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Forest Certification in Developing Countries:

Challenges of the Private Sector

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Perversity of the Situation

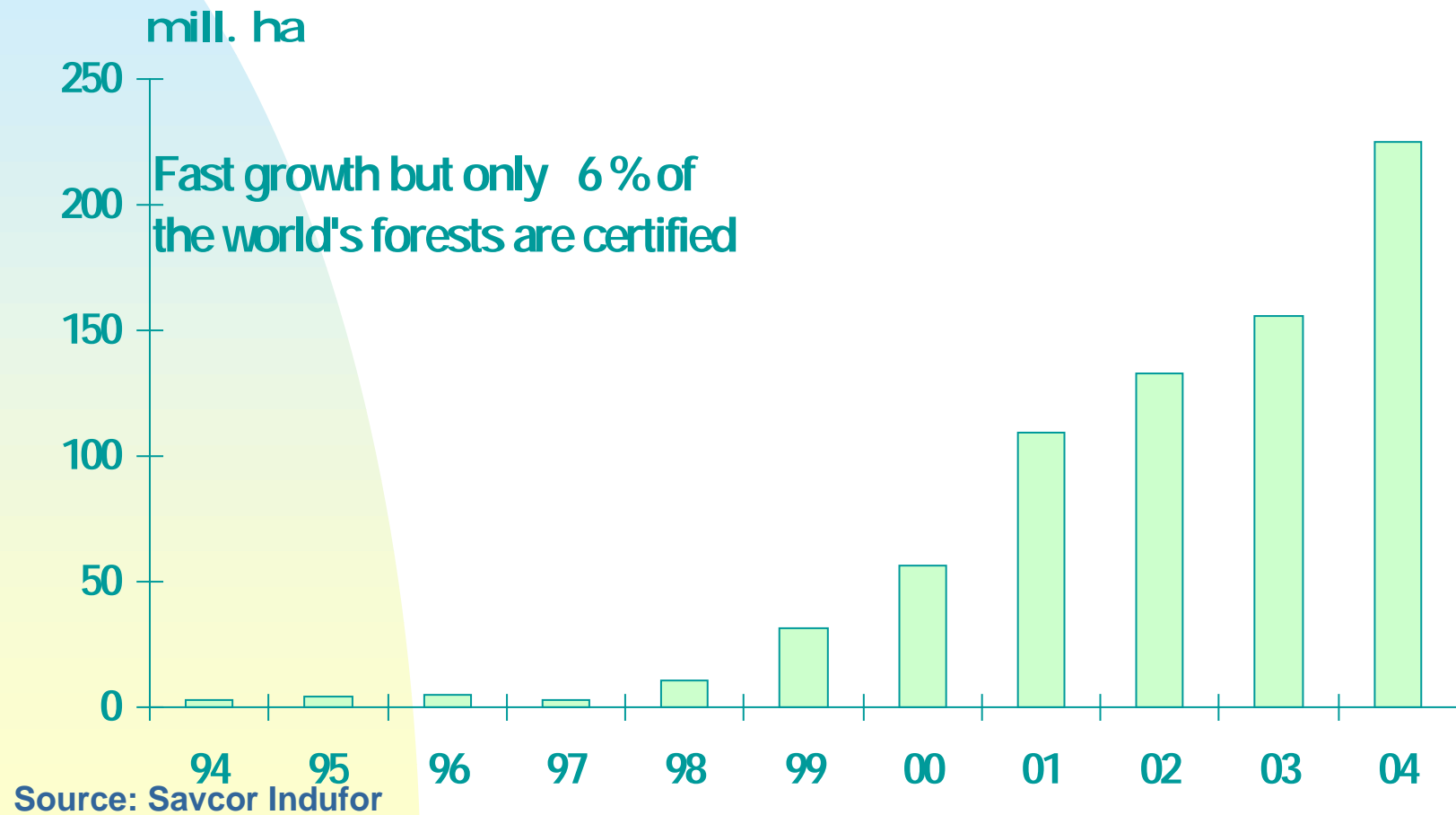
Forest certification was introduced as a response for combating deforestation in the tropics.

However, most of the certified forests are found in boreal and temperate zones

- ➔ Furthermore, forest certification is **not** an instrument to combat deforestation. It is a tool to promote sustainable forest management (SFM) and sustainable consumption of forest products.



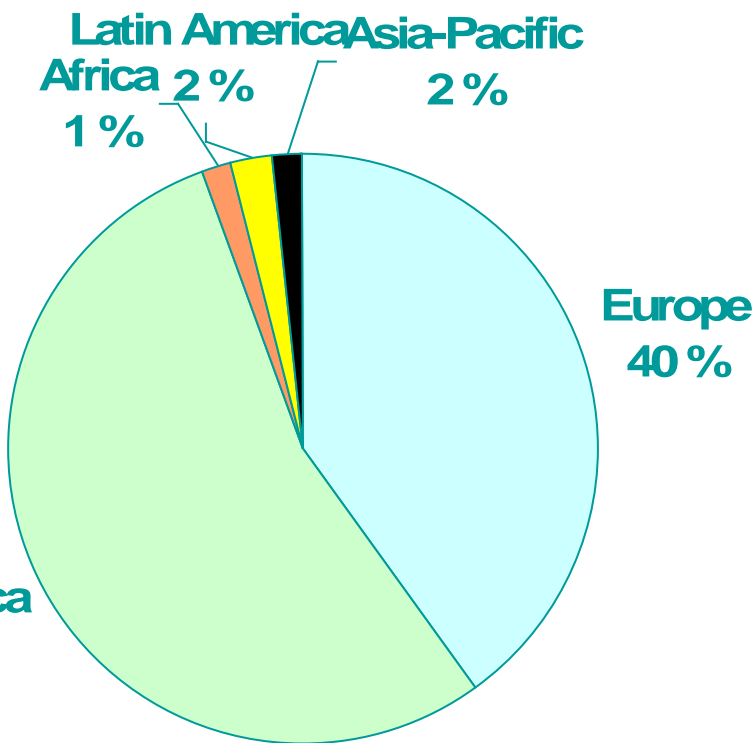
World's Certified Forests in 1994-2004



Certified Forests by Region (February 2005)

Total area of certified forests
222 mill. ha

North America
55 %



The share of developing countries
has constantly remained well below 10 %

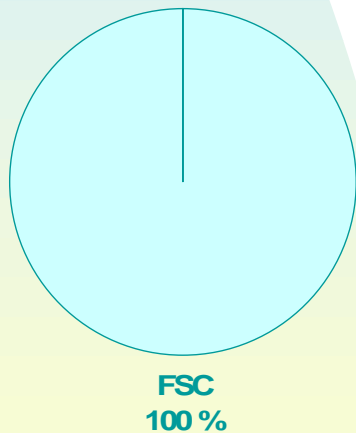
Source: Savcor Indufor

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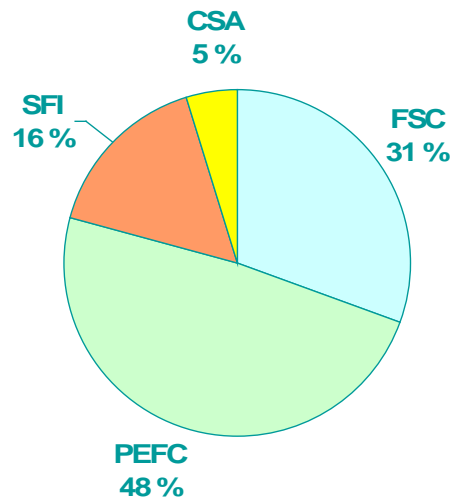
Certified Forests by Scheme

1995

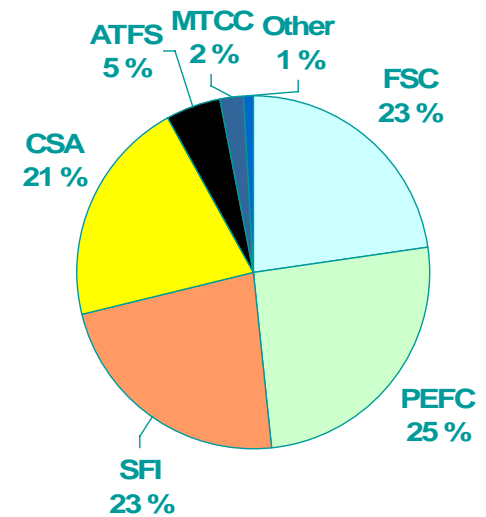


Source: Savcor Indufor

2000



2005



Based on area certified

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Certified Forests by Type

World:

- Plantations 11 %
- Natural forest 70 %
- Semi-natural forest 20 %

Tropics:

- ➔ It has proved to be easier to certify plantation forestry than natural forest management; more than a half of the total certified area is planted forest

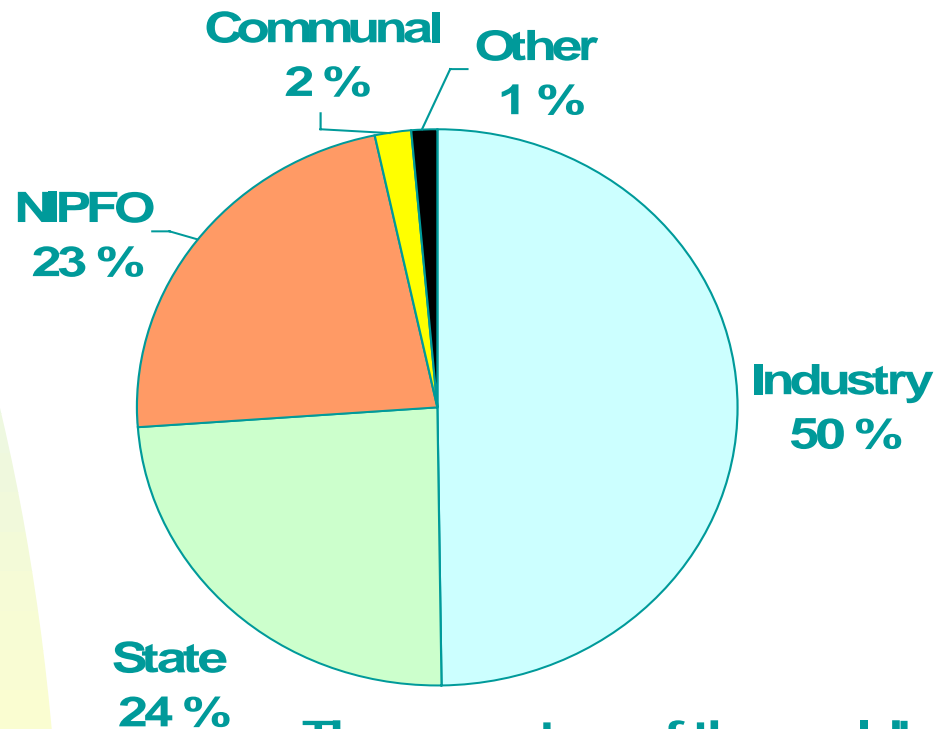


Main Impacts of Certification

- Positive and often significant impacts on FMU management systems, forest condition, as well as social, biodiversity and other environmental aspects
- Indirect impacts on policies, governance and stakeholders possibly more important than direct impacts
- Market impacts have been positive or mixed
- ➔ **Variety of schemes** has addressed different needs
- ➔ **Key areas of concern:** natural tropical forest management, NIPFOs, community forests, disadvantaged social groups
- ➔ **Enhancing impacts** would require removal of constraints which are common to SFM



Certified Forests by Type of Ownership/Manager (June 2004)



Three quarters of the world's certified forests are privately owned or managed

Source: Savcor Indufor

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Private Sector's Role in Certification

- most of certified forests are **privately owned or managed**
- **impacts** of certification are probably relatively largest in private forests
- private sector (together with consumers) is the main **user and beneficiary** of certification
- private sector provides the **certification services**
- private sector is a **key stakeholder** in standard setting



Challenges of Developing Countries

- Shortage and quality of human resources, insufficient information base, financial viability (capacity to implement SFM)
- Inadequate regulatory and policy framework, lack of effective enforcement, inappropriate incentives (enabling conditions)
- Lack of national certification and accreditation services (capacity to certify)
- Weak stakeholder organizations (capacity to develop standards)
- ➔ Constraints to be removed occur at FMU, local, national and international levels



Potential Solution: Phased Approaches to Certification

- PA involves a stepwise implementation of the certification standard which is independently verified, usually within a time-bound action plan of the FMU
 - Legal compliance is considered a baseline for PA but even its verification can involve several steps
 - CoC certification is prerequisite for any PA-related market claims
 - The drivers have been active buyers and NGOs while certification schemes have been slow to adopt PAs
 - ITTO has developed procedures for PA; dissemination in international workshop in April 2005 (Berne)
- ➔ PAs are being implemented but they are still in their initial stage



Conclusions (1/2)

- Certification continues to **develop** slowly in developing countries and will influence their market access
- Certifying **natural tropical forests** has proved to be difficult and time-consuming with less problems in tropical plantations
- Most of certified forests are privately owned or managed and **private sector** implements the certification process
- **Impacts** of certification in the forest can be locally significant, albeit still rather limited on a broader scale, and in the market they tend to be mixed
- **Conflicts** over certification are discrediting forest products in the market place contributing to undue substitution



Conclusions (2/2)

- A **variety of schemes** has been necessary to address the needs of stakeholders and make progress in certification
- If **market benefits** are not reaped, certification appears to be rarely a financially viable option for FMUs operating in natural tropical forests.
- There is a need for more clarity in **criteria for acceptable certification** standards and systems
- There is potential to accelerate the expansion of certified area if **phased approaches are incorporated** into the provisions of the existing systems.
- There is a need to harmonize individual **buyer requirements** related to PAs



Recommendations for Promoting Certification in Developing Countries

1. Develop national certification standards and systems
2. Governments to support landowners and forest managers in implementing SFM and its certification
3. Support establishment/strengthening of national conformity assessment systems (certification and accreditation)
4. Certification schemes to provide phased approaches
5. Include provisions for PAs in international sets of criteria for acceptable certification standards and systems
6. Importing countries to pre-assess sustainability impacts of any new regulation and public procurement policies related to imports of tropical timber
7. Proponents of various schemes to carry out sustainability reviews of their advocacy work often unduly limiting market access to tropical timber and timber products.

