



**SUSTAINABLE FOREST MANAGEMENT,
FOREST CERTIFICATION AND MDG'S**

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Mr. Chairman,

Distinguished participants of the Symposium, ladies and gentlemen.

Forests and trees play a critical role in supporting the livelihoods of people, particularly the world's poor. Many of these people depend fully or in part on forest resources to meet daily subsistence needs. Sustainable forest management contributes to developing economies in a wide range of ways. It provides income, employment, food security and better housing where it is most needed, particularly for the poor who inhabit forest areas.

Finding ways to balance these human livelihood needs with sustainability of forest resources concerns is the very essence of sustainable forest management. It is our responsibility to ensure that the benefits that forests provide are reaped without endangering their long term sustainability. Sustainable forest management can be used to contribute to a more equitable distribution of wealth within the community.

The Intergovernmental process on forests is facing new challenges

Perhaps the most pressing one is how to focus forest interventions effectively and efficiently on poverty reduction. To this end, we are interested to learn more about the possibilities that forest certification may offer in this regard.

More than 1.6 billion people depend on forests, to varying degrees, for their livelihoods, including some 400 million people who live in, or around, forests. Many threats to forests originate outside the forest sector. Sound forest policy therefore, requires cross-sectoral policy harmonization at the national, regional and global levels.

United Nations Forum on Forests was established for that purpose, to serve as the key intergovernmental body for comprehensive, international forest policy formulation and implementation, and the alarming rate of deforestation and forest degradation in the tropics was the key driver of international debate on forests.

UNFF meets annually to address a number of issues of priority concern for the international forest community and to review progress in implementation of the IPF/IFF proposals for action. In UNFF we also view our mandate within the context of the broader discussions within the UN system as a whole, such as the policy decisions and targets manifested in the Plan of Implementation of the Johannesburg Summit and the Millennium Development Goals. There are more than 40 international organizations and many international agreements related to forests. No single institution or instrument has a mandate or capacity to address all aspects of forest policy at all geographic scales.

As part of the international arrangement on forests, ECOSOC also invited the heads of relevant international organizations to form a Collaborative Partnership on Forests (CPF). It consists of fourteen members, that have the capacity, programmes and resources, to support UNFF. It is an innovative arrangement to foster increased cooperation and coordination on forests. Collectively, building on the comparative advantage of its various members, the CPF members support the implementation of sustainable forest management worldwide.

While we do see progress towards sustainable forest management in some parts of the world, many challenges still exist, particularly in developing countries. The success of the international arrangement on forests will ultimately depend on joint action to mobilize political, financial, scientific and technical support for sustainable forest management.

Governments, intergovernmental organizations, industry and civil society have critical roles to play, in order to ensure that deforestation and forest degradation are significantly reduced and that the products and services from forests benefit those people who depend on them the most.

Criteria and Indicators in support of Sustainable Forest Management

Some 150 countries are members of one or more of the nine regional and international processes for C&I for SMF. These processes aim at developing, implementing and using C&I to guide the monitoring, assessment and reporting on their forests and to improve forest policies and practices. There is considerable variability in the indicators identified by the various processes, but a notable convergence in their criteria.

UNFF 4 acknowledged the following thematic elements of sustainable forest management which are drawn from the criteria identified by existing criteria and indicators processes and offer a reference framework for sustainable forest management:

1. Extent of forest resources
2. Biological diversity
3. Forest health and vitality
4. Productive functions of forest resources
5. Protective functions of forest resources
6. Socio-economic functions and
7. Legal, policy and institutional framework

Three of the processes -- the Pan-European (Helsinki), Montreal and ITTO -- are at the stage of reporting data on the indicators. National reporting at the pan-European level on criteria and indicators has been done twice (in 1994-5 in the testing phase and in 1998), and a third round of reporting is underway. Data from the 1998 reports were compiled by FAO/UNECE and were incorporated into the global Forest Resources Assessment 2000. Data from the current reporting will be incorporated into the global FRA update for 2005.

The six other processes that are also strongly developing their reporting capability are: Tarapoto Proposal, African Timber Organization, African Dry-Zone Process, Near East Process, Dry Forest Asia Initiative, and Lepaterique Process.

Challenges to international forest certification processes

Many of the challenges we are facing now were not originally in the core of the objectives of certification. Nor are they solely in the hands of the forest sector.

The realities of forest certification are, that:

- Certification is rapidly becoming a standard requirement for timber suppliers in boreal and temperate conditions
- It has become a success story in awareness building
- Only 10% of certified forests are located in the tropics, although demand exceed supply of some tropical timber products. Question is: How certification contributes to SFM if the great majority of certified forests are located in temperate and boreal zones?
- We are still facing uncertainty about the recognition of different schemes,
- There is uncertainty about the size of the markets, and finally ...
- The question of sharing the costs and benefits of certification

Forest certification has many dimensions and many stakeholders with different interests:

- For industry and trade it provides an instrument for marketing and market access
- For buyers and consumers it provides information on the impacts of products they purchase
- For forest owners it is a tool for market access or market advantage
- For governments it represents a soft policy instrument to promote SFM
- For ENGOs it can be a means to influence management
- The costs of certification tend to be higher for primary producers than for processors, since processors gain from market access. If the winners are far from forests, how is certification contributing to sustainable development?

I try to give some possible explanations for your further consideration:

- Inflexibility of standards concerns especially tropical forests. In most cases certification standards do not recognize successive steps towards SFM, but are focused on end-results.

Furthermore, standards that specify inputs and technologies can impose a greater cost burden in tropical situations or even exclude producers without access to required inputs. Would a stepwise certification be a solution?

- Incompatibility or even conflict between national laws and certification standards can be a problem;
- Lack of recognition of other land use issues: certification often fails to take into account other land uses, such as agriculture, which may have significant impacts on forests. Efforts to sustain land use practices on a larger scale are not recognized. And certification do not addressing well the root causes of deforestation – certification is not aiming at that either.

But - certification can greatly contribute to economically, socially and ecologically sustainable development also in the developing countries. Reported benefits of mutually reinforcing processes of certification and policy and institutional (e.g. Bolivia, Brazil, and South Africa) reforms:

- Certification can increased acceptance of community representatives in policy fora;
- It has raised awareness of the potential of SFM;
- Certification has advanced more participatory and decentralized forest policy process;
- Contributed to better policy definition;
- It can increase supply -chain transparency; and
- improve worker rights, income and safety standards.

It is also obvious that further discussion is needed on:

- How to link policy reforms with certification standards and how to ensure that certification is not in conflict with e.g. community forestry, tenure of local communities and devolution.
- How to make sure that performance requirements are relevant and achievable in specific country conditions.
- The role of forest certification in tackling illegal logging, corruption and other governance and compliance problems?
- And how to meet certification standards in a constrained financial environment?
- How to make certification serve the necessary efforts towards cross-sectoral approaches to sustainable development, taking fully into account the linkages between sectors.

A big challenge is to create mechanisms for effectively verifying the legality of wood production and denying access to our markets of illegally sourced wood and wood products. Related concerns to be addressed include the financing of illegal operations and the laundering of proceeds from illicit extraction of forest resources and trade of forest products. Relevant concerns are also due diligence by financing institutions, public procurement and export credit agencies, as well as the promotion of the consumption of legally produced products.

In this regard, it is essential to have a series of pillars which will deal with legality verification, customs enforcement, public procurement standards, financing matters and development cooperation assistance. We also need further studies to gain better understanding of trade flows,

links between illegal logging and investment and finance. However, steps to eradicate illegalities should always focus on those guilty of illegal activities and not impede the activities of legitimate businesses. It should also be said, that illegal activities is not only a forest sector issue. They usually occur in situations where illegal activity, together with corruption, is rife in all branches of society.

There is a lot of interest in identifying key producer countries with which more immediate partnership activities could be implemented on a pilot basis, including such issues as log tracking and chain of custody verification schemes, associated training and capacity building. This should include stronger partnerships between public administration and forest industries and development of company-specific guidelines to prevent illicit extraction of forest resources. We also need effective implementation and enforcement of a functional legal system, weeding out corruption, increased transparency in business activities and the promotion of democracy. One of the basic prerequisites is the fair distribution of land ownership rights.

Poverty alleviation with sustainable forest management

Finding solutions to alleviate poverty will be crucial for both achieving the Millennium Development Goals and furthering our work here in this Forum.

In October 2000, 189 world leaders came together to create a holistic vision for development, encapsulated in the eight inter-connected Millennium Development Goals. These goals were reaffirmed in Monterrey and Johannesburg. With these goals, the international community has set for us a high standard of accomplishment, and reaching these milestones will be a very important step toward fulfilling the vision of a peaceful and prosperous world. A step we simply cannot afford to miss.

First, we need coherent and predictable forest policies, which recognize all forest benefits, are a cornerstone for sustainable forest management. These supportive policies and enabling environments are instrumental in attracting the private sector and in creating the much needed forest markets and revenues from forest products and services.

Forests and forest products should be used in support of economic growth in a sustainable manner, thus contributing to the overall development of the society as a whole. Also, policies that expand the capabilities of individuals and communities of forest dependent peoples to diversify their income base will be essential for long term sustainability. Strengthening institutional capacity for governance, and providing extensive opportunities for education, especially for girls, will be important factors in maintaining a healthy local and national economy.

This leads to my second point: efficient and effective land tenure systems and access to forest resources are crucial for local and indigenous communities and provide an economic incentive for sustainable forest management. When people have control and ownership of forests, then they have greater opportunities to capitalize on forest assets, and even greater incentive to sustain the resources. Good management and clear principles of social responsibility are pre-requisites for sustainable forest management.

Finally, none of these pieces can come together without the third basic tenet of sustainable forest management, that of good governance and strong law enforcement. A lack of economic opportunities combined with weak law enforcement often leads to illegal logging, which can

destroy ecosystems and deprive the local forest-dependent community of the possibility of sustainable livelihood. It can also further push forest-dependent people into extreme poverty.

Illegal logging and trade in illegally harvested forest products have been eroding the resource bases of many countries and impacting on their socio-economic and ecological health. We have seen recently that internal conflicts and illegal harvesting of forest resources go hand in hand. Often, illegally harvested timber is exported to finance violent activities. Such crises are most often beyond the coping ability of national governments, and require intergovernmental support. There is thus a need for international mechanisms that ensure stability and compliance and that can assist in conflict prevention and management.

Achieving the MDGs and other international commitments, including those on forests, requires a new, more holistic thinking on the interaction and linkages between people and the precious natural resource base. Forests are deeply entwined with other sectors of the society and their management requires coordinated efforts and inter-sectoral approaches. There is a need for a broader, more inclusive vision to create mechanisms that would allow interaction between various stakeholder groups and sectors that influence forests and the forest-dependent poor. There are two readily available tools that governments can use to formulate and unify their national policies and programs: National forest programmes and Poverty Reduction Strategy Papers.

In many countries, national forest programmes provide a framework for dialogue to address macro-level and cross sectoral issues critical to sustainable forest management. Poverty Reduction Strategy Papers are increasingly used as a roadmap for development and, more recently, as a plan for country level achievement of MDGs. Thus, it is of utmost importance that PRSPs be aligned with the national forest programmes and strategies.

Finally, Mr. Chairman

The issue of instruments in support of sustainable forest management has been at the core of international forest policy dialogue. UNFF has also strongly emphasized that the principle of sustainable forest management, as a policy concept, should be an integral part of general policy instruments for social development, economic viability and environmental protection.

But the main challenges are outside of the forest sector. We have to be aware of the impacts of international trade of agricultural policies. Further liberalization for agricultural products is likely to have a significant impact on forest areas in developing countries. We should also work hard to secure that WTO decisions on ecolabelling would support the objectives of voluntary forest certification. WTO definition of environmental goods should also cover sustainably harvested forest products, thereby improving market access for such products and providing an incentive for their production.

It is important to take into account both the limited capacity for effective forest governance in many contexts and the potential for conflict between creating incentives to promote Sustainable Forest Management. It is also important that the parties of trade negotiations recognize the values that cannot be expressed in monetary terms. This underlines the importance of incorporating forest management and forest livelihood expertise in relevant trade delegations.

Thank you for your attention