Forest certification and the green economy

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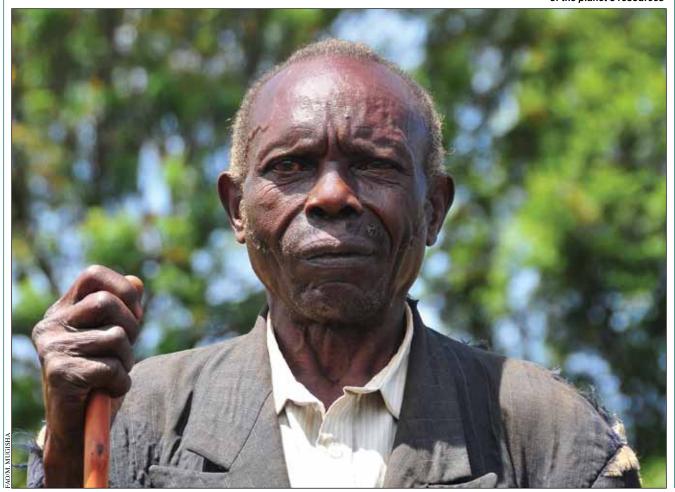
More investment in forest certification could pay dividends in the quest for a more prosperous, sustainable world.

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Forest certification is a soft policy instrument that seeks to use assessments of forest management, the verification of legality, chains of custody, ecolabelling and trademarks to promote the sustainable management, conservation and development of forests in a holistic manner without compromising the rights, resources or requirements of present and future generations. It aims to encourage ethical trade and commerce and improve market access through the economically viable, environmentally appropriate and socially beneficial management of trees, forests and related renewable resources. Forest certification, therefore, can be a pragmatic instrument for harnessing market forces, public opinion and civil

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FAO/M. MUGISHA

society in support of sustainable forest management (SFM).

SFM systems supported by forest certification conform with the green economy paradigm because they appropriately balance the social, economic and environmental dimensions of development. Forest certification (and associated chain-of-custody – CoC – certification) is developing into a prerequisite for public procurement and market access, and has become associated with ethical trade and social responsibility.

Certification can play an important role in combating climate change and sustaining the livelihoods of forest-dependent people. It can ensure the maintenance of ecologically important forests as safety nets that conserve gene pools and support food security and as sustainable sinks for capturing and storing carbon dioxide. It can help ensure the provision of forest biomass as a renewable carbon-neutral energy source and as a substitute for carbon-intensive building materials, such as steel and cement, thereby lowering the carbon footprint and contributing

Community (panchayat) forest, dominated by chir pine (Pinus roxburghii), India. The international donor community should consider greatly increasing investment in promoting forest certification and related ecolabelling in the global South

to a greener economy. Certification can also help ensure that forests are not only well-managed but also properly valued by markets. Healthy forests and their sustainable management, assured by forest certification, can contribute to the goals of the multilateral environmental agreements and to poverty alleviation and green growth.

The ultimate objective of forest certification should be eco-affluence – that is, to help make it "possible to immensely improve the quality of life without increasing greenhouse gases or using up an unsustainable share of the planet's resources" (Martin, 2011). Forest certification systems must continue to evolve, to think beyond Rio+20 and to incorporate pertinent Millennium Development Goals and the adaptation to and mitigation of climate change as explicit criteria. A ten-point forest certification charter has been drafted accordingly and was showcased at Rio+20, at which FAO's forestry side-event had the theme "forest certification: a paradigm shift in a green economy". But spreading the influence of certification, especially in the tropics, will need more investment.
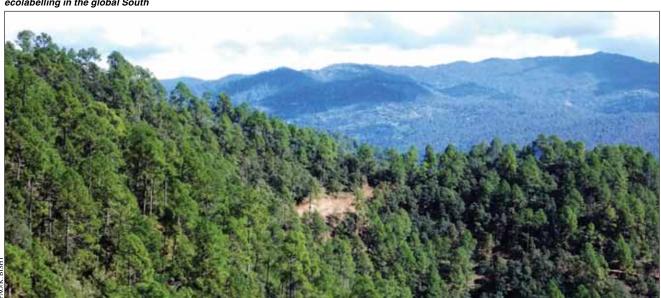
A BROAD TOOL
Forest certification is a third-party process of standards-setting for performance

requirements and management systems. Standards-setting is a multi-faceted process involving the custodians of the forest and related resources, owners, workers and managers, local communities and societies, retailers and consumers, producers and processors, business, and civil-society organizations. Harmonized standards are required to bring synergy between the various stakeholders and their diverse expectations regarding economic return, the environment and social justice. The accreditation of certification bodies is designed to ensure the reliability and consistency of the assessments they undertake.

Forest certification systems require periodic monitoring and assessment for improving and adapting the principles, criteria, indicators and standards for certifying forest management units (FMUs): certification could lose its effectiveness if its requirements are unreasonable or if it serves, for example, only the boutique end of the market (Muthoo, 2001). It could also lose credibility if its demands are insufficiently rigorous, or if its criteria are stagnant in the face of changing conditions.

Compliance with standards for SFM certification requires, among other things, recording forest flora and fauna, monitoring ecologically important forest areas, deploying reduced impact logging,

Interest in certification is growing in China, potentially affecting millions of forest farmers, such as these members of a forest farmer cooperative

building public–private partnerships, and the equitable sharing of benefits among stakeholders. If it brings tangible benefits to local communities and certified FMUs, forest certification can be an effective tool for promoting sustainable livelihoods, safeguarding the biodiversity of ecosystems, combating climate change and reducing carbon emissions through avoided deforestation and forest degradation (REDD+).[1]

Forest certification can serve as a backstop for the verification and monitoring of projects on REDD+ and payments for ecosystem services (PES), which would translate into opportunities for new resources for the conservation and restoration of forests (Muthoo, 2012). Mainstreaming

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[1] REDD+ is being developed to encourage developing countries to contribute to climate change mitigation through the following activities: reducing emissions from deforestation and forest degradation; the conservation of forest carbon stocks; the sustainable management of forests; and the enhancement of forest carbon stocks.

forest certification should thus be at the top of the sustainability agenda.

GLOBAL REACH
More than 120 countries have some form of forest certification, many with their own national systems. There are two global forest certification schemes: the Forest Stewardship Council (FSC), and the Programme for the Endorsement of Forest Certification (PEFC). These two schemes involve a total of 31 263 CoC certifications and 149 million hectares (ha) and 245 million ha of certified forests, respectively (FSC, 2012; PEFC, 2012). The FSC provides centralized accreditation for its certification, while the PEFC supports recognized national accreditation bodies. In some countries, forests may be certified by both the FSC and a PEFC affiliate, such as the Sustainable Forestry Initiative in the United States of America.

The area of certified forest expanded by 8 percent between 2009 and 2010 (UNECE, 2010) and by 12.6 percent

between 2010 and 2011. More than 30 percent of the world's industrial roundwood supply is now sourced from certified forests, and the certification of related products, including paper, pulp, panels and plywood, is also increasing. The number of CoC certifications rose by 88 percent between 2009 and 2010 (UNECE, 2010), with 3 000 new certificates issued in 2011.

There is increasing interest in developing national forest certification standards. Australia, Brazil, Chile, Indonesia and Malaysia, among others, already have operational national forest certification standards, and Gabon recently completed a process to develop its national forest certification scheme. China has initiated intensive work on a national forest certification scheme and related standards. China is a huge timber importer and the world's largest exporter of secondary processed wood products, with a value estimated at around US$17 billion per year (ITTO, 2010). There has been an upsurge

A red ironwood (Lophira alata) *log marked and tagged for chain-of-custody purposes in Zogabli, Grand Bassa County, Liberia. Worldwide, the number of chain-of-custody certifications rose by 88 percent between 2009 and 2010*

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in FSC and PEFC CoC certifications in China, which will lead to greater demand and reward for its certified wood products worldwide. India's imports are skyrocketing, having doubled between 2005–06 and 2010–11, to about US$2 billion, with a growing gap between demand and supply (Muthoo, 2006; 2011). The next section presents a synopsis of the situation in the global South,[2] where forest certification is not as widespread as it is in Europe, elsewhere in the global North, and in emerging economies.

THE GLOBAL SOUTH
The global wood industry is economically important to the global South. The annual turnover of wood products, including pulp and paper, exceeded US$200 billion in 2007, with developing countries accounting for over 17 percent of the trade. The value of annual tropical timber exports was over US$20 billion (Blaser *et al*., 2011). The production and export of products

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[2] The term 'global North' is used to refer to wealthy, or 'developed', countries, and is not wholly defined by geography. 'Global South' refers to tropical forest countries and other 'developing' countries.

by the global South, such as plywood and veneers, have grown threefold in the past 30 years.

Removing barriers to the market entry of forest products from the global South can be an ingredient in poverty-reduction strategies. Forest certification must take up this issue and strengthen the global South's role in international trade, given its inherent comparative advantage, as demonstrated by tropical timber exports from Cameroon, China, Gabon, Ghana, Guatemala, Malaysia and Viet Nam, and plantation products such as pulp, paper, particleboard and medium-density fibreboard from Brazil and China. This recognition can contribute to green jobs and the generation of income, to SFM by preventing the degradation of biodiversity-rich natural forests, and to ethical trade, by preventing illegal logging. All these outcomes are in the interests of all countries.

Many countries in the global South are encouraging forest certification and labelling to increase the market acceptance of their products worldwide. They are motivated by ongoing and emerging issues of forest law enforcement, governance and verifying the legality of timber trade

(collectively referred to as FLEGT); green economy procurement policies; REDD+ potential for forest restoration and conservation; the scope for eco-development and PES, including water and renewable energy; and the need to certify farm forestry and planted and smallholder and community forests. China has announced that all its exporters of wood products must have CoC certificates by 2020. This will be a huge driver of CoC growth, as will the European Union's due diligence requirements for imports.

Barely five percent of certified forests worldwide is in the global South. Nevertheless, the extent of certified forest there is expanding – from 6.4 million ha in 2002 to over 20 million ha towards the end of the decade (UNECE, 2010); the area of certified forest in the main tropical forest countries of Africa more than tripled between 2005 and 2010, to 4.63 million ha (Blaser *et al*., 2011). Almost 80 percent of certified forests in the global South are natural forests, and a study of 123 evaluations in 24 tropical countries found that forest management improves soon after the forest certification process is launched (Peña-Claros, Blommerde and Bongers, 2009). This is because the process requires, among other things, upfront engagement with forest stakeholders and the baseline assessment and monitoring of biodiversity, productivity and forest cover.

Despite considerable potential to expand the area of certified forest in the global South, there are many obstacles, including limited domestic demand for certified products, the incompatibility of certification standards with local legal frameworks, weak governance, and barriers to adoption by small landholders and forest communities, especially those without clear title or tenure. Moreover, the cost of certification and a lack of know-how are huge hurdles for tree farmers,

woodland owners and public forest custodians in many countries in the global South. A significant increase in the area of certified forest in such countries will require not only an increase in the demand for certified wood but also technical and financial assistance (Peña-Claros, Blommerde and Bongers, 2009).

CHALLENGES AND OPPORTUNITIES
Credible forest certification can unite stakeholders in a quest for an inclusive green economy. It can address fair trade, the need to balance the social, cultural, economic and environmental dimensions of development, and environmental concerns for the biodiversity- and carbon-rich forests of the global South. Appropriately evolved forest certification can be used as a tool in REDD+-related strategies and PES to address climate change and to benefit local forest stewards. Dynamically adapted forest certification systems can backstop

efforts to erode persistent poverty, which is both a cause and a consequence of deforestation and forest degradation.

Phased approach
Developing fully fledged national certification systems is both time-consuming and costly. One way to address this challenge is to adopt a roadmap that uses a phased approach, in which certification standards need not be cast-iron measures of sustainability but rather evolving tools of adaptive management (Muthoo, 2009). Such an approach enables convergence between forest certification and initiatives to verify timber legality and would encourage learning-by-doing while also offering tangible benefits to forest producers by increasing market access for their products.

Non-wood forest products
To date, forest certification has focused largely on wood products, but it is also

relevant to non-wood forest products (NWFPs). Millions of the poorest of the poor derive their livelihoods from NWFPs, which have untapped benefit-sharing potential that could be realized through certification (Yadav, Kotwal and Menaria, 2007). This is particularly significant for internationally traded and niche market products handled by local communities, such as Brazil nuts, bushmeat, bamboo baskets, mats and handicrafts. In the poorest Indian state, Odisha, pickers of siali leaf (*Bauhinia vahlii*) have benefited from labelling leaves and receiving multiple price premiums (Sasmal, 2008).

Small-scale operators
User groups that need special consideration include farm foresters, women workers, forest-fringe villagers, forest-dwellers and indigenous groups. Forest certification systems must be synergized with innovative institutional support, such as good

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Non-wood forest products, such as these Brazil nuts from Brazil, have considerable benefit-sharing potential that could be realized through certification

governance and dedicated chambers for gender-balanced community and indigenous groups. Environmental, economic and social chambers should also have an appropriate balance of interests. Such measures would help ensure that certification can cater to forest rights given the ground-level realities in FMUs and that no party receives more or less than is equitable.

There have been positive moves in this direction, such as the adoption of codes of harvesting practice (Muthoo, 2003) and simplified procedures for developing national forest certification standards. Measures to make certification more attractive and less costly are critical. Engaging local small-scale stakeholders is also essential if certification is to be a mechanism for improving equity. Cooperatives can increase the marketability of certified products, and group certification is another option. An additional innovation could be to combine certification for the production of timber and NWFPs with PES and related landscape labelling (Ghazoul, 2011).

Capacity-building and support

The costs and benefits of certification, such as a small, or no, price premium for certified products, can be approached by stakeholders from varying perspectives. The profitability of certified products will influence the marketing strategies, entrepreneurship and stewardship of forest custodians, communities and companies. There is a need to strengthen institutions, policies and legislation to reduce the gap between current standards of forest management and certification requirements, so that certification delivers due rewards to forest stewards, especially in recognition of their contribution to SFM, forest law enforcement and legality.

In many tropical forests there is a big gap between existing management and what is required for certification. Bridging this gap warrants international recognition and investment to strengthen capacity and promote better management. The international donor community in particular should consider greatly increasing

investment in promoting forest certification and related ecolabelling in tropical forests (Muthoo, 2001); at the national level, public-sector and private-sector organizations could contribute to and help deliver such investment.

Forest law enforcement and governance

Another challenge is ensuring the legality of timber. Illegal logging generates illicit earnings of US$10–15 billion annually, including the huge underpayment of royalties and taxes (Goncalves *et al.*, 2012). This estimate does not capture the enormous environmental and societal costs associated with illegal logging, with criminals profiting at the expense of the poor and the environment. Illegal logging stifles sustainable development and distorts the marketplace, discouraging legitimate forest enterprises from investing in good forest management and undermining attempts to achieve forest certification and SFM.

The legality of timber production and trade is "an essential pre-requisite" for achieving SFM (van Dam and Savenije, 2011). It must be addressed upfront in forest certification, even if a phased approach is used to roll out certification practices. An effective criminal justice plan should be an integral part of any strategy, so that forest crime can be addressed in parallel with preventive programmes of forest certification. The two approaches should be mutually reinforcing, so that both help to increase the effectiveness of FLEGT. Forest officials and policy-makers need a comprehensive understanding of the positive impact of an integrated criminal justice strategy on combating illegal logging; a forest-certification-related legality dimension can be a key component in FLEGT systems. Meanwhile, emerging legislation, such as the 2008 amendment to the Lacey Act in the United States of America, which broadened activities banned by the Act to include commerce in illegal timber and wood products, and the European Union Timber Regulation, which sets out the obligations of operators

in the timber market to avoid trade in illegal products, will help drive certification forward.

MULTISTAKEHOLDER SYNERGIES

The motives and interests of the various stakeholders in forest certification are rarely fully mutually reinforcing. There are many potential conflicts: for example between local communities, traders and consumers, between those who incur costs and those who receive benefits, and between big and small operators, North and South, and global and national certification systems.

Certification also has many potential beneficiaries. For those whose main concern is the environment, it can be a means to influence how forests are managed and to promote biodiversity conservation. For social movements, it can be an opportunity for benefit-sharing and recognizing the role and responsibilities of local communities. For industry and trade, it can be an instrument for branding and marketing and for buyers and consumers it can provide credible information about products they purchase. For forest owners and managers, it can be a tool for market access and advantage. For governments and civil society, it is a soft policy instrument to promote SFM and sustainable consumption patterns. Certification has to take into account all these sometimes divergent values, interests and goals.

CONCLUSION

Forest certification and related eco-labelling are innovative policy instruments for assuring the sustainability and multifunctional role of forest assets for human well-being. Forest certification needs to be reinvigorated, however, so that it continues to contribute concomitantly and increasingly to the vision of a green economy. We must not miss the opportunity presented by certification as an agent of sustainability, equity and justice in forests and related industries. Innovative people–public–private partnerships for eco-affluence and a green economy must be built, globally and locally.

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