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## **FSC PLANTATIONS REVIEW**

Charles-de-Gaulle-Str. 5  
53113 Bonn, Germany  
Tel.: +49 - 228 - 367 66 0  
Fax: +49 - 228 - 367 66 30  
[www.fsc.org](http://www.fsc.org)  
[fsc@fsc.org](mailto:fsc@fsc.org)

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### **FSC PLANTATIONS REVIEW – REPORT FROM THE SECOND POLICY GROUP MEETING**

FSC International Centre, Bonn, Germany July 13<sup>th</sup>-15<sup>th</sup>

#### **Participants:**

##### Policy Working Group:

Javier Baltodano Aragon (Costa Rica, Southern Env)  
Luis Astorga (Chile, Southern Soc)  
Tim Cadman (Australia, Northern Env)  
Joshua Dickinson (USA, Northern Soc)  
Anders Hildeman (Sweden, Northern Econ)  
Luis Fernando Jara (Ecuador, Southern Env)  
Jutta Kill (United Kingdom, Northern Env)  
Rob McLagan (New Zealand, Northern Econ)  
Dr. John Scotcher (South Africa, Southern Econ)  
Dr. Dharam Pal Singh Verma (India, Southern Soc)  
Roberto Waack (Brazil, Southern Econ)

Apologies: William Street (Canada, Northern Soc).

##### FSC IC facilitator and staff:

Anders Lindhe, Facilitator  
Sarah McKay, Projects Assistant, FSC Policy and Standards Unit

Wednesday:

**Proceedings:**

1) Matthew Wenban Smith, Head of FSC Policy and Standards Unit, greeted the participants on behalf of FSC. He then gave a short overview of the process budget, and expressed FSC's gratitude for the funding for the first part of the process received from IKEA, SCA, Stora Enso and Swedish Society for Nature Conservation, as well as for in-kind contributions from various group representatives. He also told the group that a decision on a proposal for further project support is due in September.

2) Participants met by chambers to liaise and summarise lessons learned from efforts to communicate and consult with their respective chamber constituencies after the first meeting. The reports back to the plenary made it clear that many PWG representatives had found it very difficult to receive feedback. Some possible reasons pointed out were:

- In spite of the international plantations review meeting held in Bonn in September 2004, FSC's News and Notes special edition on the plantations review, FSC's plantations review website [www.fsc.org/plantations](http://www.fsc.org/plantations) and other efforts to highlight the importance of the process, only parts of the FSC membership are aware of the scope and potential implications of the plantations review.
- Unless forwarded through FSC IC (Sarah or Christina), e-mails only reach those FSC members who have allowed their addresses to be made 'publicly available' (a reason for withholding that information may be fear of SPAM and/or wide distribution of email addresses). Also, quite some e-mails bounce back due to outdated contact details. When emails get through, there may then be language barriers, and also many people feel overloaded by email communication.

In the following discussions, it was pointed out that group representatives need to feel informed about the issues related to plantations that are controversial. It was generally agreed that concrete PWG meeting outputs, such as specific, common formulations, are necessary to stimulate activity and response from the FSC members and stakeholders. Other suggestions were:

- PWG representatives should be proactive as much as possible, i.e. by calling people, arranging meetings etc. However, it was also pointed out that such efforts would be limited by funding constraints.
- Representatives from different chambers should work together, pool their resources, and co-ordinate their efforts so that several representatives do not contact the same stakeholders.
- The group must make the most of the opportunity to interact face-to-face with stakeholders at the General Assembly. In order to do so, a draft document must be prepared and sent out to participants before the GA in order to receive feedback.

It was also pointed out that, as FSC has become the largest certification scheme used for the certification of plantations (in terms of number of hectares certified), both FSC members and non-member stakeholders need to be able to influence the review process in order for FSC to maintain essential broad credibility and support.

3) The next session was devoted to a discussion of the agenda, work-plan for the meeting, and envisioned character of the 'final product' from the first phase of the process. The facilitator outlined a proposal based on suggestions received from PWG

representatives prior to the meeting, as well as on his own analysis of the process. The group was reminded that the aim of the first phase is to reach a point where the representatives feel that they have given enough guidance to be able to 'let go' of topics and hand them over to the second, technical phase of the process. The facilitator also pointed out that, if the process results in proposals for changes in the P&C, the final decision to accept or reject the proposal would be made by a vote from the full FSC membership.

The agreed process of the meeting was to work in chamber-balanced sub-groups (with one northern and one southern representative from each chamber in each of two groups) interpreting and elaborating on the content of FSC's three core formulations 'environmentally appropriate', 'socially beneficial' and 'economically viable', by identifying essential components and aspects related to plantations. Outputs from the meeting were expected to include:

- a report that outlines the general proceedings
- bullet-points that reflect and summarise group discussions
- a common draft PWG formulations related to three FSC 'core concepts' serving as a platform for further work and consultations.

In the ensuing discussions, it was noted that different stakeholders probably have different ideas of where they 'want FSC to be' in the future, and that such differences may influence their views and input into the plantations review process. Thus, FSC's membership needs to discuss and develop common visions. It was pointed out that the capacity to formulate a common PWG platform during the meeting would be limited by the extent of consultations and feedback received from constituencies so far. However, it was also argued that these difficulties must be balanced against the need to make progress and to 'get the ball rolling'. The facilitator stressed that, when discussing common formulations, no PWG representative should feel pressure to proceed further than they would be comfortable with.

Trying to mitigate the absence of the Northern Social Board-selected representative for worker's issues, the group accepted the participation of Marion Karman during the sections of the meeting aimed at identifying workers-related 'components' of plantation certification. (Marion Karman has a workers' union background and currently works for the FSC Secretariat). However, the group stressed that this was a second-best option and regretted the absence of the selected Northern Social Chamber representative.

4) Wednesday afternoon, the group split into two balanced sub-groups to identify essential components and aspects of 'environmentally appropriate', 'socially beneficial' and 'economically viable'. The below table is an edited version of the components suggested and discussed by the groups in their reports back to the plenary during Wednesday and Thursday:

<i>Environmentally appropriate</i>	<i>Socially beneficial</i>	<i>Economically viable</i>
Focus on management practises	Local sustainable development	Sufficient economic return to all relevant stakeholders
Maintain biodiversity at the landscape level	Include the local community in the decision-making	Internalisation of costs
Maintain ecosystem productivity	'Good neighbour' concept	Efficiency and sustainability
Establish impact thresholds	Social management systems	Transparency and accountability
Apply national/regional	Eliminate/mitigate negative	Long-term perspectives

perspectives	social impacts	
Net improvement	Promote/increase local employment	Triple bottom line concept
	Alternatives to/improved contractor systems	Good workers' conditions
	Flexible community certification	Marketable products
	Incorporate 'fair trade' aspects	Explore synergies within the 'FSC family'

(Chemical use was identified as an issue by all chambers, but was formulated so as to be included in the table)

In addition, a number of general topics emerged in the discussions:

- How to establish locally relevant scales and thresholds for certification in the absence of national standards
- Consultation as part of certification – participation as a process
- The role of certification bodies
- Biases against small-scale enterprises
- Unequal north-south consumption patterns as driving forces
- Issues of land distribution and tenure
- Certification in relation to national legislation and international regulations
- Certification of carbon sequestration projects

The facilitator suggested that some of the topics could be grouped together as issues of scale, either within the forest management unit (FMU), or related to the FMU in its wider context.

5) In the next step, the group chose one component from each of the three columns in the table to use as a starting point for deeper discussions and as seeds for developing a common group 'platform'. The selected topics were: a focus on management practises, local sustainable development, and sufficient economic return for stakeholders. Each sub-group devoted an hour of discussion to each topic (sessions continued onto Thursday).

6) The last point on the Wednesday agenda was a report back from the facilitator on information and 'analysis' requested by the group at the first meeting.

Current FAO data suggests that out of the approximately 200 million hectares of 'planted forests' (extrapolated from trends and figures in the year 2000 Forest Resource Assessments), some 30 million hectares are plantations intensively managed to produce timber and/or wood-fibre. Thus, using these figures, FSC's portfolio of approximately 6 million hectares of certified plantations corresponds to approximately 20% of the total area of plantations on Earth.

The facilitator also reported back from a simple 'analysis' of all Certification Body summaries of plantation certificates available in English in May 2005. This material consisted of a total of 100 summary reports, representing 87 single owners and 13 group certificates (from two to over 6000 owners), with holding sizes ranging from 25 - 440 000 hectares. From these summaries, as well as from some published materials

that criticise specific certified operations, the facilitator drew the following, subjective conclusions:

- Large-scale operators seem to receive more criticism than do small-scale activities. This may result both from larger, scale-dependent impacts, and because large-scale operations attract more critical attention than do small enterprises
- However, most large-scale operations do not seem to generate major criticism
- Common factors related to criticised and contentious operations seem to be:
  - high community dependence on local natural resources for livelihood in developing regions
  - unresolved conflicts over land distribution and land use beneficial to the local community
  - low average rainfall and/or seasonally/annually variable patterns of precipitation, such as in areas where plantations have been established on former 'non-forest' woodlands and grasslands

Some other subjective observations from the summary report analysis were that:

- 'plantations' are difficult to define as a category – what are plantations to some may be semi-natural forests to others and vice versa. The distinction is further blurred by utilisation of timber and fibre from tree-crops originally planted for other purposes, such as rubber-trees planted for latex production
- peer-reviewers, if stimulated to generate ample feedback, play an essential role, both in commenting on the quality of assessments, and in contributing to the 'learning process' of FSC certification assessments
- there seems to be a potential to simplify certification of smaller enterprises even further than the SLIMF<sup>1</sup> initiative does, while on the other hand, assessment of some very large-scale enterprises may benefit from being given more time and resources
- there seems to be a potential to shift the onus and responsibility of performing impact assessments, consultations, etc., onto the forest managers, allowing certification bodies to focus more on verifying and evaluating the existence and quality of such processes

#### Thursday:

7) The group worked for most of the day in the two parallel sub-groups that continued to seek their way forward through 'interpretation' and elaboration of three topics chosen from the list under item 4. The output, as it emerged from the two sub-groups, was discussed and gradually refined in plenary sessions, and then revisited again by the group Friday morning. The ensuing formulations, somewhat edited by the facilitator, are summarised below. The text is an attempt by the group to formulate a common, draft 'platform' to serve as framework for future more in-depth work on specific components and aspects, and to encourage and facilitate input and feedback during consultations with constituencies.

'PWG draft platform':

**The task of FSC certification is to improve forest and plantation management practises globally, both directly and indirectly as the leader in forest stewardship**

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<sup>1</sup> FSC certification of 'small and low intensity managed forests', please visit [www.fsc.org/slimf](http://www.fsc.org/slimf) for more information.

## **Certification focuses on management practises and market mechanisms**

### **Forest and plantation management:**

- ensures ecosystem structure and function at the landscape level
- applies continuously improved practises that maintain or enhance ecological structure and function at the forest management unit level

### **Forest and plantation management:**

- ensures 'good neighbour' relationships with local communities and other stakeholders
- increases opportunities for, and contributes to, positive local sustainable development with an emphasis on reduction of poverty
- upholds the legal rights of workers, ensures workers' rights to organise, and maintains or improves workers' health and social security
- upholds the legal and customary rights of indigenous peoples to own, use and manage their lands, territories and resources

### **Forest and plantation management:**

- addresses the expectations of other stakeholders as well as shareholders, and maintains or enhances the local economy
- uses appropriate consultation methods to identify stakeholders' expectations and to show how they are met
- includes assessments of economic transparency and accountability

**Negative ecological, social and economic impacts are prevented, or where they cannot be prevented, are not allowed to exceed certain thresholds / 'bottom lines'.**

**The scope of the PWG includes giving qualitative guidance for identification of such thresholds / 'bottom lines, while the identification of quantitative indicators is a task for the second phase of the review and/or for national or local processes**

Many ideas, issues and questions were put forward by various representatives in the plenary discussions that accompanied the development of the platform formulations. Some of these were:

*(On certification generally and the FSC Principles and Criteria)*

- Consultations always need to address local stakeholders. However, in the absence of national initiatives/standards, consultations need to reach farther and wider to the national/regional level as well
- Certification processes need to be improved by better stakeholder participation, more strictly defined procedures, and governance that eliminates conflict of interest
- Certification should deliver net positive effects
- There are many good intentions in the P&C that may not always be implemented on the ground
- The P&C do not give guidance on economic aspects of forest management and do not reflect the importance of the 'economic leg'
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- The final outcome of the process has to be balanced and applicable to the full spectrum of forest management unit (FMU) sizes and contexts. For example, In many developed countries it would be inappropriate for forest owners to get

involved with health care and social security for their workers if this is sufficiently provided for by the state

*(On ecological processes)*

- Baseline assessments are important – you need to know where you are in order to measure change
- The potential to enhance or improve ecosystem structure and function depends on where you start. Certainly if something is degraded you can improve it, but how for example can you improve native grasslands by planting trees?
- ‘Structure’ and ‘function’ needs to be further described and elaborated on for biodiversity, soils, water, etc.

*(On local development)*

- Increasing the social capital is an important component of development
- Development is a dynamic process that goes beyond the *status quo*
- Positive local sustainable development is a long-term process that needs to be assessed with a longer term perspective
- Potential benefits to communities may include access to resources (e.g. fuel wood, medicinal plants, grazing rights) and income (jobs, joint ownership, profit-sharing, etc.)
- Local businesses not directly linked to the forest should not be negatively affected by forest management practices
- Indirect generation of jobs should not be forgotten, e.g. maintaining tools, repairing vehicles, etc.
- The system of contractors need to be discussed and modified, at least in southern countries

*(On economic viability)*

- Viability demands that owners get sufficient economic return on invested capital. Other ‘indicators’ are that the enterprise attracts investors as well as competent employees, that there are positive bank interest rates, commitments to paying debts, etc.
- Transparency and accountability are key concepts. Certification body assessors must understand economics and be able to assess company profits, etc.
- Identification of expectations must involve all stakeholders: company, workers, community, government etc. The process design should be acceptable to all, even if the outcome cannot always make everyone happy
- It is understandable that in some circumstances a company may have to lay off 25% of its workers to keep the company going and to continue to provide jobs for the remaining 75% of workers. The key thing in such a situation is to be open and honest, and to make real efforts to minimise and mitigate negative effects

*(On negative impacts and thresholds)*

- One thing that separates FSC from other schemes is that it is performance-based. Therefore it is important to determine where the bottom line is for management that gets the FSC certificate. This group needs to either identify this bottom line or provide very clear guidance for the technical working group to define the bottom line in the second phase of the review
- How do you separate negative impacts related to FMU management e.g. on water, from negative impacts that result from other activities upstream in the water system?
- Some negative impacts of plantations are due to mistakes in the past and could be avoided when new plantations are established
- What negative environmental, social and economic impacts have been caused by FSC certified forest and plantation management practises?

8) In the last session on Thursday, the group summarised negative impacts at the local level that have been highlighted and criticised in the wider discussion and debate about plantations in general:

- Negative effects of chemicals on quality of drinking water, bee-keeping, etc.
- Aerial spraying of chemicals, use of chemicals prohibited in international regulations
- Improper use of permissible chemicals and lack of control of workers' health – cases where workers who are applying chemicals are continuously exposed for many hours, causing significant health problems
- Conversion from forests to plantations that increases the use of chemicals
- Chemicals sprayed on borders, effecting neighbouring properties
- Heavy timber trucks that destroy roads and bridges
- Dust and noise from timber trucks that affect roadside communities
- Intense traffic on local roads that increase risks for accidents
- Trees planted right up to the boundary that may negatively affect neighbours' properties
- Negative hydrological impacts through excessive water consumption causing lower water tables and reduction of stream flows
- Displacement of people from lands
- Conflicts over tenure and land use, e.g. customary users being thrown off crown land
- Plantations that compete with other, more locally beneficial land uses
- Customary land use that is undermined by plantations
- Import of labour instead of using resources from local communities

The group also discussed potential FSC 'system weaknesses' that may negatively affect, or fail to counteract negative impacts on certified plantations. Some such, suggested by various representatives in the group, were:

- As certification bodies are paid by the applicants, there may be pressure to grant, rather than deny, certificates
- FSC's accreditation of certification bodies may lead to conflict of interests
- The rapid expansion of plantations make it hard for both stakeholders and certification bodies to keep pace
- Perhaps there are situations with such imbalances of power, or unsettled land tenure, that the certification process can't be effectively carried out in those circumstances
- FSC could make a difference in these regions though. Even if it would be easy to step out of difficult regions of the world that doesn't help the situation in those regions
- There is an imbalance between large- and small-scale enterprises in the FSC portfolio, e.g. 100% of FSC-certified operations in Chile and ~90% in Ecuador are large scale.
- Large scale operations raise the competition for small sustainable local enterprises. FSC needs to facilitate certification for small operations and encourage 'fair trade'
- By way of example, in Sweden FSC-certified managers have to accept a certain amount of negative impact from indigenous peoples' land use. This concept may be applied to complicated situations in the South.

Friday:



9) In the morning the group revisited the 'platform', eventually producing the draft formulations in bold under item 7. Next, the group, again divided into the two sub-groups, held scoping discussions on 'Stakeholder participation in certification'.

A number of aspects emerged in the reports back to the plenary and in the ensuing discussions:

*(On participation)*

- Consultation can be one way but true participation is a 'two way street'
- Participation is not mentioned in the P&C
- Participation and consultation in certification assessments and the on-going dialogue with stakeholders as part of good management is one and the same

*(On identification of stakeholders)*

- Consultation should be relevant to scale – there are big differences between large- and small-scale operations, both in terms of the numbers of stakeholders and the necessary level of interaction
- Resource constraints will create an inverted relationship between the breadth and the depth of consultation. Should identify the level appropriate for the context, and focus resources there
- Wider consultation is necessary in the absence of national standards
- Managers should be more responsible for identification of local stakeholders
- Stakeholders themselves must judge if representatives really represent them

*(On consultation)*

- Consultation processes depend on cultural context. How you contact people and where you have meetings is important. Good consultations require time, patience and resources
- 'If the mountain won't come to you – go to the mountain'. Thus adequate consultation requires a proactive approach from the manager as well as the certification body
- Power imbalances need to be kept in mind
- How do you work with 'hostile' stakeholders who won't participate constructively?
- Both managers and stakeholders need to have raised awareness and training to engage in effective consultations
- Consultation is both performance and process, and may need guidance on both these aspects
- Best practises of consultation should be standard rather than exceptional cases

*(On incorporating results of consultations)*

- The management system must be designed to effectively integrate input from stakeholders
- Input should generate both action and feedback to stakeholders to let them know what is being done

*(On the role of certification bodies)*

- certification bodies must check managers systems and methods for consultation to judge if stakeholders were properly consulted
- Competition between certification bodies for clients may result in cutting back on stakeholder consultation in order to save on auditing/certification costs

10) The last session focused on next steps. It was decided to hold the third meeting November 7-9<sup>th</sup>, with an additional day, the 10<sup>th</sup>, set aside for voluntary participation in

a 'drafting committee' to help formulate materials to be circulated prior to the General Assembly. Madrid, Spain, was suggested as a location based on travel logistics.

Consultations for next meeting:

It was decided that consultations with constituencies prior to the November meeting should focus on:

- the 'draft platform formulations' produced from this meeting
- the topics identified in the table under item 4 in this report
- the issue of chemical use
- promoting a discussion on the arguments for and against keeping a separate Principle 10 for plantations
- issues of scale to be discussed at the November meeting: how does the responsibility of certification relate to land tenure/distribution, levels of civil society rights, social security regulations and legislation, patterns of consumption and production, etc.?
- are there other important issues that the group has not captured?

The facilitator stressed the need for PWG members to document all their consultations, including unsuccessful attempts to solicit input, for process transparency purposes.

Action points for the facilitator and FSC staff:

- The facilitator to investigate potential hosts, meeting logistics, etc in Madrid
- Sarah to investigate if the FSC draft Guidelines on consultations (Stakeholder consultation for forest evaluation, FSC-STD-20-006, version 2-1) is available in Spanish, and if not, when it is feasible to have the document translated.
- The facilitator to discuss with William Street how to ensure proper representation of workers' interests in the continuing policy review process.
- The facilitator to ask certification bodies that they inform their clients about the existence of the plantation review and that, as a result, there may be changes to future requirements for certification

The meeting was concluded by an evaluation of the meeting. It was suggested to have external facilitation for both subgroups to allow representatives to focus on work and discussions rather than on taking notes for reporting back etc. Some other points raised in relation to the future policy review process included:

- focusing on issues where there is greatest potential to have a positive impact on future FSC certification
- separating specifics related to plantations from generic factors related to FSC's structure and procedures
- keeping in mind that a very large proportion of the world's poor people depend on forests for their livelihood

11) The facilitator thanked the participants for attending the meeting, complimented them on their work and on their open and constructive attitudes, and wished everybody a safe journey home.

Stockholm, Sweden  
2005-07-26

**Anders Lindhe**