

lights in the dark

by Roberto S. Waack

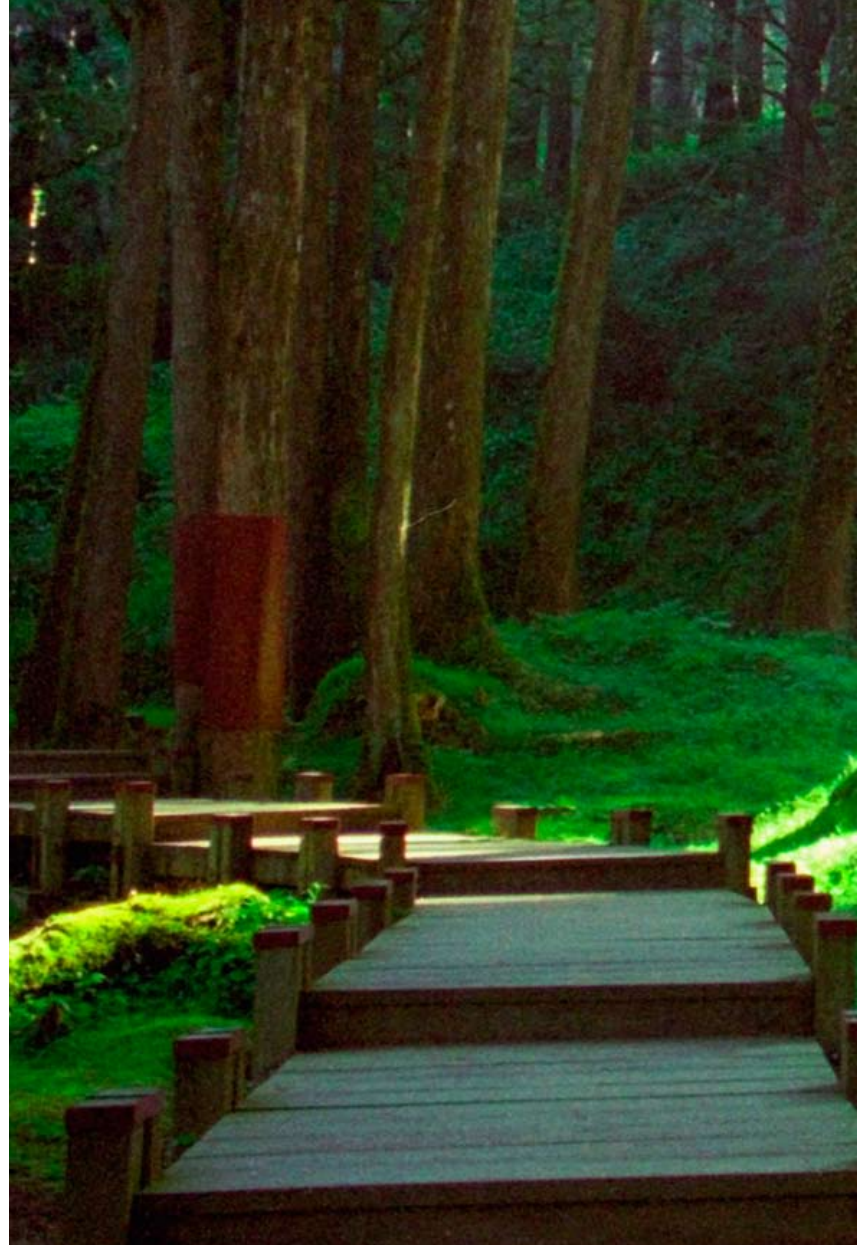
Dialogue has replaced a battlefield in the world of forestry. Companies and NGOs, once entrenched in their agendas in an attack and defense game, now focus on finding and developing common ground where the diverse and imprecise concepts of sustainability are progressively discussed. It is a paradigm change. In the almost utopian search for “consensus”, a decision making process is being built based on “consent through dialogue”, to replace the traditional consent driven by the unilateral power of governmental regulation and enforcement. It is neither a painless nor a comfortable process — and is not even perceived as efficient. Discussions seem to be indefinite and results are not easily achieved.

It's like driving in the dark on a non-paved road. Little by little people bring light. Sometimes a strong flash explodes on the eyes of the group. More often, an ensemble of little spotlights shining in the same direction illuminates the way. The negotiation processes and forums tend to be a joint effort to build the sustainability road — aiming, not at getting to a specific end, but at achieving better production processes and continuous improvement. As the road gets more illuminated, speed can be increased, more results gathered.

The impressive growth of Forestry Stewardship Council (FSC) certification of sustainable forestry, since it began almost 15 years ago, gives one measure of this progress. FSC-certified forests have grown by double digits on average over the last five years, and now extend over 100 million hectares over 78 countries, equivalent to seven per cent of the forests identified as primarily for production purposes. Companies with a combined estimated turnover of \$250 billion in wood products are committed to certification. Now more than 9000 certificate holders worldwide enjoy sales of certified products around \$20 billion a year. These achievements however, are not yet great enough to celebrate. An area the size of Belgium is cleared every year to join the half of the world's forests that have already been lost. Yet over 90 per cent of the 1.2 billion people living in extreme poverty depend on forests for some part of their livelihoods.

Any certified forest operation must comply with international, national and local laws and FSC Principles, adhere to tenure and use rights and responsibilities, respect indigenous peoples' and workers' rights, maintain community relations, generate multiple benefits from the forest, manage and limit environmental impact, compile and follow a management plan, monitor and assess forest management impact, and maintain High Conservation Value forests. And all that must be achieved assuring equitable access to the benefits of the certification, following a mechanism that ensures integrity, credibility and transparency.

The growth of new multi-stakeholder governance systems, using the FSC as a benchmark, has significantly altered the way governmental and private decisions are made. Concepts such as third party certification, verification, independent monitoring, principles and criteria have become part of strategic decisions. The new paradigm is based on a tripod that includes a new form of knowledge generation, dialogue and communication with society. Never before has so much knowledge been generated on the social and environmental impacts of human actions. Research by



organized civil society is offering a counterpoint to the academic world, and enlightening it.

There is intense discussion on the proliferation of these multi-stakeholder governance schemes. One way of explaining it relies on the inefficiency of governments to incorporate social-environmental demands into the formal legal framework in a balanced way. To make things more complicated, globalization demands governance models above country levels. Legality in international trade is no longer enough, and a demand to go beyond it is the major driving force of the new forestry multi-stakeholder models. Tropical timber provides a clear example. Sustainable management of tropical forests — reducing deforestation through creating wealth from forestry products, and thus avoiding clearing forests for other uses of the land — is probably the most powerful alternative way of consolidating the so-called economy of the tropical forests. Many countries choose to use certified timber from sustainable forestry for public procurement and for controlling imported forestry products.

A poor quality institutional environment is one of the major problems of the tropical world. The legal framework is fragile, and frequently lacks enforcement. Land use and ownership are not clearly defined, and this causes all kinds of conflicts and misuse of the forest. The FSC approach is an important element in assuring that property rights are enforced. The same applies in



implementing indigenous peoples' rights and in routinely incorporating social and environmental management systems in field operations.

The FSC Principles and Criteria show how governments and supra-government organizations are crucial for institutionalising the new social-environmental rules, but are no longer central to their creation. Agreements between FSC stakeholders are progressively replacing the previous practice of putting pressure on law making forums, leaving the Principles and Criteria broad and internationally applied. This results in a more coherent and bulky set of rules, used by governments, producers and markets.

Compensation for exposing products and brands to a multi-stakeholder scheme of certification is one of the crucial elements of this new paradigm. Different approaches try to capture the value of getting involved with these complex mechanisms. Reputation is key, as is legitimacy. The corporate world's greatest expectation is that a label will confer a premium price, and indeed FSC tropical timber can be sold in northern Europe at prices varying from 10 to 30 per cent above non-certified products. This is so despite the final consumer's lack of awareness or desire to pay more for a product that has inbuilt social and environmental components. That implies a very sophisticated communication strategy, which attempts to touch the consumer's conscience. There is little doubt that the sustainability and global

warming discussion is reaching the majority of the world's consumers, but two breakthroughs have yet to be achieved: willingness to pay a premium for a "sustainable" product and, the biggest challenge, understanding the proliferation and complexity of certification and verification schemes and labels.

Premium prices are strongly linked to reputation and legitimacy in business-to-business transactions. This is where the value is being captured not just in higher prices but as the only alternative to market access in certain situations. And, in many cases, certification serves as a differentiation strategy. The relationship with the financial sector is also important. Forestry products can be traced, monitored, verified and certified, which makes them not just more reputable but also a less risky investment. Principles, criteria, standards and indicators are translated into new productive and administrative routines, submitted to independent audits and committed to continuous improvement.

Legitimacy, reputation, diversification, risk mitigation, access to markets and premium prices are key words for sustainable forestry development, which is a crucial alternative for the forests in the tropics and a mainstream process for plantations in the South and the North's temperate forests. 