

Annex 2: Forest Certification in Guatemala

THE PROCESS OF FOREST CERTIFICATION IN THE MAYAN BIOSPHERE RESERVE IN PETAN, GUATEMALA

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The Peten before the Creation of the Mayan Biosphere Reserve in 1990

In 1957 the department (state) of Peten created the Enterprise for Economic Development in Peten (FYDEP) which disappeared in 1989. The objective of this institution was to integrate the Peten region to the development and economic growth of the rest of the country.

Peten functioned as a nation state with capabilities to enact its own legislation, apart from the rest of the Guatemalan Republic. The most important economic activity for Peten residents then was latex extraction from the chicozapote tree *Manilkara zapota*, which provided the raw material for gum which was an important income generating activity. The extraction of hardwoods was also promoted, specifically cedar and mahogany given that 90% of the lands were tropical forests and the region's population in 1970 only totaled 100,000 inhabitants.

Almost concurrently with the dissolution of the FYDEP, was the Mayan Biosphere created. This reserve took over the area that FYDEP had zoned as a timber production and industrial concession area. It is then, in 1989 when Peten is considered and governed under the laws and policies of the rest of the country by bringing national ministerial representatives to the department's public administration.

The Creation of the Mayan Biosphere Reserve

In 1988 the environmentalist movement in Guatemala, which has gathered momentum, consolidates its power with the creation of many protected areas. In 1989 the Guatemalan Protected Area System is created through decree 4-89 in Congress and the National Council of Protected Areas (CONAP) is institutionalized.

In 1990 decree 5-90 created the Mayan Biosphere Reserve in the department of Peten with an area of approximately two million hectares. Before its creation, about seven timber companies had concessions in the forested areas, and they mainly engaged in selective logging, without management plans or technical enhancements that caused dire impacts on the ecosystems. Logging activities were suspended until the Biosphere could come up with an acceptable master plan that contained norms and regulations specifically targeted for natural resource management.

The Process of Community Concessions in Guatemala

The creation of the Mayan Biosphere was supported by USAID and the Government of Guatemala, and four international NGOs also participated along with various national organizations. The process of integrating the communities to forest management had thus begun, and the first concession in 1996.

In 1996 CONAP begins to seriously pursue a new environmental policy characterized by its development and conservation elements. This became an alternative acceptable to communities settled in the reserve, followed by the award of the first group of community forest concessions.

The process of forest concession awards was a thorny road full of problems and challenges; industry was used to obtaining whatever it desired through any means, and expected to receive the management of the reserve for its exclusive use. The management capacity of the communities was constantly questioned; there were human losses of community leaders who fought hard for this process. Such is the case of the late Carlos Catalan, community leader of Carmelita, supporter and pioneer in the idea of community concession in Peten.

It is not a coincidence that the forest concessions were awarded as a response to the demands included in the Peace Accords. The Peace Accords require that forest lands be legally awarded to communities. In addition, the NGOs and the pressing requests from the communities asking for access to forest management through the adjudication of forest areas have been accomplished. A clear requirement of their rights of access to the forest resources is finally attended. This way, they give space for the creation of concessions as a proposed way to the solution regarding the tenure of land where these concessions have had influence; these communities receive an area to be managed under a 25-year renewable contract.

Currently, there are 13 community forest concessions already awarded, most of which are organized under different legal persons: cooperatives, limited liability companies, partnerships and associations.

Forest Certification in Peten, Guatemala

The forest certification process begins awarding of the forest concessions to the communities. Each of these contracts clearly specify the conditions of the contract established by the party that offers the land - in this case, the Government of Guatemala - explaining that the contractor must obtain the green label of the forest certification and keep it while the concession contract is valid.

Since that commitment is done, all the forest concessions have a prudent time to fulfill it. Currently, nine concessions are certified by Smart Wood, six community forest concessions in the area of multi-purpose and three in the damping zone of the Mayan Biosphere Reserve. The six communities remaining are still in the process to obtain the certification.

Table Explaining the Certified and non Certified Community Concessions in the Mayan Biosphere Reserve

Concession or Management Unit	Legal Concept	Extension in Hectares	Time Certified	Record of Certification	Number of Years Operating
Carmelita	Cooperativa Carmelita	53,797	3	SW-FM/COC-100	6
Rio Chanchic	Sociedad Civil impulsores Suchitecos	12,217	4	SW-FM/COC-063	4
San Andrés	Association (AFISAP)	51,940	2	SW-FM/COC-160	4
San Miguel	Association (APROSAM)	7,039	3	SW-FM/COC-075	7
La Pasadita	Association (APROLAPA)	18,817	3	SW-FM/COC-074	5
Uaxactún	Sociedad Civil OMYC	83,558	2	SW-FM/COC-161	3
Bethel	Cooperative/ZA ¹	4,149	3	SW-FM/COC-076	9
La Técnica	Cooperative/ZA	4,607	3	SW-FM/COC-073	4
Unión Maya Itzá	Cooperative/ZA	5,924	2	SW-FM/COC-164	4
La Ventanas	Sociedad Civil Arbol verde	64,973	Evaluated	Record pending	2
Cruce Colorada	Association	20,122.51	Not evaluated	Not certified yet	2
La Colorada	Association	22,067	Not evaluated	Not certified yet	2
Chosquitán	Sociedad Civil Lab. del bosque	19,389.36	Not evaluated	Not certified yet	3
La Unión	Sociedad Civil (CUSTOSEL)	21,176.32	Not evaluated	Not certified yet	2
Yaloch	Sociedad Civil El Esfuerzo	25,387	Not evaluated	Not certified yet	2
El Lechugal	Selva Maya	24,973	Awarding pending	Not certified yet	0

Source: CONAP and communities.

All of these communities amount for 387,821 hectares of which 242,048 hectares are certified: 227,368 hectares in the multi-purpose area and 14,680 in the damping zone of the Mayan Biosphere Reserve.

This case study is based on all the community forest concessions of the Mayan Biosphere Reserve, with special emphasis on these two concessions: Carmelita and Asociación Forestal Integral San Andrés, Petén. The objective of this paper is to analyze the effects generated as a result of forest certification, and to verify if the certification has achieved its objectives, like helping the communities to access better market prices in return for a good forest management.

¹ ZA = damping zone.

One of the key findings of this case study is that forest certification is not a voluntarily-adopted activity by communities, i.e. socialized and negotiated, but a forced mechanism through a clause in the contract of concession awarding. This situation happens regardless of the benefits, virtues or good results that certification can bring to communities in the short, medium or long run.

Most of the concessions have been certified with financing obtained through subsidies from USAID, but all the additional costs of annual payments and attending the conditions of the certification company are responsibility of the community. The operating costs, that directly affect the diminishing of profits, have increased.

The communities accepted the forest certification process without any additional option, assuming that the certification would give them access to better and larger green markets, would help them to generate higher revenues than what non-certified concessions generate, even if they are from communities or from the private sector. Nevertheless, certified and non-certified forest concessions are facing the same market prices.

All the forest concessions are clear enough when they assure, as is also showed in their balance sheets, that forest certification has no generated more income to them. All of them are still hoping that they will be getting the profits expected in less than three years. The problem is that not all the community inhabitants agree with these ideas, and many of them make their own calculations and express their disagreement with forest certification, due to the expenses it creates. The community inhabitants mention that the issue of forest certification should be renegotiated in order to take it out of the contracts or negotiate its costs with CONAP.

The Relationship Between Certification Costs with Revenues, Operating Costs and Profits of the Two Community Forest Concessions with the Greater Revenues in the Mayan Biosphere Reserve. Year 2001

	<i>Carmelita</i>		
	\$ Subtotal	\$ Total	%
Gross revenue		\$ 190,101.49	
Operating costs		\$ 100,209.86	(% of total gross revenue 52.)
Other operating costs, different from certification	86,609.87		
Forest certification costs	13,600.00 ²		(% of total operating costs 13.57)
Profits		\$ 89,891.63	(% of total gross revenue 48)
Investment	12,025.32		(% of total profits 13.3%)
Distribution among partners	14,663.35		(% of total profits 16.3)
Social benefits and capitalization	63,202.96		70.4)

Source: Data from POA 2001, Carmelita

² In the year 2001, the community did not fulfill with five requirements because those would have implied an additional cost of \$10,000 in order to hire a biologist who will be in charge of carrying out most of these tasks. Had this issue been considered, the cost to communities of observing the requirements would have amounted around \$23,000.

Asociación Forestal Integral San Andrés, Petén (AFISAP)			
	\$ Subtotal	\$ Total	%
Gross revenue		\$ 487,387.59	
Operating costs		\$ 321,337.97	(% of total gross revenue 65.9%)
Other operating costs, different from certification	304,337.97		
Forest certification costs	17,000 ³		(% of total operating costs 5.2%)
Profits		\$ 166,049.63	(% of total gross revenue 34.07)
Investment	79,113.92		(% of total profits 47)
Distribution among partners	0		0.00
Social benefits and capitalization	86,935.70		(% of total profits 53)

Source: Data from POA 2001, AFISAP

The previous data belong to the two concessions with the larger endowments of raw material. The problem arises when the gross revenues of some concessions do not exceed the amount of \$500,000. Another problem worth considering is that the raw material endowment for the forest concession tends to vary every year. For example, the raw material endowment for the concessions of Carmelita and San Andres will decrease around 40% in 2003.

According to interviews to several community inhabitants, not all the people there understand the implications of a forest certification, so a program of information, education, training and communication should be considered.

All the community residents that were interviewed mentioned that NGOs acompañantes encouraged them to accept forest certification considering its potential benefits. Because of this, it is understandable that NGOs promoted forest certification in Peten, considering that these NGOs advise CONAP relating to these issues.

Another important aspect is that forest certification has been useful as a tool for forest technicians; they demand commitment and seriousness in terms of forest management. Indirectly, they are fully responsible for demanding a good management and canceling the certification if they consider it appropriate, which could make them face troubles with the Government of Guatemala.

In order to get a better understanding of the process, the forest certification awarded to Carmelita was looked over. Smart Wood had certified that community saying that: "The evaluating team of Smart Wood has considered that Cooperativa Carmelita deserves the certification of the Smart Wood program as a well-managed forest operation"⁴, but then it contradicts itself establishing a 32-item conditionality. This could be understood as if the forest activity was not well managed at all, as the certification assures. Otherwise, and assuming that there was a good management, the conditions exist just to establish a dependence relationship and the search of a market space that could generate income for the certification agent and alleviate a little the poverty in the rural communities in the Mayan Biosphere.

³ This includes the initial certification payment of \$5,000.

⁴ From the Certification document of Carmelita, Annex 1, page 9.

The Conditions and Costs of Forest Certification in the Community of Carmelita, Peten, Guatemala, During the Second Year of Certification. Year 2001

Results of the Evaluation	Conditions and Certification Related Payments	Community Costs	NGO Subsidy Costs	Total Accrued
Smart Wood considered that Cooperativa Carmelita deserved the certification of a well managed forest operation, but established the following conditions.	<u>FOREST SECURITY</u>			
	1. Workshops to evaluate the community forest management validated by the government.	\$1,000	\$1,500	\$2,500
	2. To carry out a workshop on strategic planning considering NTFP ⁵	\$500	\$3,000	\$6,000
	<u>FOREST PLANNING AND FOLLOWING UP</u>			
	3. To extend a 6,000 ha-field to complete a 40-year logging cycle, and prepare a logging plan.	\$2,000	\$4,000	\$12,000
	4. To elaborate a new annex to the RIMP ⁶ that can sum up the commercial strategy.	\$300	\$2,500	\$14,800
	<u>FOREST MANAGEMENT PRACTICES</u>			
	5. To establish a monitoring system focused in the future harvest.	\$1,000	\$3,000	\$18,800
	6. To elaborate, execute and implement a plan of forest protection.	\$3,000	\$1,000	\$22,800
	<u>ENVIRONMENTAL EFFECT.</u>			
	7. To include the NTFP as a factor of the study of the effect of forest logging.	\$1,500	\$2,000	\$26,300
	8. To put the measures of the studies on hunting into practice.	--	--	--
	9. To elaborate the hunting regulation.	--	--	--
	10. To integrate the indexes of 54 selected birds with the data of evaluations after the logging.	--	--	--
	11. To elaborate maps to a scale less than 1:50.000 in order to find conservation areas.	--	\$100	\$26,400
	<u>COMMUNITY RELATIONSHIPS</u>			
	12. To create a map delimiting the urban area.	--	\$100	\$26,500
	13. To carry out strategic planning workshops in order to orient organization efforts in the medium and long term.	\$1,000	\$1,000	\$28,500
14. To carry out first-aid workshops, buying the necessary equipment.	\$1,000	\$1,000	\$30,500	
15. To analyze the purchase of a portable sawmill and determine how to produce with greater value and quality.	--	--	--	
16. To develop a strategy to analyze the markets.	\$1,000	\$2,000	\$33,500	
17. To establish a system to extract secondary woods to minimize the extraction cost and justify its logging.	--	--	--	
<u>SMART WOOD EVALUATION</u>				
18. To pay for the evaluation and for logistic evaluators.	\$1,300	\$200	\$35,000	

Source: Forest Certification of Carmelita, files of the community and the respective NGO.

⁵ NTFP: Non timber forest products.

⁶ RIMP: Resource management integrated plan.

As can be observed in the previous table, the NGO providing technical assistance has subsidized more than 50% of the condition costs; if the subsidy would not exist, the community wouldn't have been able to attend the condition resultant of forest certification.

A very important aspect, recognized by the communities, is that forest certification has encouraged and stimulated good management practices, although it has not generated any monetary profit to the date. It has also encouraged the acquisition of a responsible attitude and healthy competence among the community concessions. This way they have demonstrated their capacity, which was so criticized even before the beginning of the awarding of forest concessions in the Mayan Biosphere.

The contracts of the community forest concessions clearly establish the necessity of an integral utilization of the natural resources, i.e., to integrate the community forest management planning with non timber products and activities that offer services for example, ecotourism. Although the certification establishes the necessity of integrating non-timber products, at the end the one and only certified product is wood.

Most of the communities are integrating the management of non timber resources with tourism, except for Carmelita and Uaxactún that are two traditional communities settled in the Reserve of Peten for more than one hundred years. In that sense, it is clear that forest certification is facing a problem because it is more focused on timber products, conferring less importance or attention to the integral management of natural resources within the context of concessions.

It is worth mentioning that there is a partnership in Peten called *Alianza Verde*⁷, that promotes responsible tourism and are currently developing a project whose objective is to certify the tourism activities in Peten and assure a fair, reasonable and prudent management of the natural resources of the area.

It has been clear that as soon as the communities are developing better skills in terms of natural resource management, they are also demanding certain changes. For example, CONAP established that before awarding any forest concession, the communities must have a NGO acompañante in order to guarantee a good natural resource management. This implied a certain level of dependency and manipulations among CONAP, communities and NGOs; this situation have been changed in order to transfer direct responsibility to the communities. Now, they are not obliged to accept services or support offered by NGOs if they don't want to. This new situation has helped to improve the NGOs-communities relationships, reducing the paternalism that was hurting the processes of community self-management.

A lot of factors and variables should be carefully considered in order to assure the sustainability of the community forest concessions in Peten, Guatemala. In this case, it should be carefully analyzed the fact that most of the time some support groups present proposals or initiatives with the intention of perpetuating themselves as providers of technical support. Taking advantage of the lack of community capabilities, they seek for mechanisms with the main objective of obtaining their percentages and sell services permanently. These initiatives should be carefully evaluated because they can easily be converted in obstacles for the sustainability of the community forest concessions. Based on this, the validity of the forest certification processes should be jointly evaluated by communities, the Government of Guatemala, the certification companies and NGOs.

According to several technicians and professionals that are currently supporting the certifying processes, there is a long way to make in terms of forest certification. For example, the Custody Chain (Cadena de Custodia) has not been established yet; the Custody Chain is the logo or trademark of the FSC⁸, that

⁷ Alianza Verde is an association from Peten that brings together communities, private sector and government to promote tourism and are currently developing a tourist certification program in Peten.

⁸ FSC - Forest Stewardship Council

community forest concessions from the Mayan Biosphere Reserve use in order to differentiate their products. This logo certifies that the products come from a certified forest. The certification of Forest Management and the raw materials from the forest of origin is complemented with the Custody Chain Certification from the enterprises that participate during the process of transport, industrial transformation, and commercialization of final products. The logo or trademark of FSC can be used only when it has been demonstrated that all the intermediaries are also certified. In the particular case of forest concessions in the Mayan Biosphere Reserve, the communities are certified, but the companies that buy the products are not. This way, the certification process is not fulfilled 100% because the product can not guarantee the final consumer that it comes from a managed forest; this way, the chain custody is broken.

Forest concessions are still facing several challenges: a) the replacing of governmental authorities and their plans, b) instability in terms of policies, law and land tenure, c) demographic explosion and the latent threat of invasions, d) in some special cases, the forest resources are scarce and the awarded areas are limited, e) certain immigrant communities lack of technical skills for forest management and drag their origin customs with them, f) understanding and market accesses, and g) organization and entrepreneurial challenges that should be considered.

Synthesis of the benefits of forest certification and some suggestions

It is clear that forest certification in Peten, Guatemala, has guaranteed a good natural resource management and also fostered social equity inside the forest concessions in terms of the profits they produce. The forest certification has also functioned as a pedagogic tool to promote fast-paced learning as well as the acquisition of a direct responsibility related to the urgent need to promote the rational management of natural resources. Unfortunately, it has not achieved the introduction of new certified products to the market, despite all the advertising that has been done.

Nevertheless, it seems like the process is not helping because the administration responsibilities of the protected areas are all Guatemala government's, and are transferred to the communities, adding new costs that in the long run can make tremble the whole process of forest concessions. The government is receiving income as a result of the forest concessions, not only a contract payment per each awarded hectare, but also an annual payment generated of taxes over logging on the base of the annual operative plans.

Benefits, Problems and Some Proposals for the Forest Certification in Peten, Guatemala

Certification Subject	Benefits	Problems	Proposals
Forest management	Guarantees a good management	Needs considerable investment in support	The government must assume some of those expenses
Utilization of the resource	The timber cutting is optimized	Other products are not certified	It must be integral
Economic	No problem until today	Represents losses for the communities	The certification company must search for markets
Social	Promotes responsibility among the community leaders	The community social basis does not manage it	More socialization
Marketing	None	There is not a great market	The custody chain must be evaluated
Motivation for other concessions to get the certification	Very low	To oblige them to get the certification can cause troubles and refusal	To evaluate the production capacity of the concessions before awarding the certification
Project execution with international financing	The concession process in Peten, Guatemala, is a conservation tool.	A lot of times they create dependency and paternalism, as in the case of certification	Projects should be socialized through participative processes.
Entrepreneurial management	Forest certification does not contribute too much on this area.	One of the fundamental milestones for concession sustainability	To tie it up with the marketing aspects of the certification enterprises.
Fulfillment of conditions	Perhaps the number of communities and areas certified in Peten is a good indicator of the success of the concession processes that give access to the forest resources.	Every project should be developed under consensus not only on the certification issue but also in the community forest concessions.	It is necessary to carry out a multi-disciplinary evaluation on the forest concession process in Peten, process that should be focused on economic problems.

So, it is necessary to evaluate the process of forest certification in order to assure the sustainability of forest concessions. If the Government of Guatemala is transferring the monitoring management to a certification company, perhaps the government should pay for some of the costs, financing it with the money it charges to the communities. Considering that forest certification represents a market opportunity for the communities, therefore it should be evaluated looking for a guarantee in some aspects, like good management, community benefits, and conservation of natural ecosystems.

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