



## FSC'S IMPACT IN THE FOREST – A LITERATURE REVIEW OF INDEPENDENT RESEARCH

The Forest Stewardship Council (FSC) uses certification as a tool to promote responsible forest management worldwide. Over the past 15 years, FSC established an influential market that drives demand for responsibly produced forest products.

At the forefront of an international eruption of market-oriented policy instruments, FSC cut across historic barriers. It created new levels of collaboration, involving non-state and voluntary initiatives in environment and social policy control.

Today there is little doubt that responsible forest management must include social, environmental, economic, cultural and spiritual values. The question is: can FSC effectively promote all of these values?

To assess FSC's impact on the ground we review independent research, including: reports, academic journals, books, and screened analyses by various NGOs. Some reports evaluate the changes in management based on indirect assessments against certification reports (Thornber, 2003; Gullison, 2003...).

The review summarizes key findings from 180 references and reveals strong evidence that FSC has a positive impact on forest management in numerous social, environmental and economic aspects. FSC is recognized as a policy tool to address many forestry issues (Cashore, 2006; Conroy, 2007; Meidinger et al., 2005; Rametsteiner, 2005).

We anticipate that the full report will be publically available in 2009. This short summary offers some highlights.

### **Secured or improved environmental services in certified forests**

FSC has improved the conservation status and enhanced biodiversity levels of forests. Research reveals that certification is a catalyst for often substantial changes to diverse aspects of forest management, rather than a means of rewarding operations that are already conducting excellent practices prior to certification. The majority of improvements in certified forests management areas are identified in forest management planning (inventories, improved monitoring and evaluation, reduced impact logging and improved silvicultural techniques, the adoption of scientific methods for example in establishing permanent

sample plots) and biodiversity conservation measures (Newsom et al., 2005; Bass et al., 2001).

### **Ecological integrity maintained**

FSC certification brought improvements to aquatic and riparian areas, identification and protection of HCVPs and threatened and endangered species, among others. The PT Sumalindo Lestari Jaya II in Indonesia classified some 50,000 hectares as HCVP. And the Ndola Pine Plantations Limited in Zambia has set aside HCVP areas as conservation corridors in which non-commercial tree species have been allowed to regenerate (Newsom and Hewitt, 2005).

### **Less deforestation, less wildfires in Guatemala**

A recent and spectacular example is in the Maya Biosphere Reserve, an area of tropical forest in Guatemala's northern Petén region. Researchers found significantly less deforestation and incidence of wildfires within the FSC certified concessions than in the remaining multiple-use zone and lands designated for strict protection. In FSC certified areas under management: the deforestation rate was 20 times lower than in other concessions; areas devastated by fires decreased steadily from 6.5% (1998) to 0.1% (2007), while fires affected 7 - 20% of the surrounding forest concessions (Hughell & Butterfield, 2008).

### **Potential to support climate change mitigation**

Clean Development Mechanism (CDM) investments can include carbon sequestration projects in developing countries. However, guidelines for achieving the socio-economic and environmental objectives of the CDM, and other concerns with sinks projects, have yet to be elaborated. Subak (2002) evaluated the FSC Criteria and indicators in the US in light of concerns for guiding afforestation and reforestation projects in the CDM. Sybak found that "the FSC criteria would help to meet some of the objectives of the Kyoto Protocol, including provisions to reduce the risk of premature carbon loss, and features that could somewhat lessen leakage of emissions outside the project area. Existing FSC monitoring and verification procedures provide some, but insufficient, overlap with expected requirements for measuring carbon stock changes. FSC Principles and Criteria articulate stringent guidelines for meeting environmental and social goals that reflect years of negotiations between environmental, timber, human rights and labor interests."



### **Improve worker conditions within certified forests**

There have been important social benefits to local communities and forest workers, favoring employment of local people and raising health and safety standards. FSC forest management standards are often higher than those demanded by national legislation and regulations, and their implementation is monitored by FSC accredited certification bodies (Poschen, 2003).

The impact of FSC certification on workers is both direct and indirect. It promotes new attitudes in relation to workers: increasing the involvement of workers in decisions; improving health and safety; and addressing issues over migrant labor (Rezende et al., 2003; Thornber, 2003; Bowling et al., 2003).

#### **Russian forest workers conditions improved**

In Russia, the main improvement through FSC certification was the implementation of health and safety guidelines at site level, enforced by systematic controls of compliance. The social conditions of forest workers were improved, including a fair wage payment. The cooperation with labor unions were also enforced (Hirschberger, 2005).

### **Reduced social conflict in and around certified forests**

Certification has had many effects that cannot be measured in hectares or premiums. It has given a greater voice to indigenous groups who have been historically left out of the forest debate. Certification has made a tremendous

#### **Empowering indigenous peoples in the Congo**

A striking example is coming from the Republic of Congo, an area with 'complex social settings'. The Forest Peoples Programme assessed the Congolaise Industrielle des Bois (CIB) logging concessions, to evaluate progress against the FSC Principles 2 & 3 protecting the rights of indigenous communities in logging concessions. They found that "CIB are implementing a wide range of far-reaching measures designed to comply with FSC, which result in significant advance in the protection of indigenous peoples' rights in the region generally, and sets a new high standard for forestry in the Congo Basin". This includes the establishment of a new social project coupled with a community based mapping process, both specifically targeting indigenous communities. (Nelson, 2006)

contribution to creating space for broad participation and continuous adaptation in forest management and conservation efforts. Regional standard-setting groups have brought together industry, the environmental community and local communities in an unprecedented way. Hundreds of companies, communities and forest landowners have reinvented their businesses, enhanced their products and established new partnerships on the coattails of the certification movement (Ros-Tonen, 2004).

#### **Local employment in Latvia's rural areas**

Since achieving FSC certification in 2001, Latvia's vast state forest has ensured local employment in rural areas. This policy change arose following an assessment of the negative impacts of increased use of expensive machinery which small local enterprises cannot afford. As a prerequisite to achieving FSC certification, the state forest authorities developed a policy to provide local communities with employment opportunities. (Hirschberger, 2005)

### **Helped to secure land tenure and use rights in certified forests**

FSC has grown in size and inclusiveness to influence the power relationships around environmental, community and indigenous peoples interests (Cashore, 2006).

#### **Communities granted land titles**

When Mil Madeireira sought certification for 82'000 hectares in 1997, the company did not know nor maintain relations with the families living in the forest management unit. During the certification process, it became clear that although there was no apparent conflict, there was potential for such situation to arise. These families used fire to clear their agricultural plots, an action that could threaten the forest resources under management. Furthermore, these families did not recognize Mil Madeireira as the legitimate owner of the area. As one of the conditions for certification, it was required that no forest management activities would take place in the areas bordering the occupied land. Due to FSC certification, 142 families received land titles in September 2008. The signed agreement between the Amazonas government and certified company Mil Madeireira compensates agrarian communities in the area of certified forest management.



### Indigenous people secure land use rights

In North-West Sweden, FSC certification has brought benefits to the indigenous Sami population whose livelihoods traditionally depend on reindeer herding. Although Sami people have customary rights to graze their reindeer in these forests, the areas of use are not specifically designated in the law. Large parts in the region are owned by FSC certified companies where grazing rights are guaranteed. The Sami, however, are facing legal actions from non-FSC certified forest owners that question traditional grazing rights. To prove their customary rights in court, the Sami must show their long-term use of the particular piece of land by producing written documentation. Since written documentation has not traditionally been used in the Sami culture, many families have lost court cases and subsequently their reindeer grazing rights. "The FSC provides one way for the Sami people to continue their traditional way of life of reindeer herding," says Olof T. Johansson, reindeer herder and member of FSC Sweden. "My community is targeted in several ongoing court cases, all of them initiated by private, non-FSC certified forest owners. But we have no grazing rights disputes at all with FSC certified forest owners. There are other advantages with FSC certification for reindeer. The Swedish FSC standard stipulates that the local Sami community should be consulted before a logging is planned and that a fair amount of trees are saved at the logging sites. This means more lichens for our reindeer to eat." (WWF Sweden, 2001)

### Helped to provide greater market access

Facts about market prices are difficult to find, however, there is ample evidence from off-the-record discussions indicating that economic benefits come in the form of greater market access, and in a large number of cases, higher cash prices that are being paid quietly and consistently (Conroy, 2007). Cases of recertification after five years, also demonstrate that the financial benefits of certification together with non-market benefits, outweigh the costs.

The **PriceWaterhouseCoopers analysis of "Sustainable Investments for Conservation"** (2007) is based on case studies, one of which is called Precious Woods, an FSC certified operation in Brazil. The analysis concludes that it is possible to combine nature conservation with private investment in a way that produces a satisfactory return on the capital investment. The report mentions economic advantages of credible and transparent forest certification. "Opportunities in sustainable forestry mainly arise from the expected surplus demand for certified tropical timber.

(...) Certification by the FSC has a favorable impact on the achievable market price."

Not many researchers identified clear financial benefits for small, private or community managed forest operations. And the cost of audits and documentation for complex ecologies, especially for the certification of natural tropical forest management, are often described as particularly challenging. Even so, there are some positive examples.

### Helped improve the image of the forest industry locally and in associated markets

#### A forest owners' cooperative in Japan: access markets and improved corporate reputation

FSC certified in 2000, the Yusuvara Forest Owners Cooperative (YFOC) in Japan had 11'000 ha forests in 2007. "With the continuous efforts of selling FSC certified wood in the domestic housing construction market, YFOC has substantially increased their timber sales in recent years. It is a noteworthy event in Japanese small-scale forestry, which has been struggling with declining economic performance for many years." The FSC is a tool to revitalize Japanese small-scale forestry. Also, with the FSC certificate, YFOC has direct access to environmentally aware builders who demand certified timber directly from the sawmills. With increasing awareness of social and environmental issues, the FSC market is growing in Japan. FSC has brought another advantage: "Forestry journals and local media often reported on the splendid achievement of this small forest owners' cooperative. YFOC suddenly became well known, which improved the morale of the cooperative's staff and workers and in turn increased the motivation of forest owners. As forestry usually is a low paid, rough and dangerous job, workers tend to lack pride in their occupation. FSC certification seems to be helping to change this situation." (Ota, 2007)

#### Russia-Europe: market stability and security

"FSC presents a way of bringing the Russian forest industry into European markets and simultaneously bringing European practices and technologies into Russia. (...) In general, certification seeks to increase forest profit, promote reforestation, and improve management and control functions. Certification is a mechanism for developing relevant trade policies, supporting environmentally responsible business, and instituting investment safeguards. Additionally, FSC certified companies claim that FSC certification has given them stability and security in the marketplace. In two cases, companies claim that their income grew by 10%." (Tysiachniouk, 2005)



### Promoted responsible forestry through dialogue: private sector, government, NGOs and civil society

Among non-market benefits, the encouragement of a more participatory forest policy process is often highlighted as an important benefit in countries which have undertaken a national FSC standard-setting process (Ros-Tonen, 2004; Richards, 2004).

Another benefit often valued both in the North and South, is the 'learning' created through the certification process. Increased mutual learning between forest managers, supporting organizations, auditors, and FSC, could even improve both forest management and the application of certification (Frost, 2003; Humphries et al., 2008).

Numerous research highlights the exceptionality of FSC's three chamber governance structure and the decentralized network of accredited National Initiatives working globally with a common set of principles and criteria (Gale, 2004; Wood, 2004). Many stakeholders support this structure where no one interest group can dominate, and perceive it as a clear advantage for the development of balanced standards and processes. This same fact has led some commentators to dismiss FSC, arguing that it lacks credibility due to the limited representation by timber organizations (Poore, 2003), and lack of legitimacy without representation by government (Schepers, 2008).

"FSC spurred the creation of a number of competing forest management certification systems, each of which claimed to be based on improved forest management practices and to demand some level of verification of better practice from those it certified (...). The FSC deserves credit for any improvements in forest management practices documented by competing forest certification schemes, for there was nothing underway before FSC was created. Forest certification is now so broadly applied in the forestry and wood industry sector that it is very unlikely to ever disappear," (Conroy, 2007). As a reaction to FSC's success, voluntary certification schemes in other sectors have emerged based on FSC's equitable governance structure, such as the Marine Stewardship Council for responsible fisheries (Gulbrandson, 2008).

### True level of FSC's impacts underestimated

Because of the extensive preparation that many operations undertake before their certification assessments, the impacts represented in research papers are likely to be an underestimate of the true impacts of forest certification.

### References

- Bass, Stephen; Thornber, Kristi; Markopoulos, Matthew; Roberts, Sarah & Grieg-Gran, Maryanne (2001): Certification's Impacts on Forests, Stakeholders and Supply Chains. International Institute for Environment and Development, London.
- Bowling, Jill (2003): Community level participation of workers in forest certification: does it work? IN: Meidinger et al 2003.
- Cashore, Benjamin; Gale, Fred; Meidinger, Errol; Newsom, Deanne (2006): Confronting Sustainability: Forest Certification in developing and transitioning countries. IN: Environment. Vol 48, Nr 9, Nov 2006, p 6 - 25.
- Conroy, Michael E. (2007): Branded! - How the 'certification revolution' is transforming global corporations. New Society Publishers ISBN: 9780865715790
- Frost, Bob; Mayers, James & Roberts, Sarah (2003): Growing credibility? The impact of certification on forests and people in South Africa. International Institute for Environment and Development, London.
- Gulbrandson, Lars H. (2008): Accountability Arrangements in Non-State Standards Organizations: Instrumental Design and Imitation. Fridtjof Nansen Institute, Norway.
- Gullison, R. E. (2003): Does forest certification conserve biodiversity? Oryx Vol 37 No 2 April 2003.
- Hughell, David & Butterfield, Rebecca (2008): Impact of FSC Certification on Deforestation and the Incidence of Wildfires in the Maya Biosphere Reserve. Rainforest Alliance.
- Humphries, Shoana S. & Kainer, Karen A. (2008): The certification process for community-based forest enterprises: Insights from local actors and a call for social learning. (Forthc.) Corr. author shoana@ufl.edu.
- Hirschberger, Peter; WWF European Forest Programme (2005): The Effects of FSC-certification in Estonia, Germany, Latvia, Russia, Sweden and the United Kingdom: An analysis of Corrective Action Requests (by Peter ). Summary report (as of June 2008 <http://assets.panda.org/downloads/fscsummaryanalysisallcountries.pdf>).
- Meidinger, Errol (2003): Forest Certification as Environmental Law Making. IN: Meidinger et al 2003.
- Meidinger, E., C. Elliott, and G. Oesten (eds.) (2003): Social and political dimensions of forest certification. Remagen-Oberwinter, Germany: Dr. Kessel. pp.219-233.
- Nelson, John (2006): Protecting Indigenous Rights in the Republic of Congo through the Application of FSC Standards in Forest Plans: A review of progress made by Congolaise Industrielle des Bois (CIB) against FSC Principles 2 and 3. Forest Peoples Programme (as of August 2008: [www.forestpeoples.org/documents/africa/congo\\_cib\\_prog\\_rev\\_jan06\\_eng.pdf](http://www.forestpeoples.org/documents/africa/congo_cib_prog_rev_jan06_eng.pdf)).
- Newsom, Deanna and Hewitt, Daphne (2005): The Global Impacts of SmartWood Certification. Final Report of the TREES Program for the Rainforest Alliance.
- Ota, Ikuo (2007): A forest owners' cooperative in Japan: obtaining benefits of certification for small-scale forests. IN: Small-scale forestry. Unasylva No. 228 Vol. 58, 2007/3 FAO Rome. FAO Corporate document Repository.
- Poore, Duncan (2003): Changing Landscapes : The Development of the International Tropical Timber Organization and Its Influence on Tropical Forest Management. Earthscan.
- Poschen, Peter (2003): Economic and Social Justice. IN: IN: Meidinger et al 2003.
- PricewaterhouseCoopers (2007): Sustainable Investments for conservation – The business case for biodiversity. A study on behalf of the WWF. Executive Summary, WWF Germany (as of June 2008: [www.pwc.com/extweb/pwcpublishings.nsf/docid/4FE9CE9D78BFBE21852572890054ECC0](http://www.pwc.com/extweb/pwcpublishings.nsf/docid/4FE9CE9D78BFBE21852572890054ECC0)).
- Rametsteiner, Ewald & Simula, Markku (2003): Forest certification—an instrument to promote sustainable forest management? Journal of Environmental Management 67 (2003) 87–98, Elsevier.
- Rezende de Azevedo, Tasso & Giacini de Freitas, André (2003): Forest certification in Brazil. IMAFLORA. IN: Molnar, A. (2003): Forest Certification and Communities: Forward to the Next Decade. Forest Trends, Washington, D.C.
- Richards, Michael (ed.) (2004): Certification in complex socio-political settings: Looking forward to the next decade. With contributions from Marcus Colchester, Andre de Freitas, Mikhail Karpachevskiy, Henry Moreno Sanjines, Saskia Ozinga, Mike Packer, and Andrei Ptichnikov. Forest Trends, Washington, D.C.; [www.forest-trends.org](http://www.forest-trends.org).
- Subak, Susan (2002): Forest certification eligibility as a screen for CDM sinks projects. Climate Policy 2 (2002) 335–351. Elsevier.
- Ros-Tonen, Mirjam A.F. (2004): Final Report: Congress on Globalisation, Localisation and Tropical Forest Management in the 21st Century. Amsterdam Research Institute for Metropolitan and Int. Development Studies, Amsterdam, Netherlands.
- Schepers, Donald H. (2008): Challenges to the legitimacy at the FSC. Baruch College Zicklin School of Business ([www.isbee.org/index.php?option=com\\_docman&task=doc\\_download&gid=205&Itemid=39](http://www.isbee.org/index.php?option=com_docman&task=doc_download&gid=205&Itemid=39))
- Thornber, Kirsti (2003): Certification: a discussion of equity issues. IN: Meidinger et al 2003.
- Tysiachniouk, Maria (2005): Forest Certification in Russia. (Center for Independent Social Research St. Petersburg, Russia); Paper presented at Yale Forest Certification Symposium. Yale school of forestry & environmental studies.
- WWF Sweden; Renström, Margareta & Rainey, Margaret (2001): Social issues and the Forestry Stewardship Council. Sustainable Development International 4, 137–139 (as of June 2008: [www.p2pays.org/ref/40/39769.pdf](http://www.p2pays.org/ref/40/39769.pdf)).