FOREST CERTIFICATION AND GOVERNMENTS:
THE REAL AND POTENTIAL INFLUENCE ON REGULATORY FRAMEWORKS AND FOREST POLICIES

by Gerardo Segura

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This paper is one of a series of reviews that cover critical challenges for the continued growth of certification to impact sustainable forestry around the globe. Each chapter attempts to gather as many cases as possible and to include a large and broad number of contributors. The chapters are meant to inform the forest community and enrich the certification systems as they look forward into the next decade. The reviews as well as the case studies are available at: http://www. forest-trends.org/whoweare/publications.htm.

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PREFACE

Globally, over the past couple of decades, the pressure on governments to demonstrate that forests are being managed in a more sustainable manner and delivering more social benefits has been steadily growing. Forest certification was originally designed and promoted as a market-based instrument to encourage sustainable forest management by forest producers selling into a more differentiated and demanding marketplace. However, as certification has developed, it has had a number of impacts on government policies and regulations for sustainable forestry. It has also been promoted to a varying extent by governments as a means to achieve the government's policy and enforcement objectives. Such schemes have been used by different interest groups as a means to influence government policies and actions (e.g. regulation-oriented verification to complement or strengthen forest law enforcement), and to verify that particular project-based forestry outcomes have been achieved. This dynamic interplay has evolved in tropical, complex settings as well as in the more developed producer countries.

The increasing demands for more social and environmental benefits from forestry are putting pressure on governments in many countries. In the past, governments traditionally sought to exert control over most forestry activities and they have been and still are the major player in the forest sector in many countries. However, recent external pressures and the self recognition by governments of the many limitations of public institutions to take on these responsibilities have tended to shift the role of governments towards the essential functions of regulation, technical assistance and mediation of conflict resolutions. More and more governments are leaving other roles (e.g. direct ownership, management, harvesting, commercialization and conservation) to more local levels of government, private and community stakeholders and the civil society. This combination of devolution of public owned forests and demands for increased transparency and sustainability has created some unanticipated and lively interplay between certification schemes and government regulations.

It is still quite early to fully evaluate the impacts or to project the future potential for impact of forest certification on government policies and regulatory frameworks. However, the evidence that exists indicates that:

- forest certification has provided a credible set of standards on which a few countries have based their own forestry reform principles and agendas;
- the participation of a diverse range of stakeholders in standard setting and in the certification process for specific producers or chains of custody have increased civil society participation in the sector, enabling some governments to draw upon these relationships for broader forest sector dialogue;
- forest certification initiatives have provided needed credibility for recognizing local tenure rights over forests in some countries and for raising tenure issues in the broader country dialogue;
- some governments have successfully provided incentives for forest certification in the form of tax breaks, waivers of regulatory approval processes, or financial incentives.

The experience with forest certification has also raised awareness of the complexities of achieving SFM equitably in many of the "forest rich" countries. In those countries with a minimum level of good forest governance, forest certification can be most easily used as a "soft policy" instrument. There remains considerable concern over country sovereignty and over the need for flexible standards and criteria that reflect the national and regional conditions and processes. There is also increased interest among governments in promoting forest management that achieves multiple goals and generates multiple values—subsistence as well as commercial and ecosystem services as well as forest products. Combining the SFM principles of forest certification with these other social and environmental goals and there is also the issue of cost. Certificates in most cases represent another cost especially for governments in countries with a large export market for forest products that find themselves under pressure to contribute to financing the costs of certification.

How much interplay between this market tool and government regulatory approaches is desirable? What should be the role of government in enabling or promoting forest certification?; How much of a decision-making role should governments play in rule setting for certification schemes, both international schemes and national standards, particularly those who are large forest landowners and managers in their own right?; What preferential treatment should governments provide to certified producers without neglecting the needs and interests of the full range of forest producers and forest users?.

These are all some of the questions that governments in producer countries are trying to answer. This paper looks at the experience of four countries that have made an effort to promote forest certification and to look at its implications for achieving the goals of their own policy and regulatory frameworks, and makes recommendations for the way forward. This chapter was written to be able to stand on its own, but readers should also be considering this issue in relation to the other chapters in the series, including the paper on certification in complex socio-political settings.

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LIST OF ACRONYMS

ASL	Local Forest User Groups (Bolivia)
BOLFOR	Project for Sustainable Management (Bolivia)
CCMSS	Consejo Civil Mexicano para la Silvicultura Sustentable (Mexico)
CFV	Bolivian Council for Voluntary Forest Certification.
FAO	Food and Agricultural Organization
FMU	Forest Management Unit
FSC	Forest Stewardship Council
GDP	Gross Domestic Product
ITTO	International Tropical Trade Organization
LEI	Indonesian Ecolabelling Institute
MC&I	Monitoring Criteria and Indicators
MTCC	Malaysian Timber Certification Council
NCSFM	National Committee on Sustainable Forest Management in Malaysia
NTFP	Non-Timber Forest Products
NWG	National Working Group (for SFM and Certification from Cameroon)
PEFC	Programme for Endorsement of Forest Certification Schemes (formerly the Pan European Forest Certification Council)
PROCYMAF	Community Forestry Program (Mexico)
PRODEFOR	Forest Development Program (Mexico)
SFM	Sustainable Forest Management
UNCBD	UN Convention on Biological Diversity
UNCED	UN
UNFF	UN Forum on Forests
UNIPF	UN *Ad Hoc* Intergovernmental Panel on Forests
UNIFF	UN Intergovernmental Forum on Forests
WWF	World Wildlife Fund
WTO	World Trade Organization

EXECUTIVE SUMMARY

Economic and social conditions in forested regions of the world are now far more diverse and complex than they used to be two decades ago and, in many cases, a good government forest policy is not enough to ensure sustainable forestry practices and local, forest-based livelihoods. National and international demands for more social and environmental benefits from forestry are also putting new pressures on national governments to allow private stakeholders more control over forest issues.

Governments of many countries are beginning to recognize the direct and indirect value of certification as a new and dynamic policy instrument to achieve sustainable forest management (SFM). Governments, however, have also expressed concerns regarding the possible conflicts related to the acceptance and spread of independent, international certification norms that may challenge their sovereignty.

The initial positions taken by governments towards certification ranged from active involvement -with forest policies and legislation modified or reformed to induce and/or indirectly support certification processes- to a more passive stance that allowed national or external standard setting initiatives to move forward. More recently, the participation of governments has evolved in many countries to more active involvement in the design and implementation of national certification systems. Governments that own and manage public forest lands have used certification as a mean to gain the credibility of civil society and buyers for their own application of SFM standards.

In addition to their original aim of becoming market-based incentives to improve SFM, certification schemes have also become powerful "soft policy" instruments that promote and facilitate policy-oriented learning among actors and promote the links between *sustainable production* and *sustainable consumption*.

One of forest certification's most relevant contributions to positive policy developments has been the induction of a new culture of multi-stakeholder processes that is characterized by an increased awareness of SFM. New forms of dialogue have emerged where forestry issues are addressed at local, national, and even regional levels improving the transparency of forest practice, the understanding of what should be deemed good forestry and the appropriate role of different groups in the process.

In most cases, certification has been used as a complementary instrument to induce compliance with national regulations, where most success is achieved when good enforcement incentives have been introduced in the legislation. Although certification should not be regarded as a regulatory instrument, in some cases it has played the role of a complementary tool for law enforcement to stimulate compliance and help to reduce illegality. This influence on meeting legal requirements has been particularly relevant in countries where government agencies have limited structural or technical capacities to enforce regulations. The effectiveness of certification as a law enforcement mechanism, however, is limited mainly due to its voluntary nature, where certification can only induce but not ensure compliance. There is also concern that certification can lead to trade barriers that discriminate against small forest land owners and poor rural communities or freeze tenure arrangements in public forest lands.

Governments that own or manage public forests have also used certification as a way to gain credibility with timber buyers and civil society regarding the sustainability of management practices. Forest certification has

influenced international and multilateral policy negotiations and promoted SFM, particularly after the UNCED process in 1992.

This chapter concludes that governments can and should take a more proactive role relative to forest certification without directly intervening in the process. Some of the most important actions for governments include:

- *Facilitate the establishment of national certification initiatives*, particularly in developing countries where there is a limited capacity of local non-governmental and civil organizations to initiate multi-stakeholder processes for certification;
- *Ensure an appropriate institutional and political framework for certification*. Some of the most important policy and governance pre-conditions may include national policies and regulations that are targeted to improve SFM; clear and secure land tenure conditions; local technical and administrative capacities of forest management units; and local stakeholder capacities to participate in processes to define certification standards;
- *Ensure the Compatibility and Complementarity of Certification with National Processes for SMF*. As a effective instrument to achieve SFM, certification can provide real incentives for good forestry, but it needs to improve its "fit" with local conditions for forest management, livelihoods and land-use realities so as to solve real forest problems and not merely service the needs of particular markets;
- *Address and Prevent Problems for Equity*. Many small land owners and poor rural communities manage their forest at a lower intensity and with multiple objectives compared to the single timber oriented objectives of large private forest owners and industrial concessionaires. Governments can support actions that reduce the complexity and cost of implementing certification in small forest management units and that support their access to both national and international markets;
- *Promote and Regulate Markets of Certified Products.* One important issue that can only be addressed by governments is the negotiation of fair trade rules of certified forest products in international fora, and particularly relevant in international trade agreement negotiations between developed and developing countries;
- *Link Local Communities to Specialized Markets by* simplifying or improving regulations to reduce costs of compliance for small forest producers; helping to generate and disseminate specialized market information; and creating positive regulatory frameworks that promote and support partnerships and joint ventures between small land owners;
- *Promote the Development of National Markets and New Incentives for Certification in developing countries by* designing and implementing new and more creative incentives to promote SFM and improve access to certification programs for local forest owners. The most common measures applied by governments have included tax incentives, exemption of audit requirements, tariff reduction and government procurement; and

- *Link Certification to Other Instruments to Recognize Multiple Values Generated by Local Communities.* Recently other important and creative market initiatives have emerged to support the sustainable management and conservation of natural forest ecosystem. Some of the most significant ones include payment for environmental services for water, carbon sequestration and biodiversity, and initiatives to promote "fair trade" of many agricultural products coming from rural and indigenous communities in developing countries. The problem we are facing with the local proliferation of many of these initiatives in developing countries is that they have been emerging in isolation to other conservation efforts and very little has been done to link them in a more comprehensive fashion. Governments can play an important role in promoting better coordination and synergies among these important emerging initiatives for SFM.

INTRODUCTION

The role of forest certification in influencing government processes for putting in place good policy has been recognized, although the available evidence is still limited. Documentation of changes is only now emerging, mainly identifying the indirect impacts of certification, and mainly as an indirect result of independent local certification actions on policies and government processes. This review looks at the evidence globally focusing on four country case studies from Bolivia, Cameroon, Malaysia, and Mexico to bring out the lessons of these experiences and to point the way forward for the role of governments in the coming decade.

The first section of the paper describes the reaction of governments to forest certification, the second section reviews the impacts of forest certification on regulatory frameworks and sector policies, the third section reviews the impacts on achievements in SFM, including stakeholder participation, and the last sections make recommendations for future roles and relationships.

REACTION OF GOVERNMENTS TO CERTIFICATION

The severe destruction and degradation of forest ecosystems both in tropical and temperate regions of the world caught the attention of the international community beginning in the late 1970s and 1980s,giving rise to numerous national and international policy responses. Most of these initiatives called for new international collaboration, mainly through the UNCED process that started in 1992, to address the crisis of tropical forests and to develop a universal set of principles and criteria to promote the sustainable management of forests.

Many of these initiatives have not proven to be as successful as originally anticipated, mainly because economic and social conditions in forested regions of the world are far more diverse and complex than it was anticipated and, in many cases, good government forest policy has not been sufficient to ensure sustainable forestry practices and local, forest-based livelihoods on the ground. Other recent political and economic realities need to be weighed in the development of more comprehensive political strategies, including new pressures for decentralized powers and local control, globalization of markets, changing capital flows and new power balances now (Mayers and Bass 1999).

National and international demands for more social and environmental benefits from forestry are putting new pressures as well on national governments to allow private stakeholders more control over forest issues and to transfer some of the roles traditionally controlled by them. There is new recognition of land tenure and forest ownership and of the multiple ways in which forest resources can be managed and conserved to ensure a broader spectrum of public and private benefits.

It is in this context that forest certification emerged in the 1990s as an alternative policy instrument, initially promoted by environmental NGOs as an indirect economic incentive to induce sustainable forest management; and to provide better market access for forest products. Certification, however, soon became a very controversial issue in international forest policy discussions, one perceived by governments as a threat

to sovereignty and by the private sector as an unnecessary addition to government control over forest management.

International certification initiatives, such as the Forest Stewardship Council (FSC), are much more widely recognized and accepted as a credible market-based certification, but are still seen by many governments as an external imposition that challenges sovereignty.

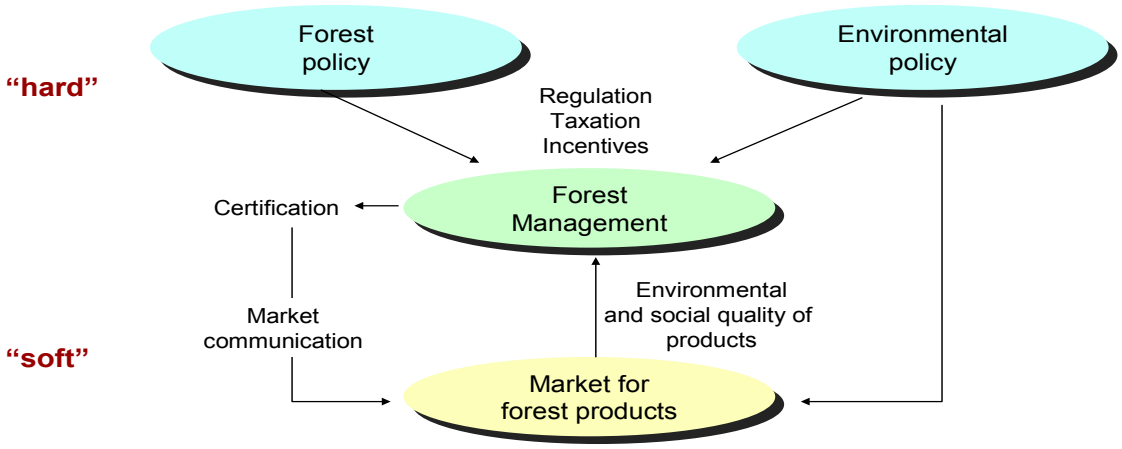
The initial positions taken by governments ranged from active involvement -with forest policies and legislation modified or reformed to induce and/or indirectly support certification processes- to a more passive stance that allowed national or external standard setting initiatives to move forward. More recently, the participation of governments has evolved in many countries to more active involvement in the design and implementation of national certification systems. More-control in certification outcomes has been a priority to some governments (e.g. Ghana, Indonesia and Malaysia). Other governments have encouraged the process of the establishment of international systems (e.g. FSC in The Netherlands and Mexico). Some developing country governments have remained reluctant or indifferent to support either local or external initiatives, even in cases like Cameroon, a country where the forest sector makes an important contribution to the economy, and where 90% of timber production is exported.

Also, the fast and dynamic evolution of the certification process and the very limited documentation of its impacts as a new policy instrument to achieve SFM have been partly responsible for the limited understanding and reluctance of governments to accept it and promote it. Multilateral dialogues on forests such as the UN IPF-IFF process have more recently helped to change the vision of governments leading to a much wider acceptance and recognition of certification as a relevant useful SFM instrument.

THE ROLE OF CERTIFICATION AS A "SOFT POLICY" INSTRUMENT

In addition to their original aim of becoming market-based incentives to improve SFM, certification schemes have also become powerful "soft policy" instruments (Fig. 1) that promote and facilitate policy-oriented learning among actors and have an important complementary role in the efforts of governments to achieve SFM (Elliot 2000, Bass and Simula 1999). Furthermore, an important value of certification has been its innovative character to promote links between markets and SFM and advance the concept that relates sustainable production to sustainable consumption.

Figure 1. Certification as a Soft Policy Instrument



Source: Bass and Simula 1999.

Forest certification has also become an instrument to induce "fast track" changes in practices or standards, compared to the slower evolving changes in government policies. These changes are also influenced by the international reputation that certification has gained in the past few years, where the behavior of local actors is directly or indirectly influenced by emerging international standards (Elliot 2000).

The success of certification as an effective "soft" policy instrument however depends on a series of pre-conditions associated to the level of maturity of forest governance each country may have, and that includes appropriate regulations, taxation, government programs and incentives and adequate government institutions with sufficient technical and law enforcement capacities (Mayers et al. 2002; Bass and Simula 1999). These issues are discussed further in relation to the country cases.[1]

[1] For a more in depth discussion of the pre-conditions of good forest governance also see the chapter by Michael Richards in this series, titled *"Certification in Complex Socio-Political Settings: Looking Forward to the Next Decade."*

FOREST CERTIFICATION'S INFLUENCE ON GOVERNMENT POLICIES AND REGULATORY FRAMEWORKS

This section reviews the impacts of forest certification on government policies and regulatory frameworks and uses the four case study countries to particularly illustrate many of these impacts in the developing world. The table below summarizes the forest characteristics, political framework, and status of certification in each of the countries studied to provide a context for the discussion that follows.

Table 1: Country Case Characteristics

	Bolivia	**Cameroon**	**Malaysia**	**Mexico**
Forest Sector Condition*	Recently Significant	Long Significant	Long Significant	Recently Significant
Contribution of Forest Sector to GDP	0.98%	10%	3.10%	1.83%
Forest Land Tenure	50% public, 50% communal	63% public, 2.2% private, 35.5% communal	100% public	5% public, 15% private, 80% communal
Certification System	FSC (National Standards)	N/A	National (Stepwise)	FSC
Area Under Certification (M ha)	1.4	N/A	4.73	0.59

***** *Length of time the declining condition of the forest resource base has been a national issue of concern.*

MULTI STAKE-HOLDER PARTICIPATION IN FOREST POLICY PROCESSES

One of certification's most relevant contributions to positive policy developments has been the introduction of a new culture of multi-stakeholder processes that is characterized by an increased awareness of SFM. New forms of dialogue have emerged where forestry issues are addressed at local, national, and even regional levels improving the transparency of forest practice, the understanding of what should be deemed good forestry and the appropriate role of different groups in the process. This influence seems to have derived more from the outcomes related to the participatory processes for developing SFM standards, than from the cumulative biophysical or sectoral impacts of individual certificates (Rametsteiner 2000).

Certification has also influenced positive policy development by changing the traditional relationships among stakeholder groups (Elliott 1996). Various national certification working groups in different countries have brought together relevant actors who traditionally have not worked together in discussing and finding solutions to important forestry issues (Box 1). Certification has also legitimized the position and strengthened social capital of local stakeholders such as community based organizations and NGO's, who traditionally have had limited access to influence policy developments.

In countries where certification has gained more acceptance this multi-stakeholder dialogue has led to discussions and agreements on local, national an even regional definitions, standards, criteria and indicators for certification. In some countries, the involvement of local actors in policy processes has also positively influenced decentralization actions with a more legitimate and active participation of stakeholders to address local needs and promote debate, coordination and transparency for SFM. Certification processes have also positively influenced conflict management and promoted the resolution of long-standing internal and external land tenure disputes in many forest communities in Mexico.

Box 1 – Public Participation, Governance and Policy Developments for Certification in Cameroon

Despite the important role that the forest sector plays in the economy of Cameroon, this country is still characterized by weak forestry institution and poor technical capacities, specially for the implementation of forestry regulations and enforcement of forest laws. Illegal logging is still a major problem despite the development of a better legal framework and this is related to poor government institutions to control forest operations and the incidence of corruption.

Traditionally there has been strong opposition from the government and the private sector to certification since it has been perceived as an external imposition and a potential barrier to trade. External pressures of international buyer groups and NGOs have led the timber industry to invest in SFM and to explore options to certify forest lands.

In 1996 a National Working Group (NWG) on SFM and certification was created in Cameroon within the framework of a project implemented by WWF Belgium with funds of the Europeans Union for the promotion of SFM and certification in Africa. Such groups were also created in Gabon and Ghana. The NWG is constituted by 15 members representing the local populations (3), the public forest service (3), environmental NGOs (3), the forest industry (3) and the scientific/technical community (3).

An important role that the NWG has played concerns public awareness on forest certification. It has developed a set of principles, criteria and indicators that can be used in forest certification. The NWG has participated in all recent debates related to SFM and certification in Cameroon and encourage government officers to include forest certification in the making of public forest policy. There is however, not yet a certified forest in Cameroon.

In spite of these efforts the certification process has had very little influence on defining or strengthening forest policy making in Cameroon. The government still has a negative feeling about forest certification because it is perceived as a way to undermine its power to control the forest sector and in some cases is even blocking the efforts of the private logging companies to access certification. Progressively, however, a more positive attitude is beginning to expand among some government officials about forest certification and government institutions are becoming increasingly open to the involvement of the civil society in forest management monitoring. In addition, the reputation of the government has been tarnished by allegations of corruption, specially in the forest sector and certification is beginning to be seen as an opportunity to help the government efforts to improve its image.

The NWG has recently been suffering from a lack of financial means and its meeting has become scarce, mainly as a result of the conclusion of the financial support from WWF/EU. Current difficulties may be related to that there was no clear vision of the NWG role in time as it was initiated within a project. Another important factor limiting certification has been its high costs, especially in small forest concessions, where in most cases, due to the lack of local capacities, auditors need to come from outside Africa.

Sources: Ebaa'a Atyi, R. 2004 (Appendix 2 in this chapter); and Ebaa'a Atyi, R. 2004.

THE INFLUENCE ON NATIONAL LEGISLATION AND PROGRAMS FOR SFM

The more active participation of civil society and local stakeholder groups induced by the certification process in many countries has had a direct or indirect influence on the design and implementation of national policies and forestry programs. These new forms of participation are fostering a more democratic and decentralized decision making process, where forestry issues, not necessarily related to certification, are now being addressed locally. Forest certification's policy impact is stronger in countries with a strong local ownership of the certification process, an active involvement of national and local governments, and an active role by national working groups and in-country certification agencies (e.g. Brazil, Malaysia and Mexico). In countries where certification initiatives are being actively promoted by international NGOs with little local involvement and where governments have been marginalized from the process, the influence of certification on national policies has been limited (e.g. Zambia [Bass et al. 2001] and Cameroon; see Box 1)

The influence of certification on national regulatory frameworks has centered more on the mechanisms for implementing existing laws rather than on the content of the law itself (Bass et al. 2001). In most cases, certification has been used as a complementary instrument to induce compliance with national regulations, where most success is achieved when good enforcement incentives have been introduced into legislation. In countries like Bolivia, there has been a more interactive process between recent forest legal reforms and certification, where incentives to landowners that engage in certification have been specifically introduced in the forestry law (e.g. Bolivia; Box 2).

Since most certification systems require compliance with national regulations, certification has been an effective means to encourage legal compliance in many countries, an important gain for countries with weak legal enforcement capacities. These effects, however, have a limited effect on improving overall impacts on SFM in countries in which only a limited number of producers have the capability to meet international or even national standards. Governments in countries with weak compliance would gain more by promoting stepwise approaches to certification (e.g. Malaysia) in the context of an effective incentive strategy and accompanied by development programs oriented to supply the needs of low income producers, both financial and technical (e.g. Mexico; Box 3). Some authors consider that certification standards are also likely to raise the level of forestry legislation over time in many countries (Bass et al. 2001).

Box 2 – Influence of Certification on Forest Policies and Legal *Frameworks in* Bolivia

In the mid-1990s the Bolivian Council for Voluntary Forest Certification (CFV), was created with the support of the Project for Sustainable Management (BOLFOR). The members of this group strongly engaged in the whole process of policy reform and much of the work done around certification can be attributed to them. The CFV has made two relevant contributions to the process of certification: 1) it has provided a platform for the development of national standards for SFM recognized by FSC; and 2) it has served to debate and disseminate information about certification.

A new forest law, strongly influenced by the BOLFOR Project, was approved by congress in 1996. The major reforms introduced in this law include: 1) public forests can be granted to private companies through long-term forest concessions (40 years); 2) local forest user groups (ASLs) can benefit form concessions in areas declared as municipal reserves; 3) indigenous people are granted with executive rights of forest use within their territories; and 4) the system of forest taxes has moved from a volume to an area-based system. In the new system forest users have to pay a forest tax (US$ 1 per ha/year) which originally corresponded to the total concession are for forest concession, and for the annual logged area for the other users. Yet, in 2003, the system was amended for all users to pay US$ 1 per ha for the annual intervened area.

A "boom" of certification emerged in Bolivia after the approval of the 1996 law, mainly due to the close similarity of regulations with the FSC standards for certification. Yet, forest regulations did not introduce incentives other than the exception to the FSC certified operations from periodical forest audits. Other reason contributing to the growth of certification relate to the large size of FMUs, where only nine certified forest enterprises control 917,000 ha of certified forests and another eight concessions of more than 920,000 ha are in the process of certification as of July 2003. Recent regulations have been introduced in 2003, which reduced the annual tax fee of US$1/ha to US$0.64/ha to forest users with certified operations.

To some extent, certification has contributed to the process of defining the criteria on SFM. Although this influence was not direct, it did help to achieve national agreements on good practices and standards for SFM that have been included in the national forest regulations, which has created an enabling atmosphere for certification, sometimes used opportunistically by the entities working to push forward this process. A criticism of this process, however, is that, even though there were some technicians working with local forest users, the voice of communal organizations was minimal, and they are still underrepresented in the CVF. Furthermore, while most of the effort was focus on timber resources, there has been some work done on NTFP (e.g. Brazil nuts, the main NTFP in the country).

There is no doubt that certification has contributed to the Bolivian government initiatives towards SFM. However, this has been limited to a small number of large private forest concessions, which have a reduced impact on the forest service efforts to monitor good practices of forest management. It is symptomatic that local forest and communal initiatives have not been able to certify their operations except for the indigenous cooperative of CICOL (56,000 ha) –the first operation certified in Bolivia in 1996- which has not yet been re-certified since 2001 and only one additional community project covering 51,390 ha has been certified in the early 2004. These groups are still excluded from certification mainly to the high cost involving this process. Furthermore, small-scale timber operations have little chance to enter international timber markets.

Sources: BOLFOR 1997; Contreras-Hermosilla and M.T Vargas Rios 2002; Pacheco, P. 2004 (Appendix I in this chapter); and Quevedo, L. 2004.

ENFORCEMENT AND COMPLIANCE OF NATIONAL REGULATIONS

Although certification should not be regarded as a regulatory instrument, in some cases it can and has played the role of a complementary tool for law enforcement to stimulate compliance and help to reduce illegality.

This influence on meeting legal requirements has been particularly relevant in countries where government agencies have limited structural or technical capacities to enforce regulations.

The effectiveness of certification as a law enforcement mechanism, however, is limited mainly due to its voluntary nature, where certification can only induce but not ensure compliance. Some countries are even exploring the option of making certification a formal legal requirement (e.g. Russia, where a compulsory national forest certification initiative was introduced by law in 1997 to exert control of the extraction of timber in public lands by concessionaries. This initiative, however has never been implemented; Tysiachniouk 2004). These extreme measures, however, would tend to have the same effects as other legal instruments (e.g. inflexibility to change and induction of corruption and illegality; Markopoulos 2000).

Other approaches have been to use certification as a complementary tool to stimulate law enforcement by offering incentives to those producers that have a certificate. In Bolivia, for example reforms have been recently introduced to reduce annual tax fees and exempt producers from official audits when they have been granted with a certificate (BOLFOR 1997; also see Box 2). In Indonesia, the LEI stepwise system for certification considers increasing exemptions to certified producers that reach higher threshold levels (Muhtaman and Prasetyo 2004)). In countries like Mexico priority to access government programs is being offered to producers that have a certificate or express their commitment to improve the management of their forest and apply for certification in an agreed period of time. Other countries that manage public lands by granting concessions or establishing usufruct or joint management agreements with private companies or rural communities are conditioning contracts to only those producers that hold a certificate or have committed to certify their management operations in a limited period of time (South Africa [Ham, C. 2004]; and Guatemala, [Carrera, et. al. 2004]). In these same lines, certification is also now being used by governments as a substitute for monitoring compliance with national regulations of these types of public land operations (e.g. South Africa and Bolivia).

It is important to recognize the influence that certification can and has had on the design and improvement of forest regulations and as a complement to law enforcement. Depending on the advancements that governments have made to incorporate SFM elements in their policies and regulations, certification can play a role in simply helping to implement existing policies. Through more participatory processes, stakeholders can positively challenge and influence improvement of existing policies; this mainly in developing countries with weaker governance structures. In these efforts to rise regulatory standards in developing countries, special attention needs to be given to avoid the imposition of external standards that can have a negative impacts on poor rural communities, ethnic minorities and women; where the introduction and enforcement of new regulations could be in conflict with local customary laws or may lead to abuse and discrimination (Kaimowitz 2003). This is particularly an issue where tenure rights are complex or overlapping, and in areas with nomadic peoples or peoples with extensive forest uses.

Box 3 – Certification and Government Policies in Mexico

A unique condition of the Mexican forest sector is that more than 80% (approx. 44 million ha) of its forest lands are legally owned by *ejidos* (land reform farmer groups) and indigenous communities. This collective form of land ownership results from a long forest land devolution process that initiated after the 1910 revolution and was supported by an agrarian reform that continued into the mid 1990s.

As of August 2004, 596,631 ha of mostly communal forests lands (36 communities and 1 small private owner) had been certified in México under the FSC system since 1997. An estimated additional area of 50,000-100,000 ha is currently being evaluated and could become certified. This area represents only 2.8% of the total commercial area and approximately 9% of the total annual timber volume production. None of this certified timber production is currently being differentiated from non-certified timber in local markets and a very small percentage of it is being exported to specialized markets demanding certification (mainly to North America and Europe). Four communities will have to renovate their certificates in 2004; they are all reluctant to do so due to the low cost-benefit return that this represents to them.

The Mexican government has been an active supporter of external third-party certification since the FSC system was introduced in Mexico in 1997 by the accredited SmartWood Program of Rain Forest Alliance, and through their in-country representative, the Consejo Civil Mexicano para la Silvicultura Sostenible (CCMSS). The government has seen an opportunity to promote SFM by stimulating an active participation of forest land owners and other local stakeholders in new forms of regional dialogue, and new policies and State programs to improve the management and conservation of forest ecosystems. The government has seen the value of certification in stimulating compliance with national and state and municipal regulations and the possibility of reducing currently high levels of illegal logging in targeted regions of the Country.

Mexican forest regulations contain principles, criteria and indicators of SFM, which closely mirror FSC standards. A new forest law was approved in 2002, which considers offering different incentives to forest land owners to recognize and compensate their efforts and costs of certification (Ley General de Desarrollo Forestal Sustentable; Article 114). Certification has also been directly or indirectly subsidized through different federal and state government programs. The Community Forestry Program (PROCYMAF) and the Forest Development Program (PRODEFOR), for example, may cover as much as 90% of the costs of getting a certificate by *ejidos*, indigenous communities and small private owners for a limited number of more sophisticated producers. These programs are also financing technical assistance, training and small investment projects that can be applied to accomplish conditions or pre-conditions identified in the FSC certification of individual land management units.

A large percentage of the costs of certification have until now been financed by different federal and state government programs (42%). Forest land owners (mainly poor communities), local and international NGOs and the private industry make up the remaining cost of 23%, 19% and 16% respectively. Certification has had a relevant contribution to achieving SFM in an number of forest communities. However, this impact has been limited to more advanced community forestry enterprises – "the low hanging fruit"- that have already been investing in improving the quality of their forestry operations (more than 90% of these certificates were granted between 1997 and 2002). To increase the actual area under certification would require a much larger investment and in many communities to achieve the specified environmental, social and technical pre-conditions. The Mexican government has realized that there are important tradeoffs in continuing to finance the costs of certification for a limited number of eligible communities and ejidos rather than investing these resources in building the capacity of a large number of community enterprises, not just those aiming towards certification.

Sources: Anta, A. 2004; CONAFOR 2003; Merino-Pérez, L. and G. Segura 2002.

The following table summarizes the impact of forest certification in the four case study countries on policies for SFM.

Table 2: Influence of Certification on Government Policies for SFM

	Bolivia	Cameroon	Malaysia	Mexico
Contribution to more participatory forest policy processes	High	High	Moderate	High
Influence on forest policy change (regulations and institutional reforms)	Moderate	Limited	Moderate	Limited
Used as mean for regulatory compliance (incentives and subsidies)	Yes	No	Yes	Yes

INFLUENCE ON SUSTAINABLE MANAGEMENT OF PUBLIC FOREST LANDS

Governments that own and manage public forest lands have used certification as a mean to gain credibility of civil society and buyers on how SFM can be accomplished. At present, a significant proportion of certified forest lands are of public ownership (e.g. nearly 20% of FSC certificates are held by governments). Governments have also used certification in public lands as an opportunity to explore and test different strategies to improve forestry policies and demonstrate to other land owners different ways in which SFM may be accomplished.

Governments that have a policy of establishing joint management and concession contracts with private companies or local community based organizations have also used certification to promote and monitor compliance with national regulations. In some of these cases an equity concern has raised in the sense of imposing external rules to raise standards of SFM mainly to small producers still unable to practice better forestry operations.

Even certification was originally promoted as an external independent process to exert pressure on markets to recognize SFM standards and on governments to apply higher standards on government-owned commercial forests. The evolution of certification has led to a new distribution of roles and powers among different stakeholders including governments. Governments and other international organizations have also changed their perception of certification from as an external and intrusive scheme to influence national policy processes and a potential barrier to trade, to progressively accept the role of certification as a soft policy instrument that can contribute to achieve SFM.

Given the fact that government roles have evolved in this direction, and governments are still responsible for the sustainable management of a large proportion of public forest lands in the world, it is important that they become a more active participant in national, regional and international certification processes and negotiations. It is the time for certification institutions like the FSC, who have traditionally limited the

participation of governments in their internal negotiations, to reconsider the important role that these actors can and need to play in the process. Malaysia is a government that has embraced forest certification standards as a potentially positive force for commercial timber management.

Box 4 – The Role of the Government of Malaysia in Certification

The forest sector in Malaysia has historically been significant, contributing 3.1 percent to the GDP from the approximately 11 million ha of forests with commercial potential. All forest lands are under public ownership and commercial forestry is a high priority for the Malaysian government.

Malaysia has had a legal framework for forestry with environmental criteria since the 1970´s. The National Forestry Policy was revised in 1992 to include new elements for SFM and to identify a key role for local communities in forest development. The UNCED and ITTO processes have also influenced forest policy in Malaysia since 1992. Under the Malaysian Constitution, Tate Governments are empowered to enact and formulate their own forest policies and laws.

A *National Committee on Sustainable Forest Management in Malaysia* (NCSFM) was established in 1994 mainly as a national strategy to respond to the new pressures of international markets to ensure the implementation of sustainable forestry. This Committee includes representatives from federal and local government agencies, the forest industry and academic institutions. Community based organizations or other local stakeholders are excluded from the NCSFM. The major contribution of this institution has been the development of the Malaysian Criteria and Indicators for Sustainable Forest Management (MC&I) at the national and forest management unit level. These criteria and indicators were based on the 1992 ITTO Criteria for the Measurement of Sustainable Tropical Forest Management issued by ITTO. However, the MC&I was revised in 1999 through multi-stakeholders dialogues with interested parties at both the sub-national and national levels, following the adoption of the 1998 ITTO Criteria and Indicators for Sustainable Forest Management of Natural Tropical Forests.

In 1998, the government initiated the establishment of the *Malaysian Timber Certification Council* (MTCC) as the official forest certification body to ensure a coordination of different forest certification approaches and grant certificates. The MTCC is managed by a Board of Trustees with a chairman and two representatives each from academic or research and development institutions, the timber industry, NGOs and government agencies. As in the case of the NCSFM, no representation of community based organizations has been considered. The MTCC has also been in charge of generating a new set of MC&I that were approved in 2002 and that are compatible with FSC principles and criteria. Important efforts have been made since 2002 to reach an agreement with both the FSC and the *Programme for Endorsement of Forest Certification Schemes (PEFC) (*formerly the *Pan European Forest Certification Council)* to have the Malaysian certification system endorsed by these institutions, but Malaysian standards are not considered socially or technically adequate as yet.

Currently, a total area of 4.73 million ha of permanent reserved forests has been certified in Malaysia under Malaysian standards. A phased approach has been adopted by the government scheme to allow for the full implementation of MC&I for SFM and certification.

A recent study has shown that the initial costs required for the full implementation of MC&I, over current practices would increase the cost of management by 62.5%/ha (and 69.6%/m3). The Federal Government has provided additional funding to state governments based on a ratio of 5:1 from the Malaysian Timber Industry Board Fund (MTIBF) to enable them to achieve full compliance with MC&I for forest certification. This fund is being financed by a portion of the timber export fees for a period of 8 years (1998-2005), currently equaling US$54.8 million. The federal government has also provided funding for research on SFM, capacity building of government agencies, and to cover the expenses of independent third party assessors evaluating and auditing forest certification.

In conclusion, the government of Malaysia has actively promoted and invested in developing national forest certification that is compatible with national policies and local capacities in order to complete in more demanding international markets. It is argued that this process has promoted a shift of paradigms to a more ecosystemic and multifunctional approach to forest management. Government intervention in this process has been justified based on the arguments that government agencies are in a better position to ensure: 1) consistency of C&I; 2) balance the views of different stakeholders; 3) greater accountability to the civil society; and 4) greater transparency in the scheme used. The government is also committed to emphasize the need for market prices of forest products to fully reflect environmental costs; and to influence internationally agreed C&I that recognize different levels of socio-economic conditions and the mutual recognition of certification schemes. Since 2002, Malaysia is leading the process to develop a Pan ASEAN Timber Certification scheme based on MC&I indicators developed by ITTO. (need to add a comment on land tenure issues and sovereignty)YES

Sources: Shahwahid, H.O., M.(2004); and Thang Hooi Chiew 2004; (Appendix 3 in this chapter)

INFLUENCE ON INTERNATIONAL POLICY DIALOGUES AND MULTILATERAL NEGOTIATIONS FOR SFM

Certification has had an important influence on policy developments of multilateral negotiations and international institutions to promote SFM, particularly after the UNCED process in 1992. Many governments and international organizations such as FAO and ITTO, who were initially reluctant to accept certification due to its threats as a non-tariff barrier to international trade and to its challenges to sovereignty of government forest policies and set local priorities, have started to change their positions and are now more actively involved in local and regional certification strategies that are recognized as one of other instruments for SFM. Analyses of the interaction between local and international processes suggest that the behavior of actors at national levels can be positively influenced by international norms and policies (Elliot 2000).

In this evolution of the international dialogue on SFM, the FSC, as the first certification initiative to emerge, has been the most influential and still is the most accepted certification system world wide. Although many international policy discussions have been concerned about the emergence of the FSC as a new form of governance, it is considered that the modes of operation of this scheme have been a model influencing the conduct of the UN process to reach an international agreement on forests (the new UN Forum on Forest that was preceded by the UN Ad Hoc Intergovernmental Panel on Forests and Intergovernmental Forum on Forests). Criticisms of the FSC system focus mainly on its "self-appointed" nature; the limitation of governments to participate in its internal decision making processes; its inability to recognize other "bottom-up" development of local standards; and its control over both the global standard and the global accreditation systems (Bass 2003).

Other international and national certification systems have also emerged challenging FSC as the dominant system. The former Pan-European Forest Certification System PEFC[2], for example, gained wide acceptance and the area certified under this scheme increased exponentially in the last few years mainly in Europe. This proliferation of different schemes has become an important issue of concern in international discussions over

[2] The Pan-European Forest Certification System has recently changed its name to *Programme for Endorsement of Forest Certification Scheme*

certification. Diversification could have benefits by increasing the number of options that better fit specific regional or national conditions and needs and induce competition that may lead to improvements in efficiency, effectiveness and reduction of costs. Proliferation, on the other hand, could also lead to confusion and loss of credibility among consumers affecting all schemes.

Harmonization[3] of different existing and emerging certification systems has been proposed in international fora as a way to overcome the risks of proliferation. Harmonization could be achieved by "mutual recognition" where the equivalence of different attributes of one system are recognized and accepted by other systems. Important efforts have been made by countries with the most mature national systems, such as Malaysia (Box 4) and Indonesia (check) to reach agreements on mutual recognition with both FSC and PEFC schemes. Initiatives for mutual recognition, however, still need to address and resolve important issues such as the consistency of standards and their links to specific national or regional criteria and indicators, the ways to ensure an equitable participation of relevant stakeholders in the certification process, agreements on the methods for the accreditation of certification bodies, and the identification of mechanisms to ensure independence of government-administrated certification schemes (e.g. Malaysia). New progress towards mutual recognition has also been achieved from the recent evolution of the Pan-European Forest Certification System into the *Programme for Endorsement of Forest Certification Scheme,* which has basically become an instrument for the recognition of national systems.

Another important issue of great concern to many governments, international organizations and the private sector has been the risk that the use of certificates and/or green labelling has introduced barriers to trade that discriminate mainly against small, local producers, mainly small rural land owners and poor community based organizations. Governments and other international development organizations have a legitimate claim over this issue and have an important role to play to avoid the negative implications of trade discrimination.

Many governments, multilateral agencies and non-government organizations are developing elements to ensure comparability and equivalence of different systems based on internationally agreed general standards, principles and criteria. It is unlikely that a reference to specific schemes can be applied under national laws or, or WTO rules, however, important efforts can be done to agree on criteria for verification systems to be met (Ebaa'a 2003). The World Bank´s new operational policy on forests, which introduces specific environmental, social and economic criteria and indicators to authorized credit operations to finance investment projects for SFM, is a good example of these efforts (Box 5).

[3] Harmonization has been defined as making different certification systems compatible and comparable (Elliot 2000)

Box 5 – The New World Bank Operational Policy on SFM

The new World Bank Operational Policy on Forests precedes a very restrictive policy to allow investments in forestry operations. This new policy has the objective to assist borrower governments to promote the use of forests to reduce poverty in a sustainable manner, integrate forests efficiently into sustainable economic development, and protect the vital and global environmental services and values of forest ecosystems. In order to achieve this goal, the Policy requires that projects that involve commercial harvesting operations, among other conditions, need to be certified under an independent forest certification system that is acceptable to the Bank as meeting standards of responsible forest management.

In order to be acceptable to the Bank, a certification system must require: a) compliance with relevant laws; b) recognition of and respect customary laws, land tenure of use rights of indigenous peoples; c) measures to maintain effective community relations; d) conservation of biological diversity and ecological functions; e) measures to maintain multiple benefits form forests; f) prevention or minimization of adverse environmental impacts; g) effective forest management planning; h) active monitoring and assessment of management areas; and i) maintenance of critical forest areas and other natural habitats.

This important evolution of World Bank policies can be attributed to the influence of certification as a policy instrument in the international arena.

Source: World Bank 2001 and 2002.

THE ROLE OF GOVERNMENTS IN FOREST CERTIFICATION: A FUTURE PERSPECTIVE

PROMOTE AND FACILITATE CERTIFICATION

Facilitate the Establishment of National Certification Initiatives.

As a soft policy instrument, the involvement of private actors and other environmental and socially oriented non-governmental organizations is a crucial element in the development of certification initiatives. Recent surveys of governmental forest certification experts have shown that government involvement in certification systems should focused on setting accompanying measures to encourage and support private bodies to develop efficient and fair certification systems (Rametsteiner, E. forthcoming).

In many developing countries there is also a limited capacity of local non-governmental and civil organizations to initiate multi-stakeholder processes for certification; particularly in these cases, governments may have a key role to play in facilitating the establishment of certification programs (Simula 1996).

International NGOs have played an important role in promoting and establishing certification initiatives in many countries. In many developing countries, however, these initiatives have not been very successful because they have been promoted with limited participation from national or local governments and other local interest groups, and because they have not sufficient and continuous financial resources (e.g. Cameroon, see Box 1). Certification initiatives require a long political and financial commitment from all external and local stakeholders, where the establishment good governance conditions, technical capacities and achievement

of local ownership are essential. It is in these particular cases where governments have an important role to play.

Ensure an Appropriate Institutional and Political Framework for Certification.

The most successful experiences of forest certification have emerged in countries where basic pre-conditions of sound forest policies and good governance have been established. Certification processes that are not initiated where these "pre-conditions" exist have a higher risk to face different levels of stakeholder conflicts.

Some of the most important policy and governance pre-conditions may include national policies and regulations that are targeted to improve SFM; clear and secure land tenure conditions; local technical and administrative capacities of forest management units; and local stakeholder capacities to participate in processes to define certification standards (Richards 2004; Mayers et al 2002). Some good examples where many of these conditions have been developed or strengthened in a relatively short period of time allowing the advancement of certification include countries like Brazil, Bolivia (Box 2), Mexico (Box 3) and Malaysia (Box 4). However, complicated structural problems such as the lack of definition of land tenure rights and land tenure conflicts faced by many countries (e.g. Bolivia) are not only limiting the expansion certification but are responsible for extensive forest degradation an deforestation due to the negative effect of open access conditions and the invasion of forest lands by poor rural populations. Advancement in accomplishing and improving these pre-conditions not only requires the coordinated effort of national and international interest groups and donors but the decisive involvement and active support of both national and local governments (see chapter by M. Richards in this volume).

Ensure the Compatibility and Complementary Nature of Certification with National Processes for SMF

As an effective instrument to achieve SFM, certification can provide real incentives for good forestry, but it needs to improve its "fit" with local conditions for forest management, livelihoods and land-use realities so as to solve real forest problems and not merely service the needs of particular markets (Mayers and Bass 1999).

Certification initiatives, however, can become a good channel to reach agreements on national standards for SFM that meet the needs and conditions of local forests and people and, if well conducted, they can reach consistency and complement the objectives and efforts of national policy processes. It is thus essential that such initiatives are developed to ensure compatibility with local legislation and standards to comply with requirements of local laws and regulations. They also need to promote democratic legitimacy and transparency of the standard elaboration process and its continuous improvement by ensuring a broad and balanced representation of stakeholders. Success in this regard can also be an important basis to develop and strengthen government decentralization initiatives, particularly in governments with a very centralized forest policies and government institutions (e.g. Indonesia and Mexico).

After recognizing that many producers are operating below threshold levels required by both certification standards and national regulations, many countries are now looking at phased approaches to stimulate small private land owners and forest communities who have financial or technical limitations, to achieve

compliance with local legislation as a first step that is followed by a gradual introduction of other elements to achieve SFM. This approach could promote synergies between governmental law enforcement and certification and help reduce some of the serious problems of illegal logging that are being experienced by many developing countries (Ebaa'a Atyi 2003). It can also promote more flexibility in government regulations to different management capacity and objectives.

Address and Prevent Problems of Equity

Certification in many developing countries is still being perceived as a market requirement imposed by external actors such as timber importers and some international NGOs that may constitute a barrier for trade rather that a way to promote their products and achieve SFM. Addressing equity problems, particularly those faced by small land owners and poor rural communities in developing countries is an important concern for many governments.

Many small land owners and poor rural communities manage their forest at a lower intensity and with multiple objectives compared to the single timber oriented objectives of large private forest owners and industrial concessionaires. Yet forestry activities in these communities are key to improve rural livelihoods and the sustainable development in a local context by creating important income and revenue. The complexity and cost of implementing certification in small forest management units has been widely recognized as a potentially serious barrier for small forest producers and communities to access both national and international markets (e.g. Molnar 2003 and Butterfield, In press). Any approach to certification in poor rural environments should take into account these realities.

Currently there are only standards for 36 non-timber forest products worldwide, most of these in Brazil and the Amazon. Experience with certification of NTFPs is that this only makes sense when the product has sufficient commercial value and its management requirements are well understood. This is not the case with most of the NTFPs regularly harvested and consumed or sold by forest dwellers. While there are clear advantages to forest certification for a number of additional NTFPs, other instruments that recognize social and environmental values and sustainability will need to be promoted for producers of other categories of NTFPs.

Although many developing countries are making progress towards SFM, a very small percentage of the world's certified forests occur in these countries. In a good number of cases there is a wide gap between the existing level of forest management standards and what is required by certification. As the markets of certified products grow in the world the lack of certification of both timber and non-timber products may become a barrier for trade for small forest producers of these countries. It is therefore important to understand what conditions are causing the slow progress towards accessing certification in these cases.

Governments should have an important role to play to reduce equity problems and create the right set of incentives to achieve SFM and certification. Again, a phased approach accompanied by grants, aid, tax breaks and other incentives to recognize and compensate for the completion of progressive phases, even before the full compliance with specific standards is achieved, can be a useful tool to address the difficulties of small rural producers. Investing in the scientific and action research needed to develop standards for forests

managed for multiple products and objectives and particularly for NTFPs of commercial scale and value; and the generation of landscape level information to reduce the cost of forest management plans at the FMU level are also important priorities to consider.

PROMOTE AND REGULATE MARKETS OF CERTIFIED PRODUCTS

Address Adverse Affect of the Proliferation of Parallel Certification Systems and Ensure Proper and Fair International Trade Rules

The risks associated to the proliferation of certification schemes is an issue that needs to be addressed by governments. As mentioned before there is a debate whether governments should promote monopolistic organizations or whether they should support more than one initiative to induce competition. A monopolistic structure with one single label would have advantages regarding information costs for consumers but would not benefit from the efficiency and effectiveness resulting from competition. The acceptance and promotion of parallel schemes could, on the other hand, create confusion and lead to adverse selection by consumers.

Developing countries may consider the promotion of regional schemes (e.g. the planned Pan-African certification initiative lead by various Congo Basin countries, or the Pan ASEAN scheme promoted by Malaysia). Although these alternatives are complicated due to the need of an efficient regional governing structure, regional schemes could reduce the risk of proliferation of national systems and standards could be developed to better meet local conditions and arrangements (Eba'a Aty and Simula 2002).

Finally, an important issue that can only be addressed by governments is the negotiation of fair trade rules of certified forest products in international fora. These issues are particularly relevant in international trade agreement negotiations between developed and developing countries where exports of forest products play a significant role in local economies (e.g. Chile, Cameroon, Malaysia and Indonesia).

Link Local Communities to Specialized Markets

Many small forest producers in developing countries are facing serious problems in reaching the right and specialized markets that demand specific certified products and end up selling their certified timber to traditional commodity markets that do not differentiate or recognize the value of certified products (e.g. Mexico, Box 3). In other cases, these producers are facing difficulties in responding to specific technical and finishing requirements, the delivery of large volumes at continuous intervals and specific times that are required by many specialized buyers of certified products. Governments in these countries may have an important role to play to overcome these problems by improving or simplifying regulations to reduce costs of production; develop actions to generate and disseminate specialized market information; promote and support partnerships and joint ventures between small land owners, forest communities and the private sector; and foster the creation of marketing and commercializing enterprises that can play a relevant intermediary role between small producers and buyers or brokers of certified products.

Promote the Development of National Markets and Design New Incentives for Certification

Markets for certified products have developed rapidly in many timber importer countries of the developed world. In developing countries, however, there is very little awareness of the environmental and social benefits of products coming from certified forest operations, and very few efforts have been made to overcome this problem. In addition, many developing countries that were traditionally characterized by a small consumption of forest products, have increased this consumption significantly in the last few years offering much better market conditions to local forest producers to sell their products. Both governments and other interest groups in these countries could play a major role in promoting the consumption of locally certified products, which could benefit many small producers by offering them new options to sell their products that otherwise would be lost in traditional markets.

Governments can also significantly improve forest policy outcomes by designing and implementing new and more creative incentives to promote SFM and improve access to certification programs for local forest owners. The most common measures applied by governments have included tax incentives, exemption of audit requirements, tariff reduction and government procurement. As mentioned before, exemption of audits and conditioning forest concession contracts in public lands to having certificates have been successful measures in many countries. Tariff reduction for certified forest products that come from forests in developing countries has also been tested in the EU through the General System of Preferences (Rametsteiner, E. forthcoming), although the margins for these reductions are becoming more and more limited nowadays.

Some efforts have been made by G8 leaders to agree on a commitment by participating governments to procure all their wood products from legal and sustainable sources and give preference to these products in government procurement (Ebaa'a Atyi et al. 2003). It has been estimated that the value of public procurement is sufficiently high to offer an important incentive to forest certification. In the European Union alone, the value of public procurement could be as high as 700 billion Euros, or 11% of the Union GDP (Rametsteiner, E. forthcoming).

Despite the increasing attention given to these issues, there is no global system available to verify legality. A phased approach to certification that includes verification of legal compliance as a first phase could be an option to establish such system. The criteria needed for this system, however, would need to be carefully agreed and applied in a transparent and non-discriminatory manner (Ebaa'a Atyi et al. 2003)

The city of New York has discussed the possibility of procuring certified wood products for its needs, but until now, this has been considered illegal, given the regulations around competitive and open participation in bidding. Federal government agencies can sometimes be more flexible in their procurement rules and requirements than local government levels, where concern with corruption and local favoritism has led to the adoption of more stringent procurement rules on open competition.

LINK CERTIFICATION TO OTHER INSTRUMENTS TO RECOGNIZE MULTIPLE VALUES GENERATED BY LOCAL COMMUNITIES.

As previously mentioned, certification can only be regarded as one of many other instruments to achieve SFM. Recently other important and creative market initiatives have emerged to support the sustainable management and conservation of natural forest ecosystem. Some of the most significant ones include payment for environmental services for water, carbon sequestration and biodiversity, and initiatives to promote "fair trade" of many agricultural products coming from rural and indigenous communities in developing countries. These initiatives are evolving rapidly and have gained important acceptance in many developed countries and the international donor community (Scherr et at 2004). The problem we are facing with the local proliferation of many of these initiatives in developing countries is that they have been emerging in isolation to other conservation efforts and very little has been done to link them in a more comprehensive fashion. Governments can play an important role in promoting better coordination and synergies among these important emerging initiatives for SFM.

GENERAL CONCLUSIONS AND THE WAY AHEAD

The response of governments to certification has ranged from neglecting it (due to its perception as an external imposition), to an active support and involvement in the adoption and development of international, regional or national certification systems. Most governments perceive that certification schemes are here to stay and that their long-term participation in export markets will require domestic producers to pay attention to this market-based incentive. To date, only a few have seen a significant linkage between forest certification and their domestic markets or recognize its role as a soft policy instrument to promote and achieve SFM.

The most important contribution of certification as a policy instrument has been on the induction of multi-stakeholder dialogues to advance in developing local principles, standards and criteria to achieve SFM. Governments have found stakeholder participation in national standard setting initiatives to be most effective when these processes are given the space and flexibility to develop healthy relationships among the stakeholders. When countries have been under pressure from donors or outside advocates to progress quickly, balanced relationships have not developed between government, industry, and civil society and government officials have sometimes ended up monopolizing the process. The standard process cannot be rushed.

To date, forest certification has had a limited influence on inducing direct forest policy changes and reforms of regulations and institutional arrangements. Its impact has been greatest in countries which depend heavily upon export markets where a large share of forest producers and processors have an incentive to adopt certification as a means of accessing more lucrative or more demanding markets. In addition, the role of certification as a "soft" policy instrument to achieve SFM has been most effective in countries where minimal pre-conditions of good forest governance have been developed.

More comprehensive strategies need to be developed to incorporate certification as tool to achieve SFM. Especially where forests generate multiple environmental services, such as biodiversity, water, and carbon, multiple social and cultural values and generate multiple subsistence and commercial products (timber and non-timber), there may be multiple instruments to achieve SFM. Governments have a role to play in evaluating the balance among these instruments and promoting a mix of instruments that fit the country conditions in dialogue with the civil society. Drawing upon healthier stakeholder dialogues initiated in certification discussions can provide a basis for developing other instruments for SFM.

Until now, governments have not been stakeholder members of the Forest Stewardship Council (FSC) for fear that they would unbalance the dialogue between economic, environmental and social stakeholders. It is time to revisit this structure and find a role for governments in the deliberations of this body. Tropical country governments are often the larger landowners of forests potentially being certified and need more integral participation in the rule making process, if their interests and needs are to be met, and if they are to have an incentive to support these processes in their countries.

Finally, governments have an important role to play in mitigating the costs of certification for the small scale producer. Direct financing of certification is costly to governments and its benefits to SFM are not always justified. Governments are finding that there is a trade-off between directly supporting the specific costs of the certification process for small scale enterprises and forest producers and between supporting the enabling conditions or capacity building of a broader range of poor producers. Initially, the government of Mexico invested substantially in the costs of certification while recent policies support training and technical support to the sector as a whole instead. Donors should also evaluate their support to assess the balance between creating pre-conditions and mitigating the costs of certification per se.

In conclusion, governments can benefit the most from forest certification by creating a healthy set of complementary actions that build on the "soft policy" potential of a market based instrument for SFM and the stakeholder relationships created while promoting a more equitable access to the certification instrument and complementary instruments where it is not appropriate. There are key interventions that governments can make in parallel to this process in addition to its participation in facilitating national certification initiatives:

- analyse the barriers to certification and marketing of certified products created by inappropriate policies and regulations or their procedures and take action to correct these;
- analyse and promote other instruments that recognize sustainable forest management and multiple values of community and smallholder forest production for those producers not likely to benefit from forest certification schemes due to the nature of their market participation, range or products or production;
- find opportunities to create synergies between new ecosystem service payments and markets, socially responsible markets, and forest certification,
- design and implement support programs for small producers and forest communities that create capacity, transfer technical knowledge, and generate regional scales of information to create pre-conditions for their future certification, and
- design and implement incentives for forest certification such as government procurement preferences, tax and audit measures, or recognition of certification in lieu of other SFM documentation requirements.

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ANNEX I: FOREST REGULATIONS AND CERTIFICATION IN BOLIVIA: IS THERE MORE SCOPE FOR SYNERGIES?

by Pablo Pacheco

INTRODUCTION

This paper is part of a broader review of the interactions between forest policy and certification. In recent years, several initiatives for introducing better practices of sustainable forest management have developed either through changes in the government regulations related to forest management, or by expanding market-based incentives such as certification. The interplay between forest policy changes, and certification is not enough known. Analyzing what are the influences of forest regulations on enabling a better environment for certification, or the other way around, constitute the main subject addressed in this paper.

It has three main objectives: 1) to describe the evolution of the forest regulatory framework, and the role of certification in the dynamic of forest policy implementation, 2) to analyze the influence (positive or negative) of certification as an subsidiary instrument for sustainable forest management (SFM), and 3) to discuss the role that the public sector could play in supporting the process of certification to stimulate the adoption of better practices of SFM.

The interaction between forest regulations and certification is discussed by looking at the Bolivian case, in South America. Bolivia is a country with the largest area of certified tropical timber operations that comprised about one million hectares in 2002. The latter record, which has been achieved in a very short span of time, is largely explained by a process of forest policy reform initiated by the Bolivian government in the early 1990s. That process ended formally up with the approval of a new Forestry Law in 1996 that modified the forest public system, the rules of forest ownership, the taxation systems and rules for forest clearing and management.

This paper's main argument is that the Bolivian forest policy has created an enabling environment for timber companies to certified their forest operations, though that process to some extent benefited from increasing international and national initiatives supporting certification which have tend to support enforcement of forest regulations. Furthermore, there are some indirect implications of certification such as promoting local negotiation and resolution of conflicts around natural resources, and making visible national initiatives of the forestry sector toward achieving better practices of SFM. Those factors have all created positive interactions between the implementation of the forest regulations, and the development of certification.

This work is organized in seven parts including this introduction. The second part describes the forest and certification outcomes in lowlands Bolivia. The next summarizes the forest policy and the regulatory framework, highlighting some enforcement problems. The fourth part makes a brief description of the development of certification in Bolivia. The fifth makes explicit the linkages between forestry regulations and certification, and the next looks trough some indirect impacts of certification in SFM. Finally, the last part,

discusses some limits of certification, and what could be the role of the government in moving this process forward.

FOREST AND CERTIFICATION IN LOWLANDS BOLIVIA

Bolivia is a country comprising an area of 1,098,581 sq. km, of which about 70% is located in areas below 500 meters above the sea level, which correspond to the Bolivian lowlands. The two other country's natural regions are the altiplano and the valleys. The country's total forest area is equivalent to 534,000 sq. km (48.6 percent of the country's total area) (MDSMA 1995). Most of the forest occurs in the lowlands east and northeast of the Andes, and range from humid evergreen forest in the north to dry deciduous forest in the south (Montes de Oca 1989).

The species abundance for timber production is higher in deciduous forest, while the estimated logging potential volume is greater in the evergreen forest. The most valuable timber species such as mahogany (Swietenia macrophylla); cedar (Cedrela sp.); and roble (Amburana cearensis), that have also been the most intervened species by logging activities, have become the least abundant. Conversely, the less valuable species such as curupaú (Anadenanthera colubrina); momoqui (Caesalpinia pluviosa); ochoó (Hura crepitans) bibosi (Ficus sp.) and verdolago (Terminalia amazonica), are the most abundant ones (Dauber et al. 1999). In 1999, about 43% of total timber extraction was still concentrated in five species of a total of 200 (STCP 2001).

By the first half of the 1990s, time when the state still held the property rights over all forest areas in both public areas and private properties, about 20.7 million hectares, of the 76 million hectares that comprise the Bolivian lowlands, had been granted to forest companies trough a system of contracts, most of them of short and medium-term, although only three million hectares were actually harvested every year (Hunnisett 1996:7). That system led to an excessive forestlands concentration. After the new Forestry Law was issued in 1996, 89 timber companies reduced their areas to 5.8 million hectares, mainly because the change from a volume to an area-based forest fee ($US 1/hectare). By 2002, the portion under forest concessions has even declined more to 5.3 million hectares due to the devolution of three concessions (SF 2003a).

Table 1. Lowlands Bolivia: Forestry Rights and Certification

Land distribution by type	(000 ha)	FMP (a)
Total Lowland Area	76,300	
Forested Area	44,500	
Permanent Production Forest	33,500	6,834
Medium- and large-scale farmers (b)	22,853	476
Small-scale farmer colonists (c)	3,192	68
Community lands (d)	22,303	560
Forest concessions (e)	5,300	5,300
Municipal forest reserves (f)	2,200	430
Long term contracts and research concessions	488	
Protected areas	14,700	
Certified forest concessions (g)	1,393	
Certified private property	30	
Certified indigenous community	51	
Forest concessions in process	754	
Indigenous community in re-evaluation	53	

Notes: a) Areas with approved Forest Management Plan (FMP); b) Land distributed by CNRA (1955-1993); c) Lands distributed by INC (1961-1994); includes land with titles, and pending titles; d) Conceded lands from 1990-1993 and those titled in April 1997; e) forest concessions by Dec. 2002; f) claimed by municipalities by March 2000; g) as of July 2003.

Sources: INRA 1997; MDSMA 1995; SF 2003[a]; CFV 2004.

A portion of the areas that the forest companies gave back to the state had overlapping with indigenous people land claims, and protected areas. Since the early 1990s indigenous people have been granted with indigenous territories for a total area of 22 million hectares, of which only three million are titled (Table 1 in Appendix). A total of 560,000 hectares have a forest management plan approved by the Forestry Superintendence (FS). Furthermore, the government has allocated 23 million hectares to large-and medium-sized farms, and three million hectares were distributed to small-scale farmers or colonists. Although those areas were allocated for agriculture development, they have been an important source of timber, and still supply some timber mostly from areas to be converted to agriculture. By 2002, only 544,000 hectares within small- and large-scale private landholdings had a formal plan of forest management. By 2002, 2.2 million hectares had been claimed as municipal forest reserves, but of only 430,000 hectares, assigned to 16 groups, had a forest management plan (FMP) (SF 2003a).

The rise of environmental concerns has led to the Bolivian government to declare about 15 million hectares as protected areas in the lowlands, though only a small proportion has effective protection. The information presented above suggests that 71 million of the 76 million hectares that embrace the lowlands Bolivia have some type of property rights. The figures mentioned above, however, do not account for areas in which there are uncertain ownership rights often devoted to non-timber forest products extractions. Those figures have to be taken carefully because there are some overlapping land and forestry rights according to which the areas with uncertain ownership rights could be higher. Furthermore, there is not reliable information about how much area remains as public forest, as well as how much is the proportion of forest within the indigenous territories, and private properties. In this regard, conventional wisdom suggest that there is a little but

unknown remaining area that could be considered as public forest, and while indigenous territories are still covered by a large proportion of forest, an increasing process of clear cutting has been taking place in private properties, mainly medium and large properties.

The potential sustained production for timber in Bolivia forest is estimated in 20 million cubic meters per year (STCP 2001). Nevertheless, only a small portion of this potential is currently utilized. The annual timber extraction was about 560 thousand m^3 in 2001, and there are no reliable estimations of illegal extraction, although some mention that it could be in around 50% of the total. The total volumes of timber extraction have grown little in the last two decades, considering that it was equivalent to 445 thousand m^3 in 1980. The type of species intervened, however, has tended to changed dramatically due to the over-harvesting of the most valuable species, and because it is more economically efficient to increase the harvesting rates. About a half of the total production is originated in forest concessions, and the rest comes from individual private properties, and from indigenous territories and municipal reserves (SF 2003a).

It is estimated that about 40% of the total timber production is exported, and 60% is consumed within the domestic market (CFV 2002). The export values of forest products have declined from $119.0 millions in 2000 to $100.7 millions in 2001, although they were lower in 1994, equivalent to $97 millions. The forest exports have grown little between 1994 and 2001, that taking into account the important growth of export values of non-timber forest products that reached a total of about $30 millions in 2001 (USAID 2002:31).

There are 14 forest concessions belonging to 11 companies, one private enterprise, and one indigenous community forest operation certified as of August 2004. The areas certified of forest concessions range from 60,000 to 180,000 hectares, and only one company, which holds three different concessions, has certified about 336,000 hectares (CFV 2004). Furthermore, there are 3 forest companies in process of certifying their forest concessions from the Forest Stewardship Council (FSC), which all together comprise an area of 754,000 hectares. One indigenous community did not renovate its contract of certification after five years of operation, and its forest operations are currently in process of re-evaluation. There is another indigenous community that in the early 2004 has certified an area of 51,390 ha.

Including the latter, there are two initiatives of community forest management projects whose forest operations are in process of evaluation by a FSC-accredited certification body. Both communal initiatives comprise an area of 109,000 hectares (Table 1 in Appendix). Moreover, Chain of Custody (CoC) certificates have also been granted to 17 processing plants, which export a range of certified products including furniture, flooring and doors (CFV 2003).

THE FOREST POLICY AND REGULATORY FRAMEWORKS

The Forestry Law is the major law governing forestry in Bolivia. This law, issued in 1996, replaced an older one passed twenty years before which was hardly implemented due to diverse factors. The law establishes the "national forest regime" which it is defined as "the set of public standards that regulates the sustainable utilization and protection of forests and forest lands, and the legal regime that grants rights to private persons,

stipulating clearly defined rights and obligations". Much of what Bolivia has as a forest policy is contained in the Forestry Law, although there have been some attempts to formalize it in some policy documents.

Before the forestry law was issued, the forestry sector was very much oriented to the extraction of high selective timber species in public forests, classified as areas of permanent forest production. The forest service signed contracts with forest companies to use those resources. The forest users had to pay a forest fee equivalent to the volume of logged timber. That system was highly inefficient and corrupt, and led to the extenuation of highly valuable species, and social exclusion from forest users (World Bank 1993). The transit to a new system was the goal of the new Forestry Law, which demanded six years of debate (Pavez and Bojanic 1998).

The new forest legislation defined regulations for forest use under the premise that sustainable forest management is feasible under the right practices. A new system of monitoring and enforcement was created to make effective those practices, along to some market-oriented regulations and taxes to discourage unsustainable forestry operations. The forest policy's explicit goal is that sustainability of forest management can be achieved through a progressive incorporation of less valuable timber species and the application of extraction techniques allowing the natural regeneration of the forest. Furthermore, it seeks to define clear rights over forest resources in part to encourage increasing investments in forest management, to eliminate forest crime and illegal logging, and to define rules for forest management according to certain technical criteria. The whole institutional system of the forest sector was also modified.

The key new forestry regulations are: 1) public forest can be granted to private companies through a system of long-term forest concessions for a period of 40 years, renewable every five years; 2) local forest user groups (ASLs) can benefit from forest concessions within areas to be declared as municipal forest reserves, which represent up the 20 percent of public forest within each municipal jurisdiction; 3) indigenous people are granted with exclusive rights of forest use within their territories; and 4) forest users have all to pay a forest tax (US$ 1 per hectare/year), which apply to the total area in the forest concessions, to the annual logging area for private properties –including indigenous territories-, and to both total and annual logging area in the case of local forest user groups. The law states that delays in forest concession's tax payments should result in turning the concession back to the government (Forestry Law 1715, BOLFOR 1997).

According to the legal framework non-commercial forest uses do not require authorization, and a forest management plan is an essential requirement for all types of commercial forest activities. Hence, forest concessionaries as well as private landholders are obligated to design management plans as an instrument to regulate commercial logging activities, including forest inventories and mapping. Forest management plans have to comply with many technical requirements. Forest management, when based on a selective management, must respect a minimum cycle of 20 years between logging operations on the same area, and a minimum cut diameter must be respected. Furthermore, annual operations plans are required.

The regime to be applied to non-timber forest products (NTFP) is quite similar to the one defined for the timber products, with the exception that they have to pay a lower fee. The forest concessionaries can subscribe contracts with third persons for NTFPs use. Forest concession can be allocated for NTFPs only in forest areas where they are predominant; in this case NTFPs fee is equivalent to 30 percent of the forest tax

(US$ 0.30 per hectare/year). The NTFPs have to be regulated by management plans in the same way that it applies to timber products.

The implementation of the forest regime has confronted some obstacles. Hence, the FS had to approve some additional measures called "exception regimes" in order to promote a more progressive adjustment of people's forest use practices to the new system. Three main exception regimes have been issued by the FS: 1) one allowing forest logging in private properties equal or less than 200 ha, by which land owners wishing to log timber were exempted from the Forest Management Plan. This regime lasted longer than expected and was extended until August 1998; 2) one allowing allowed small farmers to log timber in areas less than three hectares without the presentation of land use plans at the parcel level; and 3) the one approving small-scale timber producers to initiate their forest operations only with a logging annual plan, and even more without creating the municipal forest reserves yet (Pacheco 2000). Finally, a decree enacted in May 2003 (No. 27024), modified the criteria of forest taxes payment. This does no longer apply to the total area of the forest concessions, but only to the area intervened annually.

THE DEVELOPMENT OF CERTIFICATION IN BOLIVIA

In Bolivia, different institutions have contributed to move forward decentralization, although has been crucial the role of the Project for Sustainable Management (BOLFOR). It has actively participated in building the technical foundations of the Forestry Law, and in stimulating the creation of the Bolivian Council for the Voluntary Forest Certification (CFV), which constitute a national FSC working group. The CFV was created in 1995 as a non-profit civil association to promote the voluntary forest certification in Bolivia. It is aimed at developing national certification standards according to the FSC Principles and Criteria, and monitoring its compliance. The FSC officially recognized it as a working group in January 1998 (CFV 2002).

Much of the work done around certification in Bolivia can be attributed to the CFV that has constituted an active group linked to the whole process of forest policy reform, making part of a large group of technicians, staff of forest enterprises, leaders of community forestry projects, and people involved in forest projects, and the national forest service. According to Jack (1999), the CFV made two relevant contributions to the process of certification: the first, is to have provided a platform for the development of national standards for wood certification, and there is another for Brazil nut extraction; and second, to have served to debate and disseminate information around certification, offering also a solid and legitimate institutional support. The fact of having an indigenous community certified, and several forest enterprises interested in certification, was a factor that attracted the interest of all groups working on forest management.

The CFV has leaded the process of developing the national standards for wood certification. It basically was aimed at adapting the international standards to the social, economic and ecological reality of the country, but also at building institutional support and consensus around the process of certification itself, constituting a privileged opportunity to gathering together to the different forest actors such as timber companies, local forest users, and environmental groups. By so doing, the notion of certification was widely appropriated by such different groups, and it allowed for confronting divergent positions regarding the use and management of forest resources from the different actors represented there (Jack 1999). A similar experience was

developed in a more regional fashion at the moment of discussing and defining the national standards for the extraction of Brazil nuts in the northern Bolivian Amazon[4].

For the committee that was working on the national standards, it was not an easy task to get common agreements about the indicators of good practices of forest management, mainly regarding some sensitive issues related to natural resources rights and conflict resolution between forest concessions and indigenous people. Moreover, it was reported that there were minimal tensions between the forest companies' representatives and the environmentalist. According to Jack (1999), that is because both groups did accept the principles from the FSC as the main bases for negotiation. A problem reported by the mentioned author was about the level of detail of the national standards respect to the norms of forest management. The resulting document was a set of indicators very much adjusted to the ones of the FSC. A criticism to this process is that, even though there were some technicians working wit local forest users, the voice of communal organizations was minimal, and they are still underrepresented in the CFV (CFV 2002).

The existence of a certification entity in the country was other factor that contributed to accelerate this process. This was the result of an alliance between the Center for Research and Renewable Natural Resources Management (CIMAR), affiliated to the University Gabriel Rene Moreno, and Smart Wood which is and FSC-accredited certification body. From 1996 to early 2001, the CIMAR/Smart Wood Program has been in charge of the organization and execution of formal evaluation of forest operations applying for certification in Bolivia (CFV 2002). This agreement facilitated to reduce certification costs, and to make easier the monitoring of certified operations (Jack 1999). From early 2001 to date some other entities accredited by the FSC have some representative in the country. Currently there are eight of them offering their services.

THE SYNERGIES BETWEEN FOREST REGULATIONS AND CERTIFICATION

In Bolivia, it is evident that a "boom" of certification emerged right after the approval of the forestry regulation. The main explanations lies in the fact that the forestry regulations demanded of the forest users to apply some practices of sustainable forest management, which are close to the standards demanded for the forest users to have their operations certified. This fact has facilitated certification for many forest operations in Bolivia as certification is currently seen as a relatively small step away for law-abiding companies (CFV 2002, Jack 1999). Yet, the forest regulations did not establish any other incentive except that of exempting to the FSC certified operations from periodical forest audits, every five years, required by the FS (MDSP 2001).

Another reason why the area of certified forest grew up rapidly is because the size of the management units in Bolivia is relatively large. That is why only nine certified forest enterprises control about 917,000 hectares of certified forest as of July 2003, and another eight forest concessions encompassing 928,000 hectares are in some stage of the certification process (Table 1 in Appendix). It is symptomatic that the only one community project that had its forest operations certified has some difficulties to renovate their contract, and only one additional communal forest management project is in process of obtaining a certification from the FSC.

[4] A copy of the national standards can be found in the address: http://www.angelfire.com/pq/cfv/

A real incentive for certification to expand, however, has recently been included in the new DS. 27024 issued in May 2003, and regulated by a RA 058/2003 of the FS. Besides the forest fee that is paid according to the area annually intervened, the forest users have to pay an additional tariff of forest regulation (TRF), which is the annual payments to cover the cost of approval and monitoring of the forest products originated in the Forest Management Plan (FMP). According to this recent regulation there is a differentiated treatment depending whether the forest users did or did not certified their forest operations. Forest users with certified operations pay less per ha (0.64 US$/ha) than the ones who have not certified their operations (SF 2003b).

It is not clear yet how much additional area the forest concessions will intend certify. Yet, assuming that all the concessions that are in some stage in the certification process could certify their forest operations, the total area under certification will arise to 2,147,000 hectares. Currently, the ASLs have 430,000 hectares under FMP, but they theoretically might have access to 1.5 million hectares (SF 2002), and indigenous people might potentially develop logging activities in an area of about 5 million ha, only if they consolidate they ownership rights over those areas (Stocks 1999). The combined area of forest concessions, ASLs and indigenous territories in which could potentially be developed forest management, and hence be certified, embraces about 11.8 million ha. This area would be only 35% of the entire Permanent Production Forest (33,5 million ha), classified as such by the Bolivian government (DS 26075). Although the certification program is important it is going to have an impact only if larger areas of forest are assigned to both local user groups and indigenous territories, and then certified (USAID 2002).

The certification of Brazil nuts has not made any progress due to land tenure issues. Although the guidelines of forest certification for Brazil nuts are now available, it is unlikely that extractors will certify their operations in the short run. The main factor inhibiting certification initiatives is the existence of competing claims over forest areas all over the northern Bolivian Amazon. The barraqueros (Brazil nut concessions holders) who have traditionally had de facto rights over forest resources since early last century-, compete for land with small farmers grouped in communities along roads and rivers, and with five different groups of indigenous people (Stoian 2001). The fact that current legislation provides somewhat clear rules of management of forest resources might contribute, once resolved the land tenure issues, for Brazil nut collectors to make some progress towards certification of this product's gathering operations.

One issue, that is not exclusive of the Bolivian case, is that local forest users and communal initiatives of forest management have not been able to certify their operations, exception of the indigenous cooperative of CICOL –the first forest operation certified in Bolivia in 1996-, who was not yet been re-certified since the lapse of the certificate in 2001, although there is another indigenous group who got their operations certified.

Those groups are still excluded from certification due to the high costs involving this process, and due to some demands of certification itself. Furthermore, small-scale timber extractors have little chance to concur to international timber markets, even less of certified timber markets. Over time, to the extend more CoC get certified, it is possible that communities and other small-scale forest users may be able to certify their operations in order to supply some processing plants already certified.

THE CONTRIBUTION OF CERTIFICATION TO SFM

There is no doubt that certification contribute to the government initiatives toward SFM, but those are still limited to a realm of an small number of forest concessions, which do not have a large impact on the SF efforts tending to monitor good practices of forest management. Two different sort of implications has certification had on the forest policy processes, the first have influenced more the orientation of the forest policy and the criteria for forest management, while the second are related to the way in which that process is implemented in practice.

To some extent, certification has contributed to the process of definition of the criteria about SFM. In Bolivia, the discussion of the Bolivian national standards for wood certification, and the new forestry regulations, involved somewhat to a core group of foresters, and people working on forestry projects that led to permeate the discussion of the forest legislation based on some international criteria about appropriate practices of forest management. This influence was not direct, but to some extent did help to achieve national agreements about good practices and standards for SFM included in the Forest Law, and in successive regulations that were issued afterwards. The national forest regulations have created an enabling atmosphere for certification, which was used opportunistically by the entities working to push forward such process.

The Bolivian Council for Voluntary Forest Certification (CFV), even though has constituted a privileged arena to discuss issues regarding national criteria and standards for SFM, after the approval of the new regulations, have focused extensively in promoting the idea of certification, but has had little incidence on creating a platform to continue the debate about SFM in the country. The latter because, except some people who are part of the council, the CFV as such has not political influence in the processes of decision-making, and it has been extremely concentrated in issues affecting directly to the success of certification (i.e., definition of national standards, dissemination of information, and looking for sources of funding to survive). Hence, some other issues have been left out on the discussion of certification such as simplification of procedures for communities to use forest resources, title regularization issues, etc.

Certification has contributed in some other ways to the process of the forest policy implementation: 1) it reduced the required inspections on the part of the FS to the forest concessions with certified operations; 2) it has led to resolve some land tenure issues in areas with conflicting claims surrounding the certified forest concessions, and hence contribute to reduce risk from invasions; 3) the fact of certified companies to have secure markets, make them financially able to pay for the forest fees to the state for the use of forest resources. Yet, although those factors are important, they do not represent an important impact on achieving SFM. In Bolivia, remain important land tenure conflicts and uncertainty of land ownership due to a slow and bureaucratic process of title regularization, which is one of the main factors why certification can move further. Only in some few cases certification contributed to resolve such issues.

The fact that certification favor some large enterprises to maintain and expand their market access, and potential of access, to niches export markets for certified wood products, is discriminating against a large groups of local forest users who are not able to pay for certification, or to comply with the management standards to be certified. Although certification has had a positive contribution for such enterprises, in a context of financial crisis of the national timber companies, this is unlikely to be expanded quickly to other forest users. Additional initiatives have to be taken, which are not necessarily technical but political to

advance in the process of building better synergies between forest regulations and certification, mainly to favor a large group of local forest users within the municipal forest reserves, and indigenous populations.

THE ROLE OF GOVERNMENT IN FOREST CERTIFICATION

It is little what the government can do to promote the process of certification in forest concessions besides what has been already done. It is expected that progressively the timber companies, following the pressures and/or incentives from certified markets, may choose for certifying their operations. Furthermore, the incentives introduced by the government by making cheaper the access to forest to certified operations, and the exoneration of forest audits can become effective instruments to incentive certification. Yet, government can still cooperate with industry, certifiers and communities by simplifying the procedures that regulate forest management, and addressing land tenure constraints that are limiting certification.

Indeed, for the action of the government to be effective, it has to commit the government agencies of forestry (Forestry Superintendence) and agrarian reform (National Institute of Agrarian Reform), to resolve some constraints that are impeding some users to get more benefits from forest management, and hence hampering certification. It has to do that by considering seriously overcoming restrictions that affect mainly to communities and other local forest users, and impede them to obtain higher economic benefits from forest resources. Some steps to take in that direction are simplifying the rules and regulations of forest management, reducing bureaucracy for logging and forest clearing permits, and reinforcing the services of forest extension provided by the municipal forest units. Furthermore, a serious commitment is required to resolve in the short time land tenure uncertainty, consolidating the rights claimed by indigenous people. Resolving land tenure disputes in the north has become something ineludible.

The explicit recognition of the government of the importance of certification, and addressing some pending issues in the forestry and land tenure agenda, can both contribute to increase the support and paved the road for certification to expand. Additional steps could be made for linking communities to the markets, or by promoting partnerships among agents, which could favor a more pro-certification environment in which benefits are shared along the different levels of the clusters. Additionally, the government can play a more active role in alleviating market confusion by involving the forest service more aggressively in organizing and disseminating information regarding certification, or supporting undergoing initiatives.

It is likely to assume, however, that many forest users will not be able to certify their forest operations by different factors. In this cases, the role of government is going to be even more important to develop some alternatives to guarantee that good practices of forest management are followed, but primarily that those users are obtaining economic benefits from their forests. Actions in that way may include some of the mentioned earlier (simplification of procedures, and consolidation of land tenure rights), but also actions to promote higher devolution of powers and responsibilities, and to link them to local and regional markets, etc. For the solutions to be effective, they demand the involvement of different levels of government, and could be rewarding to involve municipal governments to collaborate in the search for answers.

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ANNEX II: POTENTIALS FOR SYNERGY BETWEEN THIRD PARTY FOREST CERTIFICATION AND GOVERNMENT POLICY IN AFRICA: THE CASE OF CAMEROON

By Richard Ebaa'a Atyi

INTRODUCTION

Cameroon is part of the well known Congo Basin which is the second largest area of tropical forest in the world after the Amazon Basin. Cameroon has considerable forest resources. The total area of forested lands of Cameroon is estimated at approximately 22.5 million ha, of which, 17.5 million hectares are considered productive. However not all the forests are opened for logging. It is foreseen that about 7 to 8 million ha will be set aside for sustainable timber production, the remaining forested land will be shared between protected areas for fauna and other development land uses such as agriculture.

Forestry plays an important role in the National Economy of Cameroon. With a production of 3 to 3.5 millions m^3 of round logs, Cameroon is estimated to be one of the most important timber producers and exporters from Africa. The forest industry provides about 50,000 jobs and represents approximately 10% of the GDP. The forestry sector (and mainly timber product exports) contributes at 20% to the balance of payments, ranking second after oil product exports.

In Cameroon, there are three ownership regimes for forest lands. First there are private forests belonging to private individuals. This applies in cases were an individual has created an artificial tree plantation on his private land. Private forests play an insignificant role in Cameroon.

Second, there are forest lands classified under the State private domain. Forests classified under the State private domain are also referred to as permanent forests and constitute the Permanent Forest estate (PFE). These include all forest reserved for conservation purposes or for the sustainable production of forest goods and services. The management of permanents forests can be leased to private companies or to individuals as concessions, this is especially the case of forest assigned for sustainable timber production. Conversion of permanent forests to non forest land uses is strictly forbidden.

Third, there are forests of the national domain which comprise all forest growing on lands where other land uses such as agriculture are authorized for the local populations. Forests of the national domain are under communal ownership. All forests of the national domain constitute the Non Permanent Forest Estate (NPFE), and are managed according to local regulations and traditions.

Developments in forest management during the last decades

During the last 15 years, like in other tropical Countries in Africa, efforts have been made in Cameroon to move towards sustainable forest management (SFM). These efforts concern the development of new legal

and institutional frameworks, the development of technical tools and norms and field implementation of sustainable forest management practices. However, the process of change is slow.

Evolvement in the legal, regulatory and institutional framework

The new legal and regulatory framework

Efforts to modernise Cameroon's forestry legislation started in 1989 with the publication of the comprehensive diagnosis of the forestry sector made within the framework of the Tropical Forestry Action Plan (TFAP), which highlighted the weaknesses of the preceding law adopted in 1983. In 1993, the Government of Cameroon, published a forest policy paper emphasizing the need to manage the country's forests on a more sustainable basis.

In 1994, a new forest law was adopted and its decree[5] of application signed a year later. Amongst the obligations contains in the new forest law, is the definition of permanent forests for sustainable timber production (also called production forests). The current law make it mandatory for forest concession managers to draw long term management plans for their concessions. Concessions are granted to companies for 15 years renewable after evaluation. The new also opens the possibility for local communities to set aside areas of forest lands (up to 5,000 ha) and manage these sustainably for their own benefits.

In 1995 the Government of Cameroon also adopted a zoning plan of the national forest domain. The Zoning plan was developed based mainly on technical data gathered through a national forest inventory conducted during the 1980s, and additional data such as the distribution of the population throughout the national territory, the development of agricultural activities… The zoning plan however covers only 14 million ha in southern Cameroon. It proposes limits of permanents forests including forest management units (FMU) for timber production and protected areas. More detailed regulations related to the sustainable management of timber production forests include:

- The "Normes d'intervention en milieu forestier » of 1997 consisting of set of rules to be applied in logging operations to minimise logging damage on soil water, soil and other natural resources.
- The Ministerial arrété of 2001 which defines procedures and set rules for the development, implementation and evaluation of forest management plans.
- A set of technical norms for different types of forest inventories and the development of forest maps.

Evolvement of the institutional framework

The main development in relation with the institutional is the creation of the Ministry of Forests and Environment (MINEF) in 1992. MINEF is in charge of designing and implementing national forest policies

[5] Cameroon legislations follow the French approach, for which the law gives only general guidelines and is completed by lower level regulations containing detailed procedures for the implementation of the law.

on the behalf of the Government. Before the creation of MINEF policies related to the forestry sector were designed within the Ministry of Agriculture. The creation of MINEF illustrates the increasing political priority given to the forest sector by the Government of Cameroon.

Since 1997, MINEF includes an administrative unit in charge of the follow up of the development of standards and certification processes.

A sub-regional commitment to SFM and certification

In 1999, a Summit of Heads of States of all countries of the Congo Basin was organised in Yaoundé, Cameroon (facilitated by WWF) with emphasis on forest management and conservation. The Summit resulted on a written commitment by Governments of the sub-region (the Yaoundé Declaration) to move to SFM and cited forest certification as one of the tools to adopt in the promotion of SFM. Later on, a commission has been set to follow up the implementation of the Yaoundé Declaration.

Field implementation of sustainable forest management

Efforts have been made to map out the Permanent Forestry Estate (PFE) based to the zoning plan made official in 1995. The zoning plan envisaged the mapping out of 90 FMUs with surface areas between 30 000 and 200 000 hectares. Out of the 90 FMUs proposed, 74 had already been granted to logging companies by July 2002 covering an area of 5 million hectares. Cameroon has the smallest average concession area in the Congo basin, which in the view of Forest companies' prevent the implementation of sustainable forest management in the country.

The FMUs can be managed individually or grouped to form a concession in case neighboring FMUs are allocated to the same enterprise. The size of a concession should not exceed 200 000 hectares. From the zoning plan, which is indicative, FMU boundaries only become definitive after the classification procedure. The elaboration of management plans following a model and according to procedures set forth by the forestry administration is the responsibility of the enterprises to which the concessions have been allocated. By June 2003, management plans for 27 FMUs had already been submitted for approval to the forestry administration. The administrative problems related to the procedure of forest classification and approval of management plans is a major setback to the implementation of sustainable forest management and, consequently, to certification. It is clear that without an approved management plan and definitive concession boundaries, enterprises cannot progress towards certification.

Contrary to other countries of the Congo Basin, where major concessions are managed by some large-scale companies (often less than 15), Cameroon has hundreds of enterprises of various sizes licensed in forest harvesting. These enterprises belong either to major industrial groups operating in several countries with external capital, or to often smaller national enterprises. The smaller the size of the company, the more it faces financial and technical difficulties in the implementation of sustainable management. Cameroon equally has the most considerable industrial wood processing facilities in the sub-region.

Apart from production forests of the PFE, Cameroon has put in place community forests (CF) managed by local communities according to a simple management plan approved by the administration. CFs are demarcated within the NPFE upon request from interested communities, who by so doing, commit themselves to avoid clearing of these patches of forest lands. CFs implement sustainable forest management rules. Forest management plans are developed for a rotation of 25 years. Consequently communities managing CFs could apply for forest certification. But their small size (less than 5 000 ha) and the low level of information in the community are serious handicaps to such progress.

DEVELOPMENTS RELATED TO FOREST CERTIFICATION

There is not yet a certified forest in Cameroon. However, there has been progress concerning the development of standards that might be used for forest certification. In addition, initiatives are being taken by logging companies to move towards forest certification.

The development of standards for the assessment of forest management was initiated in the mid 1990s within the framework of a project implemented by the Centre for International Forestry Research (CIFOR) in collaboration with the African Timber Organisation (ATO). CIFOR conducted tests of Principles, Criteria and Indicators (PCI) of SFM in a number of countries including Cameroon and Côte d'Ivoire. Later on, the ATO extended the tests to Gabon and the Central African Republic (CAR). Currently ATO possesses a set of PCI harmonised with the C&I of the International Tropical Timber Organisation (ITTO) since 2001. The ATO set was not specifically developed for forest certification, but can be considered for that end.

In 1990, a project on the promotion of SFM and forest certification in Africa financed by the European Union (EU) and implemented by WWF was launched. The project had activities in three African countries Cameroon, Gabon and Ghana. Some of the results the EU/WWF project are the setting of national working groups (see box) on SFM and forest certification, the development national standards for forest certification and broad sensitisation on forest certification. Currently Ghana, Cameroon and Gabon have draft standards that can be considered for forest certification after some improvement. The standards of Ghana and Cameroon have undergone review including by FSC staff, and the opinions on the drafts are generally positive as these drafts are considered to be good working bases.

Some efforts have also been made in the field of capacity building and institutional development. An example of such efforts is the GTZ project supported by the EU. In general, capacities for forest certification remain very low in African countries such as Cameroon. For instance, in most countries, it is very difficult to have a single trained forest auditor. However many organisations including ITTO are open to support training and capacity building for forest certification in Africa.

The forest industry has also become sensitive to the issue of certification and SFM in Cameroon. Some of the major business holdings involved in logging have made arrangement with forest certification bodies and international NGOs to assist them in their progress towards forest certification. For example, the Thanry-Vicwood group that owns six companies managing about 800,000 ha is getting assistance from SGS to arrange for certification pre-audits in four of its concessions for which forest management plans were

approved in July 2002. Similarly, two other logging companies (Pallisco and Wijma) are collaborating with the new project of WWF Belgium (funded by the European Union) in the sub-region, with commitment to move towards forest SFM and certification. Other companies belonging to the Bolloré and Decolveneré groups have signed agreements with WWF to obtain assistance with the target of forest certification. It is foreseen that, within 3 to 5 years more than one million ha of forest concession will be FSC certified in Cameroon.

GOVERNMENT AND FOREST CERTIFICATION: ISSUES AND POTENTIALS

A part from the political declaration made in 1999 in favour of forest certification and participation of government officials within the NWG on the promotion of SFM and certification, the Government of Cameroon has not been very active in relation to forest certification. Forest certification has had almost little influence in the design of public forest policies. It is only within the recent process of developing the Forest and Environment Sector Programme (PSFE)[6] that forest certification was included as an encouragement to SFM. Furthermore, the results of recent efforts made by private logging companies to make progress towards forest certification have been delayed indirectly by the forestry administration which low capacity slowed the assessment and approval of forest management plans submitted by private companies.

In fact, both the government and the private sector started by being suspicious about the aim of forest certification in Cameroon. In general, the private sector saw certification as an additional and expensive constraint introduced by international NGOs, and which targeted the boycott of Cameroon's timber products in international markets. Therefore, the forest industry opposed forest certification at the beginning. Eventually because of pressure from markets has started to be felt by the private companies, their attitude about forest certification is changing, and some pioneer companies are now in contact with certification bodies to engage in the process.

The Government of Cameroon on the other hand had negative feeling about forest certification because certification was perceived as a way to undermine its power to control the forest sector. For most forestry officials, certification represented a threat to the national sovereignty and the regalian role of the state in law enforcement. Progressively, a more positive attitude is expending amongst government officials about forest certification. There are worries that failure to embark in forest certification may results in the loss of competitiveness by timber exports from Cameroon if other tropical timber exporting countries make more rapid progress towards certification. In addition, the reputation of Cameroon has been tarnished by allegations about corruption, especially in the forestry sector. Certification is seen as one approach that can help the government efforts to improve its image.

An important issue that delays the progress of forest certification and limits the contribution from government officials is the understanding of the certification process that continues to be very low within civil servants of the forestry administration.

[6] From French «Programme Sectoriel Forêt Environnement"

In conclusion, forest certification has not had much influence in the forest policy making process of Cameroon due to both inadequate information on forest certification within the forestry administration, and suspicions about the loss of power by the public forest service that would be encouraged by forest certification. There is currently a more positive perception of the potential role of forest certification to contribute to improving the image of the Government of Cameroon. The potential role of forest certification in strengthening forest law enforcement is also detected. However, the level of understanding and information about the certification process remains low. Initiatives such as the ITTO regional project on the promotion of sustainable management of African forests through the use of Principles, Criteria and Indicators may prove to be very useful.

SUMMARY ON THE THREATS AND OPPORTUNITIES FOR SFM AND CERTIFICATION IN CAMEROON, AFRICA

Opportunities

There are still important quantities of forest resources in Cameroon. In all the countries of the Congo Basin forest resources are still considerable despite the fact that forest exploitation has been conducted in the past on a more or less unsustainable basis. It is still possible to plan for long term actions with low risk of complete forest depletion.

- There is political will in all countries to promote SFM. Changes that have occurred in government institutions and official speeches show that there is increasing political commitment in favour of sustainable forest management. One of the examples to illustrate that is the summit of Heads of States organised in Yaoundé (Cameroon) in March 1999 and the declaration signed during the summit in favour of sustainable forest management.
- Government institutions are becoming increasingly open to the involvement of the civil society in forest management monitoring. In all the four countries of interest, the governments have adopted regulations in favour of the involvement of the local population in forest management and are increasingly accepting the involvement of NGOs in the monitoring of forest management operations. In Cameroon for example, two international NGOs, Global Witness and Global Forest Watch, have signed an agreement with the government for the monitoring of forest law enforcement and technical monitoring respectively.
- A National Working Group has been established in Cameroon within which governments official participate. On the other hand, the existing national working groups have gained respect from government institutions.
- Private companies are investing capital in SFM. In Cameroon, major logging companies are recruiting trained personnel and establishing technical units in charge of sustainable forest management operations. Some of these companies have contracted consultancies to improve on their forest management practices.

- The major markets for timber products exported from Cameroon located in Western Europe where public opinions are the most sensitive to environmental issues and where FSC has some of its greater audiences.
- Donor agencies interested in the forestry sector see forest certification as a positive tool for the promotion of SFM. Most donors that support projects to promote SFM consider forest certification as a complementary tool which may become a conditionality to better achieve the objectives of projects.
- Cameroon has had stable government institutions which is important for long term progress in SFM and certification

Threats to SFM and Certification in Cameroon

- Cameroon is still characterised by weak forestry institutions especially for the implementation of forestry regulation and enforcement of forest laws. In such a context where prerequisites for SFM and forest certification may not be satisfied, there is a risk that the ultimate aim of forest certification may be compromised.
- Illegal logging is still a major concern despite the development of better legal frameworks. Many logging companies continue to operate illegally. Illegal logging operations are compounded by the fact that the forestry administration may not have necessary means for field control of forest operations, and may be tempted to fall prey to corruption.
- The capacity of local civil society organisations including rural communities and local NGOs to implement SFM and monitor SFM is poor. Local organisations do not have enough access to information concerning forest management at the national level. They are mostly ignorant of forest management issues at the international level.
- Forest certification is perceived by many stakeholders mainly from government institutions and the private sector as a process which aims ultimately at the boycott of African timber products in international markets. Some companies still remember the calls for the boycott of tropical timber products in international markets made in the 1980s by a number of NGOs. There is a general impression that progress made in Africa towards SFM is largely ignored.
- Forest certification is considered to costly especially for managers of small concessions. The problem of costs is compounded by the fact that forest auditors have to come from out of Africa.

Box 1 – The National Working Group (NWG) on Sustainable Forest Management and Certification in Cameroon

The NWG on SFM and certification was created in Cameroon in 1996 within the framework of a project on the promotion of SFM and certification in Africa implemented by WWF Belgium with funds of the Europeans Union. Such groups were also created in Gabon and Ghana, perhaps with different settings.

The NWG of Cameroon is constituted by 15 members representing the local populations (3), the public forest service (3), environmental NGOs (3), the forest industry (3) and the scientific/technical community (3). An important role that the NWG of Cameroon has played concerns public awareness on forest certification. It has developed a set of PCI that can be used in forest certification. The NWG has participated in all recent debates related to SFM and certification in Cameroon and encourage government officers to include forest certification in the making of public forest policy.

The NWG is however suffering the lack of financial means and its meeting has become scarce, has the WWF/EU project has stopped. Current difficulties may be related to that there was no clear vision of the NWG role in time as it was initiated within a project.

ANNEX III: FOREST CERTIFICATION AND ITS INFLUENCE ON REGULATORY FRAMEWORKS AND FORESTRY POLICIES IN MALAYSIA.

By Thang Hooi Chiew

INTRODUCTION

Malaysia is a tropical country located north of the Equator within latitudes 1° to 7° North and longitudes 100° to 119° East. The total land area is approximately 32.83 million hectares with 13.16 million hectares in Peninsular Malaysia, 7.37 million hectares in Sabah, and 12.30 million hectares in Sarawak. The climate of Malaysia is typically humid tropical and is characterized by year round high temperatures and seasonal heavy rain. The mean temperatures during the day and night are 32° C and 22° C respectively, while the average annual rainfall is about 2,540 mm with a maximum of 5,080 mm and a minimum of 1,650 mm. Humidity is always high and ranges from 70 to 98% and the sky is cloudy most of the day, especially during the monsoon months.

At the end of 2003, the total area of forests in Malaysia was estimated to be 19.52 million hectares or 59.5% of the total land area, with the percentage of forest lands being higher in the states of Sabah and Sarawak than in Peninsular Malaysia, which is more developed. Of the total forest areas and recognizing the crucial role of forests is not only in the production of timber, but more importantly in the conservation of soil, water and wildlife, as well as in the protection of the environment, Malaysia has a total of 14.39 million hectares of forest lands designated as Permanent Reserved Forests (PRFs) which are under sustainable management. Approximately 11.18 million hectares of the PRFs are production forests with the remaining 3.21 million hectares being protection forests.

Since the 1930s, Malaysia has been establishing a network of protected areas, such as national parks, and wildlife and bird sanctuaries, for the conservation of biological diversity. Currently, Malaysia has 2.40 million hectares of conservation areas protected by legislation. Of these, 2.15 million hectares are located outside the PRFs, whilst another 0.25 million hectares are located within the PRFs. Hence, with the protection forests of the PRFs of 3.21 million hectares, the totally protected areas designated for the conservation of biological diversity in Malaysia are now estimated to be 5.36 million hectares, representing 27.5% of its total forest lands or 16.3% of its land area.

Malaysia has also drawn up a comprehensive list of plants and animals to be protected. Currently many of these, such as the tiger, rhinoceros, slow loris and even the birdwing butterfly are fully protected by law. In this regard, Malaysia had adopted a National Policy on Biological Diversity in 1998 which would further identify and protect 'hotspots' that have high conservation value, and had also established the National Bio-Diversity and Bio-Technology Council in 2001 to further elaborate and provide strategy and direction for the conservation of biological diversity and the development of bio-technology in the country. Under the Eighth Malaysia Plan (2001-2005), appropriate actions have been included for the conservation of biological diversity through rigorous in situ and ex situ conservation programs.

In this context, the forests in Malaysia have contributed significantly towards its socio-economic development. This can be highlighted as follows:

i. in 2003, the forestry sector accounted for about 2.9% of the country's Gross Domestic Product of US$103.7 billion;

ii. the total export of timber and timber products in 2003 was valued at US$4.3 billion or 4.1 % of the country's total export earnings at f.o.b US$105.0 billion;

iii. in 2003, the total forest revenue collected by the various State Governments in Malaysia amounted to US$368.4 million based on a production of 21.5 million m^3 of roundlogs; and

iv. the forestry sector also provided direct employment for 330,000 people in 2003 or about 3.3% of the country's labor force of 9.9 million.

REGULATORY FRAMEWORKS AND FORESTRY POLICIES

Under Article 74 (2) of the Malaysian Constitution, forestry comes under the jurisdiction of the respective State Governments. As such, each state is empowered to enact laws on forestry and to formulate forestry policy independently. The executive authority of the Federal Government only extends to the provision of advice and technical assistance to the states, training, the conduct of research, and in the maintenance of experimental and demonstration stations.

In order to facilitate the adoption of a coordinated and common approach to forestry, as well as reconcile cross-sectoral policies that interface with the forestry sector, the National Forestry Council (NFC) was established on 20 December 1971 by the National Land Council (NLC). The NLC is empowered under the Malaysian Constitution to formulate a national policy for the promotion and control of utilization of land for mining, agriculture and forestry. In this regard, the NFC serves as a forum for the Federal and the State Governments to discuss and resolve common problems and issues relating to forestry policy, administration and management, as well as to enhance co-operation between the Federal and State Governments, so as to ensure a co-ordinated approach in the implementation of policies and programs related to forestry. All the decisions of the NFC have to be endorsed by the NLC. The responsibility for implementing the decisions of the NFC lies with the State Governments unless it is within the authority of the Federal Government.

At the state level, co-ordination of cross-sectoral policies that interface with the forestry sector is undertaken through the State Development Council/Committee and the State Executive Council/State Cabinet.

In 1977, a National Forestry Policy was formulated and approved by the NFC which was later endorsed by the NLC on 19 April 1978. This Policy is currently being implemented by all the states in Malaysia. However, with the current concern by the world community on the importance of biological diversity conservation and the sustainable utilization of forest genetic resources, as well as the role of local communities in forest development, the National Forestry Policy was revised in 1992 to include these important aspects of forestry.

Furthermore, to ensure effective forest management and the implementation of the National Forestry Policy in Malaysia, various forestry enactments and ordinances were formulated and enforced by the respective state authorities since the early 1900s. These enactments and ordinances were further uniformized and strengthened in areas of forest management planning and operations through the adoption of the National Forestry Act in October 1984. This Act is currently being enforced by all the states in Peninsular Malaysia, except for the states of Sabah and Sarawak, as they have their own forest and forest-related enactments and ordinances, such as the Sabah Forest Enactment 1968 amended 1992, Sabah Parks Enactment 1984, Sabah Wildlife Conservation Enactment 1997, Sabah Biodiversity Enactment 2000, Sarawak Forest Ordinance 1954 amended 1999, Sarawak National Parks and Nature Reserve Ordinance 1957 amended 1998, Sarawak Wildlife Protection Ordinance 1958 amended 1998, Sarawak Biodiversity Centre Ordinance 1997, and the Sarawak Natural Resource and Environment Ordinance 1994.

The above enactments and ordinances are also augmented by other legislation on land use, such as the Environmental Quality Act 1974 which was amended to include Environmental Impact Assessment (EIA) in 1985, and the order come into force in 1987. It requires any project proponent to prepare a preliminary EIA report on the 'prescribed' activities to be carried out and if the EIA report demonstrates potentially significant impacts on the environment arising from such activities, a full EIA report will have to be prepared by the project proponent. The 'prescribed' activities that involved forest lands are as follows:

i. land development schemes converting an area of 500 hectares or more of forest land into a different land use;

ii. drainage of wetland, wildlife habitat or virgin forest covering an area of 100 hectares or more;

iii. land-based aquaculture projects accompanied by clearing of mangrove forests covering an area of 50 hectares or more;

iv. conversion of hill forest land to other land use covering an area of 50 hectares or more;

v. logging or conversion of forested land to other land use within the catchment area or reservoirs used for municipal water supply, irrigation or hydropower generation or areas adjacent to state and national parks and national marine parks;

vi. logging covering an area of 500 hectares or more;

vii. conversion of mangrove forests for industrial, housing or agricultural use covering an area of 50 hectares or more;

viii. clearing of mangrove forests on islands adjacent to national marine parks; and

ix. other activities, which may affect forest, such as coastal reclamation and hydropower projects.

INFLUENCE OF FOREST CERTIFICATION ON GOVERNMENT POLICIES AND REGULATORY FRAMEWORKS

Malaysia as a producer member country of the International Tropical Timber Organization (ITTO) is fully committed to achieve sustainable forest management in the overall context of sustainable development. Implicit to this commitment is the acceptance of the ITTO definition on sustainable forest management which is defined as a process of managing forest to achieve one or more clearly specified objectives of management with regard to the production of a continuous flow of desired forest products and services without undue reduction of its inherent values and future productivity, and without undue undesirable effects on the physical and social environment.

In this context, a National Committee on Sustainable Forest Management in Malaysia (NCSFM), comprising representatives from the Ministry of Natural Resources and Environment, Malaysia (formerly the Ministry of Primary Industries, Malaysia); the Forestry Departments of Peninsular Malaysia, Sabah and Sarawak; the Forest Research Institute, Malaysia; the Malaysian Timber Industry Board; the Malaysian Timber Council and the Faculty of Forestry, University Putra Malaysia, was established in 1994 to co-ordinate the implementation of all the activities required to ensure that the forest resources in Malaysia are sustainably managed and be able to be certified by independent third party assessors.

Hence, in 1994 the NCSFM had developed a set of Malaysian Criteria and Indicators for Sustainable Forest Management (MC&I) at the national and forest management unit levels to assess, monitor and report on progress towards the attainment of sustainable forest management at the national level, and for the forest certification at the forest management unit level in the overall context of products labelling and timber certification. This was based on the 1992 ITTO Criteria for the Measurement of Sustainable Tropical Forest Management. In this connection, a total 27 indicators and 92 activities was identified under the 5 criteria of the ITTO for monitoring and reporting progress towards sustainable forest management at the national level, while 30 indicators and 84 activities under the 6 criteria of the ITTO were identified at the forest management unit level for assessing sustainable forest management practices. This set of MC&I was used during the period 1994 - 1999.

However, with the adoption of the 1998 ITTO Criteria and Indicators for Sustainable Forest Management of Natural Tropical Forests, the MC&I was revised through multi-stakeholders dialogues with interested parties at both the sub-national and national levels in 1999 which was coordinated by the Malaysian Timber Certification Council (MTCC). At the national-level consultation, a total of 111 participants representing 58 organizations and companies from the timber industry, social and environmental non-governmental organizations, trade unions, women's organization, academic/research institutions and government agencies, including two representatives from the Forest Stewardship Council (FSC) participated. In this regard, the current revised set of MC&I that is being used since 2000 has identified a total of 64 indicators and 200 activities under the 7 criteria of ITTO at the national level for reporting progress towards sustainable forest management, while 7 criteria, 56 indicators and 171 activities were identified for monitoring and assessing sustainable forest management practices at the forest management unit level, including forest certification.

Furthermore, to enable forest certification to be undertaken by independent third party assessors, Malaysia had also formulated standards of performance for each indicator and activity identified at both the national and forest management unit levels. For example, in Peninsular Malaysia alone, a total of 170 standards of performance were formulated at the national level, while 150 standards of performance at the forest management unit level.

However, there are still inadequate knowledge and/or data to enable the effective formulation of management prescriptions and operational guidelines, as well as their respective standards of performance for a number of indicators, especially at the forest management unit level, such as the level of sustainable harvest for non-wood forest products for each forest type; number of protected areas connected by biological corridors or 'stepping stones' between them; procedures for assessing changes of biological diversity in harvested forests; and procedures for assessing changes in the water quality of streams emerging from production forests.

Hence, a phased approach has been adopted in Malaysia to realize the full implementation of the criteria and indicators for sustainable forest management, at both the national and forest management unit levels and for forest certification.

To ensure that the agreed activities are implemented in the field by the respective State Forestry Departments in Malaysia, a Task Force was established by the NCSFM in May 1995 to monitor their progress and achievement. The Task Force would also develop effective mechanisms and procedures for the periodic monitoring on the implementation of the MC&I, and produce reports on their progress to the higher authorities in Malaysia for their information and further action.

In this regard, Malaysia has developed internal assessment procedures for monitoring and evaluating sustainable forest management based on the current revised set of MC&I. This was jointly undertaken with the support of the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) of Germany in 1999 and is now fully operational.

As forest certification is undertaken at the forest management unit level, Malaysia has defined a Forest Management Unit as an area of forest land that is managed by an organizational entity which decides on and subsequently implements forest activities to ensure the economic, ecological, biological and socio- cultural sustainability of the area. The area being managed, in general, consists of forest districts having a number of forest reserves, which are further divided into compartments and sub-compartments within a single administrative boundary, all under a specific forest management plan within which forest activities are regulated by a state forest service. The size of the unit should be large enough to yield economic harvests in terms of revenue to the government and profits to the forest licensees or concessionaires, and to provide for the conservation of key wildlife species. In this context, the management, conservation and development of forest resources in Malaysia is the responsibility of the respective State Forestry Departments which grant timber licenses or concessions to the private sector to undertake forest harvesting operations in accordance with the guidelines and management practices prescribed by the Departments.

Currently, each individual state, especially in Peninsular Malaysia, is defined as a forest management unit in view of the following legal and administrative requirements:

i. under Article 74 (2) of the Malaysian Constitution, forestry comes under the jurisdiction of the respective State Governments. As such, each state is empowered to enact laws on forestry and to formulate forestry policy independently. The executive authority of the Federal Government only extends to the provision of advice and technical assistance to the states, training, the conduct of research and maintenance of experimental and demonstration stations;

ii. the implementation of criteria, indicators and activities, as well as management prescriptions and standards of performance are monitored and evaluated at the state level by the Federal agencies and bodies, such as the National Forestry Council;

iii. all the decisions made with regard to the implementation of forest management, conservation and development activities in the state are carried out at the state level by the respective State Authorities;

iv. the allocation of Annual Allowable Cuts (AACs) for the production forests of the PRFs by the National Forestry Council is determined on a state by state basis; and

v. under section 4 of the National Forestry Act 1984, each Director of the State Forestry Department is responsible to the State Authority for the preparation and implementation of the State forest management plan, reforestation plan and programs relating to amenity forests.

Furthermore, in view of the current proliferation of timber certification schemes and to ensure a co-ordinated approach to certification, the Government of Malaysia in October 1998 had initiated the establishment of the MTCC, a company limited by guarantee and not having a share capital, under the Companies Act 1965, which was formerly known as the National Timber Certification Council, Malaysia. It is a non-profit company managed by a Board of Trustees comprising a chairman and two representatives each from academic or research and development institutions, timber industry, non-governmental organizations (NGOs) and government agencies, but excluding the Forestry Departments which manage the forest resources.

The MTCC, among others, would develop and implement a timber certification scheme in Malaysia to ensure sustainable forest management, as well as to facilitate the trade in timber from Malaysia; and based on a phased approach had launched its Timber Certification Scheme in October 2001 using the same criteria, indicators, activities and standards of performance of the revised MC&I for forest certification at the forest management unit level.

Hence, the MTCC, as the timber certification body, receives and processes applications for certification, as well as arranges for assessments to be carried out by its registered independent the third party assessors. The assessment report for forest certification will be subject to a peer review process by qualified individuals who are registered with the MTCC for this purpose. The MTCC also provides an appeals procedure, should there be parties which are not satisfied with its decisions. In undertaking this activity, the MTCC has established a Certification Committee, comprising four Trustees representing each of the stakeholder groups of the MTCC Board, which will make the decision as to whether the applicant merits the award of the MTCC certificates.

In this context, currently eight forest management units in Malaysia, namely the states of Johor, Kedah, Kelantan, Negeri Sembilan, Pahang, Perak, Selangor and Terengganu, covering 4.67 million hectares of the Permanent Reserved Forests in Peninsular Malaysia have been certified. In addition, a forest management model area covering 55,083 hectares in the Deramakot Forest Reserve in the state of Sabah and a forest concession awarded to the Perak Integrated Timber Complex (ITC) Sdn. Bhd. in the state of Perak in Peninsular Malaysia covering an area of 9,000 hectares have also been certified under the FSC Principles and Criteria for Forest Management (P&C).

Malaysia, through the MTCC, has also held discussion with the FSC since 1999 to promote co-operation and its participation in the formulation of a national standard for forest certification so as to ensure that the standard is compatible not only with the ITTO's criteria and indicators but also with the FSC's P&C.

After numerous consultations with interested parties at the sub-national level, a national-level consultation was held from 28 - 30 October 2002 and had adopted a new set of MC&I entitled "Malaysian Criteria and Indicators for Forest Management Certification (MC&I)" dated 30 October 2002 which was technically compatible with the FSC's P&C as it had followed the structure and format of the FSC's P&C. This new set of MC&I is targeted to replace the current revised set of MC&I for the forest certification in 2005.

In addition, Malaysia, through the MTCC, has held discussion with the *Programme for Endorsement of Forest Certification Schemes* (PEFC) (formerly the *Pan European Forest Certification Council*) and on 22 November 2002 at its General Assembly, MTCC's application for membership was considered and approved by the PEFC Council. The MTCC intends to submit its timber certification scheme to be considered for endorsement and inclusion in the PEFC framework of mutual recognition.

As a study in Malaysia has shown that the initial costs required to fully implement the MC&I, especially in forest harvesting operations, as compared to current practices, would increase by US$651.00 or 62.5% per hectare or US$21.45 or 69.6% per cubic meter of logs extracted, the Federal Government of Malaysia has provided leverage funding to the State Governments, in particular those in Peninsular Malaysia, additional financial resources based on a ratio of 5:1 from the Malaysian Timber Industry Board Fund (MTIBF) to enable them to achieve full compliance with the MC&I for forest certification. This Fund, established in June 1990, is funded from the collection of levy from timber and timber products exported from Malaysia, and for the period 1998-2005 a sum of US$54.8 million has been earmarked for this purpose.

Furthermore, the Federal Government has also provided an additional US$2.3 million from the MTIBF for the Forest Research Institute Malaysia to undertaken further research, among others, in developing growth and yield prediction models for the various types of dipterocarp forest, timber harvesting systems that maintain the regenerative capacity of the logged-over dipterocarp forest, and the management prescriptions for managing representative virgin forest areas for each ecological forest type found in the country so as to enhance the conservation of forest flora; while on endowment fund of US$4.2 million was established at the MTCC to enable it to pay for the services rendered by independent third party assessors in undertaking forest certification at the various forest management units in Malaysia.

ROLE OF CERTIFICATION AS A COMPLEMENTARY POLICY INSTRUMENT FOR SUSTAINABLE FOREST MANAGEMENT

An assessment of existing information was undertaken in 1999 to ascertain whether there were sufficient information available for the full implementation of the MC&I in attaining sustainable forest management and for forest certification, and had concluded that currently the information available at both the national and forest management unit levels include the following:

i. forest laws, policies and regulations;

ii. institutions and manpower employed in the forestry sector;

iii. financial resources and expenditures;

iv. extent of types of forest, including planted forests;

v. extent of the Permanent Reserved Forests, including boundaries demarcation, and protected areas;

vi. extent of forest land damaged by human activities and natural causes;

vii. extent of tenure and user rights documented and recognized;

viii. consultative and participatory mechanisms;

ix. stand and stock level of the forest resources;

x. pre- and post-harvesting planning procedures, including forest road construction and buffer strips for river protection;

xi. forest management plan at the forest management unit level;

xii. management and silvicultural prescriptions;

xiii. growth and mortality rates of harvested forests;

xiv. procedures to control encroachment, fire, pests and diseases, exotic plants and animals, use of chemicals etc.;

xv. extent of forest areas harvested and silviculturally treated; and

xvi. volume of log produced, processed, exported and consumed domestically.

To ensure the successful implementation of forest certification, Malaysia has been organizing numerous training courses, workshops and seminars involving staff of the Forestry Departments, as well as forest managers and workers from the logging and the wood-based industries of their roles and responsibilities in implementing the requirements of the MC&I since 1997. These training sessions include pre- and post-felling forest inventory, design and the planning of forest roads lay-out, directional tree felling techniques, and in situ conservation of biological diversity during forest harvesting.

Malaysia also had conducted an Assessor Training Program on Forest Certification for Southeast Asian Countries in March 2000 which was jointly organized by the MTCC, SmartWood Program and the GTZ, a Training Program on Chain-of-Custody Certification and the Implementation of the MTCC Timber Certification Scheme in August and November 2001 respectively, as well as an Auditor Training Program on Forest Management Certification in September 2002 in its effort to create a pool of trained personnel to conduct timber certification and the labelling of forest products.

Furthermore, being a multi-racial, multi-religious and democratic country, consultation and consensus building is a way of life in Malaysia. This is best reflected in the formation of consultative committees at the village, district, state and federal levels to discuss and resolve all matters pertaining to resources development. Recently, Malaysia has also implemented a Client's Day for the general public, including NGOs, to meet senior officials of the Forestry Departments to discuss and resolve forest and forest-related matters that are of interest to them.

Notwithstanding this, formal and informal consultations with local communities on forestry matters are also being undertaken by logging operators, district officers and staff of the Forestry Departments. Wherever appropriate the customary rights of the indigenous people are protected through expressed legal provisions and duly gazetted. Towards this end, Malaysia is committed to improve the livelihoods of the indigenous people and incorporating them into the mainstream of development.

Although the Government of Malaysia believes that forest certification should be consumer-driven, market-based and on a voluntary basis it also believes that to some extent government involvement is necessary as currently all forest lands in Malaysia are owned by the government, except for a few thousand hectares of plantation forests which are privately owned. The involvement of the government is also necessitated by the financial requirements of forest certification schemes in view that most of these schemes are yet to be self-financing.

The advantages of government involvement in forest certification schemes are that the government is in a better position to ensure:

i. consistency of criteria and indicators applied;

ii. balance the views of the different parties involved;

iii. greater accountability to the public; and

iv. greater transparency in the schemes used.

Government involvement could also provide an additional channel for interested parties to present their interests to timber labelling authorities. Besides, governments are held accountable for the livelihood and well-being of their people.

The Government of Malaysia also believes that the success of any forest certification scheme will be dependent on the following factors:

i. it should provide incentives for compliance by producer countries, such as better prices and enhance market access for timber products from sustainable sources;

ii. a credible and manageable system for the tracking of felled logs from the forest to the processing mills and manufacturing plants; and

iii. forest certification must be based on a credible and realistic time-frame for the attainment of sustainable forest management of all types of forest and as an integral element of internationally agreed criteria and indicators.

In this regard, an assessment on the status of planning and implementation of sustainable forest management and forest certification was undertaken by the NCSFM and it was found that Malaysia had addressed the following key issues:

i. the criteria, indicators, activities and standards of performance to be used for assessing sustainable forest management at both the national and forest management unit levels, as well as for forest certification – the MC&I;

ii. the forest management unit which will be considered as the appropriate level of management for forest certification – each state in Peninsular Malaysia, as an example;

iii. the mechanisms for monitoring and evaluation of sustainable forest management practices – the Task Force; and

iv. the nature of the certification authority and its mode of establishment and funding – the MTCC.

In addition, the application of criteria and indicators in assessing sustainable forest management in Malaysia at both the national and forest management unit levels has created greater awareness among forest managers and forest workers of their social responsibility in minimizing the loss of biological diversity and in protecting the environment during forest harvesting. It has also brought about a shift in focus from the traditional system of sustained-yield management which is based on the concept of an equilibrium or a balance between growth and harvest that can be sustained in perpetuity to a new paradigm of multi-resource forest management which simultaneously produces a multitude of both tangible and intangible forest goods and services.

The development of criteria and indicators through multi-stakeholders dialogues has also enhanced a better understanding among the many stakeholders or interested parties who are concerned with the sustainability of the forest resources, especially the environmental NGOs, on the need to balance protection and conservation of the forest resources with economic uses as the wealth generated has enable Malaysia to develop economically and socially in its quest to achieve sustainable development. Forest lands that were cleared for higher economic uses have helped to settle the landless and, thus, arresting the spread of shifting cultivation which is one of the main causes of deforestation in Malaysia in the past.

The information generated through the use of criteria and indicators in assessing the state of the forests has help policy and decision-makers in Malaysia to communicate the status of sustainable forest management more effectively to the public. It has also assisted in developing policies and strategies for sustainable forest management, acts as ingredients for the preparation of forest management plans, in focusing research efforts where knowledge is still lacking and deficient, and in particular, the changes in biological diversity and water quality of streams of the production forests after forest harvesting, and their long-term effects on the integrity of the forest ecosystem; as well as in identifying those areas which are in special need of international assistance and co-operation.

However, the costs required to fully realize the criteria and indicators for sustainable forest management at both the national and forest management unit levels are substantial in the short term, as it has been estimated that Malaysia would require a sum of US$760 million, in addition to the need for endogenous capacity building and institutional strengthening, while the expected long-term gains from reduced post-harvesting activities have yet to be proven.

FUTURE ROLE OF THE MALAYSIAN GOVERNMENT IN CERTIFICATION

At the regional level, following a decision by the Fifth Meeting of the Association of South-East Asian Nations (ASEAN) Senior Officials on Forestry held from 15 – 16 July 2002 in Chiang Mai, Thailand; Malaysia is leading the process to develop a Pan ASEAN Timber Certification Scheme based on the ASEAN Regional Criteria and Indicators for Sustainable Management of Natural Tropical Forests which were developed from the ITTO's Criteria and Indicators for Sustainable Management of Natural Tropical Forests.

The MC&I will be reviewed and refined periodically to reflect new concepts of sustainable forest management. These will be based on evolving knowledge about the functioning of forest ecosystem, anthropogenic intervention on the forests whether planned or unplanned, and the changing needs of society for forest goods and services. Besides, the capability to measure indicators will increase and scientific knowledge will improve about the nature of 'best' indicators to assess sustainability of the forest resources.

The level of management will also be refined once the current silvicultural management systems are further developed for application at a lower management level, perhaps at the forest district level, forest reserve level or even at the compartment level. In this connection, the GTZ project on Sustainable Forest Management and Conservation in Peninsular Malaysia which is involved in the refinement of the current forest management systems, the improvement of silvicultural practices and the development of a cost-effective forest planning system for application at the operational level would greatly enhance this effort.

Currently, although the efficacy of timber certification as a potential tool to promote sustainable forest management is still subject to considerable debate at the international level, Malaysia will continue to ensure that timber certification should not be used as a non-tariff barrier to trade of timber and timber products, especially those from developing countries. Moreover, the use of trade instruments to pursue environmental objectives may increase domestic resistance to external pressures devoted to fostering global environmental

concerns. Hence, a free trade policy coupled with incentives and not punitive measures, as well as a supportive international economic climate that enhances the sustained and environmentally sound development of all types of forest should be encouraged and promoted.

Malaysia would undertake further valuation of the goods and services provided by forest, including the role of forest in carbon sequestration, as the current economic valuation of forest resources which is based on the monetary cost of extraction and distribution has often resulted in inadequate incentives for sustainable resource use. Hence, Malaysia will continue to emphasize that market prices of forest products should fully reflect their full costs, including environmental costs, especially certified timber and timber products that emanate legally from sustainably managed forests. The revenue generated will provide the much needed financial resources to enable Malaysia to fully implement the criteria and indicators for sustainable forest management and forest certification.

Malaysia will also emphasize the need for a set of internationally agreed criteria and indicators for assessing sustainable forest management practices at the forest management unit level, taking cognizance of the different level of socio-economic development of countries and their existing cultural and traditional values, or at the very least an international framework for their mutual recognition, including forest certification schemes in the overall context of products labelling and timber certification. This is because the current proliferation of forest certification schemes using different sets of criteria and indicators to define and assess sustainable forest management has resulted in much confusion in the market place among forest owners and producers as to which sets of criteria and indicators should best be used for forest certification.

CONCLUSIONS

In Malaysia, the criteria and indicators formulated at the national level would provide a common framework for monitoring, evaluating and reporting progress towards the attainment of sustainability of its forest resources, especially to the ITTO and the United Nations Forum on Forests (UNFF). Those formulated at the forest management unit level together with the standards of performance will be used by the State Forestry Departments to assess directly the sustainability of forest resource management, conservation and development at the field level, including forest certification.

While there is no denying that there are still some outstanding issues remain unresolved, nevertheless, given the constraints, Malaysia has certainly not been side-stepping conservation and environmental issues in managing and developing its forest resources. This renewable asset will continue to be managed in accordance with national objectives and priorities so that the country will continue to enjoy the benefits generated from the forest industries.

The long-term viability for the sound and sustainable development, management and conservation of the forest resources in Malaysia will be one that balances the needs of the economy, environment and ecology.