Incorporating Certification into a Pro-poor Forestry Agenda: Lessons from and Options for the Asia–Pacific Region

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Forest certification is a market-based, voluntary instrument that employs third-party auditing and a set of minimum standards to identify products that have been sourced from well-managed forests. Although its early proponents were primarily concerned with the high rates of deforestation in tropical countries, forest certification has evolved to address social issues such as the rights of indigenous peoples and forest-dependent communities and has the potential to contribute to sustainable poverty reduction through employment generation and the securing of subsistence livelihoods and environmental services.

The focus of this paper is on small, community-based forest enterprises in developing countries of the region. They provide a vital source of income for many rural households but receive inadequate attention in forest policy, which is often biased in favor of large-scale, industrial operations. Forest certification was also not originally designed with the needs of small forest enterprises in mind and has been particularly difficult for them to achieve: although 10 years have passed since the first global certification scheme was launched, less than 20 forest management certificates for community-based forestry operations have been granted in the Asia–Pacific region and a significant number have lapsed. However, the prospects for the certification of community-based forest management are being enhanced through the innovative approaches of some practitioners and through the initiatives of the certification schemes to provide alternatives that are better suited to the needs of small, community-based forestry operations.

Drawing on a review of regional trends and case study research conducted by the Institute for Global Environmental Strategies (IGES) and its partners in Papua New Guinea (PNG), Indonesia, and the Lao People’s Democratic Republic (Lao PDR), this paper discusses the achievements and challenges facing forest certification as an emerging instrument for forest conservation and livelihood creation. We analyze and compare three innovative models for communities to achieve, maintain, and utilize forest certification, including the settings in which they operate, their features, and the broad messages their experiences offer.

Introduction

During the 1980s, prominent international nongovernment organizations (NGOs) that were concerned with the rapid disappearance and degradation of tropical forests campaigned for total bans on the import of tropical timber. Some began to reconsider their position on the basis that such bans would unfairly disadvantage forest enterprises in tropical countries that were implementing sound forest management strategies and destroy local livelihoods. Forest certification was created in this setting as a market-based, voluntary instrument to encourage and reward sustainable forest management by enabling consumers to identify products that use wood materials sourced from forests managed according to a set of minimum sustainability standards.

1 All authors are members of the Forest Conservation, Livelihoods and Rights Project, Institute for Global Environmental Strategies, Hayama, Japan (http://www.iges.or.jp).
Forest certification is a relatively new instrument to promote sustainable forest management, yet expectations are high. The World Commission on Forests and Sustainable Development described forest certification as “perhaps the most powerful ‘soft policy’ instrument to be designed and implemented outside government” (WCFSD 1999). While the expansion of certified forests has proceeded at a remarkable rate in industrialized countries, progress has been much slower in developing countries. Forest certification has been especially difficult for their community-based forest enterprises to achieve, yet could offer significant benefits in terms of tenure security, livelihoods, working conditions, and forest conservation. The objective of this paper is to explore how several innovative approaches have attempted to make forest certification available to community-based enterprises, and/or enlist the participation of communities in forest management, and lessons that their experiences provide.

We begin with an introduction of the basic concepts of forest certification and provide an overview of recent global trends. We next describe the problem of certifying small forest enterprises and the potential benefits such certification could provide. The Institute for Global Environmental Strategies (IGES) research project on the certification of community-based forestry operations is next discussed, followed by a description of the features of the three innovative models that were analyzed as part of this research exercise. The paper concludes by drawing out some of the broad messages that were delivered by the research through a comparison of the three case studies.

**Basic Concepts**

Forest certification in its broadest sense consists of two distinct sets of certification processes—forest management unit (FMU) certification and chain of custody (CoC) certification—and labelling. *Forest management certification* refers to the assessment of forest management practices against a set of minimum standards by an accredited body. *Chain of custody certification* is the certification of the handling of timber/wood products to ensure that no uncontrolled mixing of certified and noncertified materials occurs in the product chain.

As Figure 1 indicates, both forest management certification and CoC certification have four basic elements:

- **A standard**—the set of requirements that must be met
- **Certification**—the process of verifying whether the standard has been met
- **Accreditation**—the process of accrediting the organizations responsible for undertaking certification
- **Labelling**—rules for applying labels to show that products contain wood material from certified forests
Ideally, the forest management standard will be formulated through a meaningful multistakeholder process and its principles will cover a broad range of economic, social, and environmental concerns. Forest certification is thus potentially an attractive instrument not only for those who advocate forest conservation, but also for those interested in the rights and livelihoods of forest-dependent communities, including indigenous peoples.

Forest Certification Trends

Although the first global forest certification scheme, the Forest Stewardship Council (FSC), was only established in 1993, remarkable progress has been made in certifying forests. By mid-2006, 270 million hectares of forest area had been certified, accounting for 7% of total forest cover (UNECE/FAO 2006). Approximately one quarter of global roundwood production in 2005 was from certified forests and by 2006 the total number of CoC certificates had reached 7,200 (ibid). Figures 2 and 3 record this rapid growth in FMU and CoC certification.
Not only has the total area of certified forests increased dramatically in a short period, the number of national and international certification schemes has expanded quickly. Those operating in the Asia–Pacific region are described in Table 1.
Table 1: Forest Certification Schemes Operating in the Asia–Pacific Region

<table>
<thead>
<tr>
<th>Name</th>
<th>Year Established</th>
<th>Initiatives Relevant to Small or Community-based Forest Enterprises</th>
<th>Geographical Reach in Asia and the Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest Stewardship Council (FSC)</td>
<td>1993</td>
<td>- Group certification system</td>
<td>- Applicable to all countries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Small and Low Intensity Managed Forests (SLIMF) initiative</td>
<td>- Asia–Pacific countries with FSC national working groups and/or developing FSC national standards include PNG, Viet Nam, New Zealand, China, Australia, and Japan</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programme for the Endorsement of Forest Certification (PEFC)</td>
<td>1999</td>
<td>- Can endorse group certification</td>
<td>- Applicable to all countries</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- In the Asia–Pacific region only Australia has a PEFC-recognized scheme</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- MTCC seeking recognition</td>
</tr>
<tr>
<td>Malaysian Timber Certification Council (MTCC)</td>
<td>1999</td>
<td></td>
<td>- Malaysian national scheme</td>
</tr>
<tr>
<td>Indonesian Ecotect of Forest Certification (LEI)</td>
<td>1998</td>
<td>- Pengelolaan Hutan Berbasis Masyarakat Lestari standard for community-based forest management</td>
<td>Indonesian national scheme</td>
</tr>
<tr>
<td>Sustainable Green Ecosystem Council (SGEC)</td>
<td>2003</td>
<td></td>
<td>Japan national scheme</td>
</tr>
<tr>
<td>Australian Forest Certification Scheme</td>
<td>2002</td>
<td>- Group Certification Project</td>
<td>Australian national scheme</td>
</tr>
<tr>
<td>Pan ASEAN Timber Certification Initiative</td>
<td>Ad hoc Working Group formed in 2002</td>
<td></td>
<td>Not finalized</td>
</tr>
</tbody>
</table>

While there has been an impressive upward trend in the global cover of certified forest, forest certification has favored developed over developing countries, temperate over tropical forests, and large over small forest enterprises, as evidenced by the following statistics:

- One half of production forests in Europe have been certified compared with less than 1% of forests in Africa and Asia (Kaimowitz 2005)
- Only 8% of the total certified area of forests lies in developing countries (Fischer et al. 2005, p. 13)
- Only 3% of all forest management certificates have been issued for tropical and subtropical broadleaf forests (Simula and Atyil 2002)
- Landowners with less than 100 hectares account for only 4% of certificates that have been issued by the FSC. Those with more than 10,000 hectares have secured almost half of the FSC certificates (Butterfield et al. 2005, pp. 11–12)

The disparity in FMU certification between developed and developing countries is captured in Figure 4.
Problem Statement

Forest enterprises in developing countries have found certification difficult to achieve and have struggled to uphold the standards once they have acquire certification. A combination of factors may explain the slow uptake of forest certification in developing countries including:

- The ecological complexity of natural moist tropical forests
- Unclear or disputed tenure
- A wide gap between existing management standards and certification requirements, often a result of poor forest law enforcement, resulting in high compliance costs
- Insufficient information regarding the certification process
- Low capacity
- Lack of policy support
- Uncertainty of price premiums (Fischer et al. 2005, pp. 14–15; Durst et al. 2005, pp. 4–6)

Certifying the operations of community-based forestry enterprises in developing countries has proved particularly challenging. Certification schemes were not originally designed with their needs in mind (Butterfield et al. 2005). Community forest enterprises often find that certification is difficult to acquire because of the high average per hectare costs, the strict management and monitoring requirements, and the complexity and length of the standards (Nussbaum et al. 2002, p. 21). Moreover, the requirements set by the certifying bodies may be perceived by local people as insensitive to their customary practices, values, and capabilities (Molnar 2003).

The challenges to community enterprise development through forest certification are exacerbated by the fact that in many countries “laws tend to be selectively developed, and applied, in favour of large scale forestry” (Colchester 2006). Governments have been keen to attract investment from large-scale, foreign-owned corporate enterprises, which they value as a source of public revenue, as a means to develop infrastructure, and for job creation. The
granting of concessions and tree plantation rights to influential businesses has also been used by some regimes as a form of patronage to cement their hold on power (ibid, pp. 33–37).

The challenges to achieving sustainable forest management in developing countries combined with the challenges confronting the certification of community-based forestry operations explain why certification of forests managed by communities in tropical countries is uncommon. Table 2 lists forest management certificates in the region that have been granted for community forestry operations, and while this may not be exhaustive, it indicates that their number is clearly quite small.
Table 2: Certification of Community Forestry Operations or Operations Involving Community Participation in the Asia–Pacific Region

<table>
<thead>
<tr>
<th>Location</th>
<th>Type of Certificate</th>
<th>Certificate Holder</th>
<th>Year and Status of Certification</th>
<th>Initial Certified Area &amp; Forest Types</th>
<th>External Funders and Local Support Organizations</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wonogiri Regency, Java, Indonesia</td>
<td>LEI PHBML certificate</td>
<td>Sumberejo and Selopuro villages</td>
<td>2004, active</td>
<td>810 ha of planted teak and mahogany</td>
<td>WWF, PERSEPSI</td>
<td>One sale to PT. Novika, Bali</td>
</tr>
<tr>
<td>Sulawesi, Indonesia</td>
<td>FSC Group FMU and CoC certificates</td>
<td>Koperasi Hutan Jaya Leastari</td>
<td>2005, active</td>
<td>152 ha smallholder teak woodlots</td>
<td>TFT, European retailers, Indonesian furniture maker</td>
<td>TFT member stores, Indonesian companies</td>
</tr>
<tr>
<td>Nepal</td>
<td>FSC Group FMU and CoC certificates and Nonwood forest product certification</td>
<td>Federation of Community Forest Users, Nepal</td>
<td>2005, active</td>
<td>14,086 ha natural forest</td>
<td>EnterpriseWorks/VITA, Asia Network for Sustainable Agriculture and Bioresources, USAID, Ford Foundation, SNV</td>
<td>Certified essential oils and hand-made paper exported to Japan and others</td>
</tr>
<tr>
<td>Central Islands &amp; Santa Isabel, Solomon Islands</td>
<td>Imported Tropical Timber Group ecolabel</td>
<td>Solomon Islands Development Trust uses the ecolabel, but not certified as only 2nd party auditing conducted</td>
<td>Used ecolabel since 1998</td>
<td>16,000 ha natural forest</td>
<td>European Union, Oxfam, USAID, and others</td>
<td>New Zealand, Australia</td>
</tr>
<tr>
<td>Malaita, Makira and Santa Isabel, Solomon Islands</td>
<td>FSC Group FMU and CoC certificates</td>
<td>Soltrust</td>
<td>1998, revoked</td>
<td>Natural forest</td>
<td>Unclear</td>
<td>Europe</td>
</tr>
<tr>
<td>Western &amp; Choiseul Provinces, Solomon Islands</td>
<td>FSC Group FMU certificate</td>
<td>Solomon Western Island Fair Trade</td>
<td>1996, withdrawn in 2002</td>
<td>Natural forest</td>
<td>International Organization for Development Co-operation (ICCO)</td>
<td>Netherlands</td>
</tr>
<tr>
<td>East New Britain Province, PNG</td>
<td>FSC Group certification</td>
<td>Pacific Heritage Foundation</td>
<td>1994, lapsed 1996</td>
<td>12,500 ha natural forest</td>
<td>B&amp;Q UK</td>
<td>UK</td>
</tr>
<tr>
<td>Location</td>
<td>Certificates and Groups</td>
<td>FMU and CoC Certificate Dates</td>
<td>FMU and CoC Certificate Status</td>
<td>Natural Forest Area</td>
<td>CoC Certificate Holders</td>
<td>Other Certification Notes</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------------------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>West New Britain Province, PNG</td>
<td>Islands Region Environmental and Community Development Programme; certificate later inherited by Ecoforestry Programme</td>
<td>October 2000, not renewed</td>
<td></td>
<td>4,310 ha natural forest</td>
<td>European Union</td>
<td>Australia, Netherlands, UK</td>
</tr>
<tr>
<td>PNG</td>
<td>FSC Group FMU and CoC certificates (also Fair Trade certification)</td>
<td>FORCERT</td>
<td>2005, active</td>
<td>19,215 ha natural forest</td>
<td>ICCO and others</td>
<td>Australia</td>
</tr>
<tr>
<td>Madang Province, PNG</td>
<td>Imported Tropical Timber Group ecolabel; FSC Group FMU certificate</td>
<td>Foundation for People and Community Development</td>
<td>2007, active</td>
<td>2,705 ha natural forest</td>
<td>EED, ITTO and others</td>
<td>New Zealand</td>
</tr>
<tr>
<td>Mindanao, Philippines</td>
<td>FSC Group certificate</td>
<td>Ngan Panansalan Pagsabangan Forest Resources Development Cooperative</td>
<td>2000, appears inactive</td>
<td>14,800 ha natural forest</td>
<td>Self-funding cooperative</td>
<td>Possibly no international marketing</td>
</tr>
</tbody>
</table>

B&Q = UK home improvement retailer; EED = Environment, Ecosystems and Development; FORCERT = Forest Management and Product Certification Service; ITTO = International Tropical Timber Organization; LEI = Lembaga Ekolabel Indonesia; PERSEPSI = Association for Social Development in Indonesia, local NGO; SNV = Netherlands Development Organisation; SUFORD = Sustainable Development and Rural Development Project; TFT = Tropical Forest Trust; USAID = United States Agency for International Development; WWF = World Wildlife Fund.
Why Certification Is Desirable

Large enterprises have an important role to play in forestry bringing with them the advantages of economies of scale and access to capital and technology, but their promotion has at times been at the expense of locally-based small- and medium-sized enterprises that may have more to offer in terms of sustainable livelihood creation. Opportunities for forest-based community enterprise development are expanding through the community-based forest management programs that are now a central component of the national forest policy of many countries (Scheyvens et al. 2007). Roughly 25% of forests in developing countries are owned or managed by local communities under long-term contractual agreements. This figure has doubled in the last 15 years and is likely to double again by 2015 (Bull and White 2002). As Augusta Molnar has argued, “the linkage between certification and communities is important because forest communities are increasingly major stewards of the world’s forests, especially in tropical countries” (Molnar 2003, p. ii).

When small forest enterprises in developing countries have achieved forest certification, independent studies have shown that the benefits to both the enterprises and the certified forests can be significant. In a wide ranging review of the implications of forest certification for communities Augusta Molnar concluded that:

“There have been some important benefits to forest dwellers and forest communities from forest certification, both for those directly certified as forest management units and for those who live in or work in public and private forests and private and public forest enterprises. Certification has brought improved labour conditions and employment, has helped legitimate local land tenure rights, and provided continued access to forests for non-industrial uses. Forest communities have been able to leverage donor and government financial and technical support. They have expectations that certification will help them access new markets and get a premium price for their products. A few communities are already getting a premium” (Molnar 2003, p. ii).

Support for these conclusions can be found in Irvine (1999), Bass et al. (2001), and Fischer et al. (2005).

The impacts of forest certification have not always been positive, however. Examples of forest certification applied in an inappropriate fashion or in settings not suited to certification are also described in the literature. Nevertheless, independent research indicates that well-designed forest certification models for community-based forestry can reward and promote sustainable forest management. Growing support from donors, NGOs, and elements of the forest product industry also provides reason for optimism that certification has the potential to play a greater role in promoting the sustainable management of forests in tropical countries. Although market signals are mixed and price premiums are not common, markets for certified forest products are expanding, especially in countries in which government procurement policy favors certified wood products (UNECE/FAO 2006). For certified natural tropical timber varieties, present demand far exceeds supply (Bun and Bewang 2004, p. 29; discussions with suppliers in PNG in 2007).

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2 For examples of problems of applying forest certification to community-based forestry see Molnar (2003).
The above observations suggest two alternatives for how the environment and development agendas could treat forest certification. First, because forest certification has favored developed over developing countries it could be argued that it is likely to act as an informal trade barrier and therefore should be opposed. Alternatively, it can be argued that although the uptake of certification in developing countries has been slow, it could offer significant social, environmental, and economic benefits, including livelihood creation, tenure security, and reduced vulnerability.

This paper adopts the second position on the basis that momentum for forest certification is building in developing countries, some positive benefits of forest certification for communities can be observed, and that innovations by the schemes and practitioners provide reason for optimism that forest certification may become more attainable for community-based forest enterprises.

**IGES Research on Innovative Models for Community-based Forest Managers to Achieve, Maintain, and Utilize Forest Certification**

In a broad review of certified community-based forestry, Augusta Molnar found that certification had reached less than 1% of community forests and that, without major changes to the certification schemes, is unlikely to reach more than 2% of community forests in the next decade (Molnar 2003, p. ii). There is thus a need for further innovation to increase the accessibility of forest certification to community-based forestry. Innovation is required not only of the schemes (i.e. in terms of the standards, auditing processes etc.), but also from the practitioners who have taken it upon themselves to assist communities in meeting and maintaining the forest management standards prescribed under the certification schemes.

Taking this as its major assumption and point of departure, the Institute for Global Environmental Strategies (IGES) launched a research project in 2005 to identify and analyze innovative models for the certification of forests managed by communities. Its research collaborators were the Foundation for People and Community Development and the forestry faculties of Gadjah Mada University in Indonesia and the National University of Laos.

The project used the term “innovative” with reference to new methods, strategies, and institutional forms that are being tested to make forest certification more available and beneficial to community-based forest managers. Three innovative models were selected for the study. There is no guarantee of the success of these models, but it is clear that innovation is required if forest certification is to be an instrument for communities to contribute to and benefit from sustainable forest management. Irvine’s observation that certification “has not developed a reproducible model that works for the large majority of communities who manage their forest lands for agricultural and agroforestry production” (Irvine 1999, p. 9) remains pertinent.
Features of the Three Forest Certification Models

The three models selected as case studies differ widely, reflecting the economic, ecological, and social settings that they were designed for.

The Foundation for People and Community Development Model—Natural Tropical Forests, Madang Province, Papua New Guinea

The Foundation for People and Community Development Inc. (FPCD) was established in 1992 as a PNG non-government, not-for-profit organization. Its mission is to “support Papua New Guineans to develop and manage their own forest resources towards environmental, economic and social benefits.” A major part of its work program is support for eco-forestry in Madang Province, where it was awarded an FSC group certificate for its Indigenous Community Forest Group Certification Scheme (ICF) covering 2,705 hectares in June 2007.

In PNG, the indigenous population owns 97% of the forests. The FPCD uses forest certification to support the management of forests by their traditional owners. The concept of having Papua New Guineans manage their own forest resources is contrary to the dominant approach of the State to production forest management, which is to promote industrial-scale logging, mostly by foreign corporations (ITTO 2007). The State has been more concerned to acquire timber rights from the resource owners and pass these on to foreign-owned companies than to provide concrete policy support for Papua New Guineans to manage their own forests.

In searching for an alternative sustainable form of forest management that recognizes the multiple functions of natural forests and provides greater local benefits, a small number of local NGOs in Melanesia and their international supporters developed the concept of “eco-forestry.” In PNG, eco-forestry has been described as “activities that sustainably utilise forest resources with as much benefit as possible being retained by the traditional resource owner” (Eco-Forestry Forum 2004).

The proponents of eco-forestry in PNG, including the FPCD, have displayed enthusiasm for forest certification. They view certification as a means of demonstrating that local communities can manage their forests sustainably according to internationally recognized standards, that they can meet the specifications demanded by international buyers, and that the net benefits of having the resource owners manage their own forests exceed those of industrial-scale logging. If eco-forestry is the conceptual basis for forest certification in PNG as supported by the FPCD and other likeminded organizations, then portable sawmills are the technical basis. The first portable sawmills were introduced in the early 1980s. They combined a light-weight engine with a light frame to carry the cutting head, enabling the sawmill to be carried into the forest by four people.

When the FPCD launched its Eco-Forestry Programme in Madang it worked with the Imported Tropical Timber Group (ITTG), a consortium of tropical timber buyers in New Zealand, to support resource owners to harvest timber from their forests according to ITTG’s Criteria for Management of Pacific Indigenous Tropical Forests for Ecotimber. This standard uses second-party verification of sustainable forest management to start the resource owners on a path towards

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3 The goals of the ITTG include ensuring that all tropical timber imported to New Zealand is sourced from certified sustainably managed forests. Its members are representatives of tropical timber importers, tropical timber retailers, and environmental NGOs.
FSC certification. For the FPCD, building the capacity of resource owners to manage their forests for timber production according to the ITTG Pacific eco-timber standard was an important part of the process by which it acquired its FSC group management certificate.

The FPCD’s model for the certification of community-based forestry evolved through its own learning process working with local communities. The model was developed in Madang Province where the FPCD works with a large landowner group, the Madang Forest Resource Owners Association (MFROA). The model is necessarily complex and involved. Starting from a position where the resource owners may be illiterate and may have no maps to delineate the extent of their forests, the FPCD takes them through a series of activities to a point where they are managing their forests in accordance with FSC standards, including felling, milling, and exporting certified timber. The FPCD’s Eco-Forestry Programme focuses on building the capacity of the traditional resource owners and includes training in forest management, small sawmilling and small business, forest surveys, and clan-based forest management planning. By September 2007, the MFROA had exported several small volumes of “eco-timber” and was preparing the export of one small volume of certified timber. The FPCD’s model now requires further development to meet a number of challenges including:

- Developing financial arrangements to make portable sawmills available to resource owners
- Developing innovative means to transport timber
- Full costing of inputs and appropriate assignment of costs
- Expansion of the number of certified producers
- Building the capacity of the MFROA to take on greater responsibility for the management and planning of the certified timber production operations

**PERSEPSI Model for Implementation of PHBML in Wonogiri Regency, Java, Indonesia**

In Indonesia, the Ministry of Forestry established a working group in 1993 composed of NGOs and academics to set up a national forest certification system. Their efforts led to the establishment of Lembaga Ekolabel Indonesia (LEI) in 1996. In 2002, LEI introduced a scheme for certifying community-based forest management (PHBML), which allowed either for the community to apply directly for certification or for a third party to apply on its behalf.

PHBML is presently the only example in the Asia-Pacific region of a national scheme designed specifically to certify community-based forestry. The first PHBML certificates were granted to two communities in Wonogiri Regency, Java, in October 2004. PERSEPSI, a local NGO, acted as the third party that represented the communities in applying for PHBML. PERSEPSI had previously worked in the two villages and had accumulated expertise in community forestry, including institution building, and therefore was in a strong position to support the introduction of forest certification. The two villages, Sumberejo and Selopuro, were also conducive to forest certification. The villagers had established a rich forest resource, were aware of the need for its sustainable management, and had created farmers’ groups partly for this purpose.

Both villages are located in dry, stony upland areas with thin topsoils. The farmer groups sought to make the best use of these conditions and began to plant trees, primarily teak and mahogany, to stabilize hill slopes and provide a source of income. Their tree planting was supported by the local government and at various times by international organizations, such as the World Food Programme. Through these efforts, by the time PERSEPSI began exploring the potential for
certification of the community forests, individual households owned a large number of trees (e.g. in one of the villages between 100 and 5,000 trees (PERSEPSI and WWF 2003). Thirty years after the villagers began tree planting, the forests had improved the depth of the topsoil and water supply, reduced soil erosion, and increased the quantity and diversity of flora and fauna (PERSEPSI and WWF 2003, 2004).

Despite these achievements, both villages faced a diverse array of constraints to having their forests certified and to utilizing certification, including a lack of knowledge of certification systems, inadequate capacity to meet the certification standard, a need for further institutional development, insufficient financial resources, and absence of links to international markets. The approach of PERSEPSI to support the villages in achieving the certification of their forests was constructed to overcome these constraints and accord with PHBML requirements. The PERSEPSI approach consisted of the following steps:

- Preliminary study: The preliminary study provided an understanding of the suitability of the forests for PHBML and the needs that would have to be met for the forests to be certified
- Socialization program: PERSEPSI organized community forest farmers’ group meetings and multistakeholder workshops with the participation of the regional government, villagers, and LEI to raise awareness of the value of, and garner support for, forest certification
- Formation of farmers’ organizations: PESEPSI facilitated the formation of certified forest farmers’ groups (Komunitas Petani Sertifikasi, KPS) at the subvillage level to manage the forests and a village level federation of these groups (Forum Komunitas Petani Sertifikasi, FKPS). A marketing body (Tempat Pengelolaan Kayu Sertifikasi, TPKS) was established to coordinate the production of both villages with the volumes and specifications requested by international buyers
- Training: PERSEPI provided separate training programs for the Komunitas Petani Sertifikasi and Forum Komunitas Petani Sertifikasi on:
  - Community forest management
  - Community forest mapping
  - Inventory of the community forest, including potential wood supply
  - Forest certification, specifically PHBML
- Community forest mapping: Mapping was conducted by each farmers’ group after receiving training and the maps were submitted as part of the application for PHBML
- Forest inventory: After completing training, the Komunitas Petani Sertifikasi were organized to conduct forest inventories. These included tree species, age, and diameter
- Assessment of the FMU: As required by PHBML, PERSEPSI conducted an assessment at the FMU level using PHBML criteria and indicators, which cover ecological, social, and production issues
- Submission of documents for certification
Linkage with buyers: PERSEPSI and TPKS provide a window to receive orders from buyers and transfer the information to FKPS and KPS

Introduction of microfinance: Microfinance was introduced after it was realized that without access to other sources of finance, villagers would continue to cut trees on a need-for-cash basis

PERSEPSI’s approach to facilitating the certification in the two villages thus embraced a diverse range of inputs and illustrates the challenges facing the certification of community forestry. PERSEPSI not only worked closely with the villagers on awareness raising, institution and capacity building, but through multistakeholder workshops also drew in support from the local government. Through the efforts of villagers, PERSEPSI, and other stakeholders, the two villages were granted PHBML certification for their community forests in October 2004. The PERSEPSI model requires further development to meet a number of challenges such as matching timber supply with demand, providing villagers with an alternative to cutting trees on a need-for-cash basis, and gaining market recognition for the PHBML standard.

**SUFORD Participatory Sustainable Forest Management Model**

Before the 1990s, State forests in Lao PDR were managed without a great deal of attention to sustainability issues. State forest enterprises were established to harvest and process timber from production forests and in some operations employed villagers as labor. Because of their economic inefficiency these enterprises were later dismantled and in 1990 a new concept of forest management was developed in the form of the National Forestry Action Plan, Lao PDR’s first development program to promote people’s participation in forest management (Manivong and Sophathilath 2007, p. 3). Since the early 1990s Lao PDR has gradually been moving towards a decentralized, participatory approach to the sustainable management of natural production forests.

The introduction of forest certification in Lao PDR is located within the Government’s broad policy shift towards more participatory forms of forest management. Its roots can be traced to pilot programs to develop community-based forest management models that were sponsored and heavily influenced by international donors. Of these, the Village Forestry model developed by the Forest Management and Conservation Project (FOMACOP), which ran from 1995 to 2000 and was supported by the World Bank and the Government of Finland, was the most influential in shaping the current model of forest management—Participatory Sustainable Forest Management—that has been certified in Lao PDR. The FOMACOP system of Village Forestry was piloted in the 110,015 hectare production forest in Khammouane and the 212,000 hectare Dong Sithouane production forest in Savannakhet Province.

Village Forestry was designed as a partnership between the Government and villages for the sustainable management of all forests within the traditional village territories, with the objective of benefiting the villagers, including improving livelihoods, and the nation as a whole. Villagers were represented in this partnership through Village Forest Associations (VFAs), of which 33 were established. In most cases the VFAs represented one village and most households were members.

In Lao PDR, all land is owned by the Government. Under Village Forestry the VFAs signed a contract with the Provincial Agriculture and Forestry Office which granted them a 50-year forest lease. In accordance with the contract each VFA developed a 10-year Forest Management Plan and an Annual Operational Plan for sustained-yield logging of their designated forests, which
they implemented with technical advice provided by the district or provincial forest offices. Training of villagers was a key element of FOMACOP and included participatory rural appraisal, tree identification and marking, tree inventories, the construction of access roads, the supervision of tree felling and extraction, tree planting, and forest protection patrols. The contract between the VFA and the Provincial Agriculture and Forestry Office gave the villagers the right to harvest and sell timber and to decide how any surplus income would be used, once the Government had extracted its share through royalties, taxes, and the Forest Development Fund, and operational costs had been met. The economic benefits to villagers of Village Forestry were wages for forestry operations and a contribution to the Village Fund. The wage levels were determined by the VFA members and the Village Funds from log sales were used for village projects such as constructing roads and schools and providing community services. Although forest certification was not an original goal of FOMACOP, a preassessment was organized in 1999 in the expectation that Village Forestry would be easy to certify.

A debate within Government circles followed the completion of FOMACOP on how the piloting of Village Forestry could be transformed into an official policy for implementation on a wider scale across the country. Lessons from Village Forestry informed new legislation on the establishment and sustainable management of production forest areas. The new legal instruments led to the launching of the Sustainable Forestry and Rural Development Project (SUFORD) in late 2003, which set the completion of the certification process as one of its aims.

Prior to the launching of SUFORD, the Pilot Forest Certification Project financed by the Finnish Government established the basic structure for meeting the requirements of FSC group certification. Khammouane and Savannakhet provinces each established a Sustainable Forest Management Group (SFMG) to apply for and manage the certificates. The SFMG is intended to be a partnership between the Provincial Forest Office in each province and the district–village forest managers. The SFMG consists of the Group Management and Certification Unit, headed by the Provincial Forest Office, and group members, which are partnerships between the District Forestry Office (specifically its Forest Management Technical Unit) and the VFAs.

Under SUFORD the term Village Forestry was replaced by Participatory Sustainable Forest Management (PSFM). A number of fundamental changes from Village Forestry to PSFM were made including the establishment of PSFM institutions in line with official policy. In particular, the FMUs in PSFM cover the forest areas of a group of villages to bring benefits to “forest poor” villages by including them in management areas with rich production forests. In December 2005 and January 2006, SUFORD received FSC group certificates for PSFM in the two provinces.

The process of forest certification in Lao PDR was drawn out indicating that PSFM was not an easy model to certify. Challenges facing PSFM include meeting the outstanding conditions set by the auditors, ensuring the certification standard is followed, and utilizing certification to bring benefits to local communities. Under SUFORD the project itself has taken the initiative in forest management and the District Agriculture and Forestry Extension Office and VFAs are not so active. Even though district extension offices and village groups continue to lack capacity in some areas, they should be provided space to participate in forest management as the project design intends.

Certification of the two production forests was achieved at least partly because, as a well-funded project, SUFORD was able to provide the financial inputs necessary for the involvement of the provincial forest offices. However, this is not sustainable and SUFORD should establish a mechanism connected with log sales for financing annual auditing costs and the five-yearly reassessments.
Selected Findings of the Research Project

Tentative findings of IGES research on the three certification models include the following:

**To certify community-based forestry operations, to market the certified products, and to retain the certificates require complex models tuned to local needs and conditions and long-term commitment from support organizations:** The achievements of the support organizations in preparing communities for forest certification should not be underestimated. For example, starting from a position where they may be illiterate and may even have no maps to delineate the extent of their forests, the FPCD took resource owners through a series of capacity building exercises to a point where they were felling and milling timber using modern portable sawmills from set ups in their forests managed according to demanding international standards. In Indonesia, PERSEPSI was in a more advantageous position in that villagers were concerned for the sustainable management of their planted forests and had established farmers’ groups partly for this purpose. Nevertheless, the forests would not have been certified without the capacity and institution building provided by PERSEPSI and its representation on behalf of the villages to the national certification scheme, LEI. Although questions remain about some elements of PSFM in Lao PDR, the Government and its international collaborators have succeeded in having a decentralized model of forest management certified that stipulates benefits for communities.

The evolution of the three models reveals that the support organization may have to do more than bring communities to a point where their forests are certified and they are exporting certified timber. The FPCD conducts a course on business management for producers that is affiliated to the Small Business Development Corporation’s Start Your Business and Improve Your Business program, which includes topics such as business awareness, business planning, cash flow, profit and loss statement, forms of business, legal responsibilities, record keeping, and bank reconciliation. The need for this type of training is partly due to the fact that rural communities in PNG may not have developed appropriate norms for handling sudden inflows of cash. If this is to be used constructively, capacity building and guidance are necessary.

Another illustration of a “certification plus” approach is provided by PERSEPSI’s decision to establish a microfinance program for the two certified villages in Wonogiri Regency. Traditionally, the community forests have been viewed by the villagers as a type of “savings” that can be drawn on in times of need, e.g. for health and schooling. Unless villagers secure other finances they will continue to harvest their trees on a need-for-cash basis and will not be able to fill international orders. PERSEPSI thus introduced microfinance to enable households to invest in income-generating activities and to meet their education and medical expenses.

**The economic benefits to communities of forest certification are potentially significant, but are not assured:** An assumption underlying forest certification is that certification will provide timber producers access to international markets that are willing to pay a premium for certified timber. If this assumption holds, the benefits for communities could be significant. However, communities face considerable challenges in meeting the demands of international buyers and premiums are not common (Oliver 2005; TTF 2006; UNECE/FAO 2006). The three models have approached these challenges in different ways with different results.

The FPCD has sold three containers of eco-timber through the Imported Tropical Timber Group to a buyer in New Zealand that provided flexible orders for small volumes of timber. While the buyer did not pay a premium, producers secured prices of US$450/m³ for their sawn eco-timber on the international market, compared with US$150/m³ offered by the domestic market. For the
eco-timber producers, this provided them with a large income relative to their other income sources, which most commonly were small amounts earned from the selling of surplus garden produce, cacao, or copra. However, the eco-timber operations were heavily subsidized by the FPCD and the net income of the exported timber that is received by each producer cannot be calculated until appropriate cost assignment is undertaken under the FPCD model.

The two villages in Wonogiri Regency supported by PERSEPSI have only sold certified wood on one occasion—for the manufacture of souvenirs for a United Nations Children’s Fund workshop in January 2005. Interest in the certified timber has been expressed by European companies, but the communities cannot meet their demands for quantity, diameter, grain, and straightness. A pertinent issue is that because they have several significant income sources some villagers do not have an economic incentive to be involved in the regular production of certified timber.

In Lao PDR, Village Forestry practiced under FOMACOP contributed significantly to village income (about US$40–US$80/year/villager, including children, compared with the daily minimum salary of US$0.50 [SmartWood 2006]). However, it is yet to be seen whether the certification of Participatory Sustainable Forest Management will provide an important source of village income. Despite being certified in 2005/2006, the two Group Management and Certification Units in Khammouane and Savannakhet provinces have yet to export certified timber.

Another contrast is that the FPCD and PERSEPSI models provide the necessary capacity building for communities to harvest their timber, whereas under PSFM in Lao PDR this is mostly conducted by contractors. The FPCD model is exemplary for equipping resource owners with the skills to mill timber in situ according to the specifications of international buyers. Some villagers in Lao PDR have expressed a desire to take on the role of harvesting the certified timber (ibid), but are not provided the opportunity to do so and lack the necessary capital.

**The impacts of certification can be wide-ranging and unexpected:** Amongst the studied models, the noneconomic benefits of forest certification ranged from increased capacity of communities to manage and log their forests sustainably to strengthened community institutions. When asked why they were interested in forest certification, resource owners producing eco-timber under the FPCD model mostly explained that they hoped to pass on their forests to their children and future generations. One older producer stated that even though he might die any day, he would like his children and grandchildren to benefit from the forest. The resource owners viewed forest certification as a means of conserving their forests, while allowing them to conduct a small-scale harvesting and milling operation. Certification in Wonogiri Regency, Java had an unexpected result in bringing considerable outside attention to the way in which Sumberejo and Selopuro villages manage their forests. Residents expressed pride in the fact that their forest management systems were receiving this external acknowledgement.

**Producing the volumes and quality of timber demanded by international markets is a difficult challenge that will require further model development:** Because community-based enterprises typically harvest low volumes of timber on an irregular basis, filling the orders of international buyers is a major challenge. Under the FSC group certification system the certificate holder can build up the number of certified producers and pool their production. Having recently received its FSC group certificate, the FPCD must now pay greater attention to expanding the number of certified producers. PERSEPSI is also seeking to increase output and is facilitating the certification of forests in four other villages and is planning on combining the output of all six villages. Finding markets that match timber supply potential of the certified forests in Lao PDR
will be challenging as the management plans stipulate the harvesting of low volumes of diverse species.

**Policy support is needed to increase the number of certified community-based forest operations:** Although forest certification emerged as a response to the perceived failure of governments to sustainably manage their state forests, without strong public policy support certification for community-based forestry will only progress very slowly in developing countries. While the support organizations have shown a great deal of innovation in designing certification models suited to the sites they are working in, their resource capacity to reproduce and further develop their models is limited. In countries where the certification of community-based forestry could contribute to forest conservation and livelihood creation, national forest policies should make resources available for piloting, awareness raising, and capacity building to present forest certification as a viable development option to communities.

The three case studies provide interesting contrasts. In PNG, there is no direct Government policy support for the type of forest management model advocated by the FPCD. The FPCD’s task is made more difficult by the Government’s presentation of industrial-scale logging as the main development option for resource owners. The FPCD model offers a path for resource owners to sustainably manage and harvest their own forests, but for resource owners this path is lengthy, laborious, and requires commitment, whereas industrial-scale logging offers large payments of cash for little effort.

In contrast, in Indonesia the Government has been a strong supporter of certification and played a key role in the formation of the country’s national certification body, Lembaga Ekolabel Indonesia. In Wonogiri Regency, PERSEPSI was able to win the support of the local government, which issued a regulation—Peraturan Desa/PERDES—to promote the forest management system established under the PERSEPSI model. This active local government support was absent in Madang Province where the FPCD is implementing its certification approach.

In Lao PDR, as a result of the FOMACOP experiment with Village Forestry, the Government passed legislation to establish PSFM as the management regime for production forests. Through the participation of the provincial forest offices in the Group Management Certification Units, the Government plays a central role in managing the certificates. While Government support for the certification of forests managed by communities is necessary, there is also a danger that direct involvement as forest managers will compromise some of the principles of certification such as community participation and rights. Tensions can arise when officials who are accustomed to centralized forms of forest management must implement a participatory forest management regime that is externally audited and reduces their influence.

**Cost assignment and recovery is an area that all the models have to work on if they are to demonstrate replicability:** Forest certification in developing countries, especially for communities, is often heavily subsidized, but this poses problems for replication. The support organizations behind the three studied models were particularly concerned to demonstrate that community-based forest management can be certified and that this process is beneficial for communities. They must now turn greater attention to determining how costs should be assigned and which costs should be recovered.

Certification costs are commonly separated into auditing and compliance costs. The auditing costs alone can be considerable and would seem to average about US$20,000 per visit for FSC group certification. The Indonesian PHBML scheme has an advantage in this respect as the certifying body was paid about US$3,450 to certify the two forests in Wonogiri Regency. A
strength of the FSC group certification is that the certificate holder can increase the number of certified forests managed under the certificate, which could be used to bring the per unit production costs of yearly auditing down. All three models must now demonstrate that they are capable of meeting auditing costs without ongoing subsidization.

Demonstrating replicability requires a full costing of inputs, a justification of any subsidization, and assignment of costs to different actors. This extends beyond auditing and compliance costs to include awareness raising and capacity and institution building activities that the support organizations are involved in. While it is possible to justify the subsidization of such activities, over the long term production activities should not be subsidized. The FPCD, for example, can demonstrate that the gross income from the export of eco-timber for individual producers can be significant, but during the testing of its Community Forestry Approach it has effectively been subsidizing production costs by transporting timber from the road end to the port and allowing producers to use its portable sawmills. The FPCD model will have to develop systems for passing these costs on to producers.

Space for national schemes to coexist alongside international schemes must be created: A challenge specifically facing PHBML is that its international recognition is limited. Although there has been interest from buyers for LEI certified timber from the Sumberejo and Selopuro forests, FSC certification would likely provide still greater market access. PERSEPSI is thus intending to have forests in all six villages where it is promoting certification, including Sumberejo and Selopuro, FSC certified. This is unfortunate because PHBML auditing costs are lower and a strong sense of national ownership of this scheme can be expected.

Forest certification as an instrument of sustainable forest management clearly benefits from having national standards and organizations to promote them. One of the greatest challenges facing certification in developing countries is ownership. Some stakeholders may feel that foreign certification standards are being thrust upon them by international donors that pay inadequate attention to local forest management systems. In contrast, the PHBML system was informed by a review of community-based forest management types in Indonesia and thus is tuned specifically to Indonesian conditions. The Programme for the Endorsement of Forest Certification schemes (PEFC) is a global mutual recognition program that could be used to give PHBML greater market status. However, FSC remains the preferred scheme of some governments and private sector buyers. There is thus a need for FSC and LEI to explore options for how PHBML can co-exist alongside FSC group certification.

Stepwise approach: Forest certification can be a difficult process and may take many years to acquire. Stepwise or phased approaches have been developed as a means of inducing forest managers to follow a path towards certification. Under stepwise approaches forest managers commit themselves to achieving full certification by taking consecutive steps in this direction. The first step is usually to ensure that forest operations are legal, i.e. that they comply with all forest regulations. This approach is expected to be sufficient for some buyers to grant market access or to pay higher prices, which provides the necessary incentive to the forest managers to participate in the stepwise process.

Stepwise approaches have not been designed specifically with community-based forest management in mind, yet preparing communities for certification can be a lengthy process that could benefit significantly from stepwise approaches. Combining fair trade certification with
forest certification is one option for developing a stepwise approach specifically for certifying community-based forestry operations.\(^4\)

**The need for a regional platform to regularly channel, synthesize, and build upon the lessons and knowledge accumulated by practitioners:** Through piloting and experimentation, individuals and organizations at particular sites in various countries of the region are accumulating a wealth of knowledge on the certification of community-based forestry. However, there is currently little sharing of this knowledge at a regional level. A regional platform could facilitate regular lesson sharing, draw attention to best practices, and build further momentum for the certification of community-based forestry.

**Forest certification should not be pursued before weighing it against alternative instruments for forest conservation and community development:** The case study models highlight the fact that the certification of community-based forest management is a lengthy, costly, and very involved process, with uncertain outcomes. There is a danger that organizations advocating forest certification will introduce it into areas where it does not represent the most cost-effective option for sustainable forest management. Merely because a forest can be certified does not mean that it should be. Before forest certification is introduced into a locality, a preassessment of the forest resource, aspirations of the local community, social relations and obligations, capacities and institutions, and livelihood strategies, should be undertaken. Communities should also be fully informed of the potential benefits, risks, and cost implications. Through a process of mutual learning, both the support organization and the community will be in a position to make a more informed decision on whether to pursue forest certification.

**Concluding Statement**

In this paper we have reflected on a number of broad observations drawn from IGES research on innovative models to certify community-based forestry. The models reviewed under this research project have experienced mixed results, including some significant achievements in difficult settings. Most importantly, they offer important insights into how certification could support sustainable community-based forestry and the conditions to which it may be suited. Further documentation of these and other innovations as they continue to evolve will provide additional lessons for understanding certification’s role in a pro-poor forestry agenda.

\(^4\) The Forest Management and Product Certification Service Ltd. in PNG has developed a unique stepwise model that consists of three distinct steps for producers: Step 1: Community Based Fair Trade Certification; Step 2: Precertified status; Step 3: FSC certification (see http://www.forcert.org.pg/).
References


