

ANNEX 3: WEST AND CENTRAL AFRICA: PROGRESS AND PROSPECTS FOR FOREST CERTIFICATION

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The extraction and export of timber from humid tropical African forests provides a major source of foreign earnings and significant employment in many countries. Increasing rates of exploitation over the last 30 to 40 years has, however, led to a significant decline in forest area: forest loss in humid tropical Africa between 1990 and 1995 was estimated to be about 19 million hectares, comprising about a third of global forest loss for the period (FAO 1999).

The adoption of sustainable forest management (SFM) principles within the Convention on Biological Diversity (United Nations Conference of Environment and Development 1992) led to shifts in forest policy among Parties to the Convention. Over ten years later, in West and Central Africa, however, the goal of SFM is still a long way from being achieved. On the contrary, in addition to reported forest loss, recent estimates indicate that illegal logging is commonplace, with rates estimated to be 70% in Gabon and 50% in Cameroon (FoE 2000).

IMPEDIMENTS TO ADOPTION OF SFM PRACTICES

Africa's complex social and political structures give rise to many constraints to the implementation of SFM. For instance:

- Limited international and national public funding (low priority given to developing the forestry sector; environmental agenda against exploitation of primary forests; investment risks arising from social, political and financing complexities; and long-term nature of returns)
- Complexities associated with defining and implementing credible, independently audited SFM standards
- The near absence of interest from the private sector to invest because of risks (inadequate returns; market uncertainties; policy failures; uncertainties over concession ownership, geography and access; weak governance in the forest sector and in relation to SFM in particular)
- General poor institutional/organizational infrastructure and capacity

ROLE OF THE PRIVATE SECTOR

Private sector interests in humid tropical Africa forestry are highly fragmented, although a relatively small number of large foreign groups account for more than half of forest harvesting and processing. These groups include Wijma (Netherlands), Danzer (Germany), Rougi er and Thanry (France).

Until very recently, the business case for investment in SFM has not been due to a reluctance in the international market to compensate producers for the increased costs of and lower annual yield from SFM production. This market failure reflects, in general, an inability of consumers and governments to value the environmental and social goods and services that accrue through SFM.

Recent changes in policy in producer and, notably, consumer countries (such as Netherlands, Belgium and UK) are beginning to take account of these externalities, and are beginning to correct this market failure. For instance, UK's timber procurement policy is beginning to generate a significant market for independently certified (that is, guaranteed) legal and sustainable timber.

INDEPENDENT, PAN AFRICAN CERTIFICATION

There are currently no supplies of humid tropical African timber from forests that are independently certified to meet a credible standard of SFM. The establishment of the Inter-African Forest Industries Association (IFIA) in the mid-1990s brought together private sector interests with the goal of promoting SFM. The recently defined IFIA Code of Conduct, applicable to West and Central Africa, commits signatory companies to exploitation of forests according to sustainability principles defined in national forest policy and at international level (for example, the African Timber Organisation). IFIA will 'police' adherence to the Code through an independent audit process. In many ways, adherence to the Code prepares producers for independent certification to an explicit standard.

The African Timber Organisation (ATO), with the assistance of the Centre for International Forestry Research (CIFOR), has established the Pan African Forest Certification (PAFC) scheme, which is based on principles, criteria and indicators (PCIs) that conform to those of the International Timber Trade Organisation (ITTO). Recent workshops to discuss the feasibility of the scheme agreed on the need to define a framework for the recognition of African national certification standards (akin to the Pan European Forest Certification Council approach). This approach requires the definition of an appropriate standard for assessment of all African country standards, which the ATO would be responsible for implementing.

PRODUCER GROUPS OF THE GLOBAL FOREST TRADE NETWORK

In the absence of progress towards credible SFM, the Global Forest Trade Network (GFTN) has proposed the establishment of Producer Groups throughout the world. These groups are set up to move committed producers from their current practices to ones that can achieve independent certification according to a high performance standard, such as the Forest Stewardship Council standard. The success of these groups will depend in large measure on the commitment of both producers and consumers, since achievement of the goal of credible and certified SFM requires a longer-term view of the market for timber than is usual in the sector.

The GFTN recently finalized the global entry requirements for membership of producer groups. Interest in producer groups generated in West and Central Africa has been sufficient to develop groups in Ghana and Central Africa, which are due to be launched in mid-October 2003. Membership of a producer group and verified progress of a producer towards independent certification in itself do not independently guarantee legal compliance and performance to a given standard of forest management. The progressive improvement in forest management towards an SFM standard is acknowledged to be an efficient and effective way of achieving independent certification.

INDEPENDENT VERIFICATION

Acknowledging that achievement of credible, independent certification of forest management in Africa is, realistically, a longer-term prospect, accepting that the market needs assurances about the timber that is supplied, and given increasing producer country regulation, several companies have sought to have their operations independently audited to confirm legal compliance and traceability. In some cases, such verification includes (or aims to include), confirmation that forests are managed according to an explicit standard.

The following examples of independent verification all involve large commercial operations: the direct and indirect costs involved in such independent verification are considerable and beyond the resources of small-scale producers/concessionaires.

Ghana

An independent initiative to obtain third party verification of production from a Ghana sawmill (Samartex) was completed in June 2003. The audit statement from SGS Africa confirms compliance with the legal requirements of the Ghana Forest Service and traceability from forest to the port of export. Samartex has committed to progressively improve their forest management practices in line with SFM, as captured in the emerging Ghana Forest Management Certification System or the FSC standard.

Congo

CIB invested significantly (about 30% of a US\$1.2m project) in implementing an ITTO biodiversity management and conservation project across over 1.1m hectares of forest. The company's operations were recently audited by SGS, which has confirmed that the timber production is legal and traceable.

Gabon

Rougi r operations were recently audited by Det Norske Veritas which confirmed compliance with ATO PCIs. On the basis of the successful audit, Rougi r has become Keurhout certified. Some are claiming that this represents the first PAFC certificate as the certification system is based on the PCIs of CIFOR and the ATO. The certificate covers production from Rougi r's rotary ply mill: a sawmill is being built with plans for production in early 2004.

Cameroon

Production from SEBC, part of the Thanry group, has recently been independently verified as being legal and traceable. SEBC see this as a necessary step towards certification, perhaps to the emerging Cameroon national standard or the FSC standard.

Significant investment by the European Union, through a grant to WWF Belgium, is supporting a sustainable forest management project involving four companies, including Pallisco, which are committed to pursuing SFM, which would achieve PAFC certification. The companies are responsible for paying the logistical costs, which are a relatively small proportion of the total cost of the EU-funded project.

CERTIFICATION PROGRESS AND PROSPECTS: A UK TRADE PERSPECTIVE

To date, despite much talk and activity to stimulate SFM in Africa, there has been relatively very little progress. Estimates of the time needed to achieve credible certification, such as to the PAFC proposed ATO PCIs or the FSC standard, are anything from twelve months to three years. In the meantime, markets in Europe are changing rapidly, demanding more certified timber and beginning to move away from African species (indeed, a large UK retailer recently listed species, including Sapele, Iroko and Idigbo, that it would no longer trade in). This reduced demand for African timber, combined with a switch to FSC certified tropical species, principally from South America but also from South East Asia, represents a significant threat to African forestry.

Activities to independently verify African timber production is, in part, a response to slow progress towards establishment of national and regional certification standards and processes, and in part to the increasing significance placed by the UK market on ensuring legal supplies of timber. UK

government policy on timber procurement is likely to set legal supply as the base requirement for publicly purchased timber. A recent Greenpeace action in UK focused on the continuing use of illegal timber and timber products from Indonesia. Following the Greenpeace action, many high profile timber users (merchants in particular) adopted policies that sought to guarantee the supply of legal timber, through independent verification.

There is a risk that this focus draws commercial interest among producers away from the goal of certified SFM and to the production of verified timber. The costs of verification are far less than certification. Environmental NGOs continue to promote SFM, indicating that verification is simply a step towards certification. Although some larger timber users in UK accept this point and demand certified timber, many smaller timber users (a very significant part of the market) are content with the limited guarantees that independent verification provides.

Although many producers have expressed interest in the joining one of the emerging West and Central Africa Producer Groups, the current lack of willingness of the UK timber market to pay a premium for certified product is hampering efforts of the Global Forest Trade Network to secure commitment. For the producer, committing to the expenditure of large but uncertain costs involved in achieving FSC certification is a significant risk, which can be reduced if buyers commit to reward the effort, either (and justifiably) through a premium and/or through a secure, long-term market.

The demands for certification in Africa have not been received well by many producers: a commonly expressed feeling is that the FSC standard is too demanding for the socio-political conditions in Africa, and that the FSC itself has not attempted to understand the particular challenges of achieving SFM in Africa. This has led to suspicion of all certification processes.

An increasing proportion of African timber production is exported to Asian countries as indigenous timber resources decline. In general the Asian timber market is less discerning about species and quality, and has little interest in supporting sustainable harvesting. The influence of this market weakens the case for certification in certain West and Central African countries.

REFERENCES

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