

European Family Forest Owners' views on Forest Certification



SKOGSÄGARNA



Norges Skogeierforbund



UCFF
Les Coopératives Forestières



DIE WALD
EIGENTÜMER
AGDW



WaldSchweiz
Verband der Waldeigentümer

This paper was written with the support of the following organisations:

CEPF - Confederation of European Forest Owners

COSE Selvicultores - Confederation of Spanish Forest Owners' Organizations

Dansk Skovforening - Danish Forest Association

Eesti Erametsaliit - Estonian Private Forest Union

Fransylva - Federation of French Forest Owner Associations

HSUPŠ - Croatian Union of Private Forest Owners' Associations

Land&Forst Betriebe Österreich

Lëtzebuenger Privatbësch - Family Forestry Luxembourg

L'Institut Agrícola Català de Sant Isidre

LMSA - Forest and Land Owners' Association of Lithuania

LRF Skogsägarna - Federation of Swedish Family Forest Owners

MIB - Latvian Forest Owners' Association

MTK - Central Union of Agricultural Producers and Forest Owners in Finland

Norges Skogeierforbund - Norwegian Forest Owners' Federation

SVOL - Association of Municipal and Private Forests Owners in the Czech Republic

UCFF - French Forest Cooperatives Association

AGDW - Federation of German Forest Owner Associations

WaldSchweiz - Forest Owners' Association of Switzerland

For further information about the paper, please refer to:

Sven Erik Hammar, LRF and Board member of CEPF

svenerik.hammar@lrf.se

Content

Sammanfattning och slutsatser	3
Summary and conclusions	6
Introduction	9
European family forest owners’ core values regarding forest certification	10
European family forest owners’ assessment of forest certification	12
Governance and organisation	12
1. Comply with the internationally recognised standard-setting and certification procedures eliminate risk of conflicts of interests in the decision-making process	12
2. Allow forest owners’ true participation and offer just role in decision-making	13
3. Recognise the concept of family forest owners and their knowledge.....	14
Sustainability	15
4. Acknowledge existing efforts made to define, enforce and implement Sustainable Forest Management	15
5. Ensure sustainable forest management by balancing all aspects of sustainability	16
6. Give due consideration to climate change and SDGs.....	17
Business growth	19
7. Ensure freedom of trade and market access	19
8. Ensure the economic viability of responsible forestry	20
9. Protect the operational security of land owners	22

Sammanfattning och slutsatser

Skogscertifiering är ett frivilligt, marknadsbaserat verktyg för att främja ett hållbart skogsbruk. I Europa är uppskattningsvis 60 procent av skogarna certifierade antingen via Forest Stewardship Council (FSC) eller Programme for the Endorsement of Forest Certification (PEFC), eller båda.

Sedan 1990-talet har skogscertifiering tillämpats alltmer också inom privatskogsbruket, vilket har haft en positiv inverkan på hållbart skogsbruk i privatägda skogar. Hur tillgängliga och tillämpbara dessa verktyg är för skogsägare, som är ansvariga för att implementera certifieringsstandarderna, är en mycket viktig fråga för Europas skogsägare.

Den här rapporten redogör för familjeskogsägares syn och förväntningar på skogscertifiering. Rapporten beskriver Europas familjeskogsägares kärnvärden när det kommer till förväntningar på hur ett skogscertifieringssystem hanterar styrning och organisation, hållbarhet samt företagsutveckling. Rapporten bedömer och jämför sedan de två certifieringssystemen PEFC och FSC i förhållande till dessa förväntningar. Syftet med rapporten är att definiera familjeskogsägarnas syn på och kärnvärden gällande skogscertifiering samt att ge kunskap och inblick i hur dessa värderingar adresseras i de två dominerande certifieringssystemen.

Gällande **styrning och organisation** bedömdes följande tre kärnvärden:

1. Följ internationellt erkända standardutvecklings- och certifieringsprocedurer samt eliminera risken för intressekonflikter i beslutsprocessen
2. Låt skogsägare delta på riktigt och erbjud dem en rättvis roll i beslutsfattandet
3. Erkänn konceptet familjeskogsägare och deras kunskap

I PEFC är standardutvecklingen, certifieringen och ackrediteringen strikt åtskilda och bygger på internationellt erkända krav för certifiering och ackreditering. När PEFC tar fram skogsbruksstandarder är skogsägare alltid involverade som en del av en öppen process med flera intressenter, och standarder kan inte godkännas utan skogsägarnas (eller någon annan intressentgrupps) samtycke. Skogsägarnas kompetens och långsiktiga engagemang ses som användbara drivkrafter i arbetet för ett mer hållbart skogsbruk. Med ett "bottom-up"-tillvägagångssätt, är ägande- och brukanderätt avgörande inom PEFC för att stärka skogsägaren som brukar och förvaltar skogen.

FSC:s organisatoriska ramverk å andra sidan åtskiljer inte strikt mellan standardutvecklingen, certifieringen och ackrediteringen och de har utvecklat sina egna processer utanför internationellt erkända ramverk. I FSC finns inget krav på att involvera skogsägare som deltagare i processen på ett lämpligt sätt, och standarder kan godkännas utan skogsägarnas samtycke. Dessutom finns det mindre förtroende för skogsägarnas förmåga och intresse att sköta skogarna och använda sin kompetens och sitt omdöme som en bas för att säkerställa ett hållbart skogsbruk. Eftersom skogsägarnas kompetens endast finns med i den ekonomiska kammaren, beaktas inte deras övergripande expertis och kompetens om hållbart skogsbruk (ekonomiskt, miljömässigt och socialt) till fullo.

När det gäller **hållbarhet** bedömdes följande tre kärnvärden:

4. Erkänn befintligt arbete som gjorts för att definiera, genomdriva och implementera hållbart skogsbruk
5. Säkerställ en balanserad behandling av de olika delarna av hållbart skogsbruk
6. På allvar beakta klimatförändringen och FN:s mål för hållbar utveckling (Agenda 2030)

I PEFC har kraven nära anpassats till internationella politiska processer, vilka involverar tiotusentals intressenter, sedan organisationen bildades 1999. PEFC stödjer hållbart skogsbruk och hållbarhetsbegreppet balanseras mellan de tre perspektiven miljömässig, ekonomisk och social hållbarhet. PEFC-systemet har etablerat en mer djupgående syn på hur skogsägaren kan skapa en stabil ekonomisk plattform för att driva en verksamhet som är hållbar i alla tre perspektiv.

FSC har inte knutit sina standarder till erkända internationella skogspolitiska processer och avtal. FSC:s Principer och Kriterier utvecklades från en rad privat framtagna kriterier för hållbart skogsbruk. FSC stödjer också hållbart skogsbruk, men ger mindre utrymme till de sociala och ekonomiska hållbarhetsperspektiven. Detta kan ge negativa effekter för den sociala och ekonomiska hållbarheten, med påverkan på skogsägarens möjligheter att skapa lokal sysselsättning, bidra till landsbygdsutveckling, tillhandahålla hållbart producerade förnybara produkter till samhället samt att investera i de andra hållbarhetsdimensionerna.

När det gäller klimatförändringen och FN:s mål för hållbar utveckling (Agenda 2030) anser Europas skogsägare att det är av yttersta vikt att skogens roll i förhållande till dessa ges rättmätigt utrymme inom skogscertifieringssystemen. Hittills är det svårt att bedöma certifieringssystemen på denna punkt eftersom det inte finns tillräckligt med information och erfarenhet om hur väl de två certifieringssystemen täcker dessa aspekter. Det är emellertid positivt att PEFC:s nyligen godkända internationella standard för hållbart skogsbruk tydligt tar hänsyn till klimatfrågan och kräver att nationella standarder tar hänsyn till detta när de förnyas.

När det gäller **företagstillväxt** bedömdes följande tre kärnvärden:

7. Säkerställa fri handel och marknadstillträde
8. Säkerställ den ekonomiska hållbarheten inom ansvarsfullt skogsbruk
9. Skydda markägarnas förutsättningar för skogsbruk och företagande

När det gäller denna dimension tillämpar PEFC och FSC distinkt skilda tillvägagångssätt. PEFC stimulerar medverkan från såväl mindre som större aktörer, vilket gör att alla aktörer får jämbördigt tillträde till marknaden. PEFC är särskilt väl anpassat för att möta behoven hos skogsägarna och deras företag, vilket möjliggör en positiv ekonomisk inverkan, särskilt på landsbygden där skogsägande och -brukande kan vara en viktig källa till jobb och ekonomisk utveckling. PEFC har etablerat ett "bottom-up"-tillvägagångssätt och en modell som är lättare att förstå och är mer transparent och därigenom lättare att använda och följa. PEFC-systemet kan anses vara mer stabilt, där kraven som ställs upp är tydliga och lätta att förstå och kommunicera till alla relevanta aktörer. PEFC har en mycket transparent certifierings- och standard- och förnyelseprocess.

FSC involverar betydligt färre skogsägare och systemet tenderar att gynna större organisationer, vilket ger dem oproportionerligt marknadstillträde jämfört med små skogsägare. Den höga kostnaden och svårigheten att få tillgång till FSC-systemet genererar marknadsbarriärer främst för mindre och medelstora skogsägare. FSC arbetar genom ett "top-down"-tillvägagångssätt, där det stegvisa sättet att öka kraven gör det komplext och mindre transparent och förutsägbart, vilket kan minska villigheten att delta i skogscertifiering. FSC innebär i allmänhet en högre kostnad för skogsägaren.

Den ekonomiska bördan kopplad till FSC-certifieringen ökas ytterligare på grund av den metod som används av FSC för höga bevarandevärden (HCV). Skogar som betraktas som HCV kan blockera marknadstillträde, och medför därmed en affärsrisk. Bortsett från det faktum att det inte finns någon gemensamt överenskommen definition för HCV, innebär FSC:s nuvarande användning av begreppet ett hot mot skogsägarnas entreprenörsfrihet och äganderätt. Det finns en direkt koppling mellan

utpekandet av HCV-områden och påföljande uteslutning från det FSC-kontrollerade virkesflödet. Osäkerheten kopplad till HCV-processen har en negativ inverkan på viljan att äga och investera i skogar, samt att använda skogen som säkerhet i andra investeringar, såsom jordbruksinvesteringar. Detta minskar i sin tur viljan att ta affärsrisker, både för den lokala skogsägaren men också för exempelvis banker som finansierar investeringar där skogen används som säkerhet.

Slutsatser

Det kan konkluderas att PEFC är bättre anpassat till familjeskogsägares behov och förväntningar. PEFC baserar sin utveckling på internationella skogspolitiska processer, balanserar de tre dimensionerna av hållbarhet i ett "bottom-up"-system och säkerställer mer förutsägbarhet och transparens i sin utveckling. PEFC erkänner dessutom skogsägarnas roll som förvaltare av skogsresursen och deras kunskaper och långsiktiga perspektiv.

FSC å andra sidan är inte utvecklat för att passa familjeskogsägarnas behov. FSC:s modell tenderar att ge mindre utrymme till de sociala och ekonomiska dimensionerna av hållbarhet, vilket inte ger ett balanserat förhållningssätt till hållbarhet. FSC är ett mycket komplext "top-down"-system där mindre aktörer i praktiken kan ha svårt att påverka utvecklingen. Kraven ökar stegvis i en modell som är mindre transparent och med oförutsägbara ekonomiska konsekvenser för skogsägaren. FSC-strukturen gynnar större aktörer som klarar av systemets komplexitet och kostnaderna det innebär. Den höga kostnaden och svårigheten att få tillgång till FSC-systemet i kombination med att vissa företag infört en policy om att enbart köpa FSC-certifierat virke, genererar marknadsbarriärer främst för mindre och medelstora skogsägare. Dessutom skapar användningen av obestämbara koncept, såsom HCV och kontrollerade källor, en betydande risk för skogsägare.

Baserat på ovanstående finns det en tydlig risk för att en situation utvecklas där små och medelstora skogsägare stängs ute från delar av marknaden, vilket begränsar utbud och engagemang och i sin tur får negativa konsekvenser för skogsägaren och dennes möjlighet till en hållbar förvaltning av skogen. Detta är också ett problem för samhället och dess förmåga att uppnå en hållbar utveckling, hantera klimatförändringen och främja en positiv utveckling av bioekonomin, det vill säga att ersätta fossila produkter med förnybara, biobaserade produkter. Privata skogsägare, varav majoriteten är småbrukare, representerar 60 procent av det potentiella träleveransområdet i EU. Utveckling och förtroende för hållbara metoder och marknadstillträde för denna grupp är viktigt för att nå övergripande samhällsmål genom ett hållbart brukande och användning av skogen.

Familjeskogsägare förväntar sig att företag har ett balanserat angreppssätt gällande skogscertifiering, som är inkluderande, respekterar skogsägarens val och inte utesluter gedigna skogscertifieringssystem.

Summary and conclusions

Forest certification is a voluntary, market-based tool to promote sustainable forest management. In Europe, an estimated 60 percent of forests are certified via either the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC), or both.

Since the 1990's, forest certification has been increasingly applied also in private forestry and has had a positive impact on sustainable forest management in private forests. How accessible and applicable these tools are for forest owners, who are responsible to implement certification standards, is a highly relevant topic for Europe's family forest owners.

This paper outlines family forest owners' views and expectations regarding forest certification. It describes the core values of Europe's family forest owners when it comes to expectations on a forest certification scheme concerning governance and organisation, sustainability and business growth. The paper then assesses and compares the two certification schemes PEFC and FSC in relation to these expectations. The aim of the paper is to define the views and core values of family forest owners regarding forest certification as well as to provide knowledge and insight into how these values are addressed in the two dominating certification systems.

Concerning **governance and organisation**, the following three core values were assessed:

1. Comply with the internationally recognised standard-setting and certification procedures and eliminate risk of conflicts of interests in the decision-making process
2. Allow forest owners' true participation and offer just role in decision-making
3. Recognise the concept of family forest owners and their knowledge

In PEFC, standard setting, certification and accreditation are strictly separated, building on internationally recognised requirements for certification and accreditation. In the PEFC development of forest management standards forest owners are always involved as part of a multistakeholder process, and standards cannot be approved without the consent of forest owners (or any other stakeholder group). The competence and long-term commitment of the forest owners are seen as useful drivers in the efforts to make forestry more sustainable. Working with a bottom-up approach, ownership and property rights are essential within PEFC to empower forest owners managing the forest.

The FSC organisational framework on the other hand does not strictly separate between standard setting, certification and accreditation, and has developed its own processes outside of internationally recognised frameworks. In FSC, there is no requirement to involve forest owners as participants in a multi-stakeholder process in an appropriate manner, and standards can be approved without the consent of forest owners. Furthermore, there is less confidence in forest owners' ability and interest to manage the forests and use their competence and judgement as a base to ensure a sustainable forest management. As forest owners' expertise is brought to the economic chamber only, their overall expertise and competence related to sustainable forest management (economic, environmental and social dimension) is not fully taken into account.

Concerning **sustainability**, the following three core values were assessed:

4. Acknowledge existing efforts made to define, enforce and implement SFM
5. Ensure balanced treatment of the different elements of SFM
6. Give due consideration to climate change and SDGs

In PEFC, the requirements have been closely aligned with international policy processes, involving tens of thousands of stakeholders, since the creation of the organisation in 1999. PEFC supports sustainable forest management and the concept of sustainability is balanced between the three major perspectives of environmental, economic and social sustainability. The PEFC system has established a much more profound view on how the forest owner may establish a sound economic platform for running a sustainable business in all three perspectives.

FSC has not sought to link its policies to recognised international forest policy processes and agreements. The FSC Principles & Criteria evolved from a range of privately derived sets of sustainable forest management criteria. FSC also supports sustainable forest management but gives less support to the social and economic sustainability perspectives. This can have negative social and economic sustainability effects, affecting forest owners' ability to create local employment, contribute to rural development, provide sustainably produced renewable products to the society as well as to invest in other dimensions of sustainability.

Concerning climate change and the UN Sustainable Development Goals (SDGs), Europe's family forest owners consider it of utmost importance that the role of forests in relation to these must be given due consideration in any forest certification system. So far it is difficult to assess the certification systems on this point as there is not yet enough information and experience on how well the two certification systems cover these aspects. However, it is positive that the recently endorsed PEFC sustainability benchmark clearly takes into account the issue of climate change and requires national standards to take this into account when they are renewed.

Concerning **business growth**, the following three core values were assessed:

7. Ensure freedom of trade and market access
8. Ensure the economic viability of responsible forestry
9. Protect the operational security of land owners

Concerning this dimension, PEFC and FSC applies distinctly different approaches. PEFC stimulates involvement from smaller as well as larger actors, enabling all actors equal market access. PEFC is particularly well-tailored to the needs of the forest owners and their businesses, enabling positive economic impact especially in rural areas where forest ownership and management can be an important source of employment and economic development. PEFC has established a bottom up approach and a model that is easier to understand and more transparent, thereby being easier to use and follow. The PEFC scheme can be considered to be more stable, setting clear requirements that are easy to understand and communicate to all relevant actors. PEFC has a very transparent certification and standards and renewal process.

FSC involves a significantly lower amount of forest owners and the system tends to favour larger organisations, granting them disproportionate market access compared to smallholders. The high cost and difficulty to access the FSC system is generating market barriers mainly for smaller and medium sized forest holders. FSC works through a top-down approach, where the stepwise incremental way of setting the scheme makes it complex and less transparent and predictable, which may decrease the willingness to engage in certification of forests. FSC, in general, entails a higher level of cost for the forest owner. The economic viability of FSC certification is further hampered by the methodology used by FSC for high conservation values (HCV). Forests regarded as HCVs may block market access, inducing a risk from an investment point of view. Apart from the fact that there is no commonly agreed definition for HCV, its current application by FSC is threatening the entrepreneurial freedom and property rights of forest owners. There is a direct link between the designation of HCV areas and subsequently the exclusion from the controlled wood supply chain of

FSC. The uncertainty linked to the HCV process has a negative impact on the will to own and invest in forests as an asset, as well as using the forest as a security in other investments, such as agricultural investments. This is in turn reducing the willingness to take business risks, both for the local forest owner but also for e.g. banks financing investments using the forest as a security.

Conclusions

It can be concluded that PEFC is better adapted to the needs and expectations of family forest owners. PEFC bases its development on international forest policy processes, balances the three dimensions of sustainability in a bottom-up system and ensures more predictability and transparency in its development. Furthermore, PEFC recognises the role of forest owners as resource holders and acknowledges their knowledge and long-term perspective.

FSC on the other hand is not developed to suit family forest owners' needs. The FSC model tends to give less support to the social and economic dimensions of sustainability, thereby not providing a balanced approach to sustainability. FSC is a top down and very complex system, where smaller actors may not in practise be able to contribute to its development. The demands increase stepwise in a model which is less transparent and with unpredictable economic consequences for the forest owner. The FSC structure favours larger actors who are able to cope with the complexity of the system as well as the costs entailed. The high cost and difficulty to access the FSC system combined with certain companies' "FSC-only" policy is generating market barriers mainly for smaller and medium sized forest holders. Furthermore, the use of indeterminate concepts, such as HCVs and controlled wood, creates a significant risk for forest owners.

Based on the above, there is a clear risk that a situation evolves where small and medium-sized forest owners are closed off from parts of the market, limiting supply and engagement, which in turn has negative consequences for the forest owner and his/her possibility to sustainably manage the forest. This is a problem also for the society in relation to achieving a sustainable development, tackling climate change and promoting a positive development of the bioeconomy, i.e. for the replacement of fossil-based products with renewable, bio-based products. With private forest owners, the majority being smallholders, representing 60 percent of the potential wood supply area in EU, the development and the confidence in sustainable practices and market access for this group are important in reaching main societal objectives through sustainable management and use of forests.

Family forest owners expect that businesses takes a balanced approach to forest certification, with an inclusive policy that respects the choice of forest owners and does not exclude reliable forest certification systems.

Introduction

Forest certification is a process which provides an assurance to users of wood-based products that the wood used in the products comes from sustainably managed forests. It is a well-recognised, voluntary, market-based tool to promote sustainable forest management. In Europe, an estimated 60 percent of forests are certified via either the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC), or both.

Since the 1990's, forest certification has been increasingly applied also in private forestry and has had a positive impact on sustainable forest management in private forests. The forest owner or manager is responsible to apply the certification standards and it is essential that they can work, understand and implement the systems in his or her business and in the value chains. Thus, how accessible, effective and applicable these tools are is a highly relevant topic for Europe's family forest owners.

The concept of family forest owners refers to small-scale forestry, which is often based on personal involvement and strong stewardship values and is demonstrated through multiple-use forest management.

This paper outlines family forest owners' views and expectations regarding forest certification. It describes the core values of Europe's family forest owners when it comes to expectations on a forest certification scheme concerning governance and organisation, sustainability and business growth. The paper then assesses and compares the two certification schemes PEFC and FSC in relation to these expectations. The aim of the paper is to define the views and core values of family forest owners regarding forest certification as well as to provide knowledge and insight into how these values are addressed in the two dominating certification systems.

European family forest owners' core values regarding forest certification

Governance and organisation	
1. Comply with the internationally recognised standard-setting and certification procedures and eliminate risk of conflicts of interests in the decision-making process	The international norms for standard-setting, and competent certification are defined in ISO Guidelines and related definitions. Standard-setting, certification, accreditation and dispute settlement must be clearly separated from each other.
2. Allow forest owners' true participation and offer just role in decision-making	A certification system must recognize forest owners' role as resource holders, giving forest owners due and meaningful participation in the scheme development and standard setting.
3. Recognise the concept of family forest owners and their knowledge	A forest certification system must acknowledge the small-scale forest owners' role, long-term perspective, expertise and local knowledge.
Sustainability	
4. Acknowledge existing efforts made to define, enforce and implement Sustainable Forest Management	Any forest certification standard must be assessed against the Sustainable Forest Management (SFM) definition and criteria developed in multi-stakeholder, science-based, intergovernmental processes, e.g. Forest Europe. The efforts made for and level achieved on SFM should be recognised. The standard should be compatible with other forest policy instruments at grass-root level. Forest owners expect that the elements of SFM already safeguarded by legislation and by existing procedures are not duplicated in certification standard.
5. Ensure sustainable forest management by balancing all aspects of sustainability	Forest management criteria should be relevant and address environmental, economic and social sustainability in a balanced way.
6. Give due consideration to climate change and SDGs	Through sustainable forest management achievement of the wider UN Sustainable Development Goals (SDGs) can be supported. Also, in this wider context of sustainable development it is crucial to harmonise three core elements: economic growth, social inclusion and environmental protection. These elements are interconnected, and all are crucial for the well-being of individuals and societies. Climate change is the biggest environmental challenge we are facing today. Tackling climate change and fostering sustainable development are two mutually reinforcing sides of the same coin; sustainable development cannot be achieved without climate action. Climate change and the role of forests in tackling it must be

	given due consideration in any forest certification system.
Business growth	
7. Ensure freedom of trade and market access	A forest certification system should aim to ensure equal access for actors to trade and markets.
8. Ensure the economic viability of responsible forestry	Forest owners expect that the possibility for economic sustainability of forestry is not compromised by arbitrary requirements. Implementation of forest certification must be cost-effective. This entails having a limited number of relevant requirements and taking into account the situation and context of small-scale forest owners.
9. Protect the operational security of land owners	Operational security requires transparency, predictability and consistency. Forest owners should be able to predict the probable result of the certification process and development before applying for certification. There needs to be clear procedures for dispute settlement (legal protection). Certification should be based on a national standard which is publicly available and should not rely on indeterminate concepts.

European family forest owners' assessment of forest certification

Governance and organisation

1. Comply with the internationally recognised standard-setting and certification procedures eliminate risk of conflicts of interests in the decision-making process. The international norms for standard-setting, and competent certification are defined in the International Standardisation Organisation (ISO) Guidelines and related definitions. To ensure reliability and integrity of a certification process it is essential for forest owners that the three main elements of the certification process, namely standard setting, certification and accreditation are independent processes and there is a clear division of power. Certification is an issue that is present in our daily lives in many different perspectives, be it for ensuring the safety of our cars or the sustainable production of our clothes and foods. Thus, in nearly every country there are recognised accreditation and certification bodies that can also extend their expertise to sustainable forest management. For forest owners it is important that already existing structures are used to carry out the certification and accreditation to ensure credibility, compatibility with other standards that may be used and complete impartiality of the certification process.

How do PEFC and FSC adhere to international norms for standard-setting? How do PEFC and FSC address the division of power between standard setting, certification and accreditation?

PEFC strictly separates standard setting, certification and accreditation, building on internationally recognised requirements for certification and accreditation defined by ISO and the International Accreditation Forum (IAF).

- Standards must be developed by a standardising body in a process that is open, transparent and based on consensus among a broad range of stakeholders, based on ISO/IEC Guide 59 and Guide 2. Certification bodies do not act as standardising bodies in PEFC and cannot be involved in the standard setting process as governing or decision-making bodies.
- Certification must be carried out by impartial, independent third parties. Certification bodies must comply with the respective impartiality requirements defined in ISO/IEC 17065 and/or ISO/IEC 17021 (PEFC ST 2003:2012 Second Edition; Annex 6).
- Accreditation is undertaken by accreditation bodies that are members of the International Accreditation Forum (IAF) or IAF's Regional Accreditation Groups and signatories of the Multilateral Recognition Arrangement (MLA). The MLA ensures that accreditation programs are operated consistently and in an equivalent way, based on peer evaluation (PEFC ST 2003:2012 Second Edition; Annex 6).

FSC does not strictly separate between standard setting, certification and accreditation, and has developed its own processes outside of internationally recognised frameworks.

- Standards can be developed by certification bodies in a process where only specific stakeholders can participate, and participation itself is limited to providing comments during a public consultation period. Certification bodies are expressly not required to seek or develop consensus with stakeholders (FSC-STD-20-002 (V3-0)). Certification bodies de-facto act as standardising bodies and are involved in the standard setting process as governing or decision-making bodies as they adopt international standards for national use.
- Certification is carried out according to FSC's own standards and guidance governing the organisation, systems and procedures of certification bodies. FSC expressly does not require compliance, but only compatibility with ISO/IEC standard 17065 (FSC-STD-20-001 V4-0).

- Accreditation is undertaken by Accreditation Services International (ASI). ASI is owned by FSC and contributes financially to FSC.

2. Allow forest owners' true participation and offer just role in decision-making

A bottom-up approach should be taken when it comes to standard development. Within the certification process, the development of the standard is the core activity in which all those involved in the implementation of sustainable forest management can participate and provide their expertise. In this respect it is essential that the expertise of forest owners is taken into account as they carry the responsibility to comply with the standard once it is endorsed. It is important for small scale forest owners that the system is functional, accessible, easy to understand and possible to adapt to local conditions in order to increase their interest and motivation to support sustainable forest management through forest certification.

How do PEFC and FSC comply with the involvement of forest owners and bottom-up approach in standard development?

PEFC is expressly committed to standards and procedures as developed by ISO and IAF. Therefore, PEFC has multiple safeguards in place to ensure that forest owners are involved in standard development as materially affected stakeholders. The standard development is undertaken by multi-stakeholder working groups, with the composition based on nine major stakeholder groups as defined by Agenda 21 of the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992. PEFC requires that forest owners are always included as stakeholders in the development of forest management standards given that they are affected by and influence the implementation of the standard. As such, forest owners must be represented in an appropriate share among participants (PEFC ST 1001:2017 6.4.2). It is worth noting that standards can only be approved by the working group on the basis of consensus by all stakeholders, including forest owners (PEFC ST 1001:2017 6.4.5). In summary, in PEFC, development of forest management standards always involves forest owners as part of a multistakeholder process, and standards cannot be approved without the consent of forest owners (or any other stakeholder group).

In FSC, standards are developed in participatory stakeholder processes in only about 50 percent of the countries where FSC operates. FSC allows the certification bodies to interpret the FSC P&C at national level and thus develop national standards. In countries where FSC standards are developed and adopted by certification bodies (FSC STD 20 002 V3-0 Chapter 6), the role of stakeholders (such as forest owners) is limited to commenting during the stakeholder consultation process. There is no provision for the active participation of stakeholders in the standards development process. Furthermore, while there is a requirement for certification bodies to contact the state forest services, there is no such requirement for private or family forest owners. Certification bodies comply with FSC requirements if they instead opt for contacting representatives of the forest harvesting industry (FSC STD 20 002 V3-0 7.2g). In addition, the certification body as the de-facto standard setter is explicitly not required to seek or develop consensus (FSC STD 20 002 V3-0 6.8). In countries where FSC standards are developed by National Initiatives (FSC national offices), standard development is undertaken by a Standards Development Group. There are no provisions in FSC that require the participation of forest owners in this group (FSC STD 60-006 V1-2 4.2.) FSC only makes provision for forest owners to be part of the economic chamber of the Consultative Forum, whose role is limited to commenting on the standard (FSC STD 60-006 V1-2 Annex A). Standards can be approved without consensus. If a final draft cannot be agreed, the FSC Executive Director makes the final decision (FSC STD 60-006 V1-2 10.3.). In summary, in FSC there is no requirement to involve forest owners as participants in a multi-stakeholder process in an appropriate manner, and standards can be approved without the consent of forest owners.

3. Recognise the concept of family forest owners and their knowledge

A forest certification system must acknowledge the small-scale forest owners' role, long-term perspective, expertise and local knowledge. The concept of family forest owners refers to small-scale forestry, which is often based on personal involvement and strong stewardship values and is demonstrated through multiple-use forest management. It encompasses a long-term, generational view of the forest, building on strong knowledge and sense of responsibility, which leads to sustainability.

How do PEFC and FSC acknowledge the role and knowledge of family forest owners?

In PEFC, forest owners and their knowledge and expertise play a central role in managing and developing sustainable forestry. The competence and long-term commitment of the forest owners are seen as useful drivers in the efforts to make forestry more sustainable. Working with a bottom-up approach, ownership and property rights are essential within PEFC to empower forest owners managing the forest.

PEFC was founded in 1999 primarily by small- and family forest owners associations from eleven European countries and is based on intergovernmental processes (Ministerial Conference for the Protection of Forest in Europe, the Montreal Process and the ATO/ITTO process).

PEFC recognises the role and significance of forest owners also outside of the standard setting process and requires that all PEFC national members (the organisations responsible for the implementation of PEFC certification within their countries) have the support of national forest owner's or national forestry organisation.

In many countries forest owners are also represented on the respective Board of Directors, alongside other key stakeholder groups. Furthermore, forest owners have always been represented on the Board of Directors at PEFC International, joined by NGOs, labour organisations, researchers, companies, and other key stakeholders.

In FSC, there is less confidence in forest owners' ability and interest to manage the forests and use their competence and judgement as a base to ensure a sustainable forest management.

FSC originated from a meeting of a group of timber users, traders and representatives of environmental and human rights organisations in California, USA, primarily out of concerns about deforestation in tropical countries. The majority of participants of the FSC Founding Assembly came from industry (35%) and environmental NGOs (28.5%).

FSC does not necessarily recognise the role of forest owners. In countries where FSC standards are developed by certification bodies, the nationally adapted standard(s) is/are essentially governed by the certification body/bodies.

In countries where FSC standards are developed by National Initiatives, there are no provisions concerning the participation of forest owners to support and/or participate in FSC National Initiatives (FSC National Initiatives Manual).

Sustainability

4. Acknowledge existing efforts made to define, enforce and implement Sustainable Forest Management

In 1990 the most important forest policy process for the Pan-European region, FOREST EUROPE (formerly MCPFE) was established with a first conference in Strasbourg, France. Since 1995, European Family Forest Owners are actively participating on all levels in the FOREST EUROPE process. FOREST EUROPE gives recognition to the sovereign right of each nation to manage its forest resources according to national needs and priorities. Deriving from that basic principle a set of six main criteria were developed to capture the holistic nature of sustainable forest management. The culture of discussion and decision making within the FOREST EUROPE process is shaped through an open and inclusive dialogue.

For forest owners it is essential that a voluntary tool like certification has a strong link to existing international policy agreements. Laws and regulations are the baseline for the implementation of sustainable forest management in the countries that can be complemented by voluntary tools like certification. The efforts made and level achieved should be recognised. The standard should be compatible with other forest policy instruments at grass-root level. Forest owners expect that the elements of SFM already safeguarded by legislation and by existing procedures are not duplicated in certification standard.

How do PEFC and FSC link their standards to international forest policy processes?

The PEFC Sustainable Benchmarks requirements have been closely aligned with international policy processes, involving tens of thousands of stakeholders, since the creation of the organisation in 1999.

The original certification requirements were entirely based on processes such as the Ministerial Conference on the Protection of Forests in Europe (MCPFE), the ITTO (International Tropical Timber Organisation) process for tropical forests and the ATO (African Timber Organisation)/ITTO process for tropical African forests, with one small but decisive modification: For the purpose of certification, the requirements contained in the respective operational level guidelines developed through these processes were considered mandatory as opposed to voluntary.

Other international forest policy processes considered relevant by PEFC were the Montreal Process (Criteria and Indicators for the Conservation and Sustainable Management of Temperate and Boreal Forests), the Near East – the Lepaterique Process, the Regional Initiative of Dry Forests in Asia, the Criteria and Indicators for the Sustainable Management in Dry-zone Africa, and the Tarapoto Proposal: Criteria and Indicators for the Sustainable Management of Amazonian Forests.

The revised 2018 PEFC Sustainability Benchmark requirements further expand on these international policy processes. Building upon and completing the original criteria to meet today's needs and expectations, the latest version of the PEFC forest management standard has in addition been adapted to follow the structure of ISO standards to further increase alignment with internationally recognised best practices.

The FSC Principles & Criteria (P&C) evolved from a range of privately derived sets of sustainable forest management criteria. Various processes such as the "Generic Guidelines for Assessing Natural Forest Management" by the Rainforest alliance's SmartWood Program and other early certification systems that were based on criteria, such as the Green Cross Certification Company (now Scientific Certification Systems – SCS) and the Institute of Sustainable Forestry were integral elements at the

first meeting of the “Certification Working Group” (CWG) in 1991¹. The CWG evolved into the Working Group for the P&C. While various early drafts of the original FSC P&C took account and included elements of the ITTO processes as they were developed for tropical forest management, FSC has not sought to link its policies to recognised international forest policy processes and agreements.²

5. Ensure sustainable forest management by balancing all aspects of sustainability
 Forest management criteria should be relevant and address environmental, economic and social sustainability in a balanced way. Sustainable forest management is defined as:

*“The stewardship and use of forests and forest lands in a way, and at a rate, that maintains their biodiversity, productivity, regeneration capacity, vitality and their potential to fulfill, now and in the future, relevant ecological, economic and social functions, at local, national, and global levels, and that does not cause damage to other ecosystems”.*³

For family forest owners it is essential that sustainable forestry takes into account the different dimensions of sustainability – environmental, social, and economic – in an equitable manner. In family forestry the forest management is also practiced keeping future generations in mind. Acting in compliance with sustainable development enables well-being and entrepreneurial opportunities for future generations.

How do PEFC and FSC balance the different elements of SFM?

While there is no enduring framework for sustainable forest management that contains globally and/or locally accepted best practice balancing the environmental, social and economic dimensions of sustainability, there is a range of indicators that can be used to demonstrate a balanced, locally applicable approach:

1. Close alignment with alternative frameworks developed in multi-stakeholder dialogues, in addition to alignment with international forest policy processes. This demonstrates that forest certification systems address sustainability in an inclusive manner with consideration of the views of external stakeholders

In addition to the international forestry policy processes discussed in the last chapter, there are two well-known sets of requirements for sustainable forest management developed in multi-stakeholder dialogues, namely those developed as part of the Dutch and UK public procurement processes (TPAC in the Netherlands and CPET in the UK). Both contain requirements concerning the environmental, social and economic dimensions of sustainability, with PEFC and FSC demonstrating a high degree of alignment.

	CPET			TPAC			Average
	Env	Soc	Eco	Env	Soc	Eco	
PEFC	100%	80%	100%	66%	75%	66%	81.2
FSC	100%	80%	100%	60%	75%	66%	80.2

¹ Timothy Synnott, Some notes on the early years of FSC, 2005.
² The New Transnationalism: Transnational Governance and Democratic Legitimacy
³ Helsinki resolution H1, 1993.

Table 1: Full compliance with environmental, social and economic SFM CPET/TPAC requirements (in percent)⁴.

2. Mechanisms to capture, consider and integrate changes in values at global and local levels. This demonstrates that forest certification systems acknowledge that the concept of sustainability is not merely a static goal but continues to evolve to a dynamic and moving target responding to our ever-increasing understanding of interdependencies between social, ecological and economic systems.

Both PEFC and FSC are developing and revising their respective sustainable forest management requirements at global levels on a regular basis to capture, consider and integrate changes in values at global levels, though differences exist at local levels.

PEFC solely works through national standards developed through multi-stakeholder process and requires their review every five years.

In FSC, two types of standards exist: a) Standards adapted by certification bodies have limited stakeholder involvement, with no requirement for review, and b) Standards developed through national bodies in multi-stakeholder processes, though with limitations discussed earlier. Furthermore, while there is an official requirement for such standards to be reviewed every five years, this requirement is not enforced, with the majority of FSC national standards being older than ten years.

In summary, the two global forest certification systems – FSC and PEFC – both support sustainable and responsible forestry. However, there are some differences as to how these systems embody sustainable forest management.

In the PEFC system, the concept of sustainability is balanced between the three major perspectives. The PEFC system has established a much more profound view on how the forest owner may establish a sound economic platform for running a sustainable business in all three perspectives.

The FSC model tends to give less support to the social and economic sustainability perspectives, thereby not providing a balanced approach. This can have negative social and economic sustainability effects, affecting forest owners' ability to create local employment, contribute to rural development, provide sustainably produced renewable products to the society as well as to invest in other dimensions of sustainability.

6. Give due consideration to climate change and SDGs

Sustainable forest management supports the achievements of UN Sustainable Development Goals (SDGs). Also, in this wider context of sustainable development it is crucial to harmonize three core elements: economic growth, social inclusion and environmental protection. These elements are interconnected, and all are crucial for the well-being of individuals and societies. Climate change is the biggest environmental challenge we are facing today. Tackling climate change and fostering sustainable development are two mutually reinforcing sides of the same coin; sustainable development cannot be achieved without climate action.

Based on sustainable use of natural resources and ecosystems, EU agriculture and forestry have become the most important providers of renewable resources while at the same time delivering multiple benefits such as ecosystem services and public goods to society and the economy. The

⁴ The table shows the percentage of "full compliance of the most commonly applied requirements available from PEFC and FSC (PEFC ST 1003:2010 and FSC P&C 4.2) with CPET and TPAC requirements that are used to assess the environmental, social and economic dimensions of sustainable forest management

forest cover and growing stock in the EU has increased over the past decades, significantly contributing to combating desertification and halting land degradation and biodiversity loss while providing a growing source of biomass for the bioeconomy.

Europe's forest owners are a part of the solution to climate change as the sustainable and active use of forest resources plays an important role in meeting the ambitions of the EU and global climate objectives.

To reach these targets, sustainable forest management is needed – providing the triple climate benefit of sequestration of CO₂ in resilient, growing forests; storage of CO₂ in products and; providing a renewable and climate-friendly raw material that substitute fossil- and energy intensive materials and fuels. Today the EU forests sequester an amount of carbon corresponding to 10% of EU's total emissions each year. The increasing forest resource is a result of decades of hard work and investments into sustainable forest management, allowing increased harvests while maintaining and even increasing the forest resources (carbon stocks) at the same time. To maintain and increase this great potential, the concept of sustainable and active forest management and the further enhanced use of wood should be promoted as effective contributions to mitigate climate change and to enhance adaptation and resilience to climate change and disturbances.

How do PEFC and FSC consider climate change and SDGs?

PEFC maintains that forests are one of the solutions to combat climate change, if managed and produced correctly. The PEFC certification in general maintains that forests must be actively managed to stimulate the growth that allows the trees to take up more CO₂.

FSC links actively managed, growing forests and positive climate effects, but not as strongly as PEFC does. In general, the climate aspects of growing forests are present in the FSC standards but only as one of many more environmental values. In contrast to the scale and details of requirements linked to biodiversity, FSC actions on climate play a less important role.

Europe's family forest owners consider it of utmost importance that SDGs, climate change and the role of forests in relation to this must be given due consideration in any forest certification system. So far it is difficult to assess the certification systems on this point as there is not yet enough information and experience on how well the two certification systems cover these aspects. However, it is positive that the recently endorsed PEFC sustainability benchmark clearly takes into account the issue of climate change and requires national standards to take this into account when they are renewed.

Business growth

7. Ensure freedom of trade and market access

Wood is a renewable resource. When originating from sustainably managed forests, it has a positive effect on both the climate as well as on the national, local and/or rural economy. The different applications and innovations around wood as a raw material and as a product are increasing, which supports the transition to a more sustainable society. The transition however, hinges on well-functioning markets that can create a supply of sustainably managed wood and effectiveness in the value chain where wood is refined and distributed.

Certifications promoting growth and continuous development of forestry from a business perspective will in the end also promote the transition towards a more sustainable future. This section will therefore focus on the growth and business impact of PEFC and FSC. This holistic view is made from a freedom of trade and market access point of view, which has a profound impact on the ability to achieve growth and stimulate business development.

The freedom to trade and sell sustainable wood to various purchasers around the world is favourable both to the forest owners, who with higher competition may get higher prices for their wood, and to the buyers who can diversify their purchases and secure a stable supply. This is a crucial component in increasing the use of wooden products and raw materials from sustainably managed forests in the world.

With small-holders representing 60 percent of the potential wood supply area in EU, the development and the confidence in sustainable practices and market access for this group are important in the aim for an increased bioeconomy to combat climate change through sustainable management and use of forests.

How do PEFC and FSC ensure freedom of trade and market access?

PEFC is the forest certification organization in the world that covers the largest area, thereby being influential in certification with high end-customer awareness, opening access to multiple customer segments. The certification also stimulates involvement from smaller and larger actors, where forest sector companies and other actors can support certification implementation for smaller owners – enabling wider market access.

FSC has higher end-consumer awareness, deriving from a strong brand. FSC however involves of a significantly lower amount of forest owners, meaning that the certification mostly encompasses large players. In effect, the FSC system tends to favour larger organisations, granting them disproportionate market access compared to small holders.

Today roughly 16.5 percent of the certified forests of the world are double certified by PEFC and FSC. This is mainly to increase market access as some large and influential companies only accept FSC. PEFC certificate holders cannot sell their wood to retailers that will only accept FSC certified wood, closing a portion of the market.

The FSC Controlled Wood system further amplifies the negative market access effect on mainly small forest owners. This is because its focus gradually has expanded from only covering directly certified wood, to a situation today where elaborate restrictions on FSC defined areas may prohibit market access for both certified and non-certified forest owners.

The high cost and difficulty to access the FSC system combined with certain companies' "FSC-only" policy therefore is generating market barriers mainly for smaller and medium sized forest holders.

Today there is a clear risk that a situation evolves where small and medium-sized forest owners are closed off from parts of the market, limiting supply and engagement, which in turn has a negative effect on the business growth point of view.

8. Ensure the economic viability of responsible forestry

The economic perspective covers the impact created by the certifications on a business level, but also on the wider impact on the local and regional level (for example encompassing the rural development aspect). Economic sustainability in many instances also has a positive effect on social sustainability.

Forest owners expect that the possibility for economic viability of forestry is not compromised by arbitrary requirements of a certification scheme. Implementation of forest certification must be cost-effective. This entails having a limited number of relevant requirements and taking into account the situation and context of small-scale forest owners. It is important that the system is accessible, easy to understand and easy to use for small scale forest owners.

How do PEFC and FSC ensure that the economic viability of forestry is not jeopardized?

Economic viability depends to a large extent on the costs associated with certification, and in how far the benefits of certification outweigh the cost. Most of the available research focuses on developing countries and the economic viability related to FSC certification. This can be understood by the fact that “[PEFC] was founded in 1999 in response to the specific requirements of small, family-owned and community forests as an international umbrella organization providing independent assessment, endorsement and recognition of national forest certification systems. This initiative has attempted to overcome some of the difficulties faced by smallholders and community groups in complying with FSC certification requirements”⁵ as described by the Food and Agriculture Organization of the UN (FAO).

This is supported by research undertaken by Gomez-Zamalloa et al. about 15 years of forest certification in the EU highlights that “[the] PEFC scheme was initially proposed by the private owners and the industry in response to FSC and sought, among other objectives, to minimize costs. While FSC also has a program for smallholders, it has not achieved the same success, probably due to its higher level of requirements and cost.”⁶ The research also points out that for FSC certification “[...] usually certified wood and forest products have not obtained the expected price “premiums” and therefore forest owners have to bear themselves the certification cost [...]”⁷

Similarly, a Japanese study looking into reasons for choosing FSC and SGEC (the PEFC-endorsed Japanese national forest certification system) certification found that “[t]he certification costs were higher for FSC than for SGEC certification.”⁸

In Romania studies undertaken within the Romanian context by Aureliu Florin Halalisan et al, highlight the challenges of both direct and indirect cost of FSC certification: “The cost of certification is the main problem identified by experts in the initiative for adopting FSC certification. [...] Costs for forest management certification are much higher than in the case of the custody chain certification.

⁵ <http://www.fao.org/3/a-i5415e.pdf>

⁶ http://www2.montes.upm.es/Dptos/Dsrn/SanMiguel/PUBLICACIONES/2011-2015/Gafo_etal_2011_9369_Forest%20Certification%2015%20years.pdf

⁷ http://www2.montes.upm.es/Dptos/Dsrn/SanMiguel/PUBLICACIONES/2011-2015/Gafo_etal_2011_9369_Forest%20Certification%2015%20years.pdf

⁸ <https://www.mdpi.com/1999-4907/9/4/173/pdf>

Indirect costs due to meeting FSC standard, represented by rules related to work safety, identifying HCVF (High Conservation Value Forests) or developed information systems are impediments to FSC requirements.”⁹ Yet “for private forest owners, these costs were not offset by increased revenues or number of customers.”¹⁰

In Vietnam, a study focusing on small, household level producer points out that “while FSC certification is necessary to meet IKEA’s corporate standards, the costs are too expensive for most smallholder producers. The 10-18 percent price increase for FSC-certified timber is unlikely to be scaled up in the long term, because the full cost of FSC timber production is not being absorbed by the households themselves. Instead, FSC certification fees are currently borne by wood processing companies. The extra labour and administrative systems that would be required are also not yet borne by the households. Many households find that benefits derived from the sale of FSC timber under the IKEA linkage model are not enough to offset the costs. For more households to want to engage in the IKEA linkage model, the costs of FSC compliance and certification therefore need to be decreased, or the price premium increased.”¹¹

Similarly, the World Bank emphasises that “...the process for FSC group certification is costly and time-consuming.”¹²

FSC admits that it has a “smallholder challenge”. FSC Denmark, for example, recognizes that the “burden for meeting FSC’s requirements for small forest holders should match the cost of certification”, and that the “current national standard is not applicable because of too much paperwork, registration/documentation, the public availability of management plans, and set aside areas.”¹³

The FSC concept of HCVs increases the economic risk

The economic viability of FSC certification is further hampered by the methodology used by FSC to safeguard natural habitats that are considered outstandingly significant or critically important for the biological, ecological, social or cultural values they contain. FSC has developed the methodology of high conservation values (HCV). The designation of HCV areas does not seem to be based on scientific facts and knowledge but rather on random choices.

FSC induces a risk from an investment point of view as forests regarded as HCVs¹⁴ may prohibit market access¹⁵. Apart from the fact that there is no commonly agreed definition for HCV, its current application by FSC is limiting the entrepreneurial freedom and property rights of forest owners. There is a direct link between the designation of HCV areas and subsequently the exclusion from the controlled wood supply chain of FSC. The uncertainty linked to the HCV process has a negative impact on the will to own and invest in forests as an asset, as well as using the forest as a security in other investments, such as agricultural investments. This is in turn reducing the willingness to take business risks, both for the local forest owner but also for e.g. banks financing investments using the forest as a security. Another significant business risk is the strong emphasis on coordinating and documenting forest management activities with a wide array of various actors. The smaller the forest

⁹https://www.researchgate.net/publication/273161603_FOREST_CERTIFICATION_IN_ROMANIA_THE_VIEW_OF_THE_EXPERTS

¹⁰ <https://www.mdpi.com/1999-4907/9/7/425/htm>

¹¹ https://www.forest-trends.org/wp-content/uploads/2018/06/IKEA-case-study-15-June_Final.pdf

¹² https://ieg.worldbankgroup.org/sites/default/files/Data/reports/ppar_vietnamforest.pdf

¹³ <http://birdlife.se/wp-content/uploads/2019/01/Presentation-FSC-Danmark.ppt>

¹⁴ (Brown, Dudley, Lindhe, Muhtaman, & Synnott, 2013)

¹⁵ (FSC, 2015)

owner, the costlier such documentations and coordination become in terms of time and resources spent.

FSC's methodology identifies six categories of HCVs at global level, though national interpretations are only available less than a quarter of all countries where FSC operates, and most are from 2010 and earlier. Furthermore, national interpretations are not necessarily forestry specific. Therefore, assessments identifying HCVFs at the level of the forest management unit are required to obtain FSC certification, which incur substantial expenses. An IUFRO case study found that "The high direct costs of certification, especially if expressed per concession, are at least partially due to the fact that much of the environmental and social monitoring and compliance checking was carried out by experts hired from national and international consulting companies. With daily rates of USD 250 to USD 650, the costs of hiring people to conduct biodiversity surveys and HCVF assessments mount up rapidly"¹⁶ though it also points out that "These costs will decline when concession employees can conduct much of this work themselves, even though third-party verification will still be required."

The PEFC methodology employs an integrated, bottom-up approach and allows for employees to conduct much of the work themselves. At global level, PEFC has elaborated a range of requirements and criteria in its Sustainability Benchmarks to preserve critical ecosystems. National interpretations exist in all countries, and they are all from 2010 and later. Furthermore, they have all been developed to a level of detail that the work of identifying critical ecosystems can be undertaken by the forest manager, substantially reducing cost.

9. Protect the operational security of land owners

Operational security requires transparency, predictability and consistency within the system. Forest owners should be able to predict the probable result and anticipate the developments of the certification process before applying for certification. There needs to be clear procedures for dispute settlement (legal protection). Certification should be based on a national standard which is publicly available, and no indeterminate concepts should be used.

How do PEFC and FSC ensure transparency, predictability and consistency?

There are significant differences as to how PEFC and FSC consider individual and cultural values as well as established management structures and national forest governance regime at local levels due to their different approaches to certification.

PEFC has established a bottom up approach, requiring all standards to be developed at national level in compliance with PEFC's globally applicable Sustainability Benchmarks. This ensures full consideration of the local dimension of sustainability and ensures that the existing forest governance regime and regulatory framework is fully considered. Sustainable forest management requirements are therefore fully aligned with the legislation, enabling efficiencies in terms of implementation on the ground and avoiding potential conflicts between certification requirements and the law.

In addition, PEFC requires national forest certification systems to be reviewed every five years, based on, among other things, an evaluation of the national standard against national laws and regulations to identify potential gaps. Furthermore, PEFC makes provisions for time-critical revisions in its requirements for situations where changes in national laws and regulations affect compliance with PEFC International requirements.

¹⁶ http://www.cifor.org/publications/pdf_files/Books/BPacheco1401215.pdf

FSC works through a top-down approach and operates with national standards as well as with locally adapted standards, with deficits in terms of stakeholder involvement as previously discussed. In addition to this shortcoming, the rigid structure and lack of adaptation of principles and requirements makes it difficult for FSC national standards to take full advantage of local conditions. FSC recognises this within the FSC Principles & Criteria itself, making special provisions for cases where FSC certification requirements conflict with existing legislation.¹⁷ This issue is not solved in the FSC rules, which is very problematic. Furthermore, the provision to solve this on a case to case basis risks an unequal treatment of forest owners. The risk of this approach for forest owner lies in the reliance of certifiers on a case-by-case basis, which may result in contradicting decisions and failure to fully comply with legal requirements.

FSC forest management certification is available in countries with national standards as well as through locally adapted standards. If national standards are not available FSC requires certifiers to evaluate conflicts between laws, regulations and certification requirements¹⁸. This potential lack of alignment between the regulatory framework and certification requirements does not only leave forest owners open to significant risks concerning legal security, but it also foregoes the opportunity for forest owners to demonstrate compliance with certification requirements through the regulatory framework where possible.

Both FSC and PEFC have developed a model with overall international standards/principles that need to be met in developing national standards. The national standards need to be confirmed by the international level. PEFC has a more structured way of establishing the levels and the criteria that the forest owners need to meet to become certified. The PEFC scheme can be considered to be more stable. PEFC has a very transparent certification and standards and renewal process. Levels are achievable and it sets a distinct standard that can be communicated to all relevant actors. Revisions and new demands are easier to predict for certificate holders, enabling them to employ a long-term view when managing the forest, as well as using the forest as a security when e.g. investing in agriculture-related business¹⁹.

FSC has a more processual way of stepwise increasing the demands of the criteria. The scheme gets more elaborate step by step. The model is less predictable and transparent and there is a risk that many actors will have problems meeting additional criteria. This leads to the risk that actors will leave the certification scheme or it may slow down the increase in percentage of forests being certified. The requirements and definitions for unacceptable material are subject to interpretations and make the certification complex to comply with and unpredictable.

FSC includes many indeterminate concepts, such as HCVs as described above, for which interpretations may change over time and can be influenced by single interest groups or even persons. Thus, forest owners may face new and unpredictable requirements after applying or committing to certification. There is an evident problem concerning the operational security of the forest owner and transparency of certification as the FSC certification can be based on certification bodies own “generic standards” and certification programmes which are not publicly available.

¹⁷ FSC-STD-01-001 V5-2 EN: “Where there might be situations of conflict between the FSC Principles and Criteria and laws, specific FSC procedures will apply”. FSC STD-01-001 V4-0 EN: “Conflicts between laws, regulations and the FSC Principles and Criteria shall be evaluated for the purposes of certification, on a case by case basis, by the certifiers and the involved or affected parties.”

¹⁸ FSC C1.4

¹⁹ (PEFC, 2018)

Forest owners legal and operational security is protected also by the clear complaints and appeals procedures and hierarchy defined by PEFC (PEFC GL 7/2007). Appropriate mechanisms for resolving complaints must be defined in the national standards as regards to land use rights, forest management operations (PEFC ST 1003:2018) as well as to certification group management (PEFC ST 1002:2018) or standard-setting activities (PEFC ST 1001:2017). Complaints against certified entities are dealt with by the respective complaints and appeals procedures put in place by certification bodies. Issues that remain unresolved at this level should be raised with the respective complaints and appeals mechanisms of national accreditation bodies and thereafter - as a third level of appeal - with the IAF.

The FSC Dispute Resolution System provides a framework for the resolution of disputes that stakeholders may have with the FSC Board of Directors, the FSC and/or its affiliates, the ASI, FSC accredited Certification Bodies or FSC Certificate Holders. The framework consists of three procedures which detail the process according to the nature of the dispute and the respective roles of the different parties involved in the process. Complaints related to the content of the approved FSC-standard or complaints related to procedural issues shall be responded to initially by the Standards Development Group. If the complainant is not satisfied with the explanation provided, the complaint shall be addressed through the applicable FSC Dispute Resolution process. However, due to the complex nature of FSC procedures and technical documentation, it is not always clear if there exists a well-defined process for forest owners' complaints and if they have the right to make a complaint or if this is limited to FSC members.