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Providing insights in certification schemes for sustainable forest management in Gabon

Sietze van Dijk, Suzanne Stas, Mark van Benthem

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Authors: Sietze van Dijk, Suzanne Stas, Mark van Benthem

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P.O. Box 253, 6700 AG Wageningen, The Netherlands
tel. +31317-46 65 55, fax 0317-41 02 47
mail@probos.nl
www.probos.nl

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About Probos

Probos is committed to sustainable forest management. We collate and develop information and knowledge and communicate it to foresters, policy makers and organizations in the forest and timber sector, in the Netherlands and worldwide. As an independent knowledge institute, based in Wageningen, the Netherlands, we work for and with governments, the private sector and non-governmental organizations. Probos supports decision making processes, both national and international.

Since our establishment in 1965, as a strongly committed team of professionals we work for a wide range of both public and private clients, including in our capacity as Dutch National Correspondent for bodies such UNECE, Eurostat, FAO and ITTO and more recently in the framework of the FLEGT Independent Market Monitor (IMM). Private clients include Association Technique Internationale des Bois Tropicaux (ATIBT), Global Timber Forum (GTF), European Sustainable Tropical Timber Coalition (STTC), IDH, the Sustainable Trade Initiative, European Timber Trade Federation (ETTF), Universities (a.o. Wageningen, Gent, Hamburg), Friends of the Earth, WWF and Chatham House.

Abstract

In 2018, Gabon's president announced that all forest concessions in the country should be certified by the Forest Stewardship Council (FSC) standard by 2022. This is a challenging ambition: firstly, to become certified in such a tight timeframe and secondly, because some companies recently embarked on the way towards getting certified under the also internationally recognised Programme for Endorsement of Forest Certification (PEFC)/Pan African Forest Certification (PAFC) Gabon standard for sustainable forest management (SFM).

Since the 2018 announcement, the forest sector has been strongly mobilised, aiming at gathering and sharing of knowledge and information on the various certification schemes for SFM. The Union des Forestiers et Industriels du Bois du Gabon (UFIGA) requested Probos to compile objective information in one document to more easily inform stakeholders, both from the forest based industry and representatives from government and (public) institutions in Gabon, about the development and concept of forest certification, the forest certification schemes that are relevant for Gabon, the results of existing comparative analyses on certification standards for Gabon, the costs and benefits of certification and the appreciation of certified timber products in consumer markets.

Forest certification emerged during the 1980s in response of a growing international concern about the extent and rate of deforestation and forest degradation and the role tropical timber trade played in this. Certification of SFM was considered as a tool to help fight unsustainable logging practices and to reward operators that meet sustainability standards. This resulted in the 1990s in the establishment of the first forest certification schemes: first the international standards for FSC and a few years later for PEFC. Over time, the FSC and PEFC became internationally applicable and gained more support in the global marketplace.

Forest certification is a tool to provide independent third-party verification of SFM and supply chains based on requirements defined by certification schemes. These requirements are usually defined in principles, criteria and indicators. Certification schemes generally consist of 1) standards, which describe the requirements of the certification 2) certification process, which is the process of establishing whether or not the standard has been met and 3) accreditation, which is the mechanism that ensures that organizations which undertake certification are competent and produce credible results. Forest certification is the addition of 2 types of certification: forest management certification (evaluation of conformity at forest level) and COC certification, which is the means to transport information about the forest management certificate to the final consumer of wood and wood-based products. Product tracing, also called Chain of Custody (CoC), is a mechanism that links final wood products to the forest where the timber originates and is needed to make product claims and associated labelling.

FSC and PEFC have both their own approach: the FSC is a global scheme with a set of international principles and criteria and global requirements that can be tailored to national or regional specifics; the PEFC acts as a mechanism for the recognition and endorsement of national schemes that meet PEFC requirements. The forest certification standards that are relevant for Gabon are the FSC national standard for Gabon and the PEFC-endorsed PAFC Gabon standard.

Desk research was conducted and experts contacted to find existing comparisons of relevant standards. Apart from the assessments described below, i.e. the Dutch Timber Procurement

Assessment Committee (TPAC) and the WWF Certification Assessment Tool (CAT), other recent comparative assessments on relevant forest certification schemes have not been performed.

TPAC assesses whether certification schemes meet the comprehensive Dutch timber procurement sustainability criteria (TPAS), analysed the PAFC Gabon standard as part of the overall assessment of PEFC International in April 2020. At all criteria PAFC Gabon obtained maximum scores, resulting in full compliance with the TPAS. That is the same score as TPAC's last judgement of FSC International in 2015.

In 2018, the WWF Certification Assessment Tool (CAT) tested the certification schemes and standards of the regional FSC Congo Basin and the PAFC Gabon schemes based on a pre-defined set of criteria. FSC scored better on the overall standard strength, whereby both FSC and PAFC scored similar where it comes to workers' right, biodiversity and pollution, waste and GHG emissions. At the overall system strength, e.g. how standards are developed, how governance is organized, etc., FSC showed better results. However, at the level of Standard Setting and CoC, again both FSC and PEFC showed similar scores.

Benefits of certification of SFM include the streamlining of forest operations due to improvements in efficiency and enhanced control over production processes; maintaining access to certain markets; in some cases (like Gabon) a reduction in (tax) costs, fulfilling legally required administrative obligations; boost the public image of companies; and improved livelihoods for nearby communities. Direct costs of certification include those associated with the certification process, such as the fees to conduct initial assessments and subsequent audits, hold stakeholder consultations and prepare reports. Indirect costs could include investments in machinery, staff training, infrastructure and logistics to improve forest management. Usually, direct certification costs decrease per unit of wood production or forest area, while indirect costs increase as operations increase in size.

Market appreciation of certified responsibly sourced timber and timber products is best reflected by its growing demand in the market place, driven by e.g: 1) timber procurement policies, which stimulate timber market actors to adopt responsible sourcing practices 2) green building assessment schemes, under which timber only scores well if it is demonstrably responsibly sourced 3) the development of regulatory frameworks like the EU Timber Regulation (EUTR), US Lacey Act and the Australian Illegal Logging Prohibition Act (ILPA) and 4) the increasing importance of Corporate Social Responsibility (CSR) and public image in the private sector.

To demonstrate full compliance with the SFM certification standard, several steps are needed, such as preliminary and verification audits and on-site assessments. Besides certification of SFM, CoC certification is required to label a timber end-product as certified.

Preface

We are often faced with the question why there should exist two seemingly similar forest certification schemes and why a company would choose to be certified under both schemes.

PEFC and FSC are organized in completely different ways and standard development and verification mechanisms are distinct. If the final standards are still similar, it proves more than anything that the sustainable path we are following is the right one. Two systems also guarantee healthy competition and that both standards invest in further improvements. As some regional markets tend to favour one scheme over the other, double certification can also improve the market access for producers. It also creates a safety net for companies forced to leave one of the schemes when new guidelines introduce restrictions which they can no longer bear.

However, these advantages will only last if new regulations, such as multinational licensing schemes, are aligned to these socially, environmentally, and economically sustainable forest certification schemes and not only to legal aspects. If they are set at a lower level, the future of PEFC and FSC in the vulnerable tropics is uncertain, and the achievements made through certification are on the brink.

Certification must, can and should become an even more accepted and supported tool in international efforts to protect our world's forests through sustainable forest management. The possibility to rely on the two highest certification schemes is thus not only an advantage for companies but also for governments, societies, and the environment.

Precious Woods Holding Ltd.

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Abbreviations

ASI	Assurance Services International
CAR	Corrective Action Requirements
CAT	Certification Assessment Tool
CfA	Council for Accreditation
CoC	Chain of Custody
CSR	Corporate social responsibility
EU	European Union
EUTR	European Union Timber Regulation
FLEGT	Forest Law Enforcement Governance and Trade
FPIC	Free, Prior and Informed Consent
FSC	Forest Stewardship Council
GHG	Greenhouse gas
ILPA	Illegal Logging Prohibition Act
ITTO	International Tropical Timber Organization
LAS	Legality Assurance System
NGO	Non-Governmental Organization
PAFC	Pan African Forest Certification
PEFC	Programme for Endorsement of Forest Certification
SFM	Sustainable Forest Management
SMFE	Small or Medium size Forest Enterprise
STPP	Sustainable Timber Procurement Policy
TPAC	Timber Procurement Assessment Committee
VPA	Voluntary Partnership Agreement
WWF	World Wide Fund for Nature

1 Introduction

1.1 Background

In 2018, at the occasion of a visit to a Rougier wood processing plant, Gabon's President Ali Bongo Ondimba announced that all forest concessions in Gabon will have to be certified by the Forest Stewardship Council (FSC) standard by 2022 (see text box) Currently, there are about 40 active logging concessions in Gabon, covering nearly 14 million hectares[1].

As part of the implementation of this ambition, the Gabonese Minister of Water and Forests, Prof. Lee J. White, signed in January 2020 a cooperation agreement with the FSC. Recalling the measure taken by the President to set 2022 as the target year for FSC certification of all Gabonese forest concessions, Minister Lee White encouraged companies operating in the timber sector to "embark on their journey towards certification" in order to ensure their reliability on the international market[2].

Over time, several countries drew inspiration from the principles and criteria of forest management certification schemes for redefining their national forest legislation. However, directly borrowing these criteria and indicators has remained modest. The Gabonese President took the unprecedented decision to use a private sector instrument, FSC certification, for public regulation purposes. Meaning that the quality requirements (certification standards) and control (annual auditing) of the sustainable management of forest concessions is basically onto an international organization (the FSC) and certification bodies.

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Gabon pressures forestry firms on best practice
by Staff Writers
Libreville (AFP) Sept 26, 2018

"Gabon will pull forestry permits from firms that have not embraced an international standard on responsible logging by 2022", President Ali Bongo Ondimba said. Ondimba made the statement in support of a certification process run by the Forest Stewardship Council (FSC), an international NGO devoted to better forestry management. "By 2022, all loggers have to be 'committed' to FSC certification", said the president, "Any forestry business operating in Gabon that is not committed to the certification process will have its permit withdrawn".
Oil-rich Gabon sees its forests, which cover 85 percent of its surface area, as a means of diversifying its economy. Just over two million hectares (4.9 million acres) - 14 percent of forested land - is FSC-certified in Gabon today. In the Congo Basin, one of the world's richest sites for tropical timber, only Cameroon, Congo Brazzaville and Gabon have FSC certificates.

Till now, Gabon's government has only mentioned the FSC standard in their ambition to certify all forest concessions in the country by 2022. Besides FSC, there is another certification system for sustainable forest management active in the region: the Pan African Forest Certification (PAFC), part of the Programme for Endorsement of Forest Certification (PEFC). Three PEFC members in the region, PAFC Cameroon, PAFC Congo (Republic of Congo) and PAFC Gabon

[1] https://www.timbertradeportal.com/countries/gabon/
[2] https://fsc.org/en/newsfeed/fsc-in-gabon-starting-the-journey-towards-100-certification

(which was first endorsed by PEFC in 2009), are joining forces in developing a regional certification system called PAFC Congo Basin. The new regional system will substitute the national systems from Gabon and Cameroon, while it will be the first for Congo.

The first PAFC certification took place in Gabon in 2018, covering an area of nearly 600,000 hectares. Recently, the tax law “Loi des Finances Rectificative 2020” accorded the same fiscal incentive for FSC and PAFC certified concessions, i.e. a reduction of 25% of the surface tax.

1.2 Scope of this report

Since the 2018 announcement of Gabon’s President that all forest concessions will have to be FSC certified by 2022, the forest sector has been strongly mobilised, aiming at gathering and sharing of knowledge and information on the various certification schemes for SFM. However, so far there is no overarching report describing both certification schemes in one document. Therefore, the Union des Forestiers et Industriels du Bois du Gabon (UFIGA) requested Probos to compile objective information with the aim to inform stakeholders, both from the forest based industry and representatives from government and (public) institutions in Gabon, about the intentions of certification of Sustainable Forest Management (SFM) and the timber (products) Chain of Custody (CoC).

In chapter 2, we describe the emerge of forest certification. Next, we discuss the concept of forest certification and provide an overview of existing international certification standards (chapter 3) and standards relevant for Gabon (chapter 4). Further, we present the results of existing comparative analyses of the certification standards for Gabon (chapter 4). In chapter 5, we describe the costs and benefits of certification and the international market appreciation of certified timber. Finally, in chapter 6, we provide an overview what steps need to be taken towards certification.

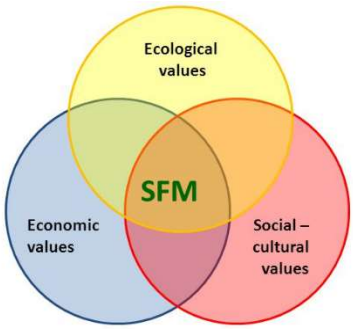
2 The emerge of forest certification

2.1 Growing international concern about forests

Forests emerged in the international policy agenda during the 1980s as a result of growing concern about the extent and rate of deforestation. The focus of many environmental non-governmental organizations (NGOs) was on undertaking campaigns to raise awareness and advocate boycotts, particularly of tropical timber, in an attempt to reduce pressure on these forests. Donor-supported activities increased assistance for capacity-building and more holistic approaches, such as national forest programmes. **At the same time, tropical timber traders began to realize that they had only little information about the sources of their wood products, and had not taken any control over the environmental and social impacts of their trade decisions.** Therefore, they realized the value in a mechanism that would provide a credible way to source wood and wood based products from forests with acceptable social and environmental management. From this, the certification of forest management and related product labelling emerged.

2.2 The emerge of forest certification

Sustainable forest management (SFM) is defined as a "dynamic and evolving concept, which aims to maintain and enhance the economic, social and environmental values of all types of forests, for the benefit of present and future generations"[3]. Forests and trees, when sustainably managed, make vital contributions both to people and the planet, bolstering livelihoods, providing clean air and water, conserving biodiversity and responding to climate change.



The role of trade in forest products as a contributing factor to forest degradation and deforestation has long been subject of international debate. Commercial harvesting is one of the factors contributing to forest disturbance and damage, either directly through poor management or indirectly by providing access to forests for other users. Therefore, trade has become a key issue to work towards promoting sustainable forest management. This issue has been the focus of the International Tropical Timber Organization (ITTO) since its inception in 1987.

In 1989, Friends of the Earth and several other NGOs proposed the ITTO to study the possibility of labelling timber from tropical forests to indicate whether the products come from sustainably managed sources. However, some producer countries expressed concerns about the position of timber that could not be labelled and consequently the initiative was abandoned. In 1992, a major study was undertaken on economic linkages between the international trade in tropical timber and the sustainable management of tropical forests, which concluded that **trade in topical timber was not a major cause of deforestation, but emphasized the need for positive economic incentives**[4].

[3] http://www.fao.org/forestry/sfm/en/

[4] LEEC, 1993. The Economic Linkages Between the International Trade in Tropical Timber and the Sustainable Management of Tropical Forests. Final Report and Technical Annexes. London Environmental Economics Centre, IIED, London, UK.

It was on the US West Coast where forest certification first emerged by setting up a scheme that could differentiate environmentally benign products in the market. Resulting from this, **the first forest certification scheme, the Forest Stewardship Council (FSC), was established in 1993.** Until 1997 the FSC remained practically the only operational certification system in the world. It served as a focus for policy discussions and promotion of certification. **Without these initiatives, certification would certainly not have made a fundamental impact on the setting of forest standards, auditing their compliance for forest management and labelling certified products in the international market.**

However, private forest owners and players in the global forest products industry considered certification as an actual or potential threat, for various reasons[5]:

- Concern among tropical timber producers that certification would be a new barrier to markets, particularly in Europe and North America;
- Fears in the forest products industry that the FSC would gain too much influence over the industry if FSC certification was widely embraced by the market, giving it a global monopoly;
- Concern among small-scale private forest owners that certification would reduce their rights to control management of their forests and would result in huge increases in costs and bureaucracy;
- Resistance amongst forest owners and managers to the concept that other stakeholders had an equal right to be involved in defining what is good forest management;
- Concern within governments that the multi-stakeholder approach and international endorsement of national forest management standards required by the FSC would undermine national sovereignty over natural resources.

Initially, the reaction among those who did not support the FSC was to oppose certification completely. However, it gradually became clear that in a global economy where independent verification was widely accepted as a normal part of business, this was not a viable approach. Therefore, a number of other schemes began to emerge, emphasizing the national context of certification. National-level schemes started to emerge in a number of different countries covering a wide range of forest types, including, among many others, Indonesia, Canada, Finland, Brazil and the US. However, the emerging national schemes were all faced with the problem of 'recognition and acceptance' in export markets. Certification was being largely driven by retailers in Europe and North America who had three important concerns:

1. NGO support: certification was often being used as a means of brand protection, so it was crucially important that any scheme they used was supported by campaigning NGOs;
2. Global coverage: big retailers purchase globally, making it much easier to adopt one global scheme such as the FSC rather than appraising the merits of many different national schemes and getting consumers to understand different national environmental labels;
3. Sufficient supply: many companies made commitments to procure only certified products, so the issue of sufficient supply of all types and sources of wood was crucial.

The FSC was already established, was internationally applicable and had support from most of the major NGOs. However, in some regions its progress on the ground had been slow, resulting in a problem of inadequate supply. Therefore, the acceptance of other schemes gained importance among buyers. At the same time, more participative national schemes began to

[5] Nussbaum, R., Simula, M. 2005. The forest certification handbook (2nd edition). Earthscan, London, UK.

look at the concept of mutual recognition as a means of providing international coverage and credibility to facilitate acceptance in the global marketplace.

In 1997, this resulted in the establishment of the Pan-European Forest Certification (PEFC) scheme as a mechanism to allow mutual recognition of - initially in Europe only - national certification schemes. At the end of 2003, the PEFC decided to expand its geographical scope to become a global framework for assessing and recognizing national and regional forest certification schemes. Changing its name to the Programme for the Endorsement of Forest Certification (which allows the acronym PEFC to remain unchanged), the scheme is now a global framework for mutual recognition among national schemes, PAFC Gabon being the first national system in Africa that achieved PEFC endorsement in 2009.

2.3 Illegal logging and forest governance in Gabon

Over time, illegal logging and trade in associated timber products have received increasing attention. Illegal logging is responsible for vast environmental damage in developing countries, and impoverishes rural communities who depend upon forest products for a living. According to the World Bank, it also costs governments in developing countries an estimated 10 billion to 15 billion Euros every year in lost revenue[6]. The issue of illegal logging was the focus of a Group of Eight (G8) summit in 1998, resulting in the publication of the Action Programme on Forests. The European Union's response was the Forest Law Enforcement Governance and Trade (EU FLEGT) action plan, which was adopted in 2003. It proposes measures to increase the capacity of developing and emerging-market countries to control illegal logging, while reducing trade in illegal timber products between these countries and the EU.

Gabon has made efforts to address illegal logging, a significant problem the country has struggled with for decades. In 2001, Gabon passed a Forest Law that calls for good governance and the sustainable management of forests. Forests are also a key component of the 2005 Gabon Growth and Poverty Reduction Strategy and of the 2012 Strategic Plan on 'Rising Gabon' (Plan stratégique Gabon émergent). One of the pillars of this strategic plan, called 'Green Gabon' (Gabon Vert) sets ambitious goals with regard to sustainable forest management and certification: "Instituting sustainable forest management and transforming Gabon into a global leader in certified tropical timber production[7]". **The "plan stratégique Gabon émergent" describes two strategic actions to establish forest certification in Gabon: firstly, to promote and support PAFC certification among forest operators (FSC certification is not mentioned in this plan); and secondly, the finalization of the FLEGT VPA[8]**. In 2016, a draft of the revised forest law was finalised. Over time, this draft version was withdrawn in order to include and modify sections related to biodiversity conservation and sustainability. After the modifications, the results will go through a multi-stakeholder review process providing an opportunity for all stakeholders to discuss these challenges in the forest sector. Both the private sector and civil society organisations are pushing for participation in this forest law reform process[9].

[6] http://www.euflegt.efi.int/illegal-logging

[7] http://documents1.worldbank.org/curated/en/141281569299034895/pdf/Gabon-REDD-Readiness-Project.pdf

[8] Bureau de coordination du plan stratégique Gabon émergent, n.d. Plan Opérationnel Gabon Vert. Horizon 2025. Donner à l'Emergence une trajectoire durable.

[9] The draft Forest Code that had been submitted to the National Assembly for consideration was withdrawn by the current Minister to take into account additional concerns related to environmental issues. https://www.timbertradeportal.com/countries/gabon/#legality-profile

Under the FLEGT action plan, Gabon and the EU began negotiating a Voluntary Partnership Agreement (VPA) in September 2010. Awareness raising, consultation sessions and forest sector assessments helped stakeholders identify forest governance challenges and build the legality definition. The EU and Gabon have had initial discussions on the legislation and indicators to include in the VPA legality definition and the basis on which to build a timber Legality Assurance System (LAS). However, progress has been slow and there has been no negotiation session since 2011. Nevertheless, in November 2019 the Forest Ministry expressed the intention to relaunch the negotiations[10].

In September 2018, Gabon's President called its forest based industry to engage in third party SFM certification and become FSC certified by the year 2022. Although fully in line with the Strategic Plan on 'Rising Gabon' 2012 (pillar 'Green Gabon'), realizing the vast forest area designated for production, **the ambition is challenging indeed. Not only because of the challenge to become certified in the first place, but also because some companies just recently embarked on the way towards being certified under the also internationally recognized PEFC/PAFC Gabon standard.**

In 2020, four companies operate under FSC and/or PEFC certification in Gabon and a total forest area of 2,527,039 hectares[11] has been certified, of which 1,930,217 hectares[12] is FSC certified (SFM, including controlled wood) and 596,822 hectares[13] is both FSC and PEFC/PAFC certified (see also section 3.5).In addition to this, several companies obtained 'legal logging' certification.

Besides this, it remains challenging that not all concession holders are convinced yet of the necessity of forest certification, e.g. due to lack of customer demand, being fearful of the additional administrative procedures or being satisfied with current practices. Others might be concerned about the feasibility of the governments ambition or are already in the process of legality verification, the latter being considered a significant step towards full SFM certification.

[10] http://www.euflegt.efi.int/background-gabon

[11] Please be aware that at least one company has obtained both FSC and PEFC/PAFC certification, due to which some areas may be mentioned under both certification schemes (e.g. Precious Wood).

[12] https://info.fsc.org/

[13] PEFC annual review 2019, https://cdn.pefc.org/pefc.org/media/2020-04/428b28a8-8f04-45c0-af1c-d911bc0039b5/430e50ab-6653-50a6-875b-449823c04679.pdf

3 How forest certification works

3.1 What is a forest certification scheme

Forest certification is a tool to provide independent third-party verification whether defined requirements of sustainable forest management and supply chains are met. Certification schemes usually consist of three essential elements[14]:

1) Standard. This describes the requirements of the certification. Standards are developed by standard-setting bodies.
2) Certification. This is the process of establishing whether or not the standard has been met, usually performed by a certification body or 'certifier'.
3) Accreditation. This entails the mechanism for ensuring that the organizations which undertake certification are competent and produce credible, consistent results ('certifying the certifiers').

Forest and forest-product certification combines two levels of certification: the way in which the forest from which the timber is sustainably managed (SFM) and the chain of custody (COC) in order to - ultimately - inform the (end-)user of the forest-based products that these originate from sustainably managed forest resources. This is done by the labelling of forest products.

Standard setting organisations, like FSC and PEFC, cannot certify themselves. **The actual certification audits are done by so called certification bodies or certifiers that need to become accredited to do so.**

For this accreditation, FSC established in 2006 Assurance Services International (ASI) as an independent assurance partner for leading global sustainability standards and initiatives. ASI accredits certifiers, to certify against voluntary sustainability standards. FSC appointed ASI as their sole international accreditation body.

PEFC accreditation of certifiers goes through national Councils for Accreditation (CfA) which, in turn, needs to be a member of the International Accreditation Forum. In case in a specific country no CfA exists, certifiers may be accredited in neighbouring countries that do have a CfA.

If the certification scheme is used to identify products from certified forests and to make product claims, this needs to be controlled by the following mechanisms (Figure 1):

- Tracing: The process in which the material is traced in each stage, from the certified forest to the final product, referred to as 'chain of custody' (CoC).
- Claims and labelling: Ensuring that claims about forests, products or labels are clear, credible and honest.

[14] Nussbaum, R., Simula, M. 2005. The forest certification handbook (2nd edition). Earthscan, London, UK.

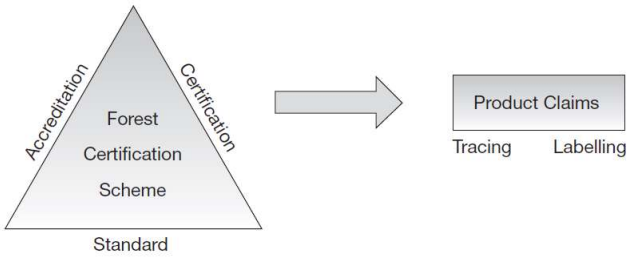


Figure 1. A schematic representation of the three essential elements of credible forest certification schemes and the derived product claims (Nussbaum & Simula, 2005).

3.2 Forest management standards and basic requirements

Forest management standards describe the requirements that must be met by any organization wishing to become certified and against which certification assessments (audits) are made. These requirements are usually defined in principles, criteria and indicators. Principles provide an overall framework and set out a vision of sustainable forest management. Criteria are categories of conditions or processes by which sustainable forest management can be assessed. Each criterion is divided into a set of indicators that represent the requirements to be met by the company to become certified can be monitored to measure change over time.

Robust forest certification schemes require independent third-party verification, covering both forest operations (SFM) and supply chains (CoC). SFM certification ensures that the forest is managed sustainably. CoC certification traces certified timber from the certified forest to the final product, ensuring that through the entire production chain the material is not mixed with timber from non-certified sources (Figure 2).

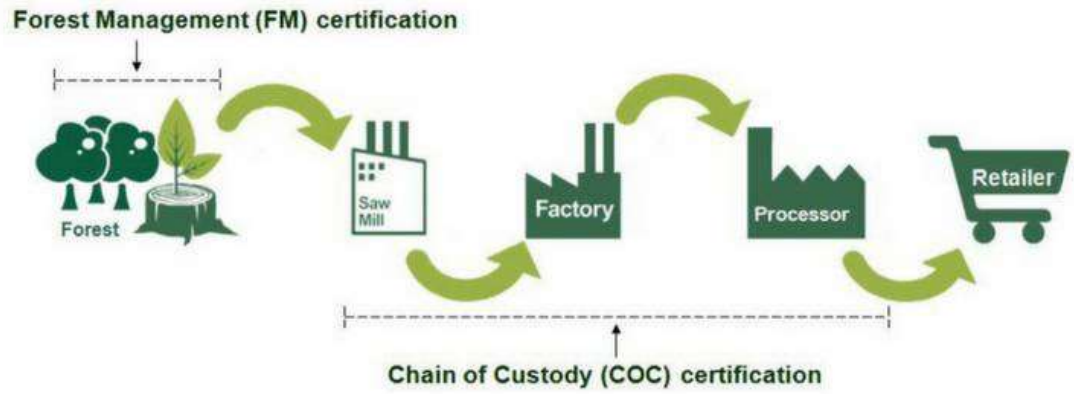


Figure 2. A representation of the various stages in sustainable timber production chains, showing the steps that require sustainable forest management and Chain of Custody certification (Source: https://au.fsc.org/en-au/for-business/fsc-certification).

The two main international certification schemes are the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC). Both schemes have their own approach: **the FSC is a global scheme with a set of international principles and criteria and global requirements; the PEFC acts as a mechanism for the recognition and endorsement of national schemes that meet PEFC benchmark requirements.** Based on these international standards, both national and regional standards exist or are 'under construction' still. Section 4.1 describes the relevant forest certification schemes for Gabon.

Although there are no universal requirements that define sustainable forest management, there is broad agreement that requirements need to address legal, technical, environmental and social issues. Text box 1 summarizes the basic requirements that are covered - to varying extent - of the international certification schemes.

Text box 1. Typical requirements for certification standards that define sustainable forest management (derived from Nussbaum & Simula, 2005).

Legal requirements
- Resource rights
- Operate legally (compliance with relevant national and international laws)
- Control of unauthorized activities

Technical requirements
- Forest management planning
- Forest inventory and resource assessment
- Appropriate silviculture and ensure sustained yield
- Economic viability of forest management
- Forest operations and operational planning
- Monitor operations and the state of the forest
- Training and capacity-building
- Forest protection, including from pests, diseases, fire and other natural problems
- Control, minimization and proper use of chemicals and biological control

Environmental requirements
- Full assessment of environmental resources and impacts and adequate planning to minimize negative impacts
- Conservation and environmental protection, including the identification and good management of important features and values
- Waste management, including reduction, reuse and recycling wherever possible

Social requirements
- Health and safety for employees and contractors
- Workers' rights
- Assessment of social impacts and interaction with stakeholders
- Recognition and protection of the rights and needs of forest users
- Encourage and support employment and development for local communities

3.3 Applicability and flexibility of certification standards

Forest standards need to be sufficiently detailed to provide a basis for auditing, but at the same time need to be applicable to the wide range in forest types, sizes and locations. Therefore, it is not possible to develop a single global standard that can be used for all forests. Instead, a system can be designed that produces a linked set of standards that can be applied to any forest type. This can be done in two ways:

- The single-system approach, where a generic international standard is defined at a level that is applicable to any forest type, including guidelines for the development and approval of more detailed national or regional interpretations. This approach is followed by FSC.

- The mutual recognition approach, where national or regional standards are developed independently and a system is subsequently defined for assessing whether or not the standards are compatible. The system used to carry out the mutual recognition assessments must have clear requirements to ensure that all participating schemes meet an acceptable minimum 'benchmark' standard. This is the approach adopted by PEFC.

Some requirements of certification standards are less relevant or applicable for small or medium size forest enterprises (SMFE). To satisfy the needs of SMFE who wish to become certified, both FSC and PEFC offer group certification schemes, making it affordable for small forest owners to become certified. It enables group members to share costs and workload for obtaining and maintaining forest certificates.

3.4 FSC and PEFC sustainable forest management standards

FSC's principles and criteria set out the global requirements for responsible forest management (FSC International Standard: Principles and Criteria: FSC-STD-01-001 V5-2 EN [15]). The FSC standard contains ten principles, to which forest operations must comply. The principles cover a broad array of issues, ranging from maintaining high conservation values to community relations and workers' rights, as well as monitoring the environmental and social impacts of the forest management. Principles have been developed to be globally applicable and relevant to all kinds of forest ecosystems and a wide range of cultural, political and legal settings. Each principle consists of several criteria, to provide practical ways of working out whether the principles are followed.

National FSC standard development working groups adapt the international generic indicators at the regional or national level to reflect the diverse legal, social and geographical conditions of forests in different parts of the world, incorporated into a National Forest Stewardship Standard.

In case a national (or regional) standard has not been developed (yet), FSC auditing can be based on the generic criteria and indicators. However, being able to do so, the certifying body (CB) should establish a national baseline reflecting the 'country at stake' specifics, against which auditing and certification may be done. Based on these national adaptations - and public consultation - the standard will be used as long as there is no standard developed nationally by the national FSC initiative.

PEFC's sustainability benchmarks describe the global requirements for sustainable forest management (PEFC Benchmark Standard: Criteria for SFM: PEFC-ST-1003:2018[16]). This benchmark sets out the requirements that national standards and their development process must meet in order to achieve PEFC endorsement. National standards are customized to that specific country and its local conditions. Each national standard goes through a detailed and rigorous development and endorsement process, reviewed after five years at the latest, and revised if necessary. When developing or revising a standard, based on a detailed

[15] https://fsc.org/en/document-centre/documents/resource/392
[16] https://standards.pefc.org/the-standards/sustainable-forest-management

stakeholder analysis, all representatives of stakeholders are invited to participate in the standards setting processes.

Worldwide, currently there are 213,277,450 hectares of forest certified with the FSC label, 43,778 FSC CoC certificates issued and 1,742 FSC FM/CoC certificates issued[17]. At present, almost 320 million hectares of forest area globally is managed in compliance with PEFC's sustainability benchmark standard. Currently, over 20,000 companies and organizations have achieved PEFC CoC certification[18].

Although the above mentioned figures impress, due to 'double certification' where companies choose for obtaining both certificates over a single operation, globally about 93 million ha, or 18 per cent of the total certified area is double certified across 33 countries. Canada, Russia and Sweden are the countries registering the highest area registered under both PEFC and FSC[19].

3.5 Operating two timber certification systems

In some cases it might be desirable to operate two timber certification schemes. As FSC and PEFC do not have a mutual recognition mechanism, it is difficult to combine both FSC and PEFC certified wood flows to make a 'FSC and/or PEFC certified' or a joint product claim. Further, some clients request that timber is certified according to a specific standard. To be able to meet the demands of all markets and clients, companies are both FSC and PEFC certified. Double certification can also be a strategy to reduce risks: as certification standards are regularly revised and updated, double certification increases the chance that standards remain applicable and suitable for certain companies and sites and that the products remain certified. An example of this is the debate on intact forest landscape protection in certified natural forests[20].

3.6 Standard-setting procedures

Transparent standard-setting procedures [21] are essential for the development of certification standards and must enable broad stakeholder participation. Standard-setting is done by working groups, which consist of a balanced stakeholder representation and should allow all relevant parties to participate. Working groups develop inquiry drafts of the proposed standard, which are then shared for public consultations to provide for additional input and comments. The window for consultations is generally 60 days.

Stakeholder comments are incorporated in the final draft of the certification standard, aiming at full consensus among parties. Pilot tests may be performed with selected forest based companies to identify remaining gaps or suggestions for improvement. Once consensus has been reached, the final drafts are presented to the boards of directors of the respective standardizing bodies (PEFC or FSC). If the board formally approves the final draft as certification standard, the new binding certification standard is published. In general, a transition period of one year is recognized, before a newly published certification standard becomes

[17] https://www.fsc.org/en/facts-figures (September 10,2020)
[18] https://pefc.org/discover-pefc/facts-and-figures (September 10, 2020)
[19] https://cdn.pefc.org/pefc.org/media/2020-01/de73c4e1-7a28-46d2-b71d-b86100497b9d/f995b54a-aab1-52af-a47e-83ddc9825712.pdf
[20] http://www.europeansttc.com/debate-on-fsc-intact-forest-landscape-protection-continues/
[21] Struwe, J. and Specht, T. 2015. Introduction to forest certification schemes. Tropical forestry handbook.

mandatory and replaces previous versions. **Certification standards are regularly reviewed and revised, revision cycles shall not exceed five years to ensure that standards are kept up to date with developments.** The general standards setting procedure is visualised in Figure 3.

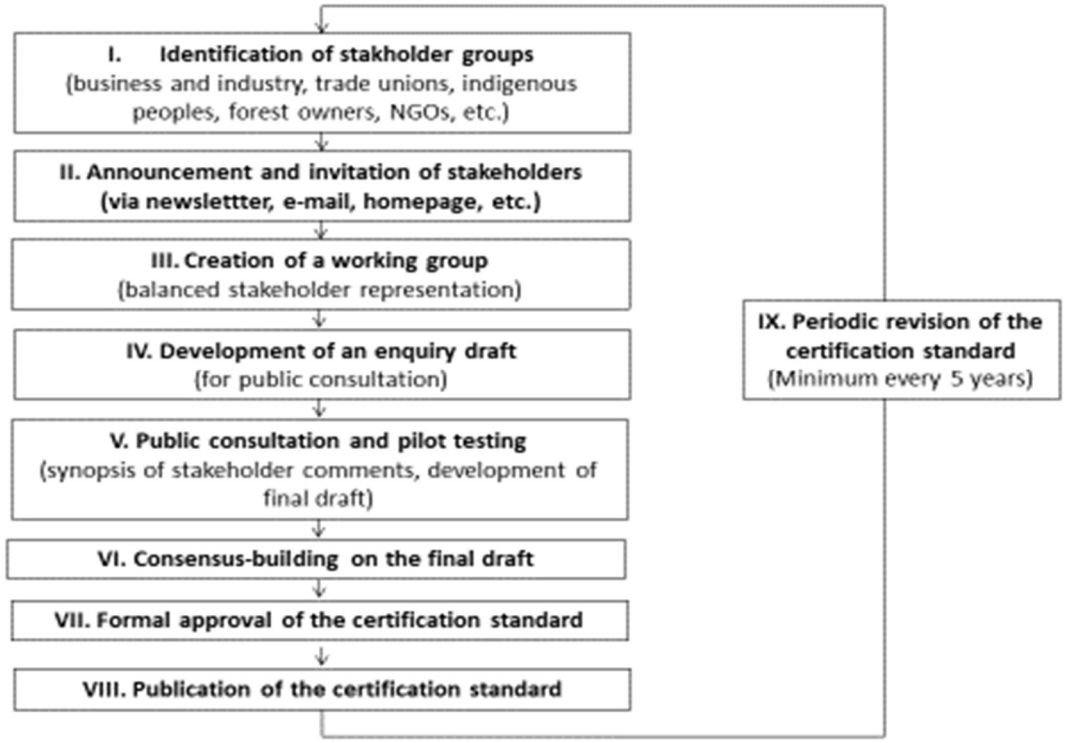


Figure 3. A schematic representation of standard-setting and revision procedures of forest certification schemes (Struwe & Specht, 2015).

3.7 Chain of Custody certification

If a product claim is made that the wood is originating from sustainably managed forests, it is necessary to have full control over the entire production chain. For this, it is necessary to have a mechanism that links final wood products to the forest where the timber originates from, which is known as product tracing or “Chain of Custody” (CoC). **Originally, CoC was developed as a mechanism to trace timber, but over time there has been an increasing awareness to cover broader topics as well, such as labour conditions.**

Once a tree is harvested, it may go through a range of manufacturing processes before it becomes a final product. The wood may be cut, peeled, chipped or broken down into fibre, divided into separate loads, may change ownership several times, and will often be further processed (Figure 4). At any of these stages there is the risk that wood may be mixed with similar material from uncertified sources. **CoC certification is a verifiable system of traceability for certified wood or wood based materials throughout the production chain.** It is important to demonstrate at each stage that the material being transported, processed or sold is certified, and that it has not been mixed with or contaminated by material from other sources [22].

[22] Nussbaum, R., Simula, M. 2005. The forest certification handbook (2nd edition). Earthscan, London, UK.

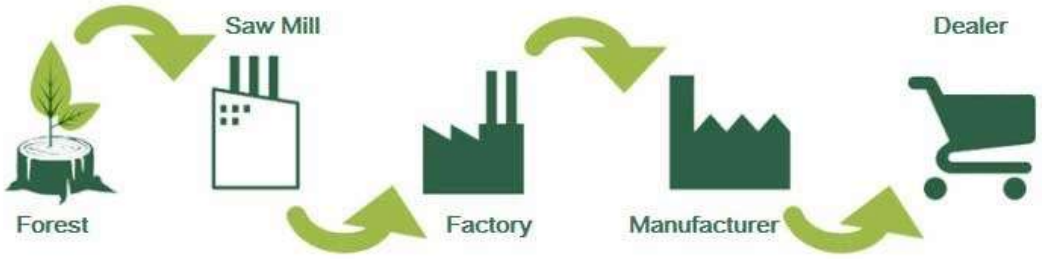


Figure 4. A schematic representation of a supply chain, in which each owner needs to have its own CoC system and certification[23].

The basic concepts of the chain of custody (CoC) certification[24] is for each certification scheme overall similar and come down to tracking and tracing. Since each certification system uses its own standard, there are slight differences. E.g. under PEFC quality or environmental management systems (ISO 9001 or ISO 14001 respectively) may be used to implement the minimum requirements of CoC management systems.

[23] https://elliotts.uk/timber-chain-of-custody
[24] https://sustainableforestproducts.org/node/90

4 Forest certification in Gabon

4.1 Relevant certification schemes for Gabon

The forest certification schemes that are relevant for Gabon are the FSC Congo Basin standard and the FSC national standard for Gabon (nearly approved), and the PEFC-endorsed PAFC Gabon standard.

In addition, the PAFC Congo Basin is in its last stages of development. This new regional system will substitute the national system of Gabon.

Since 2012, under the FSC scheme, there is a Congo Basin sub-regional standard for the certification of sustainably managed forests (FSC-STD-CB-01-2012) [25]. The standard covers the Congo Basin countries of Cameroon, Democratic Republic of Congo, Republic of Congo, Gabon, Central Africa Republic and Equatorial Guinea. Similar to this, Gabon has its national FSC standard (FSC-STD-GAB-01-2012) which, however, till present is virtually the same as the Congo Basin regional standard.

The FSC national standard for forest certification in Gabon was conditionally approved by the FSC Policy and Standards Committee (PSC) at its meeting in May 2020. The minor conditions for approval as given by the PSC were addressed by the FSC Standard Development Group (SDG) of Gabon at its meeting on July 10, 2020. The fully approved FSC standard will be published before the end of the third quarter of 2020 after the closure of the addressed approval conditions by the FSC Policy and Standards Office.[26]

The PAFC Gabon national standard for the certification of sustainable forest management was developed in 2005 and endorsed by PEFC in 2009[27] re-endorsed on November 12, 2014 and most recently reviewed at November 14, 2019 being the first national system in Africa that achieved PEFC endorsement. The PAFC Gabon standard and its principles, criteria and indicators for SFM can be found here.

At present, three PEFC members in the region, PAFC Cameroon, PAFC Congo (Republic of Congo) and PAFC Gabon, are joining forces in developing a regional certification system, the PAFC Congo Basin. The shared language and similar forest types and forest legislation in the three neighbouring countries enables them to share one system. The new regional system will substitute the national systems from Gabon and Cameroon, while it will be the first for Congo. The Democratic Republic of the Congo (DRC) and the Central African Republic are observant to this process. This is considered an important stimulus for them to engage into national forest certification processes as well (Oral comm. UFIGA, Sept. 2020).

The project aims to develop a regional certification system by local stakeholders, taking into consideration their needs and its application in the field, while meeting PEFC's international benchmark requirements. PAFC's visibility is expected to increase significantly in Central Africa,

[25] https://fsc.org/en/document-centre/documents/resource/273
[26] https://africa.fsc.org/en-cd/actualits/id/406
[27] https://www.pefc.org/discover-pefc/our-pefc-members/national-members/pafc-gabon#:~:text=The%20Pan%20African%20Forest%20Certification,NGO%2C%20created%20in%20October%202004.

as is the supply of certified wood. The collaboration allows to pool financial and human resources while sharing knowledge and experiences. The management of the system will be centralized and administered by a single regional coordinator, increasing the efficiency of the system's implementation and facilitating external communication, similar to the (sub-)regional offices of FSC.

Till present, in Gabon four companies have obtained 'third party verified' SFM certification, covering a total forest area of 2,527,039 hectares. Of this, 1,930,217 hectares[28] is FSC certified while 596,822 hectares[29] is both FSC and PAFC certified.

As markets may express a specific preference for SFM labeled forest based products - either PEFC or FSC - forest companies may consider becoming certified under both schemes, thus ensuring market access regardless the preferred certificate in the marketplace. **While certification under both schemes supports the global marketing of forest based products, the additional costs for 'double certification' are modest** (estimates indicate an additional cost of maximum 25%[30]), as both schemes' requirements are largely similar and both aim at the same: the sustainable management of forests.

4.2 Analysing the certification schemes

Comparing and scoring certification standards according to a pre-defined set of criteria is a detailed and time-demanding job. Additionally, it is valuable to include experiences with the certification standards from various parties involved in the timber chain, which can be gathered through interviews. Such detailed analyses fall outside the scope of this assignment. Instead, desk research was conducted and experts contacted to find existing comparisons of relevant standards. Apart from the assessments described below, i.e. the Dutch Timber Procurement Assessment Committee (TPAC) and the WWF Certification Assessment Tool (CAT), other recent comparative assessments on relevant forest certification schemes have not been performed. This gap is expected to be filled by a forthcoming study by NEPCon who has been contracted by the European Commission earlier this year to carry out a study entitled "Study on Certification and Verification Schemes in the Forest Sector and for Wood-based Products ". The expected main output will be a report that includes an overview of certification and verification schemes and certificates being used in the area of forest and wood-based products and an assessment on their respective strengths and weaknesses. However, at present the project is in its phase of public consultations still, and results (expected mid 2021) cannot be referenced yet.

In general, the PAFC Gabon standard is structured around less principles (4) and criteria (15) compared to the FSC Congo Basin standard (which has 10 principles and 68 criteria), but offers more indicators and verifiers to guide the implementation of the standard. Realising that the standard setting approach under PEFC is basically 'bottom up' and based on broad consensus among stakeholders, the clear guidance by multiple verifiers supports the practical use of the standard and leaves little room for interpretation at the time of auditing.

Dutch Timber Procurement Assessment System (TPAS)

[28] https://info.fsc.org/
[29] PEFC annual review 2019, https://cdn.pefc.org/pefc.org/media/2020-04/428b28a8-8f04-45c0-af1c-d911bc0039b5/430e50ab-6653-50a6-875b-449823c04679.pdf
[30] Oral communication UFIGA; Sept. 2020

Although not a tool for mutual comparison, the Dutch Timber Procurement Assessment System (TPAS) seeks to provide assurance to national and local government institutions that the wood products they purchase meet the sustainability and legality requirements of the Dutch government. TPAS is viewed as a 'comprehensive' policy[31], similar to the UK timber procurement policy, referring to governments that draw up their own criteria for what they consider as 'sustainable'. **The Timber Procurement Assessment Committee (TPAC) is a body within the TPAS to provide guidance to assess evidence of compliance. The objective of the Committee is to facilitate the Dutch government's commitment to procure 100% verified sustainable timber products.** Next to a set of clear procurement criteria for timber which have been developed with stakeholders, TPAC has distinct procedures to ensure that its assessments are transparent, reliable and verifiable.

The Dutch procurement criteria consist of principles and criteria for certification systems that address:

- Sustainable Forest Management;
- Chain of Custody and labelling;
- Development, application and management of certification systems; and
- Procedure on endorsement of certification systems.

In April 2020, TPAC assessed the PAFC Gabon standard as part of the overall assessment of PEFC International[32]. **At all criteria under the above mentioned principles and criteria PAFC Gabon obtains maximum scores[33], resulting in full compliance with the Dutch Procurement Criteria**. This means that PEFC International, including PAFC Gabon, proves to be a rigorous certification standard. Last TPAC judgement of FSC International (FSC Principles & Criteria V5.0) dates back to 2015. **TPAC concluded that FSC is conforming to the Dutch Procurement Criteria and that all principles are fully addressed and obtain maxim scores.[34]** The 2015 assessment is to date still valid, which means that both FSC and PEFC meet the Dutch Procurement Criteria.

WWF Certification Assessment Tool (CAT)

In 2015, the World Wide Fund for Nature (WWF) introduced its Certification Assessment Tool (CAT) to according to WWF 'test the strength of certification systems and their standards on issues that matter to us and many other stakeholders worldwide'[35]. **In 2018, the regional FSC Congo Basin[36] and the PAFC Gabon[37] schemes were assessed using this WWF CAT tool.** Both were evaluated on standard strength and system strength:

Standard strength: The requirements that forestry operations need to fulfil in order to become certified. This covers environmental issues such as biodiversity, water and soil management, pollution and greenhouse-

[31] Brack D, Promoting Legal and Sustainable Timber: Using Public Procurement Policy, Chatham House, September 2014

[32] Summary Report of the Final Judgement of PEFC International by the Timber Procurement Assessment Committee (TPAC), April 2020.

[33] Assessment Matrices for the Dutch Procurement Criteria for Timber TPAC assessment of PAFC (PEFC Gabon), April 2020

[34] https://tpac.smk.nl/Public/TPAC%20Assessments%20results/TPACPublicAssessmentReportFSCMAR2015.pdf

[35] https://wwf.panda.org/?246871/WWF-Forest-Certification-Assessment-Tool-CAT

[36] WWF International, 2018. WWF certification assessment tool V4.0. Forest Stewardship Council (FSC) standard for the Congo Basin. https://wwfeu.awsassets.panda.org/downloads/cat_gabon_fsc.pdf.

[37] WWF International, 2018. WWF certification assessment tool V4.0. PAFC Gabon scheme and standard. https://wwfeu.awsassets.panda.org/downloads/cat_gabon_pafc.pdf.

gas emissions, and social issues such as land tenure, community relations and workers' rights.

System strength: The rules and procedures that regulate the system. This includes how the management and other standards are developed and verified, the control of the certification bodies, governance and grievance procedures, and chain of custody and labelling issues.

WWF is one of the founding members of FSC and has contributed to the themes and terminology that is used in the FSC standard, which might partly overlap with the assessment topics and wording used in the WWF CAT. That said, the WWF CAT tests the strength of certification systems based on a pre-defined set of 160 criteria, analysing both the system and standard strength.

To summarize the outcomes of the 2018 assessment of both PAFC Gabon and FSC Congo Basin, **FSC scored better on the overall standard strength, whereby both FSC and PAFC scored similar where it comes to workers' right and biodiversity (both high scores) and pollution, waste and GHG emissions (both low scores).** At the **overall system strength, the rules and procedures that regulate the system, FSC showed better results.** However, at the level of **Standard Setting and Chain of Custody (CoC), both FSC and PEFC showed similar scores.**

Because of the way certification schemes are structured and the major impact revision of standards can have on forest management, revision processes are time consuming. This may (temporarily) result in less up-to-date standard requirements for certification. As a consequence, emerging issues of increased interest in SFM related debate, may not (yet) be covered by the standards' latest version. This may explain why both FSC and PEFC score poorly in the CAT 2018 assessment on criteria related to e.g. GHG emissions.

Another **explanation for scoring discrepancy between both systems lies in the topics addressed, the way questions are asked and scoring is done (yes/no). Several questions in the CAT assessment seem to be based on how FSC is structured, with no room for alternative approaches.** To illustrate this: PAFC scores 'extremely poor' in this CAT where it comes to 'accreditation'. However, this doesn't mean that accreditation within PAFC is poorly addressed (see 3.1). It is addressed differently. The CAT assessment doesn't give room for entering an alternative. FSC and PEFC are different schemes, with different approaches and differences in how topics are addressed - not necessarily meaning topics aren't covered -.

PEFC embraced the outcome of the CAT analyses, stating **'PAFC is highly compatible with the expectations of WWF, meeting more than two thirds of the WWF requirements for standard strength.'**[38] PEFC already expected that the regional FSC Congo Basin standard is more aligned with the CAT requirements. PEFC states: 'This is to be expected given WWF's strong involvement in, and preference for FSC. WWF is not only the founder of FSC at the global level, but has also been the driver behind FSC developments (including the standard) in the Congo Basin …' [39].

[38] https://pefc.org/news/new-study-highlights-strength-of-pafc-gabon
[39] https://pefc.org/news/new-study-highlights-strength-of-pafc-gabon

5 Why certify: costs & benefits and market appreciation

Forest certification is a market mechanism to promote the sustainable use and management of forests and to identify 'sustainably produced' products for the consumer. **A certification label on a forest product informs potential buyers that the product originates from a well-managed forest in accordance with a given set of standards.** Companies and consumers concerned about social and environmental issues and their reputation, are expected to give preference to products carrying such a label, and they may also be prepared to pay higher prices for them. Forest managers may be motivated to pursue certification for various reasons, ultimately leading to improvements in the quality and the sustainability of forest management.

5.1 Costs and benefits of certification

Usually, forest managers voluntarily decide to apply for certification. They may do so to maintain or increase access to (international) markets, to safeguard their image, in expectation of better prices for their products, and / or to achieve social and environmental goals.

Benefits

In many cases, the most immediate benefit of certification for forest managers is the streamlining of forest operations due to improvements in efficiency and enhanced control over production processes. Although certified forest products do not always obtain higher prices compared with uncertified products, certification may be essential for maintaining access to the global marketplace. **Certification, both FSC and PEFC/PAFC has been shown to be a valuable tool for positioning products in the marketplace, especially those originating from (semi-)natural (tropical) forests.** In many sectors in the forest based industry, certification is increasingly becoming the norm rather than the exception.

In addition, some **governments reduce costs for operators that meet sustainability requirements.** E.g. in Gabon recently, the tax law "Loi des Finances Rectificative 2020" accorded a reduction of 25% of the surface tax as a fiscal incentive for FSC and PAFC certified concessions.

Certification is also associated with improved livelihood for communities at or near certified operations. A 2005 CIFOR study[40] found that certification in developing countries improved workers' conditions, reduced social conflicts, and secured land tenure and user rights of nearby communities. A number of studies demonstrate the ways in which certification leads to increased information sharing and engagement with indigenous groups that border certified timber operations. This involvement goes beyond cursory, creating mechanisms for disenfranchised groups to be compensated for adverse impacts. These benefits may not be surprising given the unprecedented focus, made concrete by numerous criteria and indicators, on the role of people and communities affected by timber harvesting operations.

[40] Spilsbury, M.J. 2005. The sustainability of forest management: assessing the impact of CIFOR criteria and indicators research. Impact Assessment Papers no. 4. CIFOR, Bogor, Indonesia.

Certification can also provide confirmation that a product fulfils legal requirements - such as those established by laws aimed at preventing the trade of illegal timber products - and may help producers and traders in fulfilling legally required administrative obligations, like those in the EU, USA and Australia. **Forest certification may significantly contribute to improved forest conservation outcomes**, and encourage sustainable forest use. Further, forest certification can help boost the public image of companies, both those that pursue certification in their own forest operations, and those that purchase certified products.

Costs

Forest managers are faced with direct and indirect costs during the process of becoming certified. **Direct costs include those associated with the certification process, such as the fees paid to certifiers to conduct initial assessments and subsequent audits, hold stakeholder consultations and prepare reports.** On average, these direct costs of certification for forest estates over 400,000 hectares range from € 0.06 to € 0.42 per hectare. Research from Bolivia estimated the overall direct costs at € 0.16 per hectare per year[41].

Achieving certification may also require investments in machinery, staff training, infrastructure and logistics to improve forest management in compliance with the certification requirements. These indirect costs could be much higher than direct costs, depending on the gap between the existing quality of forest management and that required to meet the certification standards. The increase of forest management costs may range from 5 to 40% of which forest inventories, reduced impact logging, improved forest infrastructure and monitoring & reporting are most significant[42].

A study on the cost of certification by Oréade-Brèche (2017[43]) concluded that **if a Congo Basin based company is third party legally certified already, that approx. 80% of the costs to obtain full SFM certification are already covered** by this, meaning that the additional costs to become FSC or PEFC/PAFC certified are significantly lower. This may be an important incentive for companies who wish to engage in certification in a step-wise approach towards full SFM certification.

Figure 5 gives an overview of potential financial impacts of (FSC) forest management certification on profit and loss.

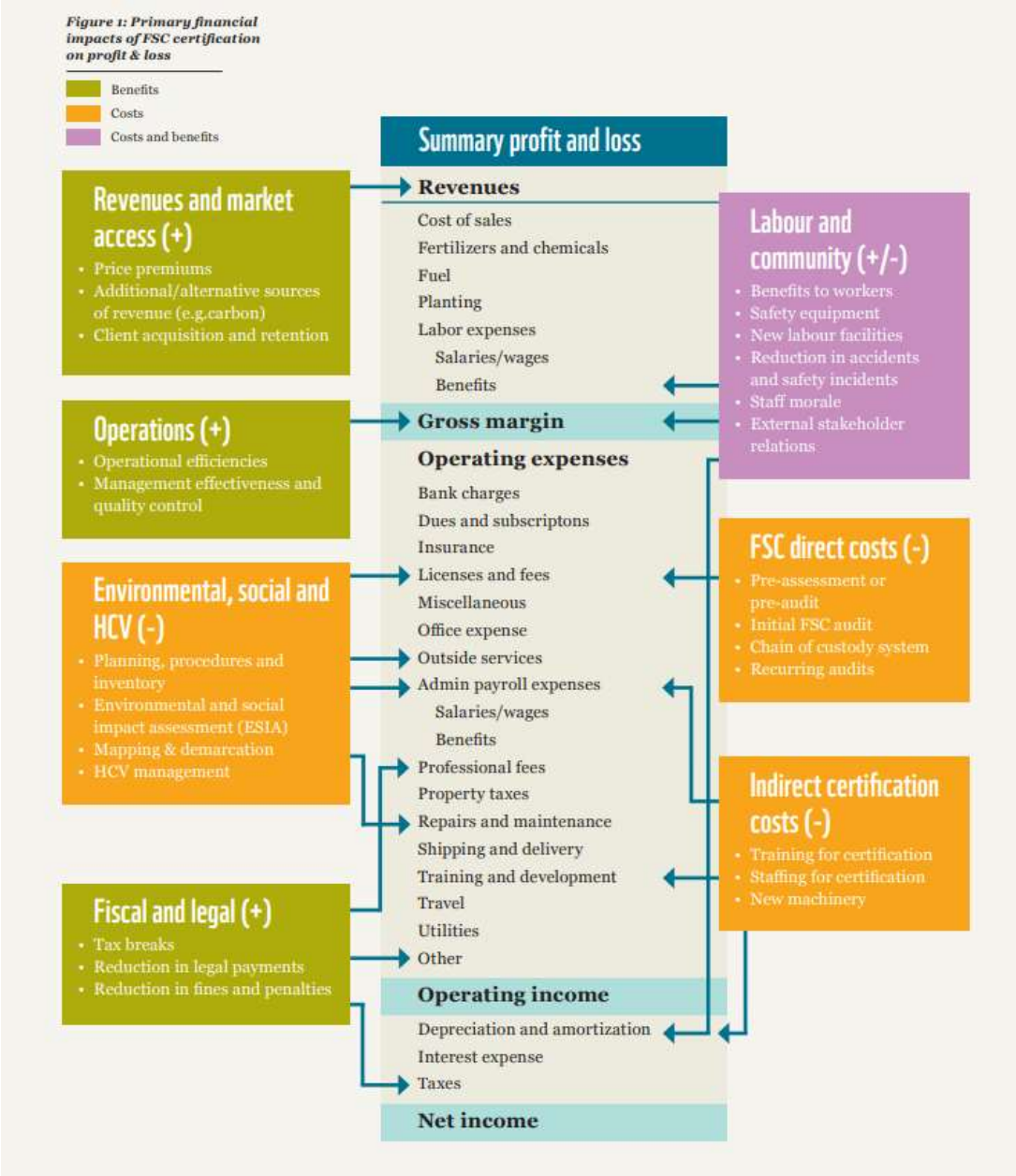
[41] Breukink, G., Levin, J., Mo, K. 2015. Profitability and sustainability in responsible forestry – economic impacts of FSC certification on forest operators. WWF.

[42] ibid

[43] Oréade-Brèche, 2017. Etude d'évaluation des coûts et des bénéfices liés à la certification forestière dans le bassin du Congo

Figure 5. Primary financial impacts of FSC certification on 'profit & loss' (after Breukink *et al.*, 2015).

1



Because the direct costs of certification are relatively fixed, they usually decrease per unit of wood production or forest area, in relative terms, they decline the larger the forest operation. Indirect costs, on the other hand, increase as operations increase in size because of the need to improve practices across larger areas.

5.2 International market appreciation of certified timber

The market appreciation of certified sustainably produced timber and timber products is best reflected by its growing demand in the market place. Aiming at supporting the increase of sustainably managed forests, over time several tools have been developed and put in place as a market mechanism to achieve this. Timber traders, timber trade federations and purchasing (governmental) entities developed policies and guidelines to persuade parties to adapt responsible timber sourcing practices. Here, some of the most significant are briefly described[44].

Sustainable Timber Procurement Policies

Sustainable Timber Procurement Policies (STPPs) send a strong signal to the market, helping persuade timber market actors to adopt sustainable sourcing practices. The number of national governments with STPPs has increased substantially from nine in 2008 to over 25 in 2015, of which 19 are within the EU[45]. There has also been a significant increase in the number of companies with a STPP. Subsequently, this has contributed to a strong increase in Chain of Custody (CoC) certified companies. **In various countries, CoC-certification has become effectively a license to operate.** A number of European timber trade federations have recently developed membership policies, under which CoC certification and achieving an ambitious percentage of sustainable sourcing have become mandatory. There are more timber trade federations to follow.

Green building schemes

The strong development of green building assessment schemes impacts sustainable sourcing. Under these assessment schemes, timber only scores well if it is demonstrably responsibly sourced. Life cycle analyses are increasingly used to demonstrate the environmental impact of various commodities and to score building materials in detail under green building assessment schemes. As part of this assessment, forest certification is used as a tool to demonstrate timber is responsibly sourced (see also 3.5).

FLEGT-licensed timber

The development of the EU FLEGT Action Plan in 2003 and the implementation of the EU Timber Regulation (EUTR) in 2013 are further milestones in the promotion of responsible sourcing. **Although FLEGT licenses are not necessarily considered as evidence of sustainability, they are widely recognized as an important tool for promoting and establishing sustainable forest management.** A combination of both certified operators and a FLEGT-based legal system could provide the best assurance for sustainable forest management. As such, because of EUTR, European timber traders increasingly ask suppliers for certified timber as a way to mitigate the risk of illegal sourcing, because they know that certified companies are complying with e.g. EUTR requirements and that certified companies will be able to provide all legal documents necessary to comply with e.g. the EUTR. The same goes for the US Lacey Act and the Australian Illegal Logging Prohibition Act (ILPA). Therefore, **in the interest of sustainable forest management, it is highly appreciated that the Gabon government aims to resume its VPA negotiation process.**

Corporate Social Responsibility

[44] van Benthem, M., Kremers, J., Oldenburger, J., Stam, N., Sleurink, N. 2018. How sustainable are Europe's tropical timber imports? Estimating the market share of verified sustainable tropical timber on the European market. IDH the Sustainable Trade Initiative.

[45] https://www.chathamhouse.org/publication/promoting-legal-and-sustainable-timber-using-public- procurement-policy

Corporate social responsibility (CSR) is a private business self-regulation tool that aims to contribute to societal goals as a strategic initiative that contributes to a company's performance and reputation. As such, social responsibility initiatives may include standards to reduce company's legal risk by taking responsibility for corporate actions. In international timber trade, **CSR strategies encourage timber trade to make a positive impact on the environment by setting standards for the responsible sourcing of timber and timber products.** Based on these timber trade company's ethics, producers and suppliers are confronted with an increasing demand for certified timber only, especially from large retailers and companies supplying governmental agencies.

6 How to become certified

6.1 The forest management certification process

Achieving forest certification can be a lengthy process, depending on the pre-certification quality of forest management, administration and documentation systems, and on the capacity of the applicant to make the required adjustments. Basic certification requirements address a wide range of economic, social, environmental and technical aspects of forest management, including the well-being of workers and of communities living in and around the forest area subject to certification. The certification process requires that applicants take a number of steps to demonstrate full compliance with the standard. A certificate valid for a specified number of years is issued when compliance has been achieved.

Applicants must take the following steps to demonstrate full compliance with the forest management certification standard, although the sequence and intensity of these steps may vary between schemes and operations[46]:

Preparation	The forest manager ('operator') gathers information on certification by talking to relevant people and from other sources (e.g. online).
Making contact	The operator makes contact with potential certifiers, who provide information about the requirements and details of the certification process and - based on information supplied by the operator - estimate their costs in certifying the operation.
Decision	The operator determines the overall investment needed to fulfil the requirements of certification and the benefits that might be expected. On this basis, it decides whether certification is in its interests, and, if so, which certification scheme and certifier would be most appropriate.
Contract	The operator and the selected certifier enter into a formal contract.
Preliminary audit	Once contracted, the certifier checks relevant documentation to ensure that the documentation requirements of the certification standard are met.
On-site assessment	A team of experts selected by the certifier undertakes a detailed on-site assessment, checking forest operations and consulting with relevant stakeholders, including employees and local people. The team produces a report on the performance of the operator according to the relevant standards.
Adjustments	Depending on the findings of the team of experts, the operator may need to adjust its operation to ensure that it meets the certification standards; these adjustments are often referred to as major 'corrective action requirements (CARs)'. The team of experts may also recommend other actions to improve performance that should be taken during the certification period, often called minor CARs.
Issuance of certification	When the major corrective actions have been taken to the satisfaction of the certifier, the operator is issued with a forest management certificate. Normally, such certificates are valid for several years.

[46] http://www.fao.org/sustainable-forest-management/toolbox/modules/forest-certification/basic-knowledge/en/

Verification audits	To ensure compliance with the standard over the validation period of the certificate and to guarantee that any specified minor corrective actions are taken, certification schemes require an annual verification audit, which include inspection visits by the certifier and may result in new recommendations for corrective actions. In the case of non-compliance with requirements, certification may be suspended.
Renewal	To renew certification on expiry, a new full audit is undertaken.

6.2 Chain of Custody certification

CoC certification ensures that wood contained in an item or product line originates from certified forests. It allows suppliers and traders to label their products, which in turn enables consumers to identify products that originate from certified sustainably managed forests[47]. **To label an end-product as certified, both SFM and CoC certification are required.**

There are two mechanisms for tracing the origin of forest-based products. One involves the strict separation of certified and non-certified materials in all phases of the production and subsequent wood processing processes. In the other, certifiers allow the mixing of certified and non-certified materials under controlled - usually percentage based - procedures to avoid incorporating material from controversial harvesting (mixed sources).

For a product to qualify for CoC certification, all entities along the supply chain must possess a certificate. The process of becoming CoC certified virtually goes through a similar process as the sustainable forest management certification.

[47] In the PEFC system, CoC certification is rolled into the forest management certificate; under the FSC, the two certificate types have separate standards, but can be combined in a joint certificate where applicable (e.g. when an operator is vertically integrated).