

CERTIFICATION IN THE FOREST POLITICAL LANDSCAPE

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1 CERTIFICATION - A NEW VEHICLE FOR SECURING PUBLIC BENEFITS FROM FORESTS

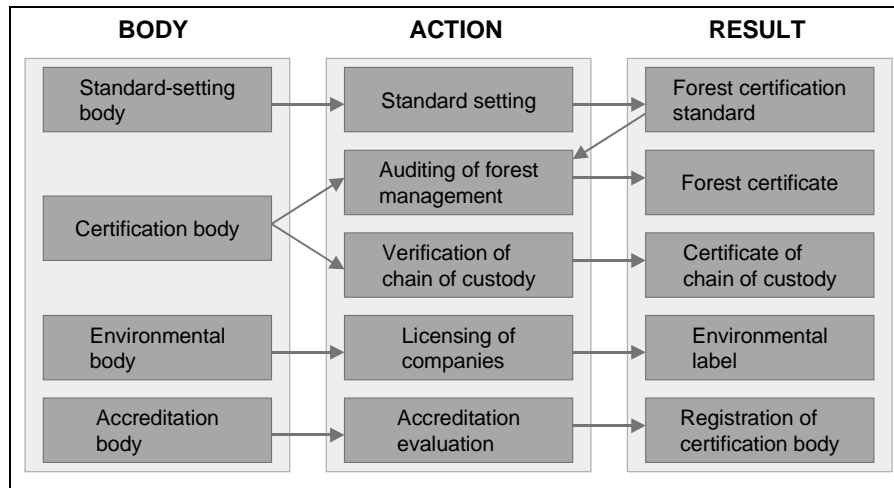
Forest certification is having a significant impact on the public affairs of forestry. In a break with the past, forest stakeholders now seem more concerned about certification than with the latest forestry regulations, or with initiatives from the United Nations. This paper examines the reasons why. We begin with a “helicopter” view of today’s forest political landscape:

- *There has been a breakdown of public trust in forest managers and enterprises:* People like forests; they have many emotional attachments to them. They also like forest products - and need increasing quantities of them. But they don’t like, don’t understand, and don’t trust what comes in between: forest management, which lies at the interface of public and private forest benefits.
- *Forest problems are on the increase:* Poor controls on forest use, and a lack of policy and market incentives for sustainability, have meant that asset-stripping approaches are profitable, especially in the South. There is consequent deforestation, reduction of forest quality, and marginalisation of forest-dependent poor groups. Public forest services (biodiversity, watersheds, etc.) suffer in favour of private goods (timber, food, etc.). Many of the underlying causes are outside the sector (trade rules, debt, corruption, etc.).
- *Forest producers are under intense pressure to change:* In the North, many forest products - especially paper and tropical hardwoods - have become symbols of forest destruction and waste. Forest industries are facing increasing pressure from NGOs and governments - and occasional consumer action - to clean up their act, but they still tend to be site/asset-focused rather than stakeholder-focused. Market information is very poor. Producer/industry associations are weak, and non-existent on the international scene.

Forest management certification was introduced into this political landscape to serve two basic purposes: to improve forest management - and particularly the multiple public benefits

- through market-based incentives; and to improve market access and share for the products of such management. Although there were useful precedents from other sectors that helped to structure the mechanics of forest certification (Figure 1), there was no real experience of forest certification prior to 1990.

Figure 1: Elements of Market Oriented Forest Certification



Source: Bass and Simula 1999.

Thus it could be said that the proponents of certification launched it on a sea of assumptions, i.e. that:

- Voluntary, market-based certification would be a cost-effective complement to traditional administrative regulation in achieving sustainable forest management (SFM)
- Consumer demand for certified products would be adequate to cover the costs of both improved management and certification
- By involving consumers, producers and other forest stakeholders in standards development, certification would be more credible than traditional instruments
- Poor management and deforestation would also be amenable to the incentive effects of market-based certification, as would good management
- By not involving government, certification would be able to avoid charges of trade discrimination, and would not be constrained by non-progressive notions of forestry within the government system
- One set of standards could be broadly applicable and acceptable to all types of forest producer, with some local interpretation

- Western, scientific principles of forest management apply everywhere and would be appropriate for certification standards

Table 1: Multiple expectations of forest certification

Stakeholder	Interest	Aspects of certification used to pursue interest
Forest companies	<ul style="list-style-type: none"> - Market access - Price premium - Price and market stability - Social "licence to operate" - Secure tenure/concession - Policy recognition/influence - Shareholder/staff confidence - Efficiency, capacity strengthening 	<ul style="list-style-type: none"> - Label, buyers groups - Label, competition among buyers - Buyers groups - Certificate, consultation in audit - Certificate - Certificate, working group - Certificate, audit process - Audit process
ENGOS	<ul style="list-style-type: none"> - Improved forest management - Rewarding good producers and shutting out bad producers - Influencing consumers - Influencing policy and institutional development 	<ul style="list-style-type: none"> - Standards, audit, and accreditation processes - Label; buyers groups; raising level of standards to restrict numbers - Label; buyers groups - Standard development process; working groups; FSC global status
Government	<ul style="list-style-type: none"> - Stakeholder agreement on SFM - Improved forest management and capacities - Reduced enforcement and monitoring costs 	<ul style="list-style-type: none"> - Standard/working group process - Standards, audit, and accreditation processes - Audit process; forest and chain of custody certificates
Consumers	<ul style="list-style-type: none"> - Choose wood products based on origin/production processes 	<ul style="list-style-type: none"> - Label and all processes that produce it; buyer competition

NB This analysis is generic and illustrative. IIED's work has examined specific stakeholders' interests and assessed how far certification was an effective means to pursue those interests.

Opponents of certification also made various assumptions, i.e. that:

- Rational forest management would be impossible in many tropical forests
- Timber markets would be incapable of turning against agents of forest destruction and supporting responsible stewardship
- Producers would be unwilling to bear the extra costs of certification
- It is not legitimate for non-governmental groups to define standards for forestry
- Certification would act as an unfair trade barrier

As forest certification evolved during the 1990s, through its many (experimental) applications, specific stakeholders found that certification - or some elements of the wider certification/standards/"green marketing" processes - could help them meet their own particular interests. Table 1 illustrates the particular aspects of certification that stakeholders have attempted to use to pursue their interests.

2 REVIEWING THE ASSUMPTIONS AND IMPACTS OF CERTIFICATION - THE IIED STUDY

In just a decade, certification has come to dominate many forest agendas - with extensive policy discussion, investment of time and resources, and the development of dozens of schemes - if not yet huge areas of forest covered. But there are still clashing views on such questions as:

- *Which groups will really improve their forest management through certification?*
- *Will it tackle the most pressing forest problems, or merely reward a few responsible producers?*
- *Who will be the winners and losers?*

Any answers being proffered today tend to be speculative. There has not been much assessment of the early impacts of certification on forests and on the interests of stakeholders. Nor is there any baseline against which to track certification's impact in future. With so many assumptions and expectations, and now the beginnings of a body of experience, IIED considered that it was timely to assess the impacts - and thus to explore a mature role for certification.

Consequently, from 1999 to 2001, IIED conducted a series of studies with the aim of "assessing the actual and potential impacts of certification, in order that stakeholders, and especially those in developing countries, can improve their decisions about if, and how, to develop, apply and monitor certification as one instrument for encouraging SFM and sustainable markets" (Bass et al. 2001, forthcoming). IIED's activities included:¹

- The development, with FSC, of a database of all 156 certificates in 1999. This covered enterprise and forest type, forest products, forest area, country, and the conditions attached to the certificate (by FSC P&C)
- Analysis of this database to reveal trends and to help in identifying case studies (below)
- Field case studies of the practice and impacts of community forest certification, most of them led by Matthew Markopoulos of the Oxford Forestry Institute (OFI):
 1. Lomerío Community Forest Management Project, Bolivia
 2. *Campesino* Forestry Groups, Honduras
 3. Union of Zapotec and Chinantec Forestry Communities, Mexico
 4. Bainings Ecoforestry Project, Papua New Guinea

¹ The work focused on FSC certification, as it has the longer history. It also stressed small producers and poorer developing countries, in accordance with IIED's mission and that of the financial supporters, DFID and the European Commission.

5. Muzama Craft Limited, Zambia

- Field assessments of the interactions of supply chains and certification in three countries which produce products competing in the UK market, Poland, Brazil and South Africa, together with structured interviews with companies at different stages of these supply chains
- Assessment of the policy impacts and implications of certification through literature review and interaction with the five country teams taking part in IIED's major programme, *Instruments for sustainable private sector forestry*
- Interviews with *key informants* to enrich the above and to gain insights on future options for certification
- Preparation of a *synthesis* report, bringing together the above findings. This will be published in July 2001 (Bass et al. 2001, forthcoming). The current paper is drawn largely from that work.

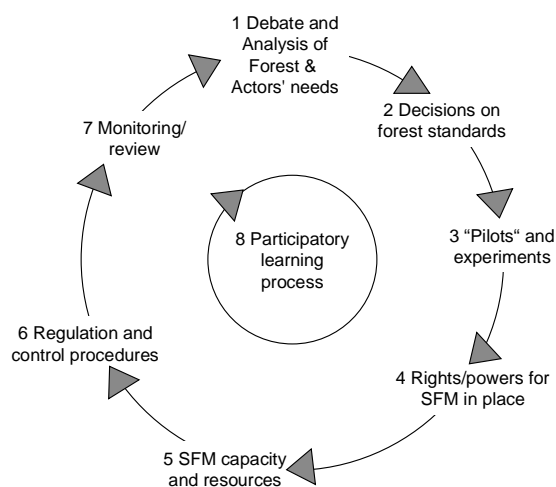
3 EARLY EVIDENCE OF CERTIFICATION'S CONTRIBUTIONS TO POLICY CHANGE

There are recent - and often quite exciting - signs that certification has been helping to change forest policy towards SFM, although a lot of the evidence tends to be anecdotal (Mayers and Bass 1999; Elliott 2000; Elliott 1996 and Taylor et al. 1999). To separate out the policy impacts of certification from other possible influences is a treacherous task in an academic sense. But the strong belief, amongst those interviewed, in the significance of certification's role and reach in their local context does offer some confidence.

Reviewing a broad range of developments in many countries, Mayers and Bass have demonstrated how many recent advances in sustainable forestry have derived from multi-stakeholder processes that bring together the functions of debate, decision-making, experiment and review in favour of a continuous improvement approach (Mayers and Bass 1999).²

This approach is illustrated in Figure 2. In the following we employ the eight components of this model to examine certification's emerging contributions to policy processes and to policy contents.

² In contrast, "traditional" models of policy formulation have tended to favour the concerns of central government institutions, their immediate advisors, and powerful political and business forces, which often operate through non-transparent means. Other stakeholders - especially politically- and economically weak but forest-dependent groups - are often marginalised from the forest process.

Figure 2: A participatory, continuous improvement approach to forest policy

Source: adapted from Mayers and Bass 1999.

Policy Component 1. Improving debate and analysis of forests' needs and actors' needs:

RAMETSTEINER (2000) observes that certification's biggest role in policy change has been to heighten general awareness of SFM and of the roles of other stakeholders. This awareness seems to derive more from the multi-stakeholder processes of developing standards, than from the cumulative impacts of individual certificates.

FSC has developed international multi-stakeholder working groups to develop and review its principles and criteria (P&C), as well as tricky issues as they arise. FSC encourages national and regional certification working groups, to transform the global P&C into national standards (and similar national working groups are attached to the non-FSC country-driven schemes). These global, regional and local groups have provided multi-stakeholder forestry fora in places where such facilities did not exist, or they have offered alternatives where fora were dominated by e.g. government. Their work has highlighted many issues and needs beyond those specific to certification. These groups may well influence the new generation of national forest programmes (nfps) that are seeking multi-stakeholder input - but for which there is little precedent.

Forest policy seems to have been influenced most where governments have had some involvement in the process (although government officials can only be observers in FSC processes). However, where government has been very centrally involved - as in the Malaysian, Ghanaian and Indonesian schemes - it is possible that certification is viewed merely as a means to implement existing policy, rather than to challenge and improve it. In

contrast, where there has been no government involvement at all, the policy impact may not be as good, as was the case in Zambia where the forest authorities have not fully understood certification and have (perhaps inadvertently) created obstacles to certified operations.

The presence of in-country certifiers appears to have strengthened the policy impacts of national groups, by providing professional inputs and evidence from field experience of certification e.g. Imaflora in Brazil and CCMSS in Mexico (Dawn Robinson, FSC, personal communication, 2001).

Policy Component 2. Improving decisions on forest standards:

Certification (and FSC in particular) has helped to clarify, systematise and apply precise forest management standards for real production and trade contexts. Some national certification processes have been able to use existing national sets of criteria and indicators for SFM (such as PEFC did with the Helsinki C&I, CSA did with the Canadian Council of Ministers' interpretation of the Montreal C&I, and the Malaysian National Timber Certification Council has done with ITTO's C&I). They have applied national-level criteria to the field level. This has helped to bridge a gap between policy and practice. The process now under way to develop South African national principles, criteria, indicators and standards of sustainable forest management was in large part triggered by both South Africa's early experiences of certification, and by the national forest action plan.

Policy Component 3. Pilots and experiments in SFM:

Nearly 20 per cent of FSC certificates are held by government agencies. Certification has, for many agencies, offered an opportunity to prove that they have operationalised policy - adding impetus and credibility to their task of tightening up regulations for private forests. Where the audit process helped government foresters through a learning process on their own land, this can have a broader influence on policy review. The first certifications of State forests in Poland, for example, were carried out when a new forest policy was being drafted. Certification helped the Forestry Department to develop a framework for the new policy.

Certification has also provided a "demonstration effect" on non-government land - but it has been limited. High levels of external support skewed the demonstration effect in community forest enterprises. In Bolivia, Zambia and Papua New Guinea, NGOs and donors supported certification as a way of promoting small-scale forestry: but the demonstration effect was minimal, as other forest enterprises realised that they do not have access to the same resources and markets as the supported enterprises. In Zambia, other enterprises were watchful of the example of Muzama's certification, but could not take certification seriously knowing that Muzama has had years of donor investment before being able to get certified (and even now requires more support in order to use the certificate in the market). Established companies, with limited external support, have greater potential to be useful models, as they are more likely to be seen as normal companies: this was observed with Gethal in Brazil.

Because certification has readily identified those forest enterprises that have generally been practicing good forestry for some time, a potential typology of certified "models" could be identified and promoted for different forest types, producers or countries.

Policy Component 4. Renegotiating rights, responsibilities and powers:

Certification has occasionally helped stakeholders to recognise the need for a new distribution of roles between government, communities and the private sector. At the field level, audit processes have publicised and demonstrated claims to forest, often of marginalized groups, and have called for improved relationships as conditions to certificates. These have often improved the basis of equity in local forestry.

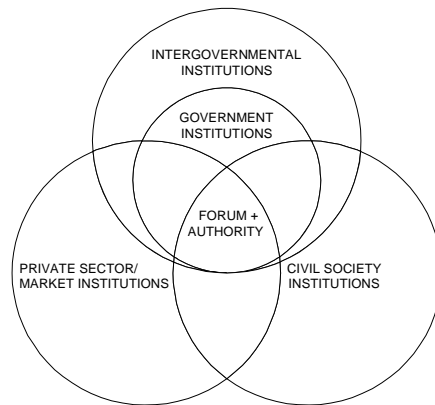
At the policy and market levels, the various processes of certification have also offered other means for increasing the frequency of contacts, spreading awareness, and changing the basis of trust amongst stakeholders. Whilst many community groups had hoped that certification would result in their being accorded more rights and responsibilities, in the cases studied certification was not the sole factor in any such positive developments. The Lomerío enterprise in Bolivia found that the international publicity generated by certification did increase awareness of indigenous peoples issues in general, and its land and resource claims in particular; but other political changes gave a more direct result in terms of securing land claims.

Certification has accorded considerable power to a new forest stakeholder - the independent certifier and inspector. The emergence of these players presents new potentials for SFM, which have yet to be thought through, e.g. of mediation, arbitration and ombudsman. It has also resulted in the privatisation of some regulatory functions (Policy Component 6).

Finally, it is significant that a *voluntary* initiative, with what first appeared to forest managers to be a frighteningly comprehensive agenda, can begin to extend that agenda to other stakeholders - including the government - and potentially lead to mutual role changes. This has been noted in the certification processes in Canada, the UK, Indonesia and Ghana.

Sustainable development policy processes, sustainable forest management, and marketing that is fair to both producer and consumer, will all require stakeholders to work more closely together than in the past. Even if a "level playing field" is an unrealistic and elusive goal, some notion of all stakeholders finding a place in the broader institution of SFM might still be helpful. Figure 3 offers a cartoon of this: it is suggested that certification is one instrument that is helping the "SFM meta-institution" to form, defining its objectives, rewards and attempting to include many players.

Figure 3: The SFM “institution”



Policy Component 5. Developing SFM capacities and resources:

For *community enterprises*, a frequent outcome of certification has been improved administration and governance. This has developed areas such as bookkeeping, reporting, the structure of management and relations with community and government authorities. In most of the cases studied, particularly Bolivia and PNG, the enterprise has had to improve its procedures for planning and documenting forest operations. However, capacity development in the community enterprises studied has also been skewed by:

- Corrective action requests that necessitate action by outsiders rather than using local capacity and techniques
- Emphasising export markets before the enterprise had developed capacities to handle domestic markets
- Donors subsidising the certification process, which meant that the community's opportunity costs for certification were low (thus affecting the choices made for capacity development)

But the capacity benefits of certification in community enterprises are less significant than the capacity *lacunae* that limit communities' ability to undertake certification. A number of certifiers, notably SmartWood and Woodmark, consider capacity building to be an increasingly important complement to their certification work.

For those *corporations* interviewed, which have been certified to both FSC and ISO standards, FSC certification was considered to have brought fewer capacity-building benefits than ISO 14000. ISO 14000 has helped corporations to get their management systems together prior to FSC certification. Most large companies then start FSC certification by getting one area or one division certified first and using that experience to inform further certification. Many large companies, including Klabin and AssiDoman, told IIED that they

undertook certification in part because it was quite evident that their current practice already matched most of FSC's P&C. However, FSC certification has also helped to improve management capacity:

- Streamlining management system procedures and filling gaps
- Developing staff skills, through both certification-related training, and through auditors, acting as a useful bouncing board for staff on forest practices
- Improving the company's status and ability to deal with other stakeholders -helping them to make their businesses stakeholder-focused instead of just asset-focused
- Positively influencing cost-effectiveness all-round, e.g. in stock control and occupational health and safety

But certified corporations already had reasonable capacities in place and were practising good forestry. Certificate conditions seem to emphasise systems and administration of management more than technical practices on the ground. For industrial forestry operations:

- The most frequent conditions required precautionary or mitigating measures for reducing *environmental impacts* - specifically assessments, safeguards, set-aside of sample areas, and written guidelines (FSC P&C numbers 6.1, 6.2, 6.4 and 6.5)
- The next most common conditions required improvements to the *management/monitoring system* - specifically to training and supervision to implement management plans (7.3) and research and data collection to assist monitoring and assessment (8.2)³

Policy Component 6. Improving regulations and control procedures:

Forest certification has hybrid characteristics that mean it should be considered alongside regulatory approaches. Its use of standards is more typical of administrative regulation. Its environmental objectives are determined not by a central authority, as they would be for "pure" market-based instruments, but by public consultation (Markopoulos 2000). Such consultation is a common feature of administrative decision-making on a wide range of environmental issues (Beierle 1998).

Certification can therefore complement or strengthen forest law enforcement. Certification standards require compliance with applicable laws as the first step towards certification, e.g. FSC's Principle 1. Audit processes can thus stimulate compliance. The widespread uptake of certification may, therefore, serve to strengthen law enforcement. This has particular appeal to governments and civil society groups in countries where illegal activities in forests are widespread, and who want to reduce illegality (as is under consideration in the Mekong Basin). But the effectiveness of certification as a law enforcement tool is limited by the voluntary nature of most certification schemes: certification can only induce producers - not force them - into complying with legislation,

³ Although certification records show the conditions associated with certificates, they do not show the changes that were associated with audits prior to certification. Hence the records may underestimate the possible impact on capacity development and forest management.

and an economic incentive is required. This means that it is unlikely to have much impact on those companies whose business models are based on evading the law.

Some countries are considering making certification itself a legal requirement, as in Russia, although this leaves certification vulnerable to all of the problems traditionally associated with regulation, such as corruption and inflexibility to changing needs (Markopoulos 2000).

In the UK and Indonesia, the authorities are employing certification as a complement to law enforcement - an effective mechanism for self-regulation. This may also encourage the forest authorities to exempt certified operations from certain administrative procedures. In Indonesia, with LEI's "stepwise" approach to certification, increasing numbers of exemptions will be available to those enterprises that are certified to higher thresholds. In Bolivia, the Forest Law of 1996 allows for independent, third party certification to replace statutory audits of compliance with national management standards in forest concessions. In South Africa, certification against national standards is now mandatory within two years of commencement of a forest management lease on government land. And in Guatemala, FSC certification within three years is a condition of concessions in the Mayan Biosphere Reserve (Dawn Robinson, FSC, personal communication, 2001).

Similarly, "privatised" chain of custody verification mechanisms are emerging in countries such as Cameroon, PNG and Ghana, to enforce the implementation of forest management legislation, timber transport rules and/or revenue capture.

Policy Component 7. Improving monitoring and review procedures:

In South Africa, certification is now a substitute for direct government monitoring of compliance with lease conditions. Similar possibilities are being developed in e.g. Bolivia and Indonesia. But the real potential of certification is not just of improved monitoring of individual (certified) forests, but the cumulative database which could be developed of all certified forests in a country, region or globally. FAO is now beginning to bring forward global figures of certified forests. But nations are not yet making use of the rich information available in certificates in terms of profiling the types and extent of good practice.

Policy Component 8. A participatory, learning process to drive change towards SFM:

As we have seen above, certification has contributed to both the processes of policy development and to the content of policy. Mayers and Bass (1999) observed that "policy that works" is driven by *participatory learning processes* - at the "heart" of Figure 2. There are several ways in which certification appears to have contributed to such processes:

- *Raising awareness* of the possibilities for sustainable forest management, how to recognise it, how to measure it, and who should be responsible; through the many certification conferences, meetings and media articles
- *Decentralising and democratising the policy processes*, through national working group agreements on certification standards and procedures; through raising the profile of some previously marginalized stakeholders; and through forging new relationships between stakeholders in the certification and audit processes

- *Improving interdisciplinary sharing* of ideas and loosening of professional cliques, through all of the above
- *Promoting the principles of good governance*: notably transparency, accountability, representation, and compatibility with cultural norms⁴

These contributions tend to be greater where there have been organised national processes for participatory standards development.

Indeed, there has been a premium on *participation* in the development of certification. It will be noted that those who decry particular certification schemes do so largely on the basis of who participated in them and who did not (e.g. WWF 2001). But general development experience reveals that, where the quality of information flows and transparency are good, there tend to be fewer demands for participation. Where stakeholders have greater experience of an issue, overt demands for participation again tend to be lower. Thus *learning* is also important (Mayers and Bass 1999).

An obvious need is learning about the actual impacts of certification and associated standards, in order to review assumptions and risks associated with certification and to improve. This paper introduces some findings, which will be elaborated in Bass et al. (2001). It also suggests a framework for continued impact assessment of certification. It is hoped that national working groups will take on board this learning function with the same zeal as participation.

Limits to certification as a national policy instrument:

Whilst some policy impacts can begin to be observed as illustrated above, we are not yet convinced of certification's universal utility as a *national* policy instrument. This is for several reasons:

- Effective policy processes build on elements that work in a country's cultural and institutional context. It cannot be assumed, on the basis of our early observations in *some* countries, that certification can play the same role in *any* country
- Many of the contributions of certification remain tentative and unproven outside narrow market contexts
- Some of the contributions to date have been of a one-off nature rather than offering a continuing policy process
- Although certification may be able to *encourage* a continuous-improvement approach to policy, it takes government commitment and broader institutional change to *adopt* such an approach
- Finally, certification can be costly compared to many alternative instruments. This should be recognized so that certification is not employed for too many functions, policy-related or otherwise (Bass and Simula 1999)

⁴ It may be interesting to reflect on the extent to which the division of FSC's governance structure into separate economic, social and environmental chambers and North/South sub-chambers - in attempts to cater for individual needs - ends up downplaying the shared needs of SFM.

Promising approaches at the international level:

However, certification would seem to be a beacon for new approaches to *international* policy and (environmental) law. International organisations such as FAO and ITTO have moved from early positions of suspicion about certification (as a potential non-tariff barrier to trade, and as diverting attention from government-led forestry improvements), to actively tracking progress in certification (the annual ITTO updates being particularly useful), to acceptance of FSC, and of certification as one amongst many instruments for SFM.

Many policy discussions in international fora appear to have been concerned as much about the appearance of FSC as a new form of international democratic governance as about certification itself. As FSC was essentially a quick, international, centralised solution to forest problems, it continues to attract criticism of its authority, mandate and means for stakeholder representation: FSC's rapid success has unsettled some groups, notably some industry players, small producers and government bodies. They criticise the "self-appointed" nature of FSC; the ability of ENGOs to be very active in FSC governance and in critiquing individual certificates; the continuing lack of recognition of non-FSC "bottom-up" local standards; and the fact that FSC maintains both the global standard and a global accreditation system.⁵

Yet it has not gone unnoticed that FSC's P&C offer a kind of "soft" global forest convention, paid for through a multitude of market relationships. A formal forest convention has, of course, been elusive intergovernmental processes; it would have depended on government-to-government compensation for restricting forest use, for which there is no willingness to pay (Mayers and Bass 1999). Indeed, FSC's mode of operating is a model influencing the form and conduct of the new UN Forum on Forests. FSC has also had a policy influence in non-forest sectors, notably fisheries, dam construction, tourism and (in progress) mining.

4 IMPROVING STAKEHOLDER RELATIONS - THREE MAJOR CHALLENGES FOR CERTIFICATION

Figure 3 illustrated the concept of a "meta institution" of SFM for the 21st century, in which government, civil society and market players work together to develop mutually useful roles. It was further suggested that certification is helping such a concept to become a reality, both globally and locally. It is certainly philosophically compatible with this. There are three institutional issues concerning certification that currently drive stakeholders *apart*, rather than together. These are:

- *Stakeholder equity*, and specifically the easier access of more powerful producers and buyers to certification and its benefits; compared to smaller groups
- The *proliferation* of certification schemes

⁵ This Council might be contrasted with the International Federation of Organic Agricultural Movements - which evolved in a bottom-up way, but took decades to develop.

- The rather weak *integration* of certification with other instruments for SFM - certification is still at the stage of being treated as an add-on “magic bullet”

More work is needed on these challenges (and we will introduce the potential application of new institutional economics in closing this paper). In the mean time, preliminary observations on these three issues follow:

Equity dilemmas: the predominance of Northern and/or industrial producers and retailers⁶

Certification has brought about many *equity benefits*, notably through bringing a wider range of stakeholder interests together in standard setting, policy definition, and forest planning. It has also attempted to ensure equitable outcomes of forest management, by assessing the impacts on vulnerable social groups through the certification process. And it has promoted corporate social responsibility by stressing that good forest management must incorporate social concerns to be viable.

But *Northern countries* dominate the current set of FSC certificates (84 per cent of the certified area is in Europe and North America). So also do large-scale industrial operations worldwide, under corporate or state ownership (85 per cent of the area). And temperate and boreal forests similarly dominate (83 per cent of the area). In addition, the certification schemes in Canada and Europe are rapidly catching up with FSC’s certified area, and indeed PEFC is overtaking it.

This progression is illustrated in Figure 4. At present, much of the innovation, debate, and emotion are invested in competition between those producers who are just above, or just below, the threshold of acceptable forest management, as defined by FSC in particular. Consequently, much of the expense associated with certification is being incurred in bringing those (currently fairly good) operations from just below certification’s thresholds up to the higher standards required (Kanowski et al. 2000).

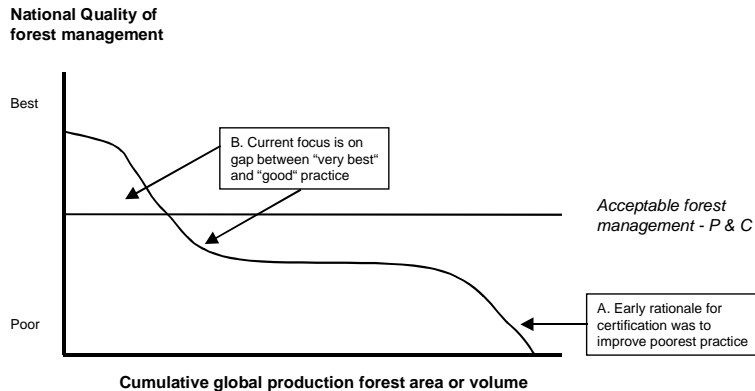
However, there are many producers operating well below this threshold who have neither means nor incentives to consider improvement. This obviously includes those “asset-strippers” whose business models face different incentives. But it also includes a majority of producers in many developing countries with no access to skills, equipment, resources or information. Hence the concept of producers’ groups to assist the necessary capacity development, which WWF is now working on. None the less, If certification is to cover a significant proportion of the global area that will be producing industrial wood for needs over the next 20-30 years - reckoned to be about 600 M ha (WWF 2001) - a single threshold, defined by a very demanding global standard, may not help many developing countries.

This brings us to the issue of the relevance of certification standards to different forest types and producers. Some system is required for “reaching down” to those producers who practice poorer forest management - even, perhaps, including the asset-stripping loggers. This would be a matter of both defining *stepwise standards* at different levels, and creating

⁶ See Thornber et al. 1999 for a full treatment of equity concerns. Here we concentrate on the relative power of Northern producers and buyers.

incentives to progressively “ratchet up” producers from lower levels to higher levels. This has been discussed in Indonesia under the Lembaga Ekolabel Indonesia certification scheme: tax concessions and exemptions from administrative requirements can also be offered for concessionaires meeting progressively higher levels of standards. This is all consistent with the principle of continual improvement, which is embedded in certification schemes. However, the marginal costs of certification might be expected to rise as attention turns, necessarily, from the “good” operators, to the “fair” operators and ultimately the “poor” operators. At some stage, this marginal cost may exceed both public and private benefits.

Figure 4: Illustration of how certification has developed



NB The curve is illustrative only, as there is little empirical basis on which to construct a precise one. Adapted from Kanowski, Sinclair, Freeman and Bass 2000.

The predominance of Northern buyers - especially through organised buyers' groups - has driven certification. But there is concern that this has also resulted in a concentration of the market benefits of certification towards the retail end of the supply chain. Certainly, buyers are unwilling to pay a premium for certified timber, and small producers do not receive higher prices for their upfront investment in certification. In the absence of good information on how much retailers are investing in advertising certified material, it is difficult to ascertain whether they are intent on capturing the potential value added of certification from consumers. Little investment in customer awareness raising is evident. This, along with the fact that they are rarely paying a premium to producers, would make it appear that retailers are seeking to control demand in certified products, risk management and reputation assurance perhaps forming the retailers' main motivation. This raises the obvious question: is a cartel emerging? Ways of cost- and benefit-sharing need to be developed, perhaps through the Forest and Trade Networks.

FSC has demonstrated its commitment to improving equity by: changing its structure to allow a better balance of influence and interests; writing non-discrimination and flexibility

of standards for local conditions into its statutes; developing new guidelines for regional standards; developing group certification and resource manager certification schemes; offering support from the board to social chamber meetings and working with the social working group on fund-raising; and addressing considerations for small enterprises and involving governments.

The emergence of *national certification schemes* in Europe, specifically catering for small-scale private forest ownership, and the development of national schemes in the tropical countries, are further examples of responses to equity concerns.⁷

Certifiers are making increasing efforts to make information better available, to use local auditors and to reduce costs for smaller enterprises where possible.

What more can be done? To maintain their own credibility, certification schemes and certifiers should continue to identify and prioritize equity concerns as they arise, and avoid the temptation to focus only on the large producers and easy markets which in the long run, would call the credibility of certification into question. This should include:

- Deliberate attention to north-south and big-small producer - imbalances and inequities. Better understanding, and sometimes affirmative action, by buyers would also help
- Assessment of the potential for systems of step-by-step improvement, to allow poor producers to work towards becoming good producers rather than sidestepping certification altogether
- Development of an approach to the question: which stakeholders count most? Here, the work of Colfer (1995, 1998) is promising, using criteria such as proximity to forests, dependence on forests, pre-existing rights to forests, knowledge of SFM, and the inverse of their power

Where there are equity concerns, especially in developing countries, the intervention of *government and development assistance* may be justified. They can help by supporting the equity-producing components of certification, notably:

- Boosting stakeholder participation, both in national working groups and in the governance of international schemes
- Improving information provision and sharing, on both certification and markets
- Building capacities for SFM and for making informed decisions about certification
- Further developing group certification
- Small business and marketing development
- Promoting the development of certifier organisations and assessors in the South
- Assessing the differential impacts of certification

⁷ Whether these national schemes deliberately aim to improve equity - or alternatively whether they aim to set up schemes suitable to certain local actors because they do not like FSC's approach to equity - remains open for discussion.

Proliferation of certification schemes: a threat or a boost to SFM institution building?

In the history of forestry, the 1990s will surely be known as the period when forest stakeholders worked hard to define, or to prescribe, SFM (Bass 1997). On the one hand, we now have widely accepted forest management standards, such as FSC's, and widely accepted procedures for assessing those standards, such as those of ISO. These advances are integral to many of the certification schemes today. On the other hand, "widely-accepted" is not the same as "universally accepted". Even if schemes are very close in standards and procedures, for some stakeholders, the differences will be more significant than the similarities. The proliferation of certification schemes has become perhaps the biggest contemporary issue affecting forest certification.⁸

With the emergence of the Pan-European Forest Certification (PEFC) scheme and over two dozen national forest certification schemes, any notion of the *de facto* predominance of FSC is no longer tenable - especially with the rapid rise in area certified under PEFC. In terms of certification's dual forest and market goals, this proliferation is both an opportunity and a threat:

- *An opportunity:* Certification schemes can evolve to more precisely fit local conditions or producer types. Policy targets or commercial targets for certification might be more easily met by a greater number of schemes. A degree of competition between schemes can encourage improvements in efficiency and effectiveness, and thus bring down costs. A larger body of experience can be built up under different approaches - if mechanisms for sharing information and experiences were in place, which they are not at present
- *A threat:* Proliferation may lead to consumer confusion and hence a loss of credibility of certification, affecting all schemes. Proliferation can also lead to a reluctance of firms to be certified at all, if they require different certificates for different markets (with the costly different data sets, monitoring frameworks and audits that would be required), or if they perceive that any one scheme has an insecure future. This could also result in a "race to the bottom" - reducing standards to attract producers to support an individual scheme. Finally, national schemes of smaller countries would face huge costs to promote their schemes unilaterally in an increasingly crowded field

In response to proliferation, buyers and consumer groups have expressed the desire for one label. Many in the wood products industry are aware of both the opportunities and threats of proliferation and talk in terms of allowing proliferation (to suit their needs) but mitigating the problems (to reduce their risks) through "mutual recognition" between schemes. Governments, too, have been investigating mutual recognition to secure a level playing field for trade: Australia and Canada have been particularly active.

⁸ Perhaps it has revealed, or accentuated, stakeholders' real intentions behind certification!

Many organisations have now established their own set of critical elements for comparability and equivalence.⁹ Analysing ten such sets, and assessing them against the needs of SFM, the market place and the mechanics of the certification process, Kanowski et al. (2000) have recently proposed critical elements by which to assess certification schemes (see 1.1 in the Annex).

On balance, the proliferation of certification schemes is driving stakeholders apart. But it must also be remembered that, earlier on, the very idea of certification split stakeholders in two groups. This split was mended by better information and learning. Similarly, trustworthy and widely-available information on the various schemes, such as the Confederation of European Paper Industries has seen fit to offer (CEPI 2000), will be required to solve the proliferation dilemma.

A maturing role: integrating certification into the set of SFM instruments

Because of the intimate linkage of certification with policy, law and capacities, it is necessary to assess and plan certification in the context of political and institutional dynamics. Figure 5 sets out an illustrative “pyramid” of elements that are needed at the national level for SFM (Mayers and Bass 2000). This is purely illustrative, but shows that there are some foundations (tiers 1 to 6 in the Figure) that are required to help certification function well. However, certification may be possible to some extent without them and may help to strengthen them (as the asterisks in Figure 5 indicate).

Those who are working to establish the “basic” tiers of the pyramid - of adequate policies and institutions - such as government agencies and the World Bank, have tried to create the conditions (“push”) for SFM. Those working on the more “sophisticated” steps like certification, such as WWF, other NGOs, and buyers have generated a demand “pull” for SFM. It can be useful for all parties to see their efforts in the context of one framework.

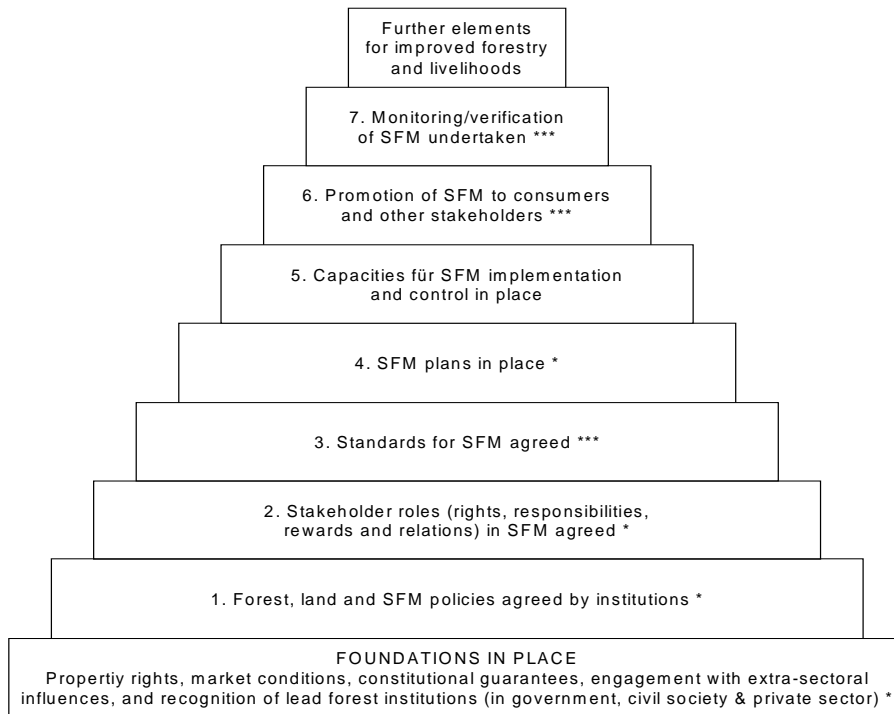
Thus we recommend further work, building on the findings and frameworks suggested in this paper and elaborated in Bass et al. (2001):

- *National certification working groups*, which have proven so valuable not only in certification, but also in policy development, should be encouraged to keep an oversight of the development of the “pyramid” of policy and institutional elements of SFM at national level, and promote improvements
- There is a need for compatible *frameworks for monitoring all certification schemes’* development, application and impacts - through self-assessment, stakeholder-led assessment, and/or independent means (a preliminary suggestion is made in the Annex, building on the methods IIED used for its impact assessment)
- *New Institutional Economics*, which deals with asymmetry of information and transaction costs, offers potential to explore ways to address the problems of equity and proliferation

⁹ These include governments and inter-governmental organisations, forest industry councils, forest product buyers and sellers, environmental non-government organisations, and some organisations that comprise representatives from some or all these groups.

Such work will help to find mature, focused and integrated certification to benefit forests, stakeholders and markets.

Figure 5: An illustrative “pyramid” of elements of SFM at national level



* to *** indicates the degree to which certification could potentially contribute to each “tier” Source: Mayers and Bass 2000.

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ANNEX

FRAMEWORKS FOR MONITORING CERTIFICATION'S DEVELOPMENT AND IMPACTS

1 MONITORING CERTIFICATION SCHEMES

Provisions to meet the critical requirements of certification schemes:

- Accordance
- Access
- Participation
- Accreditation
- Transparency
- Independence
- Consistency
- Continuous improvement

Source: Kanowski et al. 2000

Assessment to be informed by questions covering effectiveness, efficiency, equity and credibility. Baseline assessment required, then reporting changes/innovations to the above.

Changing uses of certification:

- Market-oriented certification
- Regulation-oriented verification
- Project- or institutional-oriented certification

Covers basic classification of uses to which scheme has been put, and provisions for it. Draws on information from 2-4 below.

Who could do it?

- Certification bodies self-assessment
- Regular use of accreditation procedures to obtain same information
- Possible use of a mutual recognition facility
- Facility for stakeholders to feed observations in

2 MONITORING CERTIFICATION AT THE FOREST LEVEL

Where certification is being applied

Build a database, with the following for each certificate:

- Name of forest, country, contact details
- Certificate number, certifier, date and date of expiry
- Area certified and location
- Biome and forest type
- Tenure type
- Annual allowable cut
- Chain-of-custody information - what's happening to the produce?
- Conditions/CARs with date, by FSC P&C category - listing the P&C numbers (ideally also a list of required actions as in Box A1 of Annex A)

Who could do it?

Assessors provide summary information for individual certificates. Certification bodies then enter all such summaries onto certifier database. Database to be structured so that cumulative information from certificates can be subject to database inquiry on meaningful factors (FSC database constructed under the IIED project provides an early model)

Forest/stakeholder impacts of certification

- Stratified sample of certificates assessed for changes over time (in effectiveness, efficiency and equity)
- Correlation with analysis of above database over time

Who could do it?

- Stakeholder self-reporting
- Independent field researchers

3 MONITORING AT THE CONSUMPTION/RETAIL LEVEL

- Types and volumes of certified products
- Sources of certified products
- Trends in relation to non-certified sources

Perhaps including some stratified samples that assess the supply chains of 2.2

Who could do it?

- Forest and Trade Networks/buyers groups and consumer groups
- Independent researchers for stratified samples

4 MONITORING AT THE NATIONAL/REGIONAL POLICY LEVEL

The role of certification in the notional SFM 'policy cycle' could be summarized:

1. Improving debate and analysis of forests' needs and actors' needs
2. Improving decisions on forest standards
3. Pilots and experiments in SFM
4. Renegotiating rights, responsibilities and powers
5. Developing SFM capacities and resources
6. Improving regulations and control procedures
7. Improving monitoring and review procedures
8. A participatory, learning process to drive change towards SFM

Recent innovations, clashes, constraints and problems would be highlighted. Ideally it would look at all contributions to these 'policy cycle' needs, and not certification on its own. (This information would be very qualitative and may be difficult to subject to trends analysis.)

Who could do it?

Assessment on a regular basis by multi-stakeholder groups (national forest certification working groups or national forest programme steering committees), and forest authorities.

INDIRECT IMPACTS OF CERTIFICATION ON TROPICAL FOREST MANAGEMENT AND PUBLIC POLICIES¹

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1 INTRODUCTION

Forest certification has been conceived as a new instrument to promote sound forest management practices in all forest types, ranging from boreal to tropical rainforests (Viana et al. 1996; de Camino and Alfaro 1998; Bass 2000). In the process of structuring the Forest Stewardship Council (FSC), it was hypothesized that forest certification would become a catalyst of change of tropical forest management (Viana 1995). The objective of this paper is to assess this prediction in relation to natural forest management.

The area of forests certified under the FSC scheme has grown rapidly: there were 24,605,130 ha of certified forests worldwide and 869,020 ha for Brazil as of September 14th 2001 (FSC 2001). There are 278,110 ha of certified forests in the Brazilian Amazon, most of which were certified in the past 2 years (Table 1). These are the most obvious and *direct* impacts of certification. These direct impacts involved different degrees of change in forest management systems, in social, economic and ecological terms (Elliott and Viana 1995; Guillen 2000).

Forest certification has also brought about *indirect* changes of certification on forest management and sustainable development in general. There are several categories of indirect impacts of certification: (i) institutional policies and roles, (ii) dialog and partnerships, (iii) funding for forest-oriented activities, (iv) investment in forest technologies, (v) private sector investment, (vi) community investment. The main objective of this study is to analyze the indirect impacts of certification.

¹ Presented at the IUFRO Science/Policy Interface Workshop on "Forest Science and Forest Policy in the Americas: Building Bridges to a Sustainable Future" to be held at CATIE in Turrialba, Costa Rica from October 30th-November 1st, 2001.

Thanks to all people who gently offered their time and expertise to discuss the indirect impacts of certification. Thanks to Fausto Amabilini for research assistance.

Table 1: Operations certified by FSC accredited certifiers in the Brazilian Amazon, with its respective area of forest management (ha), cumulative total area (ha) and year in which it was certified

OPERATION	AREA	CUMULATIVE TOTAL	CERTIFICATION YEAR
Mil Madeira Ltda./ Precious Woods	80,571	80,571	1996
Gethal Amazonas S.A.	40,862	121,433	2000
Muana Alimentos Ltda.	4,012	125,445	2000
Juruá Florestal Ltda.	12,000	137,445	2001
Cikel Brasil Verde S.A.	140,665	278,110	2001

Source: FSC 2001 updated for 14/9/2001.

2 METHODOLOGICAL APPROACH

The analysis presented here is based on two types of data. First, I carried out semi-structured interviews with decision makers from various sectors: government officials at municipal, state and federal levels, elected mayors and governors, executive directors and staff of national and international NGOs active in Brazil and social movements, directors and staff of certified private forest companies and forestry professionals and researchers. Second, I analyzed the results of a number of seminars and symposia on forest management and certification. The results of these findings are discussed in face of the available literature on the subject of forest certification and public policies (FSC 1998; FSC 2000; FSC 2001).

3 RESULTS AND DISCUSSION

Impacts on private sector

Private sector investment in natural forest production systems has historically been focused on short-term objectives to reduce extraction costs. Very little investment has been made to secure long-term forest production of both timber and non-timber forest production. Certification has altered this pattern substantially.

In the Brazilian Amazon, more than 10 large timber companies have made the strategic decision to implement forest management systems compatible with the Principles and Criteria of FSC. There are substantial investments being made on land acquisition, new forestry professionals, staff training, investment in appropriate machinery, health and safety, land tenure rights, community involvement, image etc.

To the private companies certification represents a risk reduction factor. The likelihood of encountering social and political problems with local communities and environmental groups is perceived as smaller in certified operations than in non-certified ones. In the case

of the private sector, there is also the perception of lower risks of problems with governmental agencies. In addition, there are the potential financial gains that can be derived from certification in terms of market access, corporate image, prices and staff morale. This perceived lower risk increases the willingness to invest in forest-related activities and programs.

This is the case of Gethal, the largest plywood producer in the State of Amazonas, Brazil. Up to a few years ago, Gethal practiced conventional logging systems, with highly negative social and environmental impacts. Logs were bought from producers with little quality control on environmental and social standards. From 1998 onwards, a series of changes took place. A strategic decision was made to obtain FSC certification. A forest management unit was purchased with the intent of implementing a management system compatible with FSC standards. In 2000 Gethal obtained its FSC certification from Smartwood. There are several other cases of conventional forestry operations in the Amazon that are moving from conventional to “good forest management systems” (Viana in press).

Impacts on governments

In the case of government staff and elected officials, certification is seen as a way to reduce potential criticism by environmental and social movements regarding forest management. Many governmental agencies have moved from a period of strong resistance to outside control to awareness of the potential benefits of certification in reducing monitoring costs and in promoting sound forest management systems. There are several cases where certification has become an explicit public policy instrument.

Certification has acted as a risk reduction factor to decision-makers. Political leaders, especially those committed to sustainable development policies, are often unwilling to take the risk of developing policies to encourage forest management. Forest management is seen as a complicated issue, with great potential for criticism from environmental NGOs and social movements. There is also a lack of success stories on which to base policies. Certification reduces the perception of risk for political leaders as it brings broad support from a variety of stakeholders related to forestry. Certification also enhances recognition of the management capacity of forest communities (von Kruedener 1997).

This is the case of the State of Amapá, in the Brazilian Amazon. After 6 years of government (4 years in the first mandate and 2 years in the second), Governor João A. Capiberibe made the decision to launch a major forest management program. A key point in this political decision was the realization that forest certification would bring political support from environmental and social movements (due to potential conservation and socioeconomic benefits of sound forestry systems) and private sector (due to potential economic gains from certification).

Forest certification has developed innovative tools and methods for field forestry audits (Heaton and Donovan 1996). These tools have begun to influence governmental audit systems that are often more directed at analysis of office documentation than field assessments.

Environmental and social movements

The indirect impacts of certification on non-governmental agencies have varied significantly. 10 years ago most environmental NGOs opposed (mildly or radically) forest management as a valid land use option in a broad strategy for conservation and sustainable development. To most Brazilian and international NGOs operating in Brazil, certification has brought about major policy changes. Institutional policies of NGOs towards forest management have altered dramatically and a great deal of this change results from the certification. Several environmental NGOs have come from a paradigm of promoting conservation through strict nature protection only. In many cases, there was little understanding of the potential of forest management as a part of a broad conservation strategy. Certification has given an opportunity to international NGOs to change paradigms and institutional policies towards forest management. This change, in turn, has influenced Latin American NGOs and social movements in changing their institutional policies too. With the growth of certification, many local NGOs and social movements now support forest management as a part of conservation and sustainable development strategies.

This is the case of international NGOs such as Greenpeace and Friends of the Earth who changed their institutional policies towards tropical forest management from total opposition to active engagement in its promotion as an important tool to promote forest conservation and sustainable development. WWF has supported FSC since its beginnings. Large Brazilian NGOs such as SOS Mata Atlântica have also moved from opposition to active support. Today there are relatively few NGOs that oppose forest management in Brazil, compared to 10 years ago. This has had profound impacts on policy making, since NGOs have an active role in formulating public policies in a variety of *fora*.

A noteworthy case is Brazil's National Council on Environment (CONAMA), the most important regulatory body for environmental matters in Brazil. The Council's structure was remodeled in late 2001, to expand the participation of environmental and social NGOs from 12 to 22 members (CONAMA 2001). This increase in participation means greater political power of these institutions on crafting public policies that directly or indirectly affect forest management. Considering that certification has fueled a more positive profile of forest management to most NGOs, it is likely that these changes will bring about more management-friendly forest policies.

Impacts on Dialogue and Partnerships

Historically policy and technical dialogue between industry, environmentalists and social movements on the definitions and implementation of sustainable forestry was rare. This process has been educational to all parties, as they have been forced to understand other part's viewpoints. It has also created channels for dialogue and confidence building (Ervin 1995). The process of developing local standards (Brazil and Bolivia, for example) included balanced representation of these stakeholders in a consensus-seeking process.

The impacts of certification on fostering dialogue have spread beyond the scope of FSC-related activities and have fueled greater participation in the process of formulating public policies.

An example is the process of developing the Brazilian standards for certification of natural *terra firme* forests in the Amazon and plantation forests countrywide. The resulting documents, were approved in September 2001 by FSC Board of Directors. The process included more than 20 multi-stakeholder workshops and meetings. Since the task was to build consensus around a single document, negotiation of different viewpoints was necessary. This was a major challenge, considering that some stakeholders - such as union of forest workers, extractivist communities and private companies - rarely had such an opportunity. The impact was the development of mutual understanding on key issues and developing a culture of negotiation and participation. This increased dialogue is an asset of the process of standards setting and serves as a facilitator to other initiatives aiming at developing public policies through participatory processes.

Impacts on Funding for Tropical Forestry

For those private and public institutions engaged in promoting sound forest management systems, certification increased political and financial support to their activities.

In the late 1980s, as a consequence of high levels of tropical deforestation, forest fires and uncontrolled logging, donor support towards tropical forest management decreased sharply. Campaigns to boycott tropical timber were carried out in Europe and North America. International development policies were put in place to reduce or eliminate support to tropical forest management.

An important case was the World Bank's 1991 Forest Policy that prohibited the Bank from supporting tropical forest management, mostly as a result of pressures from environmental NGOs. This policy, in turn influenced national policies. The Amazon Development Bank of Brazil, for example, included in its guidelines a prohibition on financing chainsaws, even in forest management projects.

FSC certification has contributed decisively towards changes in policies of donor and financial institutions. The World Bank, for example, established an Alliance with WWF to promote certified forestry. Certification was also fundamental in introducing forest management in the Pilot Program to Protect the Brazilian Rainforest through the US\$ 20 million Project to Support Forest Management. Private donors such as the Ford Foundation have also increased their support to tropical forest management projects. Another case is the Government of Amapá's decision to allocate R\$ 1,5 million² to forestry development, including direct support to community forestry and commercial forestry.

Impacts on Investment in Forestry Technologies

Tropical foresters have historically been called in by timber companies to carry out inventories and provide documentation to obtain governmental licenses to logging. Rarely have they been called to provide long term assistance to implement sound forest management systems. Certification created a new demand as forest management units had to be prepared for rigorous audits. Foresters are now being contracted to plan and implement

² USD\$ 1,00 = R\$ 2,70.

de facto management systems. This has produced a major change, demanding new professionals and also increasing the respect and value to professional foresters.

Certification has also generated new demands. Foresters and other professionals are being requested not only to carry out planing and implementation of conventional operations. Participatory planning and negotiation skills are high on the agenda. This has posed new challenges to universities, as these skills were not a strong component of conventional forestry educational programs.

There are many other technological challenges that have arisen from certification. Development of low cost and information-rich criteria, indicators and verifiers is an example. There are many others. These challenges have created new opportunities for research and development programs.

A noteworthy case is the Tropical Forest Foundation, an NGO that promotes training to forest workers on reduced impact logging. They have faced a rapidly increasing demand for their services. Another case that deserves attention is the Federal Agrotechnic School of Manaus, which created the first technical level course on forest management. Their students are facing a very favorable job market, with private companies and communities engaged in certification-oriented forestry.

Impacts on Community Involvement with Forest Conservation

Many Indian and extractivist populations that have tropical forest territories have been pushed towards agricultural expansion. This has been a result of governmental policies and market advantages of agricultural products compared to timber and non-timber forest production systems. There are few cases of effective policies to promote community forestry in Latin America (Gram 1997; Irvine 1999; Kopp and Domingo 1997; Merino 1997; Merino and Alatorre 1997).

Certification has begun to change this pattern as many communities are engaging in tropical forest management projects. A large number of community forestry operations in Mexico, Guatemala, Bolivia and Brazil have been certified or are in the process of certification. There is a new breed of community forestry initiatives in Latin America, most of them influenced by FSC standards for sound forestry management systems.

These communities are being stimulated to reduce agricultural expansion and increase forest protection. This is likely to result in better forest conservation and improved livelihoods.

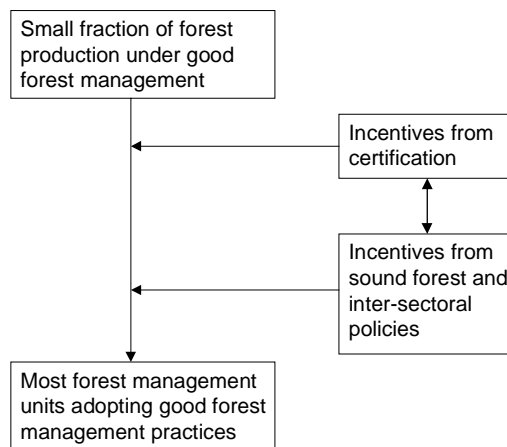
An example is the the Participatory Forest Management Project, based in the Chico Mendes Agroextractivist Settlement, in Xapuri, Acre, Brazil. It is the birthplace of the "empate" (stop deforestation) movement led by late Chico Mendes. The challenge of this movement was to stop deforestation by ranchers and secure land tenure rights for rubber tappers. The silvicultural system is based on small but frequent harvests, based on the precautionary principle. The timber production system was certified in early 2002 as the first Brazilian community forestry project to obtain FSC certification. A WWF-Bolivia Program is supporting a number of community forestry operations in Latin America to obtain FSC certification.

4 CONCLUSIONS

There are a number of indirect impacts of certification to the development of sound sustainable forestry policies. Forest certification has impacted a wide range of stakeholders, from private companies and community organizations, to public sector and forestry professionals and academics (Viana 2001). These impacts have varied considerably.

In the case of Brazil, there is a new environment for forest-related policy making. The increased dialogue and trust among different stakeholder groups is conducive to more participatory policymaking process. Certification has created an incentive to increase the proportion of forests under good management systems (Figure 1).

Figure 1: Impacts of certification and sound forest and inter-sectoral policies in generating incentives to the desired increase the proportion of forest production under good forest management systems.



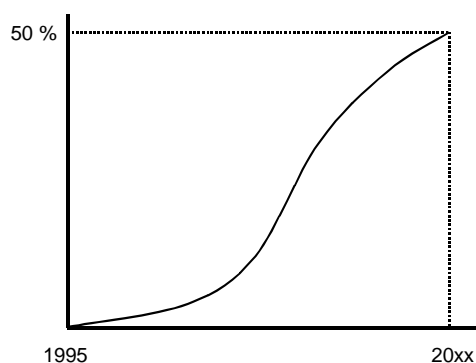
FSC criteria and indicators introduced the concept of simple and trustworthy monitoring procedures that are now being transformed in legislation. There is a new set of Brazilian forestry legislation that incorporates this concept. The predicted outcome is a greater interest and lower costs to private companies and communities in implementing legalized forest management systems. To governments this means cost reduction and better monitoring.

Certification is also becoming an important element of public policies such as forestry concessions (Bolivia) and national forests (Brazil). It may become an important tool to implement Brazil's Green Protocol, which mandates preferential treatment of financial institutions to environmentally friendly operations.

The proportion of operations and forest production that are FSC-certified has been proposed as an indicator of appropriate forest policies (Viana 1995). This macro-level

indicator may become an important tool to monitor sustainable development policies (Figure 2). Depending on the magnitude and synergism between certification and public policies certified natural forest production may surpass conventional production systems earlier than expected.

Figure 2: Hypothetical relationship between percentage of certified forest production or of area under forest management as a function of time. The shape of this curve will depend on the perceived gains from certification and the resources available to improve existing management systems.



Certification has acted as a catalyst of change in tropical forest management and conservation. The direct and indirect impacts of certification have promoted important changes in the forestry landscape in Latin America. These future rate of these changes will depend on the continued market successes of certification and sound policies.

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