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Making international standards more credible: the case of the FSC forest management label

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The global organisation Forest Stewardship Council (FSC International) regulates the FSC forest management label, which is translated into national standards according to the context in each country. The initial version of the Principles and Criteria for this label, published in 1994, was revised and, in 2015, new Principles and Criteria were published, along with a list of generic indicators. This new version should be used to update national standards. This issue of *Perspective* proposes recommendations for drafting these new national standards and reviewing certain audit procedures. The study's

recommendations are illustrated with specific cases in Brazil, Indonesia and the countries of the Congo Basin. Indicators for the new national standards need to minimise any scope for interpretation during certification audits. Audits should no longer accept recurrence of the same non-conformities, even when these issues are minor. With Gabon announcing in September 2018 the obligation to obtain FSC certification in order to allocate or maintain forest concessions from 2020 onwards, it is important to reduce existing weaknesses in this certification.

The emergence of sustainability standards in the agriculture and forestry sector continues to increase. Their goal is to give consumers the possibility to choose products that entail practices related to better management of natural resources and fewer adverse environmental and social impacts.

The implementation of these standards is based on information regarding indicators that are verified during audits. These assessments are conducted in the field as well as in production and processing companies. In the case of forestry companies, the sustainability system is referred to as forest certification. Audit activities include assessment of the company's forestry management practice and document review, interactions with managers, staff and on-the-ground personnel, including members of local communities affected by forest management. These audits are complex and subject to specific rules. Moreover, certification bodies and auditors have limited time to conduct them due to the high cost of this assessment.

FSC International began to update the Principles and Criteria of the FSC forest management standard in 2012. In order to transfer this process consistently to each country and to increase the credibility of the standard, a set of international generic indicators (IGIs) was developed and validated in 2015, forming version 5-2 of the standard [see box p. 2]. Since then, these IGIs

are used as a starting point for updating and harmonising existing national standards and for developing new ones. More than 80 countries are currently modifying their national standards to ensure they comply with this version of the FSC Principles and Criteria. Once brought up-to-date, these standards will form the basis for verifications carried out by auditors in each country. In theory, these verifications should then produce comparable results for comparable situations analysed by different auditors. In other words, the scope for interpretation of indicators must be minimised.

Some scope for interpretation during auditing

Certification of a product by a standard implies that numerous indicators must be verified through an audit process [see box p. 3]. The FSC forest management standard comprises more than 150 indicators.

However, some indicators may be interpreted differently on the ground by auditors and companies. According to a study conducted by the authors of this issue of *Perspective* [see box p. 4] on the FSC standards applied until 2017 in seven countries (Bolivia, Brazil, Peru, Cameroon, Gabon, Republic of the Congo,

and Indonesia), a significant proportion of indicators are open to interpretation and vary by 10 to 30% depending on the national standards. This scope must be minimised to ensure the standard is more effective in order to guarantee changes in management practices on the ground, and thereby to make the FSC certificate more credible.

When is an indicator open to interpretation?

An indicator is open to interpretation when, faced with the same situation, two different auditors will not make the same judgement, with one considering that the company is in compliance while the other finds the opposite. Three major types of reasons account for the existence of this scope for interpretation.

First, some indicators may be too broad and cannot be correctly verified during an auditing procedure. Everything depends on the auditors' expertise and the importance they give to verifying all of the dimensions covered by this type of indicator. This is the case of a Principle 1 indicator, which is found in most national standards, requiring that: *"In signatory countries, the provisions of all binding international agreements such as CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora), ILO Conventions (International Labour Organization), ITTA (International Tropical Timber Agreement), and Convention on Biological Diversity, shall be respected."* It is impossible to fully verify this type of indicator and its validation depends on the auditors' expertise for each convention.

Next, some indicators do not depend solely on the company to be certified; they are also contingent on public policies. Auditors, when assessing the practices implemented by the company to be in conformity with the indicator, do not have a sufficiently detailed list of verifiers. This is the case, for example,

FSC standard: principles, criteria, indicators

The global organisation Forest Stewardship Council (FSC International, <https://ic.fsc.org/en>) was set up in 1993 following the United Nations Conference on Environment and Development (Rio Earth Summit, June 1992). Its mission is to promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

The newest version of the FSC forest management standard (5-2, 2015) is based on 10 principles and 70 criteria. Each principle includes several criteria, and each criterion is informed by several indicators. The number and content of the indicators differ from one country to another, since they depend on the national forest management context. As each indicator is linked to a given criterion and principle, it is identified with three digits. For example, for the Brazilian natural forest management standard, indicator P6.C3.I4 (Indicator n°4 of Criterion 3 under Principle 6) requires programmes for the recovery of degraded areas within the certified management unit.

The goal of these principles, criteria and indicators is to confirm that the practices implemented help to protect biodiversity, productivity and forest ecological balances and enable local populations and society in general to reap the long-term economic benefits of the exploitation of forest resources and forest ecosystem services.

of indicator P2.C2.I1 of the standard for the countries of the Congo Basin, which stipulates that: *"The legal provisions, the requirements of management plans, traditional practices and access to natural resources shall be defined and made known and respected by all stakeholders."* Interpretation is possible given the regulatory provisions linked in particular to land rights, which differ from one country to another and are not always sufficiently specific, for example, regarding the forest management practices authorised.

Finally, the wording of some indicators is too vague, making them difficult to verify on the ground without a precise and acceptable verification framework. In the FSC natural forest management standard in the Brazilian Amazon, indicator P6.C5.I10 states that *"The workers of the forest management unit and the surrounding community are informed about the importance of forest management and its environmental implications"*. This statement does not specify which information and communication processes are essential and acceptable. If the workers and local community members provide an interpretation of the information received that differs from that provided by the company, are copies of the documents distributed by the company to the communities sufficient and acceptable?

The recurrence of minor non-conformities: an audit practice that requires consideration

On the ground, auditors accept "minor" non-conformities. This practice means that companies that are not always in full compliance with all of the standard's indicators are nevertheless awarded certification.

Any minor non-conformities must be resolved within a year, otherwise these issues become major. Moreover, certification status can be withdrawn from a company with five or more major non-conformities. One could expect the number of minor non-conformities to decrease regularly over the years, thereby demonstrating a gradual improvement in company performance. However, an analysis of 516 reports from 78 certified companies in seven countries reveals that only seven companies have shown a systematic annual reduction in the number of minor non-conformities. For all the others, even if the number of non-conformities has generally declined since the first certificate, this reduction is not continuous (see table p. 3).

Furthermore, the same indicator may also be in minor non-conformity several times for the same company. Although in this case recurrent non-conformities question the company's practices, certification status is not necessarily reconsidered. Moreover, they do not systematically upgrade to a major non-conformity. In Gabon and Cameroon, for example, two indicators are repeatedly in non-conformity: indicator P4.C2.I2, which stipulates that: *"The health and hygiene conditions of employees and their families are taken into account by the manager"*, and indicator P6.C5.I2, which states that: *"Operational guidelines shall exist and be implemented for the protection of soils, preservation of water quality and the reduction of damage caused by forest management."* Let us look at indicator P4.C2.I2: for a given company, the auditor indicates for example a non-conformity after noting a dysfunction in the company's food cooperative. The following year, for the same indicator, the auditor notes poor water quality then, another year, the issue is the failure to record overtime worked. The reasons for this minor non-conformity differ from one year to another, but ultimately, health and hygiene conditions are never considered to be fully satisfactory, yet the certificate is not called into question.

FSC certification audits: how, when, why?

Audits are carried out by an independent third party, known as the certification body. Only organisations accredited by the company ASI (Assurance Services International, www.asi-assurance.org/s) are authorised to conduct certification audits for the FSC standard.

The first certification audit focuses on all components of forest management and aspects of the standard. Based on documents provided by the company and an in-depth field visit, it verifies the company's compliance with all of the principles, criteria and indicators. To award the certificate, the certification body must not encounter any major non-conformities, in other words cases of confirmed, serious non-compliance with an indicator. However, it may accept minor non-conformities that imply that issues found are not critical. Such non-conformities must be corrected within a maximum period of one year. The auditors may also make observations, which are warnings of potential non-compliance. These observations must be taken into account before the following annual audit and failure to address them properly will turn them into non-conformities. The certificate awarded after a successful first audit assessment is valid for five years and a less detailed surveillance audit is scheduled every year until certificate renewal. The surveillance audit verifies in particular that any minor non-conformities encountered the previous year have been corrected and that any observations have been taken into consideration. After five years, another full audit is conducted.

For each audit, a full report is produced and sent to the company by the certification body. Only some of the content of the full audit report and subsequent annual audits is made publicly available on the FSC International website and through certification bodies. This public part lists the major and minor non-conformities resolved through corrective actions both planned and implemented by the company, as well as any new non-conformities encountered.

It should also be noted that the accreditation institution ASI (Assurance Services International), whose mission is to guarantee the proper application of certification body procedures, assesses above all how conformity and non-conformity are determined. But it does not systematically revise the existence of recurrent non-conformities or the possible reasons for them.

Capitalising on the standard updating process

The definition of new national standards is an opportunity to drastically limit the risks of interpretation of indicators. To do so, the national and regional working groups and FSC International need to focus on three points:

- > verification that the indicators proposed by the working groups are tangible and auditable;
- > removal of indicators that cannot be confidently assessed during an audit, in other words reducing their field of application or, better still, clarifying them with precise definitions and terminology that clearly identify the acceptable level of effort required from the company;
- > avoidance of indicators with multiple dimensions, or provision of a list of systematic verifiers for this type of indicator.

Example of three forestry companies: number of minor non-conformities found in each FSC audit report from 2010 to 2017.

This table illustrates the major trend identified through the study of 516 reports from 78 forestry companies in seven countries (Bolivia, Brazil, Peru, Cameroon, Gabon, Republic of the Congo, and Indonesia): from one year to another, this number is variable and does not decrease continuously.

(Table produced by the authors, FTA-FP3 project, see box p. 4)

Year	Company A (Latin America)	Company B (Africa)	Company C (Southeast Asia)
	Minor non-conformities (number per report)		
2010	20*	5	5
2011	6	17	2
2012	3	19	1*
2013	1	8*	0
2014	13	18	5
2015	6*	4	10
2016	4	7	10
2017	4	2	28*

*: full certification audits, the others (without stars) are annual surveillance audits.

With respect to audit procedures, it is essential to set up a system to monitor minor non-conformities in order to better assess the overall improvement of a company's performance. Rules must be clarified by FSC International and adopted by the certification bodies to avoid any recurrence of non-conformities. This change implies consideration of possible sanctions as well as a public reporting procedure by ASI when this recurrence exceeds a threshold established by FSC International.

Updating standards is also an opportunity to clarify the roles and responsibilities of public policies to ensure compliance with certain indicators. Since standards are often far more comprehensive than national laws, they can become a source of modernisation and innovation in the implementation of these legal frameworks. States wishing to promote better forest management and certification can seize this opportunity and identify the improvements needed in their legislative and institutional framework. For example, in Brazil, FSC indicator P1.C5.11 on natural forests calls for "Effective action to prevent and/or control: i. The invasion of third parties capable of affecting the management; ii. Forest fires." Existing Brazilian policies are insufficient to limit the risks of accidental fires that may be difficult to control by the actions implemented by the company: this is a case of shared responsibility. Alone, the company cannot guarantee that its actions will be sufficient, since this also depends on the capacity of the public institutions to implement and enforce effective rules that are respected by all.

Increasing transparency

At present, certification through third-party audits is considered to be transparent, since some of the content of full audits and surveillance reports is made public. For each indicator deemed to be in non-conformity, the public report specifies the reasons why the auditor has decided on this qualification and the corrective actions requested and implemented. In contrast, the ways in which auditors determine conformity are not made

public and cannot therefore be analysed. These elements need to be published in order to improve transparency and to better assess the practices of auditors and certification bodies. This would also enable the creation of a database of all audit reports, for which FSC International has not implemented any long-term archiving policy.

In the background, ASI accreditation of auditing bodies and auditors is a guarantee of their good practice. Yet, little is known about how this accreditation is awarded: greater transparency is needed on the functioning and details of these procedures.

Beyond the FSC label

Despite the growing number of sustainability standards in the agriculture and forestry sectors, there is still little research on the way in which certification bodies and auditors verify compliance with the principles, criteria and indicators of these standards.

Perspective n° 50 is the result of research and assessments conducted by the authors, in particular as part of two projects:

> the FTA-FP3 project "Conformance Assessment Bodies' and auditors' impacts on the implementation of FSC national standards" (2017), from the CGIAR (Consultative Group on International Agricultural Research) Research Program on Forests, Trees and Agroforestry (FTA, <http://foreststreesagroforestry.org>) supported by the CGIAR Trust Fund (www.cgiar.org/funders), which monitored 516 audit reports from 78 forestry companies in seven countries (Bolivia, Brazil, Peru, Cameroon, Gabon, Republic of the Congo, Indonesia);

> the PRIGOUÉ project "Privatizing Global Environmental Governance? The roles of multi-stakeholder standards initiatives for global

environmental change mitigation", financed by the French National Research Agency (ANR, France, ANR-11-CEPL-0009, 2012-2015, www.agence-nationale-recherche.fr/Projet-ANR-11-CEPL-0009), which produced an initial analysis of the case of Brazil.

In addition, more and more public policies are emerging to promote the preservation of natural resources, and their effective implementation also relies on independent third-party audit mechanisms. Examples include the EU FLEGT regulation (Forest Law Enforcement, Governance and Trade), the REDD+ programme (Reducing Emissions from Deforestation and Forest Degradation), and the zero deforestation commitments. The case of FSC certification shows that monitoring indicators and audit practices should be carefully chosen in order to reduce possible interpretation and the recurrence of non-conformities, so as to fully guarantee the changes society is expecting. ■

environmental change mitigation", financed by the French National Research Agency (ANR, France, ANR-11-CEPL-0009, 2012-2015, www.agence-nationale-recherche.fr/Projet-ANR-11-CEPL-0009), which produced an initial analysis of the case of Brazil.

This research is linked in particular to the following publications:

Cerutti P. O., Lescuyer G., Tacconi L., Eba'a Atyi R., Essiane E., Nasi R., Tabi Eckebil P. P., Tsanga R., 2017. Social impacts of the Forest Stewardship Council certification in the Congo basin. *International Forestry Review* 19 (S2): 50-63. <https://doi.org/10.1505/146554817822295920>.

Piketty M.-G., Drigo I., 2018. Shaping the implementation of the FSC standard: the case of auditors in Brazil. *Forest Policy and Economics* 90: 160-166. <https://doi.org/10.1016/j.forpol.2018.02.009>.

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Some links

EU FLEGT Facility (FLEGT, Forest Law Enforcement, Governance and Trade). www.euflegt.efi.int

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FAO (Food and Agriculture Organization of the United Nations), 2018. Zero-deforestation commitments. A new avenue towards enhanced forest governance? FAO, Rome, 48 p. ISBN 978-92-5-130630-7. www.fao.org/3/i9927en/i9927en.pdf.



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