



Progress and Options for Forest Certification in Complex Governance and Socio-Political Settings

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Introduction

- “Complex settings”
- Objectives:
 - evaluate progress & impacts;
 - review modified and innovative approaches;
 - assess future options for certification
- Uneven progress: 97% certificates and 92% certified area in temperate/boreal forests
- Original rationale of certification to raise forest management standards in tropics

Impacts

- Main impact on FMUs that were operating just below certification 'gold standard': little impact on 'across the board' management standards
- Size of 'standards gap' is main disincentive
- Main positive impacts - increased transparency, more participatory forest policy process: e.g., Brazil
- Social benefits in industrial forest concession areas: rights and conditions raised above national norms
- Problems of encroachment over customary rights
- Community forestry enterprises (CFEs): few market benefits but significant non-market benefits
- Too much expected too soon in complex settings: policy and governance problems

Case study: Bolivia

- Very 'complex' a decade ago, still very poor
- Change in political conditions in early 1990s led to 1996 Forest Law; Forest Superintendency
- Forest legislation and governance improvements reduced 'standards gap' and increased incentives
- Regulatory and fiscal incentives for certification
- State regulatory costs reduced, resources freed
- Certification actions 1994; NWG in 1995; national certifier in 1996; national standards approved in 1999
- > 1 million ha, plus 1 million ha more 'in pipeline'
- Currently no CFEs certified (2 in pipeline), but national standards are socially demanding
- Role of donors was important

Modified/evolving approaches

- Stepwise approach: 'bite-size' improvements, incentives linked to progress
- IKEA, Home Depot, etc. have own stepwise systems
- Concerns: 'transition timber' and proliferation
- Group certification and FSC's SLIMF initiative to counter economies of scale problem
- Tropical Forest Trust - links retailers and producers
- Keurhout scheme: endorsed certificates (Africa, Malaysia) matching Dutch gov. minimum standards
 - Evaluation: trade-influenced, weak on social standards

Certification and legal compliance

- 'Legality' agenda increasingly favoured by trade, governments (procurement policies?), FLEG process, activist NGOs also shifting focus
- Certification not designed to ensure legal compliance:
 - as a voluntary instrument, only legal operators interested
 - compulsory certification is problematic
 - chain of custody certification is not fullproof
- Concerns of increased focus on legal compliance:
 - difficulties in defining and identifying illegal timber
 - enforcement of inequitable forest laws, e.g. customary rights
 - 'legal timber' increase to establish lower market threshold?
- But sensible to increase regulatory incentives for certification, e.g., Bolivia

Economics of certification

- Weak market incentives: small or absent premium and high costs (direct and indirect, including opportunity costs - foregone windfall profits)
- Premium should compensate increased costs of SFM = consumer willingness to pay for non-market benefits
- Urgent need to develop markets for environmental services (PES) and lesser-known timber species (LKS)
- Consequences for certification: donor-led and use of subsidies (theoretically justified but complicate SFM, especially for CFEs)

Future options/priorities

- Country comparisons show need to establish policy and governance pre-conditions:
 - need to send out clear policy signals for SFM
 - demand-side 'carrot' like certification ineffective without supply-side 'sticks': improved forest governance reduces the 'standards gap' and increases incentives for certification
 - political space for civil society, quality of participation
 - clear property and tenure rights
 - local stakeholder capacity to participate effectively
- Benefits of FSC national certification process: is FMU certification counter-productive in complex settings?
Conflicting viewpoints

Priorities/options (cont.)

- The need to establish 'pre-conditions', develop national certification standards, and uphold social standards favours a slow-track approach
- Balance this with a faster track approach to raising 'across the board' forest management standards: voluntary certification to follow legal compliance IF sufficient political will and resources to develop equitable laws and institutions
- Balanced set of actors/donors working on certification and the 'pre-conditions' rather than isolated donors pushing certification agenda

Priorities/options (cont.)

- CFEs - how appropriate is market-based certification?
 - difficulties with market access, high costs, inflexible external standards, maintaining customary rights, etc.
 - should donors encourage CFEs down high risk market route when environmental benefits of SFM are not compensated?
 - priority is to raise administrative and institutional capacity
- Non-market based certification process for CFEs?
CIFOR C&I claims to be locally developed, flexible standards, livelihood-oriented system
- Develop markets for PES and lesser-known species
(certification should justify PES)