-type: none"> <li>• An <b>internal review</b> tends to be less formal, designed to provide information for the company’s internal use rather than for making public claims. You would do an internal review so that you know ‘where you are’.</li> </ul>	<ul style="list-style-type: none"> <li>• An <b>independent baseline appraisal</b> is more formal, is often carried out by independent external parties and is designed to allow the company to make public claims about the status of its operations. You would have such an audit done so that you can convince others ‘where you are’.</li> </ul>

An ‘independent external party’ is not normally allowed to involve itself in consultancy activities, and so may be unable to offer advice on action plan development. The responsibility for developing the action plan will therefore rest with the company. However, the GFTN can advise on this and provide some technical support.

#### **FAR EAST Case study Traceability to known and legal sources and CoC**

GFTN trade participants are required to ensure that all unknown and unwanted sources are eliminated from their supply chains within 1 year of joining. This means that to supply GFTN trade participants, producer companies need to be able to guarantee traceability to a known licensed source at an early stage.

In China, GFTN trade companies found it useful to devise and implement their own systems of traceability first. This enabled these companies to communicate clearly what was required to their suppliers so that their suppliers could implement similar systems to guarantee known sources.

Forest producers should understand the need to guarantee traceability to known and licensed sources. They will therefore need to address resource rights and legal issues early, and be in a position to demonstrate that each forest source is licensed.

### **3.2.1.Planning for the baseline appraisal**

The baseline appraisal will require some planning. It is important to recognise that the entire scope of the organisation’s work will be examined during the appraisal, including all workers rights and community relations as well as operational practice in the field. The assessors will need to visit different areas of operation (administration, processing, harvesting,) and will also wish to interview workers and representatives of local communities.

The appraisal should be timetabled for a set period, (e.g. one week) through discussion with the auditor. However, it is necessary to ensure that enough time and flexibility is built into the programme. The assessment team will need transport to visit sites in the field, but will also want to interview a wide range of staff from within the organisation. Both unit managers and ‘factory floor’ staff will need to be available for discussions if the auditor deems it necessary.

The total length of the audit will depend on the size of the organisation, and the amount of travelling time needed (for example between field sites). The auditor will need to visit a sample of field sites, and may wish to compare practices between different areas. The sample will be determined by the auditor, but will need to be large enough for the auditor to identify examples of systematic practice within the organisation.

**Example: Sampling**

The company has four harvesting teams in the field, two in each of the FMUs. The auditor is likely to need to visit two of these; one harvesting team in each FMU.

It is not uncommon for an audit of a medium sized forest operation to take four to six days.

The assessor may not be able to determine exactly what needs to be seen in advance. The flexibility to follow up on specific issues is an important part of the process. For example, the assessor may wish to discuss some questions with a nearby local community, but may not be able to specify in advance which community it will be important to visit.

### 3.2.2. Results of the appraisal

The output from the baseline appraisal will be

- an opinion on whether or not the current conditions satisfy GFTN entry level requirements (see below)
- detailed comments against each element of the standard, or each module if MIV is used directly. There will be an overall verdict on whether existing performance meets the requirements (compliance) or whether a gap exists.
- Identification of gaps, divided into minor and major issues.

The distinction between major and minor gaps is important. A gap is usually identified as major where there is a systematic failure, or where the organisation has not yet addressed any of the issues covered by the module of principle. A minor gap would be identified if the organisation had addressed part of the requirements but had not yet dealt adequately with one or two specific elements. An example is shown in table 4 below.

Table 4 Example of major and minor gaps: Health and safety	Verdict
The company has not yet carried out an assessment of risks or taken any steps to provide protective equipment for its forest workers	<b>Major</b>
The company has carried out a risk assessment and has begun to provide protective equipment to forest workers. However, not all teams have received their equipment, and training on the correct use of this equipment has not yet been carried out.	<b>Minor</b>

**Vietnam Case study: Gaps identified in management planning process**

Baseline appraisals of forest management enterprises in Vietnam highlighted a lack of clearly identified goals of the forest management process. Plans need to have clear short, medium and long-term goals to show that the manager understands the full range of services that the forest is providing, and is balancing commercial, social and environmental concerns.

Plans help provide consistency and focus to the whole enterprise. Clear goals are

essential to ensure forestry staff share objectives and have ownership of the process of SFM. They play an important role in bridging the long timescales over which forest management takes place and in guaranteeing the timber resource is managed sustainably. They are also important to show an understanding of what the future resource will look like after certain phases of work have been completed.

### 3.2.3. Entry level requirements

Many potential users of stepwise certification (e.g. WWF GFTN Forest and Trade Networks (FTNs), investors, government procurement bodies), while keen to support a phased approach, also need to be sure that their suppliers or clients meet a certain minimum level of performance. This can be achieved by designating certain modules as 'entry level requirements'. Membership of the scheme is only awarded once these requirements are fully complied with.

There are some particular issues which are likely to demand this type of entry level requirement approach. For example:

**Known licensed source:** in response to the growing awareness of the serious threat posed to sustainable forest management by illegal logging, many state and private purchasers are now making commitments only to buy forest products from 'known and legal sources'. This could be delivered in practice by requiring compliance with the elements relating to resource rights and the elements on Chain of Custody. Once these two modules are in place, all other requirements can be implemented in line with an Action Plan over an agreed time

**Unknown or Unwanted sources** (sometimes known as Controversial sources): many purchasing policies prohibit the purchase of forest products from controversial sources which include, for example, inadequately managed High Conservation Value Forests, areas with serious social disputes and forest being converted to other uses. Requiring completion of an assessment of environmental and social resources and impacts, and or an Assessment of High Conservation Values provides assurance that if there are any controversial issues, they will be identified.

These requirements (or similar) could be demanded as a basis for membership of a scheme. If this is the case, the applicant company will need to guarantee that these conditions are met in advance of the baseline appraisal. If these (or similar) entry level requirements are not met, the auditors would identify a gap (or major CAR), and not recommend membership.

In some such cases, membership may be granted *on condition* that these gaps are closed within a pre-defined timeframe. The timeframe is likely to be 3-6 months of the date of the baseline appraisal. A further audit of compliance is then necessary after the given time period to prove the gap has been closed.

## 4. Step 2. Development of an action plan

### 4.1. Identifying actions

It may be possible to identify the specific actions directly from the gaps identified. If the results of the baseline appraisal are presented against the modules this will be easier. If the results are presented against the principles and criteria (P&C) they may need to be grouped thematically. The aim should be to group them by department or section within the organisation, so that it is possible to identify who is responsible for the follow up actions

Gap identified	Group responsible
Weak procedure for regular community consultation	Community relations
No provisions for monitoring forest growth	Planning/Operations
Not all taxes are being paid	Legal/ Finance
Staff improperly trained in health and safety	Human resources/Operations

### 4.2. Planning activities

Each forest organisation using a stepwise approach will be different and will be beginning from a different starting point. Therefore, it is essential to allow forest managers the flexibility to make their own decisions about the most appropriate order in which to implement the modules. However, this also means that they will need to make decisions about the right approach for their organisation. The guidance below aims to assist in this process.

It is probably best to begin by deciding the total implementation period (e.g. three years or five years). This may be an internal decision, or may be driven by external demands such as customers, investors or government. Once you have decided the total time available, you need to decide which modules will be implemented in each period (e.g. each year, each month).

When doing this it is helpful to consider the points below.

- Identify requirements which need to be completed in order to meet entry requirements for investors or customers and timetable them to be undertaken first. These might include elements such as resource rights and management Planning;
- Identify all requirements which need to be completed as the basis for other stages and ensure that they are timetabled for the beginning of the process. This will normally include:
  - *Silviculture and sustained yield* which provides the basis for economic and operational planning (*i.e. Management Planning, Economic Viability and Forest Operations and Operational Planning*).

- *Assessment of environmental resources and impacts* which acts as a basis for most of the necessary environmental and conservation planning (*Conservation elements and Environmental Protection measures*).
- *Stakeholder analysis and social impact appraisal* which provides the information needed for subsequent social planning covering forest users and local communities (*Rights and needs of forest users and Employment and local development*).
- *Training and capacity building*. Training may be needed as fundamental parts of the achievement of many other modules;

The certification manager should develop an internal timetable for each element or module, in discussion with the relevant staff member(s). It will be important to be realistic about time needed to carry out training or consultation exercises. Ensure the module is begun early enough to allow the full programme to be completed.

**Table 5 How a forest manager might plan to complete modules over a three-year period – note that some modules might take more than one year to complete**

	MIV modules													
	L1	L2	L3	T4	T5	T6	T7	T8	T9	T10	T11		S20	C21
Year 1	●				●	●				●	●			●
Year 2		●	●	●		●			●				●	
Year 3				●			●	●				●	●	

Identify activities in different modules which overlap and could be done together and timetable those modules to be implemented together. Some modules will need to be coordinated by the same person, so in some cases implementation will need to be staggered to ensure personnel or resources are not over-stretched.

It will be important to consider the costs of implementation; making sure that the total cost of implementation for the modules timetabled for any particular year is in line with the budget available.

### **4.3. Detailed Planning**

At this stage it will be necessary to carry out some more detailed planning. The organisation will need to identify the precise actions that can be taken to address each gap identified in the assessment.

#### **4.3.1. Root causes**

The starting point for developing actions for individual modules will be the results of the initial review. Therefore, it is important that the results of the initial review are clearly and accurately reported. If there is anything that remains unclear about the findings of the initial assessment, the relevant manager should follow up with the auditor to resolve any potential misunderstandings.

As well as a good understanding of **where** the gaps are between the requirements of each module and current performance, it is also critical that the forest manager develops a good understanding of **why** the organisation's practice is currently not satisfactory. This is because when developing actions to improve performance it is important to focus on the root causes of gaps rather than the gaps themselves.

**Table 6 Example: Identifying the root cause of a problem**

The baseline appraisal has found that an environmental impact assessment was not sufficiently detailed to address a concern. This could be:

- Because the consultant who carried out the assessment did a bad job
- Because the scope and terms of the assessment were not prepared thoroughly enough

### 4.3.2. Specific objectives

The objectives of each action plan element must be spelt out clearly. It is important to clarify what you are trying to achieve, or in other words, the expected end point of the action. Thought should also be given to the way that the achievement of the objective can be measured.

For example, if a lack of training has been identified, it is important to show how this can be remedied. The action plan should list the specific actions (e.g. training courses), who these will be attended by, and crucially, what you expect those being trained to know as a result. It is also important to plan out how you can verify (measure) that the training has been successful.

Similarly, if a gap has been identified in community consultations the action plan should be specific about the actions that will be taken to address this. The action plan should outline the specific issues to be discussed at specific meetings with specific individuals, and again. It should also show how the results of the consultations will be recorded and how their impact will be measured.

#### **Vietnam Case study: Developing specific monitoring plans**

In an assessment of a Vietnamese forest management enterprise the lack of post harvest monitoring was identified as a gap. To remedy this situation, the enterprise needed to consider a number of questions in sequence:

Fistly it needed to understand why post harvest monitoring is required.

Post harvest monitoring usually serves two important functions: to check that harvesting has followed the intended guidelines and processes, and to check that the forest is recovering sufficiently as a result.

These are short term and long term considerations, and are sometimes referred to as 'operational' and 'strategic' monitoring.

The **operational checks** can be made by the operations manager, and should

include checking that only the marked trees were felled, in the correct direction, and that the skid route followed the plan. It should also spot check the other regular procedures such as stump marking and log tagging.

The operations manager should complete a form or checklist for each operation checked. These can then be signed off by the certification manager, and provide a permanent record that monitoring has been completed

The **strategic monitoring** needs to assess whether these operational measures actually are ensuring adequate regeneration. This will require a more detailed assessment of regeneration across a number of harvested blocks, which may need to be carried out some time after operations there have been completed.

For this it will be necessary to devise a measure of adequacy, which may require expert input and should correlate to what is known about the forests ability to respond to disturbances. The results of this should also be cross-checked with forest growth data from the enterprises own permanent sample plots.

### 4.3.3. Rolling programme with review

Detailed planning should be carried out for those actions that have been prioritised for the first year, with a less detailed plan for subsequent years. This should be linked to a regular review process (e.g. every six months) to check on delivery of the interim targets and carry out the detailed planning for future actions. The action plan should set out who will carry out the review and when this will occur.

Example: Developing a systematic approach to legal compliance				
Gap	Assessors comments	Specific objectives	Responsible	Deadline
LXX	“The organisation does not show a systematic approach to legal compliance, and has not established a mechanism for checking the implementation of different legal requirements relating to forest operations.”	Compile and list key legal requirements (from Manual of procedures)	TR	Q1
		Ensure this is regularly monitored/updated	TR	Q1
		Develop a checklist of requirements for ops manager to use in the field	IG	Q1
		Train ops managers to complete checklist	IG	Q2
		Develop system for CM to review results, report and deal with concerns	TR/IG	Q2

## 5. Step 3. Guidance on implementation

### 5.1. Developing Systems

Many of the requirements are systems requirements. For example, a system should be in place to monitor and control the use of chemicals in the nursery. The system does not need to be something complicated. It usually means:

- There is someone responsible (a 'named representative')
- There is a way of doing things that is documented (a procedure describing a process)
- Records are kept that show the procedures are followed

With chemicals the appropriate procedure will describe how chemicals are stored and dispensed safely. It should describe the actions that should be taken in the event of a spill, and how such an event should be reported. For certain chemicals it may be appropriate for a check sheet to be signed when the chemical is used. This would allow for records of who has used it and when. The person responsible will need to make regular checks that the storage facility and the chemicals are being appropriately used, and that the procedure is being followed. Records of these checks should also be kept.

### 5.2. Delegating responsibility for actions

Wherever new systems or actions are being put in place, it is essential that the staff on the ground see it as their job to ensure the change takes place. This is important to ensure new actions become institutionalised. The responsibility for implementing new procedures, and monitoring this implementation has to rest with the staff themselves, as the certification manager will be unable to actively monitor all aspects of compliance.

#### China Case study: Integration with existing quality management systems

Where the company has a quality management (QM) system in place (such as ISO 9001) many of the systems will provide an appropriate basis for forest certification related actions. Certification related actions should be linked to management decision-making just as quality management aspects are.

Aspects of forest management need to be turned into procedures in the same way as quality aspects. Once this has been done, the same approach should be taken to monitoring, using regular checks by the quality management representative.

In China, GFTN companies found it appropriate to integrate regular checks on health and safety of workers with their existing quality checks. QM staff enforced the appropriate use of personal protective equipment amongst sawmill staff.

### 5.2.1. Staff and budgeting

Under each individual module where gaps have been identified and further work is required, the Action Plan must set out a programme for implementation including:

Who is responsible for ensuring the module is implemented;

Details of all the sections, departments or teams that will be involved in implementation;

The actions which will be required, including reviews of the current status, training, the introduction of new procedures,

It is particularly important, to include well researched cost estimates at this stage and to get senior management approval for these figures. One commonly cited problem with delivering on action plan commitments is the inability to obtain the necessary financial support for unforeseen additional costs. For this reason, it is vital to think through potential costs in detail.

Budgets should include estimates of capital expenditure (e.g. buying new equipment) training (including investment of staff time) but also potential changes to operating expenditure, once new systems are in place. This may highlight potential savings from increased efficiency (e.g. reduced fuel use in new vehicles, fewer wasted journeys with better time management etc.).

In short budgets must include:

- Any new equipment or machinery that will be needed
- Approximate costs, both direct expenditure and staff time
- Predicted timing of major expenses

#### China Case study: Budgeting

GFTN Companies in China found that it was helpful to prepare budget estimates for specific actions early in the certification process. This was true even when there was limited information about the potential costs. This is because the process of budgeting stimulates further investigation where information is lacking.

Sourcing more timber from known and legal sources, or increasing a company's dependence on its own timber production has cost implications that need to be quantified. New suppliers may need to be found who can fill specific supply gaps at an acceptable cost, so it is important to identify these options early.

This additional research on the part of managers or purchasing staff also has a cost implication. This needs to be included in budget estimates.

### ***5.3. Internal monitoring of implementation***

The company will need to keep up to date with progress against the action plan and have some way to monitor that actions are being completed. The responsibility for this will be with the certification manager.

This should be happening internally on a regular basis as part of the plan for implementation (see Section 4).

This routine monitoring of progress will be driven by the Action Plan. Each module which, according to the Action Plan should be complete or underway needs to be checked.

- **Modules scheduled for completion:** the manager should check that all the outcomes required by the module have been achieved in full;
- **Modules underway:** many modules may be scheduled to be completed over more than one year. In this case, the manager should check that the programme for the individual module is being followed and that progress against the internal timetable for the module is adequate

The process of monitoring may be very straightforward, simply involving an assessment of whether the requirements of each module have been met or not. However, it is important that the verification is undertaken by a person or team who:

- Understands and has experience of auditing techniques;
- Has a good understanding of the requirements of the modules and, particularly if certification is the ultimate aim, the standard on which they are based;
- Has the necessary technical skills and knowledge to adequately undertake an assessment of all the modules. This will usually require a team for medium and large forests.

Communication of the results should be in a form which ensures that it is clear and accurate for both internal use and to any relevant external interested parties. Figure 2 provides an example of how this communication might be summarised.

**Figure 2. An example of an MIV audit report summary**

## MIV year 2 audit report summary

### Action plan summary

	L1	L2	L3	T4	T5	T6	T7	T8	T9	T10	T11	T12	E13	E14	E15	S16	S17	S18	S19	S20	C21	
Year 1	✓			✓	✓		✓							✓					✓			✓
Year 2		✓		✓				✓		✓	✓	✓			✓	✓				✓	✓	
Year 3		✓	✓	✓				✓	✓	✓					✓		✓				✓	
Year 4								✓					✓									

In year 1 modules 1, 4, 5, 7, 14, 18 and 21 were completed as planned

### Year 2 results

#### Modules scheduled for completion in year 2

Module	Complete	Incomplete	Comments
T11	✓		
T12	✓		
S16		✓	<i>New safety equipment arrived late so training is still underway. Rescheduled for completion in Q1 of year 3</i>
S19	✓		

#### Modules scheduled to be underway in year 2

Module	On schedule	Not on schedule	Comments
L2	✓		
T4	✓		
T8		✓	<i>Road crews still not fully implementing new water crossing guidelines. Additional supervision planned and budgeted for Q1 and Q2 year 3 Chainsaw operators still not meeting directional felling targets. Additional training planned and budgeted for Q2 year 3</i>
S20	✓		
T10	✓		
E15	✓		

## 5.4. Closing the gap

Again here it is important to distinguish between changes which have just been introduced and those that have been systematically incorporated into the company's operation. To demonstrate that a gap has been closed out, there should be evidence that systems are in place and that they are being used on a routine basis.

For example: a gap was noted on monitoring of compliance. It was suggested that the company develop an internal audit programme.

To close out this gap the company will need to show that a programme exists and is functioning. It should involve named staff, and have a schedule for regular compliance checks. The person responsible for the internal audits will need to develop a set of checklists that can be used, and a means of reporting the findings. Finally there should be written records showing that audits have been carried out, and evidence that the findings have been reviewed by the manager responsible.

**Example: Documented records of internal audits**

- Checklists and completed audit reports (with dates) on file
- Summaries or minutes from regular meetings (with dates) showing reports were reviewed
- Records of decisions taken and who has been given responsibility for follow up

## **6. Step 4. Verification of progress**

Where there is interest from external parties there will need to be some independent verification of progress. This is usually achieved through regular monitoring visits by a suitably qualified and *independent* auditor.

### ***6.1. Using an external party to audit progress against the action plan***

An annual monitoring visit will be a rigorous assessment of progress made since the baseline appraisal was completed. However, a surveillance audit will focus on specific issues and will not be as detailed as the initial appraisal. A typical monitoring visit of a medium sized forest operation is likely to take 2-3 days.

- Preparing for the visit

The audit will review all the outstanding actions and the reasons why certain actions have or have not been taken. The auditors will not only want to review the actions that have been taken, but may wish to revisit the prioritisation made in the action plan, and the justification for why certain actions have not been addressed. The forest/certification manager will need to be fully aware of the status of the action plan and the reasons why certain actions have/have not been prioritised.

He/she will also need to have access to all relevant procedures and records for the different actions. This will mean ensuring that staff responsible for these records are on hand if needed, and this can be difficult to manage. Again, it is important to remember that the auditor needs to have flexibility to follow up on issues that may only arise on the day, so there is a limit to what can be definitely planned in advance.

Like the baseline appraisal, the monitoring visit will need to evaluate performance in the field, and collect objective evidence from observation of actions. This means time will need to be allowed for transport to field/operational sites, and a sample of sites will need to be visited.

- The monitoring visit: what to expect

Where specific actions have been taken, the auditor will seek to verify that they have been carried through into regular operational practice. This will require the observation of practice, but also the examination of records that show procedures are followed even when the auditor is not looking.

Records and checklists from inspections or meetings will need to be in order, and readily available for the auditor to see.

Auditors are trained to ask questions like “How do you ensure practice is always consistent?” so you can expect to be quizzed on how staff are trained. The auditor will also want to interview some of the staff on the ground to check that they understand and implement what they have been trained to do. This is vital for the credibility and accuracy of the audit and it is important that managers do not stand in the way of this process.

This means managers should not expect to answer all the auditors questions themselves, and they may have to absent themselves from certain discussions.

## **7. The six habits of successful FTN companies**

The analysis of problems experienced by member companies in several countries, and the potential solutions to these problems, highlights several features of successful strategies and successful companies. This section summarises these key findings.

### **1. A Managing Director with commitment to the process:**

Despite all the technical complexities of individual elements of the certification process, there remains no substitute for un-remitting commitment at the highest level. Most fundamental change within the company structure is achieved through personal interactions and the willingness of individual staff to follow the lead shown by senior management.

### **2. Financial security and business size**

The evidence from Ghana shows that those companies with sufficient funds to invest materially in new staff and new hardware will succeed at the expense of those that cannot. Donor support may help to meet some specific costs in the short term, but in the long term, substantial investment by the company will be needed in the pursuit of best practice. For the first movers in central and west Africa, the rewards for this are likely to be felt promptly – through a price premium for certified timber and improved market access. In the medium to long term access to western markets may depend upon being certified.

### **3. A certification manager with sufficient managerial authority**

Within the applicant company, the person appointed to lead the certification initiative must have authority and sufficient freedom to:

- Develop and command his/her own budget lines,
- Carry out internal audits and,
- Demand improvements in performance across all areas of the business (i.e. activities in the forest and activities in the mill)

### **4. Team approach**

Successful certification initiatives depend on effective cooperation between several different elements of the business. Too much emphasis may be placed on activities in the forest, while in reality, certification also requires the company to address

personnel issues and health and safety in the manufacturing environment. Close partnership with accounting services is vital, but often overlooked, especially as regards the potential to track and monitor costs and benefits.

### **5. Low staff turnover**

The certification process necessarily involves change which takes time to effect. Changes often require delicate negotiation with other staff and can be difficult to push through. Without solid backing from the senior company management, there is significant potential for the representative with responsibility for certification to encounter resistance and become disillusioned. This in turn can lead to the problems of recruiting and keeping an experienced certification manager for long enough to see the necessary changes through.

### **6. Communication, shared goals and visions**

Related to the above recommendation on staff turnover, it is important to ensure that the entire organisation understands the motivation and rationale for the changes that are being made. Without shared goals and organisation-wide clarity on the priority of change, there will be considerable resistance to it. This in turn increases the likelihood of the loss of good experienced staff. Timely achievement of certification plans should be incentivised and rewarded through performance bonuses.

## **8. Sources of Further Information**

### **Certification Bodies**

#### ***Bureau Veritas EuroCertifor:***

Bureau Veritas is an FSC accredited certification body with local representation in central Africa. In addition to FSC forest management and chain of custody certification, the EuroCertifor programme of Bureau Veritas also offers independent verification of legality under the Origine et Legalite de Bois (OLB) standard.

Bureau Veritas has a South East Asian office in Singapore: The address is:

1 Maritime Square Lobby C #09-66 Harbourfront Centre Singapore 099253

Main Line: 65 62752886

Main Fax: 65 62752776

Website: [www.bureauveritas.com](http://www.bureauveritas.com)

Contact: [certification.contact@bureauveritas.com](mailto:certification.contact@bureauveritas.com)

#### ***SGS Qualifor:***

SGS is an FSC accredited certification body with local representation in South East Asia. In addition to FSC certification services, SGS Qualifor also operates the Timber Legality and Traceability (TLTV) verification programme for legal forestry operation.

SGS Qualifor Website ([www.sgs/forestry.com](http://www.sgs/forestry.com)) has local offices in:

P.T. SGS Indonesia

Cilandak Commercial Estate #108 C, Jl Raya Cilandak KKO, 12560 Jakarta, Indonesia

Phone: +62 21 7818111

Fax: +62 21 7818222

SGS (MALAYSIA) SDN. BHD.

Unit 10-1, 10th Floor, Bangunan Malaysian RE, No 17 Lorong Dungun, Damansara Heights 50490 Kuala Lumpur, Selangor Malaysia

Phone: +60(3) 2095 9200

Fax: +60(3) 2095 9611

SGS (THAILAND) LIMITED

100 Nanglinchee Road, Chongnonsee, Yannawa, 10120 Bangkok, Thailand

Phone: +66 2 678 18 13

Fax: +66 2 678 15 45

SGS VIETNAM LTD.

141, Ly Chinh Thang, District 3, Ho Chi Minh City, Vietnam

Phone: +84 8 3935 1920

Fax: +84 8 3935 1921

***Rainforest Alliance Smartwood:***

Rainforest Alliance are an FSC accredited certification body, with local representation in South America, South East Asia and Europe. In addition to FSC forest management and chain of custody certification, Smartwood also offer independent verification of legal operation in forestry under the SmartLogging programme. More details are available on the Rainforest Alliance Website.

Website: [www.rainforest-alliance.org/forestry](http://www.rainforest-alliance.org/forestry)

Contact: [info@ra.org](mailto:info@ra.org)

**Support Programmes**

***WWF Global Forest and Trade Network***

The GFTN is a growing network of forestry producers and timber trading companies committed to responsible production and trading of timber. On joining the network, companies commit to achieving certification within a defined timeframe. The GFTN

provides support and consultancy advice and carried out regular monitoring of member companies to ensure progress is being made.

The GFTN has national offices in China, Indonesia, Malaysia, Vietnam. Contact details are available on the GFTN website.

Website: [www.gftn.panda.org](http://www.gftn.panda.org)

#### China FTN contacts

- Jin Zhonghao (Mr) [zhjin@wwfchina.org](mailto:zhjin@wwfchina.org)
- Na Xie [nxie@wwfchina.org](mailto:nxie@wwfchina.org)
- Lily Lee [llee@wwf.org.hk](mailto:llee@wwf.org.hk)

#### Indonesia FTN contacts

- Aditya [ABayunanda@wwf.or.id](mailto:ABayunanda@wwf.or.id)
- Dita Ramadhani [dramadhani@wwf.or.id](mailto:dramadhani@wwf.or.id)

#### Malaysia FTN contacts

- Ivy Wong [lwong@wwf.org.my](mailto:lwong@wwf.org.my)
- Audrey [mflee@wwf.org.my](mailto:mflee@wwf.org.my)

#### Vietnam FTN contacts

- Coi Le Khack (Mr) [Coi.Lekhac@wwfgreatermekong.org](mailto:Coi.Lekhac@wwfgreatermekong.org)
- Le Thi Loc (Ms) [loc.lethi@wwfgreatermekong.org](mailto:loc.lethi@wwfgreatermekong.org)

#### ***The Tropical Forest Trust (TFT)***

The TFT offers support and assistance to help companies move towards certification. Their programme links forestry companies to buyers in Europe wishing to establish links with companies committed to FSC certification.

TFT has local projects in Indonesia, China, Vietnam and Malaysia.

Website: [www.tropicalforesttrust.com](http://www.tropicalforesttrust.com)

Contact: [info@tropicalforesttrust.com](mailto:info@tropicalforesttrust.com)