

# Involving Harvesting Contractors in Forest Certification

This paper is an output from a research project funded by the United Kingdom Department for International Development (DFID) for the benefit of developing countries. The views expressed are not necessarily the views of DFID.

Forestry Research | Programme R7589

June 2002

58 St Aldates  
Oxford OX1 1ST  
United Kingdom

Telephone  
+44 (0)1865 243439

Email  
[info@proforest.net](mailto:info@proforest.net)

Website  
[www.proforest.net](http://www.proforest.net)

# Involving Harvesting Contractors in Forest Certification

Ian Gray, Ruth Nussbaum, Sophie Higman and Steve Jennings

With inputs and assistance from Simon Levy, Aurea Nardelli, Anna Jenkins, Edgar Kastenhof, John Palmer, Dawn Robinson, Tim Synnott, Wendy Vasbinder, Sara Roberts, Richard Donovan and Duncan Pollard.

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## Introduction

A significant proportion of all timber produced around the world is harvested by individuals or companies operating under contract to the forest owner or manager. The work carried out by these harvesting contractors (also referred to as forest entrepreneurs, contract loggers and a variety of other names) ranges from a single contracted operation to cut trees on behalf of the owner through to carrying out most or all the operations in a particular forest.

One of the ways many harvesting contractors work is to buy trees as standing timber which they both harvest and sell. As a result, they are often in much closer contact with the market than the manager of the forest and therefore have a greater awareness of the demand for certified forest products. This has led to a number of harvesting contractors becoming interested in forest certification.

However, forest certification requires compliance with a standard whose requirements range from management planning and silviculture to conservation and consultation and it requires this compliance over the long term. As a result, it has generally been assumed that certification can only be undertaken by the forest owner or manager, since only the owner or manager is in a position to address these issues over the long term.

This can create a problem for harvesting contractors since the owners of the forests in which they work are not always aware of the demand for certification or interested in seeking it for their forest. Therefore, there is growing interest among harvesting contractors in assessing whether there are any mechanisms by which they can gain access to certification directly. This is important for two main reasons:

- firstly, many harvesting contractors are selling into markets which are seeking or demanding certified timber but are unable to get the owners/managers of the forests in which they work to seek certification thus putting their markets at risk. Since many harvesting contractors are small, rural enterprises playing a critical role in providing sustainable rural livelihoods, this is a very serious risk to long-term sustainable development.
- secondly, for many forests it is the quality of harvesting more than any other single activity, which determines whether or not the forest is well-managed. Therefore, it is of tremendous importance to engage harvesting contractors in attempts to introduce sustainable forest management and certification.

This study addresses the question of how harvesting contractors can become involved in certification. This is done in three parts:

- An analysis of the current situation looking at how harvesting contractors might be able to achieve certification under existing rules, and also the barriers which exist (Section 1).

This analysis is made based on the international FSC system which has been chosen as an example because it is the most widely used forest certification

scheme and remains the only one which is globally applicable. However, the discussion is likely to be equally relevant to other schemes;

- Provision of practical guidance for harvesting contractors who want to attempt one of the existing routes to certification identified in section 1 (Section 2);
- A discussion of some of the possibilities for making certification or some other form of recognition for good practice more easily available to harvesting contractors in the future thereby overcoming the barriers identified in section 1 (Section 3).

# 1 An analysis of current opportunities and barriers

In order to understand the opportunities and barriers faced by harvesting contractors wishing to have access to certified forests, it is first necessary to discuss the variety of ways in which they operate. This is followed by a discussion of the requirements of certification, and the implications of this for harvesting contractors. Finally, the potential current routes to certification, together with the remaining barriers are outlined.

## *1.1 Harvesting contractors and how they work*

One of the first difficulties in discussing harvesting contractors is that they work in a vast array of forest types and sizes, in many different countries and under varying legal, business, contractual and cultural structures.

Some harvesting contractors have almost complete responsibility for the forests in which they operate, while others simply cut where they are told and then move on. Some buy the timber standing and are responsible for selling it, while others simply cut for someone else and never get involved in the marketing side.

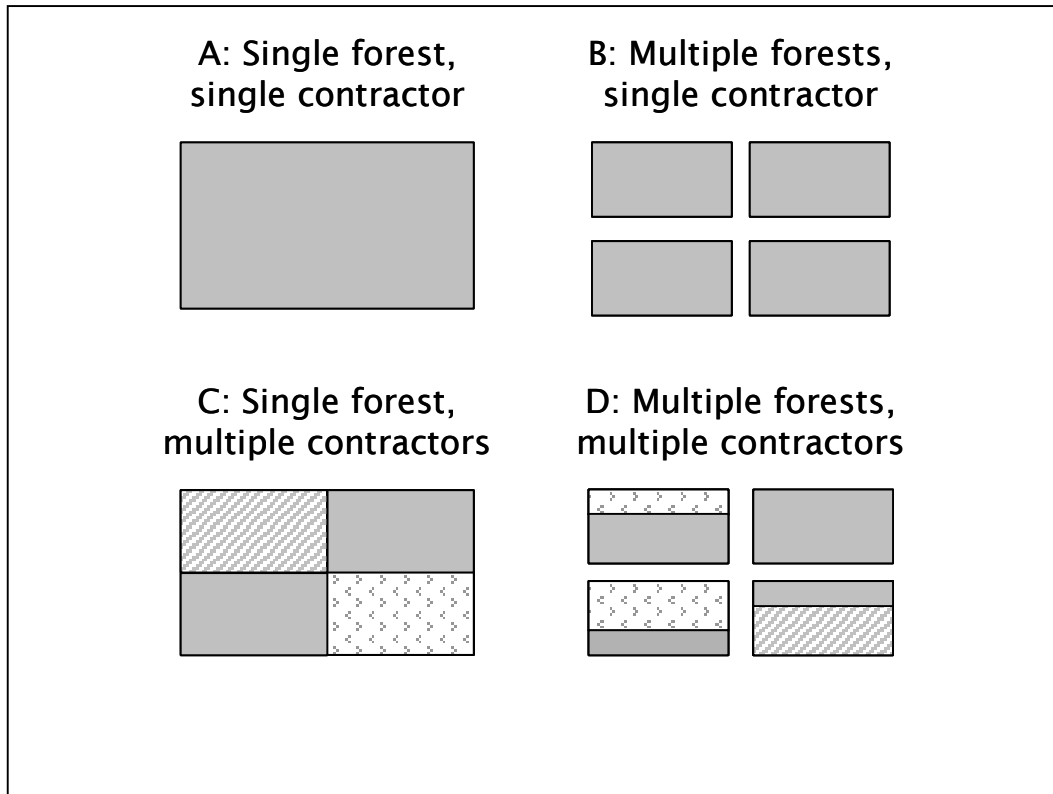
It is likely to be those with the greatest responsibility and with the closest links to the market who are most interested in certification and that is where this analysis focuses. In particular, there are three things which are likely to impact most strongly on the ability of a harvesting contractor to pursue certification:

- the level of responsibility for forest management;
- the type and size of the organisation;
- the situation in which the harvesting contractor works.

**Level of responsibility:** As outlined above, some forest entrepreneurs are responsible for many aspects of forest management. The greater the number of activities the person or organisation is responsible for, the greater the influence they are likely to have over the range of issues which must be addressed in order to meet the standard.

**The type and size of organisation:** The type of organisation is also important since a single person or very small operation of only two or three people, a very common situation for forest entrepreneurs, is much less likely to have the capacity to seek certification than a large company employing many people.

**The situation in which the harvesting contractor works:** Harvesting contractors can be divided roughly between four types of situation (see Figure 2.1). The options available to seek certification will depend on which of these four situations they are operating in:



**Figure 2.1:** Harvesting contractors' possible situations

**A: Single forest, single contractor.** The harvesting contractor works in only one forest (or several forests with a single owner/manager) and is the only operator working in that forest. This situation might occur in a number of situations including:

- where the contractor has a long-term relationship with a medium or large forest manager as a result of which they have all the cutting rights.
- where a very large landowner (eg a state forest department) divides the forest into several large areas and awards cutting rights to one area to a single operator over a medium to long time period.

**B: Multiple forests, single contractor.** The harvesting contractor works in several forests with different managers and is the only operator in each of the forests.

This is a very common situation in small forests where one contractor will have a number of clients for whom he does all the harvesting as well as any other subcontracted work.

**C: Single forest, multiple contractors.** The harvesting contractor works in only one forest (or several forests with a single owner/manager), but several other operators also work in the same forest.

This is a very common situation in state-owned forests where cutting rights on small blocks are awarded on a short-term basis to many different operators with no particular area of forest allocated to a single operator.

**D: Multiple forests, multiple contractors.** The harvesting contractor works in several forests and other operators also work in the same forests.

This situation is likely to arise, for example, where the harvesting contractor buys standing timber wherever it is available from a range of different forest managers, but does not have a long-term relationship with any of them.

It is apparent that a harvesting contractor operating in single contractor situations (A and B) will have significantly more impact on, and control over, the quality of forest management than those in multiple contractor situations (C and D). Therefore, both the opportunities for and barriers to certification will differ.

## ***1.2 Meeting the requirements of certification***

The first step in seeking certification is compliance with the standard. Forest certification requires a forest management unit (FMU) to be managed in accordance with a standard containing a variety of technical, environmental and social requirements. A forest management unit must be a geographically defined area of forest under a single management plan or organisation.

As discussed in the introduction, this has meant that the discussion about certification has tended to focus mainly on forest owners and managers since they are the ones most easily able to ensure that all of these requirements are met over the entire forest area.

In seeking for ways to make certification more accessible to harvesting contractors, our starting point is that **certification is a mechanism for confirming that a forest is being managed in accordance with the standard.**

In practice, this means

- a forest which does **not** meet the standard should not be able to access certification however well the harvesting is carried out.
- a forest which **is** being managed in accordance with the standard should be able to access certification even if the main driving force is not the owner or manager.

Therefore, if a harvesting contractor is operating in a forest where other aspects of management are below what is required by the standard, then however good the harvesting operations are, the forest cannot be certified. However, if a harvesting operator is operating in a forest where other aspects of management comply with the standard, or where there is the possibility to bring them up to the level required, then certification ought to be possible.

Therefore, the first step in achieving certification is to see whether it is possible to meet all the requirements of the standard in the forest. There are three possible ways a harvesting contractor can do this:

- by working in forests where the current management regime is such that all the requirements of the standard are met providing that harvesting operations are undertaken properly. This is by far the easiest and cheapest option for a



harvesting contractor, but due to the complexity of the standard is not a very common situation;

- by engaging the forest manager or owner in implementing the additional measures needed to bring management up to full compliance. This approach has two major advantages. Firstly, it means that the effort and expense of compliance is borne by the party with a long-term stake in the forest, rather than by the harvesting contractor who usually only has a short-term interest. Secondly, as discussed below, some level of engagement from the forest manager is needed for certification;
- by undertaking the additional measures needed themselves. This approach has the advantage of being within the control of the harvesting contractor, but it has considerable cost and resource implications which may be a major barrier for many small operators. In addition, if the forest owner or manager is not engaged at all it may be a problem for certification as discussed below.

If none of these approaches is possible then the forest will not be managed in accordance with the requirements of the standard and however enthusiastic the harvesting contractor is, it will not be possible to get certified. This situation is discussed further in Section 3 under 'Alternatives to certification'.

If one of these approaches is adopted successfully, the next question is how to undertake certification.

### ***1.3 The current routes to certification***

Under current FSC requirements there are three ways in which harvesting contractors can gain access to forest certification:

- The forest owner/manager applies for and obtains certification for the forest or joins a group certification scheme. This is the most common way of certifying forests and should be considered particularly when the forest owner/manager is responsible for meeting most of the requirements of the standard. The forest owner/manager can choose either to apply directly for certification or to join an existing group certification scheme. The direct approach is likely to be more appropriate for large forests while the group or resource manager route is likely to suit small forests better.

The advantage of this approach is that the costs and responsibility for certification are borne by the owner/manager who also has the long-term responsibility for the forest.

The disadvantage is that the forest owner/manager may not be interested in seeking certification thus creating a barrier for the harvesting contractor. It is certainly unlikely to be an option where the forest owner/manager is not even interested in implementing the requirements of the standard

- The harvesting contractor applies for and obtains certification for the forest. This already happens where operators are awarded long-term rights (eg 5 years or more) to an area of forest in the form of concessions. However, in some

circumstances it may be possible to use this approach even when there is no long-term contract provided that there is an appropriate agreement between the harvesting contractor and the forest owner/manager.

The advantage of this approach is that it gives the harvesting contractor some control over the decision to seek certification, but the disadvantage is that the harvesting contractor will have to take on the full costs and responsibility for certification which may be beyond the capacity of small contractors.

- The harvesting contractor sets up and runs a group certification scheme. Group certification has become a very popular way of gaining certification for several forests at one time, particularly small forests. Resource manager certification, in which a forest entrepreneur develops and operates a group scheme for all the forests in which he/she works is, in fact, an existing route for some harvesting contractors to access certification. For harvesting contractors working in multiple forests this may be an attractive option and it can work whether the forest owner/manager takes responsibility for meeting the requirements of the standard (group scheme) or if these are the responsibility of the harvesting contractor (resource manager scheme).

The advantage of this approach is that it allows the harvesting contractor to be proactive in seeking certification, and if they are operating in multiple forests, to include all of them under one certificate.

The disadvantage is that setting up and running a group certification scheme can entail significant costs and resources which may be beyond the capacity of small or medium operators. If the harvesting contractor also has to carry out the work necessary to ensure compliance with the requirements of the standard for each forest, this will add even more to the cost and complexity of the task.

If either of the two latter approaches are adopted, there are two further issues which must be considered:

**Long-term commitment:** the FSC standard requires that 'Forest managers shall demonstrate a long-term commitment to adhere to the FSC Principles and Criteria'. This means that for either a group scheme or a certificate held by a harvesting contractor there must be the formal commitment of the forest owner or manager to ensuring long-term management of the forest in compliance with the standard.

Where it is not possible to obtain the long-term commitment of the forest owner or manager this is likely to be a barrier to certification. This is discussed further in Section 3 under 'Alternatives to certification'.

**Partial certification:** Current FSC policy<sup>1</sup> does not permit the partial certification of sections of larger forests, where the whole FMU is subject to the same overall management system. This is, in part, to avoid the certification of a small

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<sup>1</sup> BM-19.24. Partial certification of large ownerships: FSC discussion paper of 9 May 2000.

demonstration plot within a poorly managed large forest being used for 'greenwash'. Certification can be applied only where there is a clearly separated FMU, in terms of geography, ownership and/or management structure. Therefore, currently a harvesting contractor cannot apply for forest certification, for example, for one felling coupe which is part of a larger FMU.

This is likely to be a particular problem for harvesting contractors operating in forests with multiple operators since they normally have no control over the way in which the other contractors operate. This is discussed further in Section 3 under 'Partial certification of forests'.

## 2 A guide to certification for harvesting contractors

Based on the analysis in Section 1, this section provides practical guidance for harvesting contractors who want to engage with forest certification. It begins with a brief appraisal of which of the three identified approaches is likely to be most appropriate for each of the four situations in which harvesting contractors commonly work. It then provides more detailed guidance on the practical requirements for each approach.

### *2.1 Which option is best?*

As discussed in Section 1.1, there are broadly four situations in which harvesting contractors work:

- A: Single forest, single contractor;
- B: Multiple forests, single contractor;
- C: Single forest, multiple contractors;
- D: Multiple forests, multiple contractors.

In addition, there are differences of both the size and resources of the harvesting contractor organisation and in the degree of responsibility the harvesting contractor has for forest management and sale of the timber.

In each case, the harvesting contractor needs to consider two issues:

- **Meeting the standard:** Who will be responsible for ensuring that the forest meets the standard including covering all the costs? There are three possible options:
  - current management already meets the standard;
  - the forest owner/manager is prepared to undertake the work required;
  - the harvesting contractor undertakes the work required.
- **Certification:** Who will seek certification for the forest? Again, there are three possible options:
  - the forest owner/manager seeks certification, either directly or by joining a group scheme;
  - the harvesting contractor applies for and obtains certification;
  - the harvesting contractor sets up and runs a group certification scheme.

The most appropriate way for harvesting contractors operating in each of the four situations to seek certification is discussed below.

## 2.1.1 A: Single forest, single harvesting contractor

As the summary in Table 2.1 shows, there are three options for seeking certification in the situation where a single harvesting contractor operates in a single forest.

**Owner/manager seeks certification:** where the owner or manager can be persuaded to take responsibility for both meeting the standard and seeking certification, this is likely to be the best option for the harvesting contractor since all the responsibility and costs lie with the long-term owner of the resource. Even if the forest owner does not appear to be keen on this option, it may be worth considering investing some time and energy in trying to build interest. This is discussed further in section 2.2.1.

**Harvesting contractor seeks certification:** where current management already meets the requirements of the standard, or the owner/manager is prepared to implement any additional requirements, but is not prepared to seek certification, then it is worth the harvesting contractor considering seeking certification themselves. This situation is particularly likely when the forest is owned by a large landowner such as a government or a large company which for strategic or political reasons does not wish to be involved in certification, but is prepared to support the harvesting contractor if they need certification. This approach is discussed in section 2.2.3.

**Harvesting contractor meets the standard and seeks certification:** where the forest owner/manager is not interested in either meeting the standard or in seeking certification then if the harvesting contractor really needs to be certified he/she will have to consider undertaking both the work required to meet the standard and the process of certification itself. This option is discussed in section 2.2.2.

*Table 2.1: Summary of options for certification for single contractors working in single forests*

Meeting the standard	Certification	Options to consider
Owner/manager willing to be responsible or current management sufficient	Owner/manager responsible	Owner/manager seeks certification
Owner/manager willing to be responsible or current management sufficient	Owner/manager not willing	Harvesting contractor seeks certification
Owner/manager not willing and current management does not meet standard	Owner/manager not willing	Either harvesting contractor takes responsibility for meeting the standard and for certification  Or harvesting contractor seeks alternatives to certification (see Section 3)

In this final case, if the costs and resource requirements of undertaking both the work of compliance and the certification itself are too great, then it may be worth considering the alternatives now being discussed (see Part 3).

## 2.1.2 B: Multiple forests, single harvesting contractor

For a harvesting contractor working in a number of separately owned or managed forests, but with exclusive harvesting rights within each, there are four main ways to achieve forest certification as summarised in Table 2.2.

**Each owner/manager seeks certification:** There are two possibilities under this general heading:

- **Each owner/manager seeks individual certification:** This approach may be appropriate if each forest is relatively large and/or professionally managed and the owner/manager of each is prepared both to meet the standard and undertake certification as discussed in section 2.2.1.
- **Owners/managers join an existing group scheme:** This approach will be appropriate for any small forests where the owner/manager is prepared to implement the standard and undertake certification. It may also be the most cost-effective method for larger forests if an appropriate scheme is available.

**Harvesting contractor establishes group scheme:** where there is no group scheme available, or where the forest owners/managers are not prepared to join an existing

*Table 2.2: Options for certification for single contractors working in multiple forests*

Meeting the standard	Certification	Options to consider
Owners/managers willing to be responsible or current management sufficient	Owners/managers prepared to seek certification	Each owner/manager seeks certification Owners/managers join group certification scheme
Owners/managers want forests to meet standard but unable to do the work themselves	Owners/managers prepared to seek certification	Owners/managers join resource manager certification scheme
Each owner/manager willing to be responsible or current management sufficient	Owners/managers not willing to take responsibility	Harvesting contractor establishes group certification scheme
Owners/managers not willing or unable and current management does not meet standard	Owners/managers not willing to take responsibility	Harvesting contractor establishes resource manager scheme Harvesting contractor seeks alternative to certification (see 3.2)

scheme, but where forest management meets the requirements of the standard or forest owners/managers are prepared to undertake the required work, an alternative approach is for the harvesting contractor to establish his/her own group scheme. This has the advantage that it can be designed specifically for the forest owners/managers for whom he/she works, but may require significant resources to set up and run, and will involve the costs of certification. This is discussed further in section 2.3.3.

**Harvesting contractor establishes a resource manager scheme:** where the forest owners/managers are not prepared to undertake any management improvements required nor to seek certification, the harvesting contractor might consider whether to take on these responsibilities themselves. This is probably best done by setting up a resource manager scheme which combines management responsibility with group certification. Where forests are relatively small, and the requirements beyond good harvesting practice relatively limited, this might be a viable option and is discussed in section 2.3.3.

Where none of these options are viable, the harvesting contractor may want to consider alternatives to certification as discussed in Section 3.

### 2.1.3 C: Single forest, multiple harvesting contractors

The main difference in situations where multiple harvesting contractors are operating in a forest, is that it is usually no longer possible for a single harvesting contractor to implement the requirements of the standard over the whole forest area since he/she has no control over the behaviour of other contractors.

Therefore, in this situation, it is only possible to consider certification if: either the forest owner/manager ensures that the standard is met or it is possible to certify only that part of the forest where the harvesting contractor operates.

**The forest owner/manager ensures that the standard is met.** In this case, the two options available to the harvesting contractor are the same as in 2.1.2 above:

- **the owner or manager seeks certification:** this option is the cheapest and most straightforward for the harvesting contractor. The costs and responsibility stay with the owner/manager, or if they are passed on are likely to be shared between all the contractors operating in the forest.
- **the harvesting contractor seeks certification:** this option is a possibility in theory, but only likely to work in practice if both the forest owner/manager and the other contractors working in the forest support the decision to seek certification and are committed to ensuring that the standard is met, since bad performance by a single contractor would jeopardise the certificate. It is also important to consider what incentives can be provided to other contractors, the most obvious being the right to sell their timber as certified.

The most likely approach to be successful in this situation is probably for the most committed contractor to set up some form of group scheme which includes

all the other contractors so that they are obliged to contribute to the maintenance of the certificate.

**Only the forest where the harvesting operator works is certified:** one option which has been widely discussed where forests are very large, for example government-owned forests, where it is inevitable that there will be many different harvesting contractors operating, is whether it is possible to certify just that part of the forest where a single contractor operates.

There are likely to be two situations. Firstly, the harvesting contractor operates more or less within a defined area, although they have only short-term rights to cut any one block at a time. Secondly, the contractor harvests blocks located throughout the forest and mixed with those of other harvesting contractors. These situations, referred to as 'partial certification' are discussed further in Section 3.

#### **2.1.4 D: Multiple forests, multiple harvesting contractors**

In this situation, it is very unlikely to be feasible for a single harvesting contractor to take on either the task of ensuring that each forest meets the requirements, nor the role of resource manager. If the forest owners/managers were interested in certification then the best options are probably:

- the owners/managers join an existing group certification scheme if one is available and they are willing to join;
- the harvesting contractor sets up a group certification scheme which the forest owners/managers are prepared to join.

Both of these options are discussed in 2.1.2 above.

However, if these options are not available, then it may be extremely difficult for the harvesting contractor to obtain certification. This is very likely to be the situation where a harvesting contractor buys standing timber wherever it is available, working only once in each forest in any period of five years or more and never knowing if they will be the next operator to work in the same forest.

Therefore, it may be useful to consider alternatives to certification for harvesting contractors interested in contributing to sustainable forest management and wishing to have their achievements recognised.

One approach, which is discussed further in Section 3.2, is to set up a recognition scheme for high quality performance by contractors – a form of forest entrepreneur certification which is attached to the operator rather than the forest.

## ***2.2 Meeting the standard***

### **2.2.1 Forest owner meets the requirements of the standard**

In many cases, the best option for a harvesting contractor is for the forest owner/manager to undertake the work of implementing the requirements of the standard.



If you have decided that you will try to persuade the forest owner/manager(s) in whose forest(s) you work to ensure that they meet the requirements of the standard themselves, then the best way to start is probably to understand yourself what is required so that you can explain this to the owner/manager.

## 2.2.2 Harvesting contractor implements the requirements of the standard

There are three key things which you should do before deciding whether you are prepared to take on responsibility for ensuring that the forest(s) in which you work are managed in conformance with the requirements of the standard.

- **Identify gaps:** firstly, you need to establish what you will actually need to do. Does management already comply or nearly comply with the standard, or is there a lot to do? To do this you will need to consider the requirements of the standard and decide whether current management meets the standard or not. Anywhere it does not meet the standard there is a 'gap' and all these gaps will have to be addressed before you can seek certification. If there is a lot to do then you should consider very carefully whether it is really worthwhile to expend considerable time, effort and resources in taking on this task.
- **Decide if you can address the gaps:** do you have the skills, knowledge and experience to undertake the activities needed to close out the gaps, or do you have access to someone with these skills through a partnership, contract or other arrangement. If you don't know how to do the things which are needed, and do not have regular and cost-effective access to someone who does, then it is unlikely that you will be successful in implementing the standard and it is probably not wise to proceed.
- **Decide if it is worth the effort:** consider whether you have a secure agreement with the forest owner/manager which will ensure that you will get the benefits from all the work you do. If there is no secure agreement between you and the owner/manager you should consider whether it is really worthwhile to expend the effort when you have no guarantee of any long-term benefits.

Having considered these three issues, the next step is to get the support of the owner/manager. This is essential because one of the requirements of the standard is that the owner/manager is committed to forest management which meets the standard in the long term. Once you get to the certification stage, most certification bodies will probably require a written statement of commitment from the owner/manager. So you cannot follow this option in the absence of this support from the owner/manager.

Finally you will need to begin the process of addressing all the gaps which you have identified. It is a good idea to begin by making some sort of action plan, setting out what you need to do and how you intend to do it.

Key issues to consider when deciding whether you should try to implement the standard yourself

- Have you established where the gaps are between current management and what is required by the standard? Do you think it is feasible to try to address the gaps?
- Do you have the knowledge and skills needed undertake the tasks you have identified?
- Do you have secure use rights which make the investment of time and resources worthwhile?
- Is the owner/manager prepared to make a long-term commitment to forest management which meets the standard?

### 2.2.3 Forest owner/manager and harvesting contractor share responsibility for meeting the standard

In many cases it is quite likely that meeting the requirements of the standard will be a combined effort between the forest owner/manager and the harvesting contractor, particularly in medium or large forests where the owner or manager is actively engaged with forest management. This is particularly likely to be the case where a very large forest owner (eg a state-owned forest) is actively engaged in forest management and is both able and willing to undertake tasks which fit with their ongoing management objectives, but are not prepared to undertake other tasks which are required by the standard but not by the owner's objectives.

If you are in this situation, then there are a number of things which you should consider doing:

- Negotiate with the forest manager to agree who will be responsible for implementing which parts of the standard, and what management structures will be necessary to co-ordinate their activities. Responsibilities which need to be allocated include activities such as:
  - Management planning and implementation;
  - Forest regeneration, maintenance and security;
  - Local community liaison;
  - Biodiversity planning and implementation.
- Consider how costs for meeting the standard are to be divided between the forest manager and the harvesting contractor. For example, if extra costs are incurred for further inventory work which is needed to meet the standard, who will be responsible for doing and/or paying for the work?
- Where the harvesting contractor will be responsible for ensuring overall compliance with the standard, monitoring and feedback mechanisms will be

needed. This will help the contractor to check that the standard is being met, and to communicate any shortfalls with the forest manager;

It is worth remembering that while the harvesting contractor and forest manager assume responsibilities for individual issues, where they are unable to fulfil these responsibilities themselves (e.g. through lack of skills or equipment) it is perfectly acceptable for a third party to be engaged to carry out the tasks. However either the harvesting contractor or the forest manager must ensure the tasks are adequately carried out and must assume responsibility for maintaining compliance with the standard.

Where the forests are small, and the harvesting contractor works in many different forests, the options set out above may involve an unrealistic amount of work and implementation of a group or resource scheme may be more effective as discussed in 2.3.3 below.

## ***2.3 Achieving certification***

Certification is a process which verifies that the management of a forest meets the requirements set out in a standard. There are a number of alternative ways in which harvesting contractors can gain access to timber from forests which have been through this process of certification.

### **2.3.1 Find certified forests or encourage the owner to seek certification**

In many cases, the most effective and simplest way to increase your supply of timber from certified forests will be either by:

- negotiating work in forests that have already been certified; or
- encouraging the forest owners/managers with whom you currently work to seek certification themselves.

In this situation the forest manager applies for and holds the certificate, and is responsible for ensuring that the certification requirements are met. Long-term management control and commitment to meeting the standard all rest with the forest manager, and the certificate applies to the entire FMU under his or her responsibility.

A harvesting contractor who buys, harvests and extracts standing timber from a certified forest will require a chain of custody certificate if they are to sell that timber as certified (see Section 2.5).

If the forests in which you work are not already certified then you may need to be proactive in encouraging the owner/manager to seek certification. In this case you may find that several of the following resources are useful in putting the case for applying for certification:

*Information* The forest manager may have no information about certification and what it entails. Providing this information may help persuade the forest manager

that it is appropriate for them. If the forest is a reasonably large one, it may be worth trying to get the manager to talk to a certification body, an FSC national working group or a consultant specialising in certification. For small forests it may be more effective to put the owner/manager in contact with the manager of a group certification scheme who will be able to explain certification in terms of the group requirements which are likely to be more appropriate for small forest owners than individual certification.

*Examples of success* You may know of, or be working in, other forests which have already been certified. It may be useful to introduce the forest manager to people who have experience of the certification process.

*Partnerships.* A forest manager may be more easily encouraged to pursue certification if there is an opportunity to work in partnership with other organisations. Such groupings may include other like-minded harvesting contractors (particularly if all are working in the same forest), trade or professional associations, community groups and NGOs.

*Financing.* In some cases the harvesting operator may be able to provide or contribute to the cost of certification. For example, in Brazil a harvesting operator and processor have combined to provide technical and financial support to the process of certification of a forest, to encourage uptake of certification.

For a harvesting contractor working with a large number of small forests it may not be very cost effective to try to persuade each forest owner/manager to seek certification individually. In this case it may be preferable either to find a group scheme manager ready to take on the job, or to set up a group or resource manager scheme as set out below.

### **2.3.2 The harvesting contractor applies for certification**

There are situations where the forest manager may be unwilling or unable to pursue certification themselves but able to support the harvesting contractor in an application for certification. This means that you would be responsible for ensuring that all forest management activities were in compliance with the certification standard – both those operations you already undertake yourself such as harvesting, and others you are not currently responsible for, such as conservation planning or consultation.

There is no doubt that this is a more complicated option for a harvesting contractor than if the forest manager applies for certification. Issues of who has overall management responsibility, long-term commitment and partial certification all need to be clearly defined as discussed in 2.1.3 and 2.2.3 above.

If you think that this might be an option then there are a number of key things which need to be considered:

**Commitment:** it is a requirement of the standard that the forest owner/manager has a long-term commitment to forest management which meets the standard.

Therefore, you will need to seek a formal commitment of long-term sustainable forest management from the forest manager.

**Long-term rights:** Certificates are usually valid for 5 years and certification bodies are unlikely to proceed with certification unless you have rights in the forest being certified for at least 5 years. Have you got an agreement or a contract consistent with the timeframe of certification (i.e. for at least 5 years);

**Support of the owner/manager:** Certification bodies are likely to want reassurance that the forest owner/manager is committed to supporting your application for certification since this will be important in ensuring that you are able to maintain the requirements of the standard. Obtain from the forest owner or manager a formal agreement of support for the harvesting operator's application for certification.

### **2.3.3 The harvesting contractor sets up a group or resource manager certification scheme**

Harvesting contractors often work in several separate forests, with different owners and managers. Many small woodlands, farm woodlots and community forests use contractors to carry out most of their harvesting. Because the forests are small, there may be little incentive or financial capital available for individual forest owners to become involved in certification, nor do they have a detailed understanding of certification requirements. In practice, other than restocking and a degree of protection of the forest area, harvesting may be the major management activity in such woodlands.

Group certification allows several forests to be included under one certificate. It attempts to overcome some of the certification problems faced by owners and managers of small forests, including:

- The cost of certification, especially between harvests;
- Difficulties in Interpreting the standards;
- Poor access to information;
- Difficulties marketing small quantities of certified timber.

By forming a group, these problems can be reduced for individual forest owners because they benefit from economies of scale. Group certification schemes help spread the costs of certification across all the members of the group, thus reducing the cost for each individual member. At the same time, group schemes can allow individual forest owners or managers to retain control of their forest. Group certification schemes have proven to be particularly suitable to the needs of small forest owners and situations.

A group certification scheme consists of a Group Manager (which can be an individual, organisation, company, association or other legal entity) who develops a group scheme and individual forest owners or managers who join the group as members. Members' forests are certified as part of the group. The group manager holds the certification, and is responsible for ensuring certification standards are

met in all members' forests. The certification body visits only a sample of forests at each visit, reducing the assessment costs. Most group schemes allow for some variation in approach to forest management between members providing that the results meet all the requirements of the certification scheme.

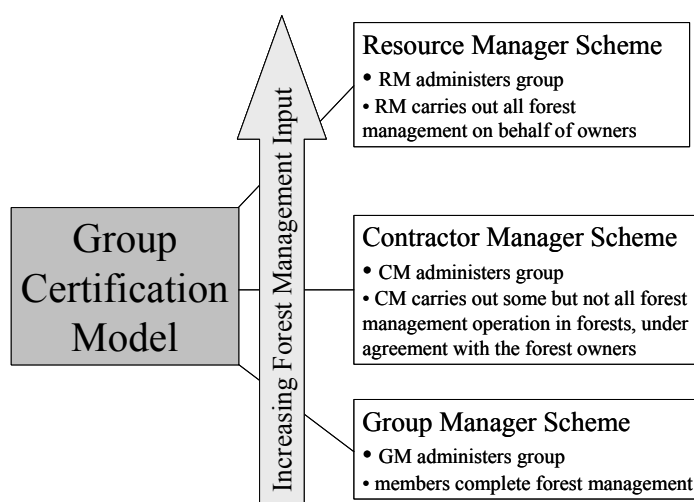
There are currently two basic variations of the group certification model which allow access to certification:

**Group Manager Schemes** – where the group manager sets up and administers the scheme but all forest management operations are the responsibility of the forest owner/manager;

**Resource Manager Schemes** – where the resource manager sets up and administers the scheme and is directly responsible for all the forest management in a number of forests on behalf of the owner.

Any organisation or individual can set up a group or resource manager scheme (e.g. forest managers, forest owners associations or forest companies). However, many harvesting contractors may be unable or unwilling to accept the additional responsibilities associated with running a Resource Manager Scheme; meanwhile the Group Manager Scheme does not include any provision for the group manager to carry out forest operations.

In practice, many existing 'group certification schemes' are actually hybrids between these two extremes. In many cases, the group manager is responsible for administration of the group, and for arranging or carrying out harvesting or other specific operations in the forests. The forest managers take responsibility for other operations in the forest, such as conservation works, replanting, thinning, silvicultural works, or relations with communities and neighbours.



**Figure 1.** How the different types of Group Certification Scheme compare.

These hybrid schemes can be called Contractor Manager Schemes; where the scheme is run by a harvesting contractor, we call it a Harvesting Contractor Manager Scheme. The standard of forest management required by a Contractor Manager Scheme and the rigour of auditing of the scheme by a certification body is exactly the same as any other Group Certification Scheme.

A harvesting contractor running a Contractor Manager Scheme, has the same overall responsibilities as a Group Manager, but is also responsible for managing harvesting operations. Non-harvesting operations remain the responsibility of the forest manager. A Contractor Manager Scheme may also provide additional forest management services to members of the group; the more services the contractor provides, the closer it becomes a true Resource Manager Scheme.

It is essential that the division of responsibilities between the contractor (in their role as administrator of a group) and the forest manager is clearly defined, preferably in a written agreement. Additionally, evidence will also be required on the long-term commitment by the forest manager to sustainable forest management and the guarantee of harvesting rights for the harvesting contractor over a period consistent with the timeframe of certification.

The responsibilities of Group Manager (GM), Resource Manager (RM) and Harvesting Contractor Manager (HCM) are summarised in Table 2.3 below.

**Table 2.3** Division of responsibilities between scheme manager and forest manager (FM) under different types of Group Certification Scheme

Activity	Group Manager Scheme (GM)		Harvesting Contractor Manager Scheme (CM)		Resource Manager Scheme (RM)	
	GM	FM	CM	FM	RM	FM
Defines management requirements	✓		✓		✓	
Supports and controls membership	✓		✓		✓	
Manages harvesting operations		✓	✓		✓	
Manages non-harvesting operations		✓		✓	✓	
Monitors management performance	✓		✓		✓	

A harvesting contractor running a Contractor Manager Group, may have many small forests as part of their membership. Return harvesting may not occur for long periods in small forests; therefore, in order to ensure a continuing supply of certified timber to its markets, the harvesting contractor will need to admit new members to the group over the course of several years or even decades.

During the periods when no harvesting is being carried out, the Contractor Manager will be responsible for ensuring that the certification standard is still being met. The harvesting contractor will therefore require a strong degree of control over the

membership of the group, and may need to set up mechanisms and procedures for monitoring members' activities. To do this, the harvesting contractor may need to learn new skills and take on new responsibilities.

Under current FSC rules for group certification, this means that the group manager must visit every members' forest at least once every year. The certification body is also required to visit every member of the group at least once during the lifetime of the certificate (normally five years), unless a lower intensity of monitoring can be clearly justified. These rules are currently under review, but do constitute costs which the contractor needs to consider when deciding whether to establish a group scheme (see section 2.4 for a discussion of costs and financing).

The process of setting up and running a group scheme is described in 'Group Certification for Forests: A Practical Guide' (Nussbaum, 2002, available on [www.proforest.net](http://www.proforest.net) - Publications). The guide includes template documents and forms to help start a group scheme. You should refer to this document for full information.

## **2.4 Costs of Certification**

Cost has been identified as a perceived barrier to certification for the owners and managers of small forests ('An analysis of current FSC accreditation, certification and standard-setting procedures identifying elements which cause constraints', R. Nussbaum *et al.* 2000), and it is equally likely to be the case for harvesting contractors. There are three types of costs that the harvesting contractor needs to be aware of, and which will need to be divided between the contractor and the forest manager:

- Direct costs of certification, including the certification body's fees for the assessment and annual monitoring visits;
- Indirect costs of forest management; this will include the cost of ensuring the forest is well managed before a certification assessment, and any costs which may be incurred after an assessment in order to meet any requirements for improvements which the certification body might make. In a well managed forest, these costs should be minimal;
- Indirect costs for the harvesting contractor of managing the process of getting certification for one or several forests, or running a group scheme.

Some of these costs will apply at the start of the certification process, such as the indirect cost of ensuring forest management meets the requirements and the direct costs of certification. Others may be on-going, such as the costs of periodic monitoring of forest management. It is essential to think through when each type of cost will be incurred, how much it is likely to be, and how it can be met. Costs may be met by the harvesting contractor themselves, from mechanisms for sharing costs with the forest manager(s) and/or external financing and investments.

Harvesting operations are typically a high-bulk low-profit activity, so any increased cost might inhibit harvesting operators from becoming involved in certification. However, certification can also provide an opportunity to bring in new sources of



finance for a harvesting contractor. For example, assistance with financing the certification process might be sought through:

- Securing 'green' investments through becoming certified. Some banks and investment bodies now use forest certification as a criterion for deciding where to invest ethical or green funds. Harvesting contractors who have achieved certification may become eligible for such investments;
- Certification could be financed through cooperative agreements with trade associations, projects funded by international agencies or NGOs as a means of promoting sustainable development and capacity building of small rural enterprises;
- The suggested mechanisms involve contracts and commitments between the forest owner or manager and the harvesting contractor. In effect, these long-term guarantees of involvement in particular forests (and hence long-term income) may provide adequate guarantees of stability for investors;
- In return for long-term supply contracts, some purchasers of the harvesting contractors' timber might be willing to bear some of the costs of certification.

## ***2.5 Chain of Custody***

Chain of Custody certification ensures that any timber sold under an FSC certificate has originated from a certified forest. It requires that the timber coming from certified forests is identified and/or separated from uncertified timber at all times. This requires that there are systems in place which ensure timber identification, and segregation, supported by documentation to prove its origin (e.g. felling records, transport documentation etc). The systems in place to ensure identification and segregation are assessed by the certification body before a chain of custody certificate can be issued.

Forest management certificates generally include chain of custody up to the forest gate: this is usually the first change of ownership or the first processing of the logs. Harvesting contractors take legal possession of timber when they buy the logging rights to an area of forest. Where the forest manager holds the certificate, they are responsible for ensuring that harvesting operations meet certification requirements, even if they are done by a contractor. The harvesting contractor wishing to sell timber from this forest as certified must have a chain of custody certificate.

Where the harvesting contractor applies for forest management certification for a forest, the harvesting contractor will hold the forest management certificate. This means that the chain of custody for the timber from that forest is covered by the certificate until it is sold. The harvesting contractor still needs to have systems and documentation in place for identification and segregation of the certified timber. This is especially important where the harvesting contractor also works in other, uncertified forests. If the timber is transformed by the harvesting contractor (e.g.

sawn), the certification body will check procedures for chain of custody through the transformation process.

A recent development, which may be of particular benefit to small enterprises, is the approval of group chain of custody certification by the FSC. This is aimed, among others, at small portable sawmill operators, and small hauling companies. Small harvesting enterprises will also fit this category. Group chain of custody is limited to groups made up of small enterprises; only enterprises with fewer than 15 employees, or fewer than 25 employees and an annual turnover of less than US\$1 million, can apply for chain of custody certification as part of a group.

The group chain of custody policy allows several small harvesting contractor enterprises, working together to apply for chain of custody together, reducing costs for each company. This will only be applicable where the forest management certificate is held by the forest owner and the harvesting contractor only needs chain of custody certification.

More information about chain of custody certification can be obtained by contacting the nearest FSC Local office, the FSC International office or an FSC-accredited certification body. Contact details for all these are available on the FSC website at [www.fscoax.org](http://www.fscoax.org).

## 3 Policy Discussion: Partial Certification and Contractor Certification

### 3.1 *Partial certification – a discussion*

The most effective way for harvesting contractors to obtain access to certified forests is usually to persuade the forest owner/manager to seek certification. However, there are many cases where the owner/manager is simply not interested or where there is a political or other reason why applying for certification is not an option. In such cases, the only other option is for the harvesting contractor to seek certification themselves.

This is only possible if the overall management of the forest meets the standard, whether this is achieved by the contractor doing all the work or whether the responsibility is shared with the owner/manager. However, where it is clear that the forest is being managed in compliance with the standard, and that there is an appropriate commitment to maintain this in the long-term, it may be possible for the contractor to seek and obtain certification.

However, a particular difficulty arises for contractors operating in a forest where many other contractors are also operating. In this case, the management of the forest does not depend only on the owner/manager and a single contractor, but on all the different contractors who operate in the forest.

If a single contractor is interested in certification and the forest owner/manager, while supportive, is not interested in seeking certification themselves, it will almost certainly be too complicated and too expensive for the interested contractor to persuade all the other contractors to commit to compliance with the standard. Therefore, a significant interest has arisen in finding a way for contractors in this situation to certify just that part of the forest in which they work, rather than the whole forest management unit (and with it all the other contractors). However, this is not at all easy in practice.

#### 3.1.1 The rules

The FSC Principles and Criteria explicitly require the forest owner or manager to have a long-term commitment to the requirements of the standard (Criterion 1.6). This has been translated into a policy which strictly limits the scope for *partial certification* of a forest with a single owner/manager (see Box 3.1 for further details). The basis for this is that if the owner/manager is genuinely committed to meeting the standard, then the entire forest area should be managed in compliance with the standard.

In addition, certification has to be based on a demonstration of long-term use rights to the forest resource (Criterion 2.1). This prevents a harvesting contractor with short-term rights to do a particular operation taking on the role of 'manager' and making the commitment to the standard since they do not have the long-term use

### Box 3.1: Partial Certification: The FSC Policy Requirements

The FSC rules regarding the partial certification of large ownerships were set out in 1998 (in the FSC Guidelines for Certification Bodies). A discussion paper was issued in 2000 (FSC 2000b); however, the rules are still under discussion (FSC 2000c) and a definitive position has not yet been arrived at.

The rules covering partial certification are particularly important because they aim to maintain the credibility of the FSC and avoid 'greenwashing' by large companies who have small model operations, while the large majority of their holdings fail to practise good forest management.

As they currently stand, the requirements are different for FSC members and non-members. FSC members must comply with the FSC By-Laws (FSC 2000d, Paragraphs 29 and 30) and are expected to have a 'significant part' of their production forests certified within a reasonable time frame (normally not exceeding two years).

The requirements for non-members of the FSC are set out in the Guidelines for Certification Bodies (Part 2; subject 2.13 Partial certification of large ownerships, 1998). Non-members of the FSC must comply with Criteria 1.6 and 2.1 (see above).

Partial certification may be permitted when:

Applicants make a full disclosure of all forest areas over which they have some degree of management responsibility;

The area to be certified is a clearly separated independent unit in terms of its geography, ownership and/or management structure;

There are no major or repeated non-compliances with the FSC's P&C within the other parts of the applicant's forests.

The Guidelines for Certification Bodies (Part 2: subject 2.14, paragraph 2.7) also state that when ownership or management changes during the validity of a certificate, the certification body must withdraw the certificate. They may re-issue it in the name of the new manager only if they are satisfied the certification requirements are still being met.

rights. The owner/manager must be involved and this then raises the issue of partial certification.

In practice, two situations have already arisen where there is a significant demand for contractors to be able to seek partial certification for the area in which they operate:

- In large state-owned forests the annual harvest area is often divided into a number of cutting blocks and the rights for each block awarded to a different harvesting contractor. In this situation, no individual contractor has the rights to a defined area of forest, nor do they have control over the performance of other contractors. However, a number of contractors in this situation have expressed interest in certification.

In some cases the long-term management undertaken by the forest owner (usually a state forest department) may be broadly in compliance with the standard. The only problem is the failure to ensure that operations, and in particular harvesting, are carried out properly. This is often due to lack of training, lack of capacity or lack of authority.

There are now a number of contractors who find themselves in this situation and are themselves undertaking operations in a way which fully complies with the standard. They would like to be able to seek certification for their harvest areas.

- A second relatively common situation is where small-scale contractors operate in a number of forests carrying out particular tasks but not responsible for all operations. An example is charcoal burners who often obtain timber by carrying out operations such as maintenance of riparian areas, clearing for phytosanitary or conservation purposes or thinning. All these operations have a positive impact on the forest, but the contractor is usually not responsible for any main harvesting operations.

In such cases, there is an argument that the operations are clearly economically, socially and environmentally beneficial, often very important for sustainable rural livelihoods and that it is both wrong and potentially damaging to sustainability to exclude them from certification.

### 3.1.2 The effects

There is an urgent need to consider whether it is appropriate to allow *partial certification* in either of these situations. The two main issues which need to be balanced are credibility and sustainability:

- **Sustainability:** the overall aim of the FSC Principles and Criteria is to promote forest management which is environmentally responsible, socially beneficial and economically viable. There is also a clear acceptance of the importance of long-term sustainability and in particular on the development and maintenance of sustainable rural livelihoods and the encouragement of small-scale enterprises.

However, in practice it has been recognised that the complexity and rigour of the standard and the certification requirements tends to favour large-scale, single-interest approaches to forestry rather than small-scale, multiple interest approaches and that it is important to resolve this issue. The insistence on certification always applying to the entire FMU and involving the long-term commitment of the owner/manager (who are often the large, powerful interests) rather than focusing on the operator (who are often the small-scale, rural interests) is one of the areas which needs to be resolved. In particular, if an FSC policy is actively excluding a type of forestry which is in fact consistent with sustainability, then this is a serious problem.

- **Credibility:** the entire success of the FSC scheme has been based on its very high level of credibility, in particular with social and environmental NGOs and with

consumer representatives. If this credibility was undermined, the scheme would lose much of its ability to improve forest management around the world.

Therefore, however 'deserving' a particular case appears to be, it is absolutely critical to the FSC's future that any forest area which is certified and produces products which carry the FSC logo really is managed in accordance with the standard.

### 3.1.3 The Policy Question

To allow certification of harvesting contractors in practice, the certification body would need to assess whether the requirements of the standard are being met in those areas of forest being operated by the contractor, together with other areas required to meet the standard such as areas set aside for conservation. However, they would exclude from their assessment the impacts of any operations being carried out by other contractors.

This raises a number of issues which are discussed below:

**Potential issue 1:** The forest management unit as a whole would probably not meet the requirements of the standard. Some of the social and environmental consequences of this might be serious. For example, other operators might cause pollution of rivers, have poor site safety or fail to respect cultural sites.

Where this is the case many stakeholders may feel that it is quite inappropriate that anything coming from that forest could carry a claim to be from a 'well-managed forest'.

However, if the same area of forest was divided into small compartments and sold, it would immediately be possible to certify one of these compartments if it met the standard, even if all those around it were managed badly. In terms of how the real forest on the ground is actually being impacted, there is no difference between partial certification of a piece of a large forest with a single owner and full certification of a small area of large forest with multiple owners.

**Potential issue 2:** If the forest is not managed in accordance with the standard but is known to be 'certified' this could cause great confusion and undermine the credibility of certification and the standard.

To overcome this problem, it might be possible to ensure that the certificate was awarded to the harvesting contractor only. The forest manager would have no right to make any claim, nor could the harvesting contractor make any claim related to the forest area but only to their own production.

**Potential issue 3:** if the forest owner or manager does not control the behaviour of contractors operating in their forest, stakeholders may feel that they have no right to have even a part of their forest certified since they are clearly failing in their responsibility to ensure that the forest is properly managed.

However, in many cases forest owners or managers allow poor management, not because they do not care, but rather because they lack the training, the capacity or

the authority to control what happens in the forest. In such cases, the introduction of one certified area may be essential in providing a basis from which to build more general requirements for good management by other contractors.

### ***3.2 Forest entrepreneur certification***

It is clear that there are going to be many situations where it is simply not possible for a harvesting contractor to obtain forest certification. These include:

- operators without the training or capacity to take on the process of seeking forest certification themselves.
- operators whose income or margins are not enough to cover the costs of investing in full certification;
- operators working in forests where the owner/manager does not support certification and is not prepared to implement appropriate management or support the harvesting contractor's certification application;
- operators with the support of the owner or manager but harvesting short-term cut-blocks who cannot seek certification unless there is a change of policy as described in 3.1 above.

Yet in each of these cases, the contractor may be doing an excellent job and may want to have a mechanism for demonstrating in a credible way the quality of the work they do.

One possible way of addressing this problem is through the development of a separate certification scheme which focuses on the contractor and the work the contractor undertakes, rather than on the forest management unit.

The advantages of this type of approach are that:

- the certification system can be designed to be much more appropriate for contractors than forest certification. This should make it more accessible and more cost-effective.
- the provision of a system for recognising contractors able to implement high standards of operating provides a mechanism for forest owners/managers to select preferentially the best operators for their forests.
- particularly for small forests it may be relatively easy to develop a forest certification scheme which combines a requirement for a small number of overall requirements to be met by the owner/manager together with the use of certified contractors for all operations. Such an approach could even be developed for larger forests.

The main disadvantage is likely to be that the timber coming from such certified contractors will not, itself, be certified. Therefore, this may not provide a solution to the market demand for certified products.

For further information on the development of this type of approach contact Rainforest Alliance or the European Federation of Forest Entrepreneurs.