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FOREST CERTIFICATION FOR COMMUNITY-BASED FOREST MANAGEMENT IN INDONESIA: DOES LEI PROVIDE A CREDIBLE OPTION?

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Ahmad Maryudi

July 2009

Institute for Global Environmental Strategies (IGES)
Forest Conservation, Livelihoods, and Rights Project
2108-11 Kamiyamaguchi, Hayama, Kanagawa 240-0115 Japan
Phone: +81-46-855-3830 • **Facsimile:** +81-46-855-3809
E-mail: fc-info@iges.or.jp

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Cover photo: PHBML certificates for community-based forest management, Wonogiri Regency, Java. Photo credit: Dr. Kazuhiro Harada.

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ABSTRACT

Forest certification is a voluntary, market-based instrument designed to improve forest management by enabling buyers to identify timber products derived from well-managed forests. While small forest enterprises make an important contribution to the forest industry in many countries, they have found forest certification difficult to achieve. There has thus been a recent movement to make certification more accessible to small forest holdings and low/intermittent volume producers. The Forest Stewardship Council (FSC) has launched "group certification" and the Indonesian Ecolabelling Institute (LEI) has developed Pengelolaan Hutan Berbasis Masyarakat Lestari (PHBML) specifically to promote community-based forest management. These two programmes can be viewed as part of a range of initiatives that seek to improve forest management by providing opportunities and benefits to local communities.

This study contributes to independent monitoring and comparative assessment of forest certification schemes. It assesses the credibility of the two certification programmes operating in Indonesia that are suited to community-based forest management – FSC group certification and PHBML – using the Forest Certification Assessment Guide (FCAG) developed by the World Wide Fund for Nature (WWF)/World Bank Global Forest Alliance. Having more than one certification programme could encourage competition that leads to improved performance, but it also raises concerns about efficiency and redundancy.

This assessment has found that both FSC group certification and PHBML meet almost all the FCAG requirements for independent verification for improved forest management. Both programmes share a large degree of similarity in that they:

- Were developed through multi-stakeholder processes and according to international frameworks;
- Attempt to place a balanced emphasis on the three pillars of sustainability;
- Have measurable standards, are performance-based and are applicable to the FMU (forest management unit) level;
- Provide for the equitable participation of diverse stakeholders;
- Have mechanisms and procedures to control the use of their logos and have chain of custody (CoC) standards; and
- Require a set of contractual arrangements between the owners and the certificate holder.

As is to be expected of a national standard, in some areas LEI provides more specific guidance to forest managers and auditors than the FSC generic forest management standard, though

there are some areas where LEI certification processes could be strengthened. Overall, LEI provides a credible certification option yet does not enjoy the same market recognition and acceptance as FSC. In some cases, the support organisations that have assisted communities in acquiring the certification of their forest management against the PHBML standard are now targeting FSC certification of these same forests because of greater demand for the FSC label.

To overcome this limited recognition, LEI needs to adopt more assertive strategies to educate potential buyers that its certification programmes meet international benchmarks. LEI could explore the options of mutual recognition and membership with international accreditation bodies, and could promote its strengths to international buyers better by continuing to strengthen the English version of its website. It could also promote its certification as meeting the requirements of public timber procurement policies for legal and sustainable wood products. Other roles that LEI is well-positioned to fulfil include developing standards for the certification of REDD (Reducing emissions from deforestation and forest degradation in developing countries) projects, and promoting forest certification as a REDD strategy.

ACKNOWLEDGEMENTS

There are many individuals and agencies to who I owe a debt of gratitude for various forms of assistance as well as for sharing their knowledge, views and experiences. The report greatly benefited from information, ideas and editing provided by Dr. Henry Scheyvens, inputs provided by Dr. Kazuhiro Harada, and the feedback provided by Mr. Luhut Simanjuntak (LEI). I am grateful to the Institute for Global Environment Strategies (IGES) for providing the funding for this research. Finally, I would like to thank Dr. Enrique Ibarra Gené and Ms. Emma Fushimi for proofreading this report.

I sincerely hope that this paper enriches the pool of existing knowledge on forest certification policy. Any errors of fact, interpretation, or omission are solely those of the author.

Ahmad Maryudi
Consultant

July, 2009

TABLE OF CONTENTS

Tables and slides

ACRONYMS, ABBREVIATIONS AND FOREIGN TERMS

BSN	Badan Standarisasi Nasional (Indonesian Standardisation Body)
CB	Certification body
CBFM	Community-Based Forest Management
CBO	Constitutent Based Organisation
CIFOR	Centre for International Forestry Research
CoC	Chain of Custody
COP	Conference of the Parties
CUROC	Certification Under Recognition Over Claim
CUTPA	Certification Under Third Party Assessment
EU	European Union
FBU	Forest business unit
FCAG	Forest Certification Assessment Guide
FFI	Flora and Fauna International
FLEGT	Forest Law Enforcement, Governance and Trade
FMU	Forest Management Unit
FSC	Forest Stewardship Council
GTFN	Global Forest Trade Network
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Enterprise for Technical Cooperation)
IAF	International Accreditation Forum
ISEAL	International Social and Environmental Accreditation and Labelling Alliance
ISO	International Organisation for Standardisation
ITTO	International Tropical Timber Organisation
JCP	Joint Certification Protocol
KAN	Komite Akreditasi Nasional (Indonesia's National Accreditation Committee)
LEI	Indonesian Ecolabelling Institute

MAL	PT. Mutu Agung Lestari
MLA	Multilateral Recognition Arrangement
MTC	Malaysian Timber Council
MTCC	Malaysian Timber Certification Council
NTFPs	non-timber forest products
PEFC	Programme for the Endorsement of Forest Certification Programmes
PHBML	Pengelolaan Hutan Berbasis Masyarakat Lestari
P&C	Principles and Criteria
REDD	Reducing emissions from deforestation and forest degradation in developing countries
SFM	Sustainable Forest Management
SGS	Société Générale de Surveillance
SLIMF	Small and Low Intensity Managed Forests
TFT	Tropical Forest Trust
UKAS	United Kingdom Accreditation Service
WWF	World Wide Fund for Nature

1 INTRODUCTION

Forest certification was created as a response to public policies that had failed to control illegal logging or reverse forest loss and degradation, especially in the world's tropical forests. While there has been an impressive upward trend in the global cover of certified forest, forest certification has favoured developed over developing countries, temperate over tropical forests and large over small forest enterprises. Fischer et al. (2005, 14-15) concluded that the uptake of forest certification in developing countries is hampered by: diverse ecological and socioeconomic contexts, including disputes over land tenure and forest user rights; insufficient information regarding the certification process; a lack of government support; inflexible standards; incompatibility of customary laws and practices with certification standards; the small size of forest management units; and the perception that certification may act as a non-tariff trade barrier.

The obstacles faced by forest certification in developing countries combined with those faced by small enterprises explain why certification of small forest enterprises in subtropical and tropical countries of the Asia Pacific region is uncommon. Small forest enterprises often find that certification is difficult to acquire because of the high average per hectare compliance and auditing costs, the strict management and monitoring requirements, and the complexity and length of the standards (Nussbaum et al. 2002, 21).

Previous studies have shown that when small forest enterprises in developing countries have achieved forest certification, the benefits to both the enterprises and the certified forests can be significant (e.g. Molnar 2003). Challenges that must be faced if certification is to make a meaningful contribution to forest management by communities in the tropics include providing innovative solutions to increase the accessibility of certification and ensuring that certification is credible. This paper focuses on the second of these challenges. It assesses the credibility of two certification programmes in Indonesia – Forest Stewardship Council (FSC) group certification and the Indonesian Ecolabelling Institute's programme to certify community-based forest management (*Pengelolaan Hutan Berbasis Masyarakat Lestari*, PHBML).

1.1 Background

Certification emerged as a voluntary market-based instrument to promote the wise use of forest resources in response to the perceived ineffectiveness of government approaches to forest conservation and the sustainable management of forests. It is a process through which a certification body/scheme provides assurance that forest management processes and/or forest products have been evaluated to comply with a set of pre-defined standards (Ghazali and Simula 1994; Upton and Bass 1995). An underlying assumption is that environmentally-conscious wood consumers will pay a premium for assurance that wood materials are from well-managed forests, which is expected to provide the necessary incentive for forest managers to participate.

Table 1 **Small-scale forestry in selected regions/countries**

Country/region	Extent of small-scale forestry	Reference
Nordic countries	60-70% of forestlands are owned by small-scale foresters	Herbohn (2006)
Finland	More than half a million family forest owners control 62% of country's forest area	Lillandt (2001) in Herbohn (2006)
Japan	More than half of the forest lands are owned by the private sector, mostly on a small scale	Ota (2007)
US	10 million family forest owners account for about 65% of privately owned forestland and 42% of the country's forestland	Butler (2004) in Fernholz (2006)
Indonesia	1.5 million hectares of small forests with mature standing stocks of 20 million m^3	Ministry of Forestry Indonesia and National Statistics (2004)
Developing countries	Community forestry is more aligned with small-scale forestry than with industrial forestry	Harrison et al. (2002) in Herbohn (2006)

Following the genesis of the Forest Stewardship Council (FSC) in 1993, various certification schemes[1] emerged, including national certification schemes such as the Indonesian Ecolabelling Institute (LEI). The different schemes reflect divergent supporting actors, interests and origins (Cashore et al. 2004).

While large-scale tropical natural forest management was the initial focus of forest certification, there has been a recent movement towards providing certification services for small forest management units for the following reasons. First, small-scale forestry is an important source of timber in many parts of the world (Table 1). Second, concerns about technical and financial barriers facing the certification of small forest management units have been raised. In the early experience of forest certification, some non-industrial forest owners in Europe perceived certification as a threat to their business, principally due to the high compliance, application and auditing costs that they anticipated (Lindstrom et al. 1999; Cashore et al. 2003, 2004). It was argued that if consumers displayed preference for certified products, certification would threaten the survival of small forest managers as their certification costs per unit of production would be higher than those of large forest industries.

In response, some certification schemes have developed a certification programme exclusively for small forest holdings and low production. In Indonesia, two such programmes exist. One of these is the FSC's group certification programme, which allows a group of small forest owners to be certified under one certificate. The FSC group certification programme has proved particularly popular in developing countries for certifying community-based forestry operations. The second programme is LEI's PHBML, which was developed by LEI, a national certification scheme, specifically to promote community-based forest management in Indonesia (Riva 2004; Hinrichs 2005; Maryudi 2005). PHBML certification is quite unique as globally perhaps the only certification programme exclusively for community-based forest management.

Both the FSC group certification programme and PHBML were designed with the intention of making forest certification more accessible to communities and/or smallholders. However, concerns over the possible inefficiency and redundancy of the presence of various certification programmes have emerged. Initial experiences in Indonesia show such concerns appear valid, as some managers of LEI-certified community forests are being encouraged to pursue FSC certification. Two communities in Central Java awarded PHBML certification are being encouraged by a local NGO that supported their certification to apply for FSC group certification because of the lower market recognition of the former (Scheyvens et al. 2007). This suggests that the PHBML certificates will effectively become redundant, despite the fact that PHBML might offer a lower certification cost option and might be better tuned to Indonesian conditions than FSC

1. In this study, "scheme" refers to the accreditation body and standard setter, such as the FSC and LEI, while "programme" refers to the specific certification processes under the schemes for specific types of forests, forest management or forest operations.

Slide 1 **Chairman of Sungai Utik community forest proudly shows a large tree within the forest**
(©Gladi Hadiyanto, LEI)

group certification. This situation would be unfortunate considering these potential comparative advantages and the national effort that has been invested in developing PHBML certification.

1.2 **Aims and objectives**

This paper aims to provide information on the credibility of two certification programmes operating in Indonesia to producers, organisations that promote certification and also to buyers of certified forest products. Its main objective is to assess the credibility of both FSC group certification and LEI PHBML certification standards and processes in the Indonesian context. A secondary objective is to consider options to encourage greater buyer recognition and market acceptance of LEI PHBML certification.

1.3 **Assessment framework**

The Forest Certification Assessment Guide (FCAG), developed by the World Wide Fund for Nature (WWF) and the World Bank Global Forest Alliance, was used as the framework for assessing the credibility of the two programmes. It should be noted that WWF International is a FSC member and that in parts the wording of the FCAG is similar to the FSC generic standard for good forest stewardship. Nonetheless, the framework has been used for similar comparative studies of different schemes (e.g. Walter 2006; Hinrichs and Prasetyo 2007), indicating that the FCAG is thought to provide a systematic approach for such assessment.

A recent study – Hinrichs and Prasetyo (2007) - used the FCAG to compare the FSC and LEI schemes. In this paper there is some unintended duplication with Hinrichs and Prasetyo (2007), but this paper differs in that it deals specifically with the credibility of the programmes most relevant to community-based forest management (i.e. FSC group certification and LEI PHBML), whereas Hinrichs and Prasetyo (2007) is concerned with the general credibility of the schemes.

The FCAG is structured into 11 criteria for independent verification of certification of improved forest management, grouped into three issues, as follows:

■ **Compliance with international norms and standards**	
Criterion 1	Compatibility with international frameworks for certification accreditation and standard setting
■ **Standards and the standard-setting process**	
Criterion 2	Compatibility with globally applicable principles that balance economic, ecological, and equity dimensions of forest management
Criterion 3	The meaningful and equitable participation of all major stakeholder groups in governance and standard setting
Criterion 4	Avoidance of unnecessary obstacles to trade
Criterion 5	Objective and measurable performance standards that are adapted to local conditions
■ **Conformity of the certification and accreditation procedures**	
Criterion 6	Certification decisions free of conflicts of interest from parties with vested interests
Criterion 7	Transparency in decision-making and public reporting
Criterion 8	Reliable and independent assessment of forest management performance and chain of custody
Criterion 9	Delivery of continual improvement in forest management
Criterion 10	Accessibility to and cost-effectiveness for all parties
Criterion 11	Voluntary participation

The comparative analysis pays particular attention to the appropriateness of FSC group certification and PHBML to the Indonesian context, reflecting on forest types, forest policy and law, types of community institutions and community capacities. The following set of key elements of *standards* for improved forest management and criteria *for independent verification* of certification of improved forest management, as proposed in FCAG, were addressed in the analysis.

- Compliance with all relevant laws
- Respect for tenure and use rights
- Respect for indigenous peoples' rights
- Respect for community relations
- Respect for worker rights
- Delivery of multiple benefits from the forest
- Assessment and mitigation of environmental impact
- Maintenance of critical forest areas
- Specific provisions for plantations
- Implementation of a management plan
- Effective monitoring and assessment.

This assessment is mostly based on the documentation of the respective programmes as well as key literature. The paper assesses the degree of fulfillment of the respective systems with the FCAG framework, but does not discuss the strengths and weaknesses of the programmes associated with their implementation.

The discussion begins with an overview of the evolution of certification for small-scale forestry and its uptake in Indonesia. This is followed by a summary of the findings of the assessment, the full results of which are presented in the appendix. The discussion then explores options for gaining further buyer support and market recognition for PHBML, and the paper concludes with a summary of the assessment and the recommendations.

2 EVOLUTION OF CERTIFICATION PROGRAMMES FOR SMALL-SCALE FORESTRY AND UPTAKE IN INDONESIA

This section explores the origin of FSC group certification and the LEI PHBML programme and discusses their uptake in Indonesia.

2.1 Origin

Both FSC and LEI initially focused on providing certification for large-scale forest operations, particularly in natural forests. Due to increasing interest in the contribution of small-scale and community-based forest operations to the promotion of sustainable forest management, both schemes began developing certification programmes for small timber operations. The origin and evolution of these programmes are outlined below.

2.1.1 FSC group certification

FSC certification was perceived by small-scale/non-industrial forest owners, mainly in Europe, as inaccessible for them as it involves detailed auditing procedures and consequently requires substantial investment. In response to this concern, in 1998 the FSC introduced a group certification programme to allow small forest owners to organise themselves collectively and share the costs of certification.

Through the FSC Policy on Group Certification[2], the FSC distinguishes between the responsibilities of the group management entity and the responsibilities of group members. The group entity applies for group certification, holds the certificate and is responsible for ensuring compliance with FSC standards in the certified forests (FSC 1998). The entity can be an individual, a cooperative body, an owner association, a forest management company or individual, or another similar legal entity with management responsibilities (ibid.). The group members are the forest owners who are responsible for implementing the requirements of group membership (ibid.). They do not hold individual certificates but their forests are certified under a single group certificate, for so long as they comply with all the requirements of group membership (ibid.).

Group certification is thought to benefit each member through the savings of scale and enables them to maintain control of their forests (Nussbaum 2002). Group certification provides a simpler and lower cost alternative to certification as it allows evaluations to be based on a sample of forests and distributes the costs of report writing, peer review and consultation processes across the group members (Lindahl and Garforth 2001; Robinson and Brown 2002; Stewart et al. 2003).

An early review suggests that group certification works well, particularly in Europe (Lindahl and Garforth 2000). However, a study by Nussbaum et al. (2000) found that problems, particularly the costs of certification and the complex management standards, remain for some small and low intensity forest operations, particularly those in developing countries. In addition, there are cases

2. FSC Guidelines for Certification Bodies (FSC- POL-20-001).

where a group of forest owners rely heavily on external donors for organising them and bearing the certification costs (Nussbaum et al. 2000; Hinrichs et al. 2008). This can lead to unsustainable forest practices, particularly when the donors provide only short-term assistance (Nussbaum et al. 2000; Steward et al. 2003).

In response, in 2002 FSC launched a new initiative "Increasing Access to Certification for Small and Low Intensity Managed Forests", often referred to as the "SLIMFs initiative", to overcome some of the weaknesses of its group certification model. The goal of the SLIMFs initiative is "to find and implement practical solutions to the barriers faced by small and low intensity forest operations in accessing and retaining FSC forest certification" (Robinson and Brown 2002, 2). To prepare the initiative, FSC created a Technical Drafting Committee with nine members who worked with FSC staff (FSC 2003). Its proposals were reviewed and commented on by a Review Committee (FSC 2003), which then held a meeting in May 2002 to identify prioritised issues for SLIMF application, including the eligibility criteria for SLIMF, the mechanisms to reduce the evaluation and monitoring costs and the modification of the group certification policy, which were then presented at the FSC General Assembly in November 2002 (Robinson and Brown 2002). Field projects were then implemented and the final procedures were submitted to the FSC Board of Directors in 2003 (ibid.).

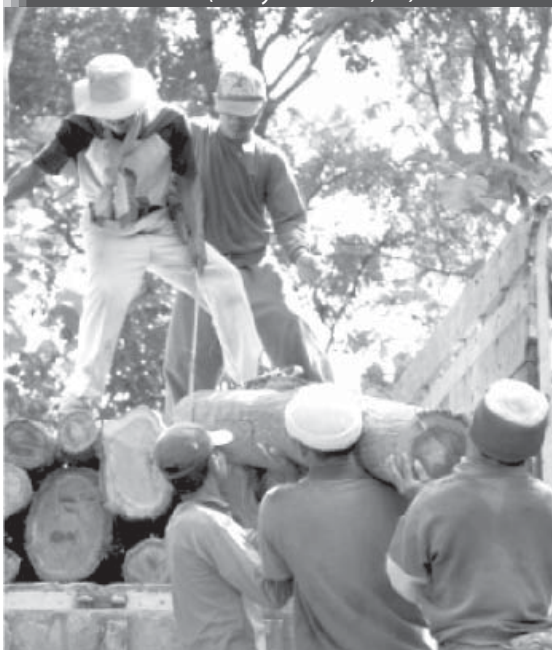
Under the SLIMFs initiative, a single forest management unit may be classified as a single "small forest management unit" or a single "low intensity forest management unit". Small is defined as a forest tract between 100-1,000 hectares, while low intensity is defined as when the rate of harvesting is less than 20% of the mean annual increment within the total production forest area of the unit and an annual harvest of no more than 5,000 m^3.

2.1.2 ***LEI PHBML Certification***

LEI initiated PHBML in 2000 to promote community-based forest management (CBFM) as an alternative approach for forest management in Indonesia, with a fair sharing of the benefits (Riva 2004; Hinrichs 2005; Hinrichs et al. 2008; Maryudi 2005). The initiative involved a series of discussions and public consultations as well as field tests (Riva 2004). To begin with, LEI created a development team, comprising experts on the three "sustainability pillars" - economic/production, social and ecological/environmental. The public were consulted on the work of the team in October 2000 and October 2001, and the work was reviewed by external experts from research institutions, universities and international donors (Riva 2004; Hinrichs et al. 2008).

Before being formally launched, PHBML was tested in several regions where CBFM is widely practiced, including Wonosobo, Gunungkidul and Wonogiri, all in Central Java, and Sanggau in West Kalimantan (Riva 2004). In addition, pilot projects were implemented between 2003 and 2004. For this purpose, LEI collaborated with several international and local NGOs[3] to establish

Slide 2 **Transporting LEI-certified timber from the forest** *(©Hayu Wibawa, LEI)*



3. Konsorsium Pendukung Sistem Hutan Kerakyatan (KPSHK), Aliansi Masyarakat Adat Nusantara (AMAN), World Wide World for Nature - Indonesia, Aliansi Relawan untuk Penyelamatan Alam (ARuPA), Perhimpunan untuk Studi Pengembangan Sosial dan Ekonomi (PERSEPSI), Sistem Hutan Kerakyatan Kalimantan Timur (SHK Kaltim).

the pre-conditions for the implementation of PHBML certification (Hinrichs et al. 2008). Support was provided through a GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit) funded project in Indonesia (Riva 2004; Hinrichs et al. 2008). One outcome of the pilot projects was a PHBML certificate awarded for a group of forest growers in Wonogiri in 2004.

2.2 Uptake by small forest owners in Indonesia

In Indonesia, as with the certification of large forest holdings and concessions, certification of small, locally-owned forests is limited, but has begun to accelerate. As of November 2009, nine certificates had been issued for community-based forest management (Table 2).

Forest owners of two villages in Wonogiri Regency, Central Java, were the first to be awarded forest management certificates. They received two PHBML certificates in October 2004; however, there is little evidence that the communities had a genuine interest in certifying their forests (Maryudi 2005, 2006). Rather, some non-government organisations (NGOs), university scholars and donors with an interest in promoting community forests as a model for sustainable forest management[4] encouraged the communities to pursue certification. Regardless of whether or not the two communities were initially enthusiastic about certification, positive impacts have been noted (Scheyvens et al. 2007) and the certification in Wonogiri seems to have catalysed interest in certifying community-based forestry operations in Central Java and other parts of Indonesia. Various organisations subsequently began to encourage other groups of small forest growers/managers to have their forests certified (Maryudi 2006). A year after the first certificates were awarded in Wonogiri, a group of teak forest growers in Konawe Selatan, assisted by the Tropical Forest Trust (TFT)[5], applied for and were awarded a FSC group certificate (TFT 2005). In 2006, a group of small forest growers in Gunungkidul with the support of NGOs successfully obtained PHBML certification. More recently, a *Dayak* indigenous community in Sungai Utik, West Kalimantan was awarded a PHBML certificate, as were two further communities in Central Java. Other groups, with support from various organisations, governmental and non-governmental as well as industry, are working towards the certification of their forest management (Table 3).

Table 2 **Certification of small forests in Indonesia (as of November 2009)**

Group name	Total area (Ha)	Location	Date of certification	Certification programme
Forum Komunikasi Petani Sertifikasi Selopuro	262.77	Wonogiri, Central Java	Oct. 2004	PHBML
Forum Komunikasi Petani Sertifikasi Sumberejo	547.18	Wonogiri, Central Java	Oct. 2004	PHBML
Koperasi Hutan Jaya Lestari	152.35	Konawe Selatan	May 2005	SLIMF
Koperasi Wana Manunggal Lestari	815.18	Gunungkidul, Yogyakarta	Sept. 2006	PHBML
Perkumpulan Pelestari Hutan Rakyat Catur Giri Manunggal	2,434.24	Wonogiri, Central Java	April 2007	PHBML
Gabungan Organisasi Pelestari Hutan Rakyat (GOPHR) Wono Lestari Makmur	1,179.0	Sukoharjo, Central Java	April 2007	PHBML
Hutan Kampung Sungai Utik	9,453.4	Kapuas Hulu, West Kalimantan	May 2008	PHBML
Argo Bancak	600	Magetan, Central Java	July 2009	PHBML
Wana Rejo Asri	1,404	Sragen, Central Java	July 2009	PHBML

4. These actors believe that "scientific" industrial-scale forest management has led to forest loss and degradation in the country and has failed to contribute to the economic development of local people who depend on the forests for their livelihoods. Scheyvens et al. (2007) and Hinrichs et al.(2008) provide further analysis.
5. TFT works to link tropical forest/timber producers and product retailers. It has 54 supplying, buying and supporting members that have expressed commitment to sourcing wood from TFT forest projects and FSC certified forests (TFT 2008).

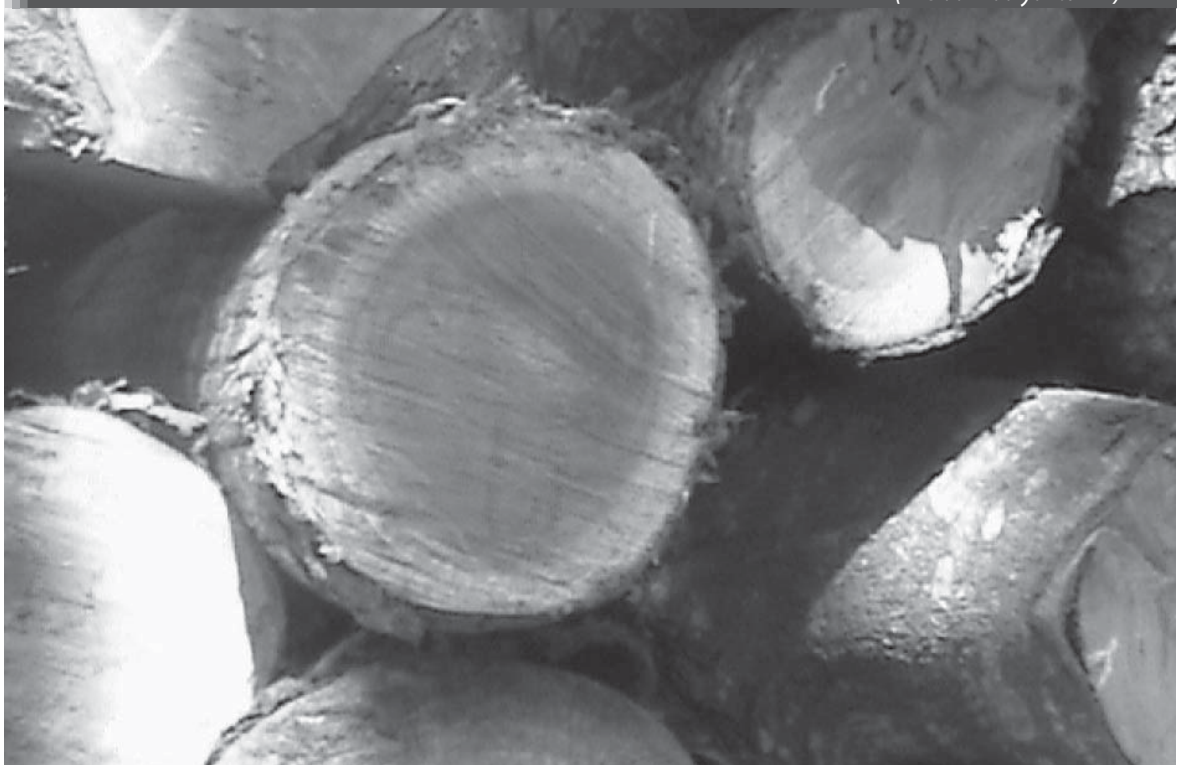
Table 3 **Certification action plans of small forests in Indonesia**

Location	Promoter	Certification Programme
Gombong	TFT, Poetry Barn	SLIMF FSC
Probolinggo	PT Kuta Timber	SLIMF FSC
Merauke	WWF	PHBML-LEI
Sarmi, Jayapura	Greenpeace	n.a.
Sorong	Telapak	SLIMF FSC
Aceh	government, FFI, Telapak	n.a.
East Java	government, Persepsi	SLIMF FSC
Gunungkidul	local government, university, NGOs	PHBML-LEI
Gunungkidul	TFT, PT Dirgantara	SLIMF FSC
Konawe Selatan	Koperasi KHJL, TFT, Jauh	SLIMF FSC

Source: Adapted from Hinrichs et al. 2008.

Slide 3 **Certified timber, Selopuro, Wonogiri**

(©Gladi Hadiyanto-LEI)



3 CREDIBILITY OF THE CERTIFICATION PROGRAMMES

The full results of the detailed assessments of LEI PHBML and FSC group certification are presented in the appendix. This section provides the summary of the assessment for each criterion of the Forest Certification Assessment Guide.

3.1 Compliance with international norms and standards

3.1.1 Compliance with international frameworks for certification, accreditation and standard setting (criterion 1)

LEI

LEI does not affiliate with any international accreditation alliances that require compliance with international standards/codes. Its potential to affiliate with these alliances is impacted by the fact that it is a national rather than an international body. Nonetheless, its certification bodies[6] are accredited by both national and international accreditation bodies[7]. In addition, its system and programmes were developed with reference to international standards. Its first certification programme for natural forests initially adopted much from the International Tropical Timber Organisation's (ITTO) standards, specifically the ITTO Guidelines for Sustainable Management of Natural Tropical Forests, Criteria for the Measurement of Sustainable Tropical Management, and the ITTO Guidelines on the Conservation of Biological Diversity in Tropical Production Forests, as well as from the International Organisation for Standardisation (ISO) standards[8]. LEI's standard for natural production forests has been endorsed by the Indonesian Standardization Body (BSN), which is an ISO member.

LEI and FSC agreed on a Joint Certification Protocol (JCP) that was launched at a workshop in 2000 and came to an end in 2005. Due to its collaboration with the FSC through the JCP for the certification of natural forests in Indonesia, LEI Standard 5000 on Framework for Sustainable Production Forests Management System conforms to a large extent to the ten FSC Principles and Criteria (P&C) (Maryudi 2005), although some critics observed that LEI did not fully adopt the FSC P&C (see Valentinus and Cousell 2002).

The PHBML standard (LEI STANDARD 5000-3) was adapted from the natural forest standard (LEI Standard 5000). The guidelines for implementation of PHBML certification are further elaborated in LEI Guideline 99-40, LEI Document 05, and LEI Document 06. Document 99-07 on General Requirements for Certification Body of Sustainable Community-Based Forest Management was developed with reference to ISO Guide 61 and 62. LEI's accreditation programme refers to BSN Guide 3, which is based on ISO/IEC Guide 61, and to ISO/IEC Guide 62. Its certifica-

6. LEI became an accreditation body in 1998. LEI has accredited two certification bodies for PHBML certification: PT. TUV International Indonesia and PT. Mutu Agung Lestari (MAL).
7. PT. MAL is accredited by the BSN and the United Kingdom Accreditation Service (UKAS) (MUTU Certification 2004), while PT. TUV International Indonesia is accredited by BSN.
8. See Elliott (2000), Purbawiyatna et al. (2004) and Maryudi (2005).

tion bodies are obliged to comply with LEI's new accreditation manual (Manual 11) from January 2007 onwards in order to achieve full accreditation. Comparison with ISO/IEC Guide 65 on certification body structures and operations indicate that almost all requirements are fulfilled by LEI (Hinrichs and Praseyto 2007).

FSC

The FSC is a full member of the International Social and Environmental Accreditation and Labelling Alliance (ISEAL). As an ISEAL member, the FSC must comply with ISEAL Good Practice to promote an effective mechanism for achieving positive social and environmental change[9]. The FSC is also required to comply with ISO/IEC Guide 62, ISO/IEC Guide 65 or equivalent, and with the ISEAL Alliance Code of Good Practice for Setting Social and Environmental Standards, which refer to several ISO/IEC Standards[10]. Monitoring services are provided by the ISEAL Alliance for accreditation and standard setting according to the ISO/IEC 17011 standard and the ISEAL Alliance Code of Good Practice, respectively. In addition to its own requirements, FSC's accreditation programme recognises certification bodies according to ISO/IEC Guide 65 (Hinrichs and Praseyto 2007).

Conclusion

FSC fulfils this criterion, while LEI could explore options for affiliation with international accreditation alliances, to the extent possible for a national certification body.

3.2 Standards and the standard-setting process

3.2.1 Compatible with globally applicable principles that balance economic, ecological and equity dimensions of forest management and meet Global Forest Alliance requirements (Criterion 2)

LEI

All indicators of LEI standard 5000-3 were developed from the perspective of sustainable forest management, incorporating the three functions of forests – production, ecological and social. On ecological issues, standard 5000-3 focuses on ecosystem stability and the management of endangered species. For production aspects, standard 5000-3 addresses sustainability of the resources and yield. Tenure, social cohesion within communities and conflict resolution mechanisms are included in the social criteria of standard 5000-3.

Standard 5000-3 meets almost all FCAG Criterion 2 requirements in terms of compliance with relevant laws, respect for tenure and use rights, and respect for indigenous people's rights as well as for community relations. In addition, the standard also prescribes assessment and mitigation of environmental impacts and maintenance of critical forest areas. Furthermore, LEI standards require the implementation of management plans as well as effective monitoring and assessment.

FSC

FCAG Criterion 2 was apparently developed with reference to the FSC P&C, as is reflected in both its wording and its order of indicators. The FSC group certification programme therefore meets all of Criterion 2 requirements. For the certification of natural forests and plantations, if no regional or national FSC endorsed forest management standard exists, then the certification bodies must develop interim standards based on the FSC generic standard. For the certification of small and low intensity managed forests, the FSC encourages its certification bodies to apply its generic standards. Therefore, the assessment of community-based forest management depends heavily on the interpretation of the certification body.

Conclusion

FSC meets all the principles of this criterion, which is unsurprising as the language and order of principles of the FCAG and the FSC standard are the same. LEI is in general compliance with the principles, though it does allow for the legal conversion of forests that could include critical forest habitats.

9. See http://www.isealalliance.org/.
10. ISO/IEC Guide 2: 2004 (Standardisation and related activities - general vocabulary), ISO/IEC Guide 59: 1994 (Code of good practice for standardisation), and ISO/IEC Guide 14024: 1999 (Environmental labels and declarations - type 1 environmental labelling - principles and procedures).

3.2.2 *Meaningful and equitable participation of all major stakeholder groups in governance and standard setting (Criterion 3)*

LEI

During LEI's period as a working group, numerous workshops, discussions and meetings, including involvement of the Centre for International Forestry Research (CIFOR) and the FSC[11], were held to formulate the certification standards. The inputs of NGOs[12] and indigenous people's representatives, academics and the private sector were incorporated (Muhtaman and Agung 2006). Participation was a highlight of the development of LEI, notwithstanding the surrounding polity, which was not in favour of multi-stakeholder dialogue (Maryudi 2005). Until the mid-1990s, while the New Order regime was still in power, such kinds of multi-perspective discussions could have been easily muted. The genesis of LEI is seen as a remarkable breakthrough with regards to the participation of various stakeholders in the creation of new organisations in Indonesia (Auld et al. 2008).

The transformation of LEI into a constituent-based organisation has enhanced the potential for meaningful and equitable participation of major stakeholder groups. Its Congress, or General Assembly, is the organisation's highest decision-making body and comprises a diverse group of stakeholders. It has four chambers: indigenous peoples and community chamber (20 constituent members); business chamber (36 constituent members); non-government organisation chamber (61 constituent members); eminent persons chamber (14 constituent members)[13]. At least 50% of members from each of the groups must be present for the General Assembly to be considered legitimate. Another aspect of LEI's organisational structure that promotes stakeholder participation is the Regional Communication Forums (*Forum Komunikasi Daerah*) that it has established as consultation forums for its certification bodies at provincial and district level.

Stakeholder participation is also evident in the development of the PHBML standard which was prepared by an independent team comprised of experts on the "three pillars of sustainability" selected from various backgrounds, such as universities and research institutions, practitioners and NGOs (Riva 2004). The general public was consulted on the drafts of the standards on several occasions before they were reviewed by external experts (Riva 2004). The general process of standard setting is as follows:

1. The LEI Executive Board submits the certification system/amendment proposal documents to the Member Representative Assembly (Document status, LEI-I).
2. The certification system/amendment proposal documents are discussed in a workshop and/or with stakeholders, as the first public consultation (Document status, LEI-II).
3. The proposal/amendment documents are revised by the Material Committee (LEI Expert Team), Working Group or Small Team established by LEI (Document status, LEI-III).
4. The proposal/amendment documents are then discussed in a workshop and/or with stakeholders, as the second public consultation (Document status, LEI-IV).
5. The proposal/amendment documents are submitted by LEI to the stakeholders for approval (Document status, LEI-V).
6. The documents are submitted to Member Representative Assembly for approval, and referred as Final Documents (http://lei.or.id/en/pengembangan-sistem, accessed 25/11/2009).

Under its current four year plan (2009-2013) LEI intends to establish a division for system review and development.

11. CIFOR held the International Conference on Forest Product Certification Schemes on 14-17 September 1994. The discussions with the FSC centred on exploring the possibility of encouraging LEI to be FSC's national body in Indonesia. Later, LEI rejected this proposal and insisted on being an independent certification programme (Purbawiyatna et al. 2004).
12. The development of LEI provided avenues for local environmental NGOs and some "reformists" to influence national policy-making (Kartodiharjo 1999; Maryudi 2005).
13. Number of constituent members is as of June 2009. LEI allows government and political parties "associate membership status" without voting rights.

FSC

The FSC's highest decision-making body is its General Assembly which consists of three chambers: environmental, social and economic. These are further split into sub-chambers of the North and the South. Each chamber has equal votes, which are allocated equally to the interests of the North and the South. The intention of this structure is to maintain the balance of voting power between different interests without having to limit the number of members. The FSC supports the development of regional and national standards through FSC endorsed working groups. As with the FSC General Assembly, the working groups must have chambers with equal voting rights that allow representation of all interest groups, though some examples of non-compliance with the FCAG exist (Walter 2006). One exception where stakeholder participation is lacking is the interim standard setting procedure, which involves consultation but is not based upon consensus among stakeholders or a balanced voting system (Hinrichs and Prasetyo 2007)[14].

Conclusion

The governance structures and standard setting processes of both LEI and FSC are in general compliance with the requirements of this criterion, with some exceptions. The FSC interim standard setting procedure has proved problematic.

3.2.3 Avoidance of unnecessary obstacles to trade (Criterion 4)

The Global Forest Alliance partners regard the provisions set in the ISEAL code as an appropriate basis to avoid obstacles to trade. FSC is a full member of ISEAL, whereas LEI is not. Nevertheless, the LEI PHBML standard does not contradict the ISEAL code with respect to obstacles to trade.

Conclusion

Both LEI and FSC comply with this criterion.

3.2.4 Based on objective and measurable performance standards that are adapted to local conditions (Criterion 5)

LEI

LEI's standards are performance-based and detailed, comprising criteria, indicators and the verifiers for the management and auditing procedures. They are written in measurable terms, which reduces ambiguity, and are applicable at the operational level. Documents on the screening process[15], report-writing of field assessments[16], decision-making[17] and recommendations[18] are well-developed.

LEI recognises the existence of variations of CBFM in Indonesia. The PHBML programme creates a typology of CBFM that groups forests as either managed primarily for commercial timber production or for non-timber forest products (NTFPs) for subsistence (Table 4). Standard 5000-3 was devised for the former and for the certification of the latter LEI recommends that some irrelevant indicators of standard 5000-3 be omitted. Nonetheless, if the standards are correctly applied to the management of either forms of forest utilisation, then the promotion of multiple benefits can be expected.

Table 4 **Typology of PHBML**

Land use and management purpose		Tenurial status			
		State	Customary		Private
			Communal	Individual	
Protected areas	Commercial	01	02	03	04
	Subsistence	05	06	07	08
Forest-gazetted areas	Commercial	09	10	11	12
	Subsistence	13	14	15	16
Non forest-gazetted areas	Commercial	17	18	19	20
	Subsistence	21	22	23	24

Note: Only types 09, 10, 11, 12, 17, 18, 19 and 20 are eligible for PHBML.

Overall, the PHBML criteria and indicators for CBFM are much simpler than the LEI criteria and indicators for natural forests and plantations. One main reason is that some forms of community forests in Indonesia include areas not gazet-

14. Where a national standard does not exist, the certification bodies must develop an interim standard.
15. LEI Guideline 99-43.
16. LEI Guideline 99-42.
17. LEI Guideline 99-44.
18. LEI Guideline 99-45.

ted as forests; therefore, the commitment of communities to establish forests in such areas is acknowledged by LEI as important to the promotion of good forest management nationally.

The official language of the LEI documents is Bahasa (Indonesian) and English translations are also available. However, the English versions contain numerous mistakes and are often inconsistent with the Bahasa versions. This could lead to incorrect interpretations when the certification body assigned to assess a particular management unit uses an English version[19].

FSC

FSC P&C are composed of performance criteria and the standard is written in measurable terms and oriented towards activities at the forest management unit level. To adapt the generic standard to local conditions, the certifying bodies must devise and apply interim standards, as there is no FSC National Initiative in Indonesia[20]. The FSC interim standards developed by SmartWood and SGS Qualifor in Indonesia are available in English and Bahasa.

The FSC as an internationally operating system should have mechanisms and processes which facilitate the harmonisation/equivalence of national standards or national schemes within its system in order to fulfil FCAG requirements. Although the FSC has a mechanism for recognising sub-national, national and regional standards, this is very restricted. The mechanism only endorses standards that are formulated by FSC endorsed National Initiatives. Currently, there is no FSC National Initiative in Indonesia.

Conclusion

Both schemes are based on objective and measurable performance standards that are applicable at the operational level. LEI forest management standards were designed for Indonesia and thus provide detailed guidance, including verifiers, to certification bodies. As there is no FSC endorsed national standard for Indonesia, certification bodies must develop and use interim standards. As an internationally operating system, FSC lacks a mechanism for recognising other certification schemes.

3.3 Conformity of the certification and accreditation procedures

3.3.1 Certification decisions free of conflicts of interest from parties with vested interests (Criterion 6)

In its general requirements for certification bodies (LEI Guideline 99-07), LEI requires that its certification bodies should not have relations that may stimulate conflicts of interest. This also applies to its field assessors, who are required to have no relation with the management unit being assessed (LEI Guideline 99-08). Certification decisions are made by a qualified expert panel (see section 3.3.3 for further details).

The FSC fulfils all requirements stated by the Alliance under Criterion 6 by referring to the relevant ISO rules. The FSC certification decision process demands neutrality and expert judgement. The audits are conducted by FSC-accredited certification bodies and the assessment reports are peer reviewed by a least two independent qualified reviewers.

Conclusion

Both schemes fully comply with this criterion.

3.3.2 Transparency in decision-making and public reporting (Criterion 7)

LEI

LEI makes available all documents on PHBML certification, such as on accreditation, standard and certification, logo policy and control of claims as well as the list of certificate holders and accredited certification bodies, on its website (www.lei.or.id) and in hardcopy form.

The ISEAL requirements for standard setting bodies on the appeals and complaint resolution mechanisms as well as annual work plans are fully met. This information is specified in Document 99-07 on General Requirements for Certification Body of Sustainable Community-Based Forest Management which regulates

19. An internationally-based certification body, TUV-International Indonesia, is accredited by LEI for PHBML certification.
20. FSC National Initiatives promote FSC in their country by providing information about FSC, running marketing campaigns as well as supporting the development of national or sub-national standards (FSC 2002).

decisions on awarding, postponement, cancellation and extension of certification, and the notification on the decision of certification as well as the appeal document against the decision and the resolution of appeal processes.

Public summary reports on field assessments are available through the websites of the certification bodies. The reports provide justification and key findings of the forest management evaluation. Public reports on surveillance, with information on corrective actions required by the certification and accreditation processes as well as the time frame to comply with these, are also required[21].

FSC

FSC documents are publicly available on its website and public reports on certification and accreditation are clearly prescribed. FSC standard 20-009 requires its certification bodies to prepare a forest certification public summary report for each FSC-certified forest management enterprise. The summary should be written in one of the main FSC official languages and is to be published no later than 30 days after the award of the FSC certificate, and should be available on request. An update of the public summary report is to be made publicly available after each surveillance evaluation. Public reports on forest management evaluation are available on the websites of the responsible certification bodies.

Slide 4 **Harvesting trees from LEI certified forest in Sragen** *(©Henry Scheyvens)*

Conclusion

Both LEI and FSC are in general compliance with this criterion, with some minor exceptions; for example, details of the public summary of the certification decision are not regulated by LEI in such a way that would ensure the requirements of the FCAG are met.

3.3.3 Reliable and independent assessment of forest management performance and Chain of Custody (Criterion 8)

LEI

LEI's decision-making processes for certification, surveliance, and certification extension are designed to ensure neutrality and expert judgement. The requirements for field assessors and expert panel members for both forest certification and CoC certification are extensive. Field and office visits are the basis for certification and surveillance of certified units.

The decisions are made by a qualified expert panel based on several sources of information: screening, comments received from outside parties, field assessment, and additional information from the applicant. The decision requires the agreement of all Panel members. Detailed guidance, including templates, on the decision by the expert panel and the recommendations by the certification bodies is provided. The general process of forest management certification consists of the following steps:

1. The forest manager (or their support organisation, e.g. an NGO, industry actor or trader in the case of PHBML) selects a certification body to work with.
2. A pre-assessment is conducted involving document evaluation, field scoping and expert panel recommendations on whether to continue with the audit.

21. Document 99-07.

3. The certification body carries out a field audit and facilitates a process for communities to provide information to the expert panel.
4. The management unit is evaluated by the expert panel based on all collected documentation.
5. The expert panel finalises the certification decision which is then announced publicly by the certification body.
6. A surveillance schedule is put in place.
7. Any objection to the certification process or decision is handled by the certification bodies and the Certification Review Council (http://lei.or.id/en/5-tahap-proses-sertifikasi-lei, accessed 25/11/2009).

LEI's chain of custody (CoC) system is robust and there are mechanisms to prevent the uncontrolled use of Logos[22]. LEI requires that conversion timber is not mixed with certified timber within a certified FMU. Distinguishing features of LEI's chain of custody certification process are:

1. Formation of qualified expert panels and a qualified team of field assessors by the certification body to conduct the certification;
2. An application screening process by the expert panel that determines whether the certification will proceed with a field (site) assessment;
3. Recommendations for field assessment observations by the expert panel and opportunity for public comments before the field assessment begins;
4. Conduct of the field assessment by a team of qualified assessors organised by the certification body and reporting of the assessment to the expert panel;
5. Expert panel decision on certification and recommendations for continual improvement of the chain of custody;
6. Wide dissemination of the certification decision with opportunity to receive and act on objections;
7. Surveillance visit at least every six months; and
8. Extension of certificate.

The process of CoC field assessment is rigorous and involves:

1. Study of the screening recommendations;
2. Entry briefing to the forest business unit (FBU) and preparation of a field work plan;
3. Visits to every node to collect documents and data, to conduct inspection and to undertake sampling;
4. Analysis and evaluation of chain of custody performance;
5. Exit briefing including tentative result of the assessment and opportunity to collect additional information; and
6. Preparation of reports and presentation to expert panel.

Complaint procedures and appeal mechanisms are regulated by LEI and are free of costs for the concerned party. The results of complaints against the certificaiton bodies are made public, but those against LEI are not.

FSC

FSC certification requires initial field visits by the certification body after it assessess the documents submitted by the applicant. The certification bodies are also required to undertake proactive and culturally appropriate external consultation as part of their initial assessment and surveillance[23]. Furthermore, complaint procedures and appeal mechanisms are fully regulated. The certification process required by FSC involves:

1. Pre-Assessment or Scoping Visit;
2. Development of interim local standard if no FSC standard exists;
3. Stakeholder consultation (at least 4 weeks prior to main assessment);
4. Main Assessment (review documents, visit forest, interview staff and stakeholders) Report writing;
5. Peer review;
6. Certification decision;
7. Public summary report made available; and
8. Ongoing surveillance.

22. LEI 88 CoC Certification System, LEI 88-01 Requirements for CoC Certification LEI Bodies, LEI 88-02 Requirement for CoC Field Assessors, LEI 88-03 Requirements for CoC Expert Panel, LEI 88-21 Guidelines for CoC Field Assessors, LEI 88-22 Guidelines for CoC Field Assessment Reporting, LEI 88-23 Guidelines for CoC Screening, LEI 88-24 Guidelines for Decision-Making of Expert Panel, LEI 88-25 Guidelines for CoC Recommendation, LEI 88-26 Guidelines for CoC Certificate Extension.
23. FSC STD 20-006.

The FSC has standards for the control of CoC from the forest to the final product[24]. It also has mechanisms to prevent application of logos on uncertified timber (FSC STD 40 201), through which the CoC certificate holders are required to exclude timber from illegal sources and from conversion of forests.

Conclusion

Both schemes are in compliance with this criterion.

3.3.4 Delivers continual improvement in forest management (Criterion 9)

LEI

No certificate is awarded if there are outstanding non-compliances. If only minor improvements are required, the certificates can be awarded and the applicants are required to fulfill the requirements within six months.

PHBML certificates are valid for 10-15 years, depending on the types of certification. The surveillance intensity of the LEI scheme depends on the certification grading received and the type of forest management. The first surveillance must be conducted at the latest within the first five years of the certificate validity period. The surveillance should be conducted from two to four times while the certificate is valid, depending on the passing grade (gold, silver, bronze). Surveillance can also be recommended by the expert panel.

FSC

The FSC requires its certification bodies to list all non-compliances (both major and minor) identified during their assessments and surveillance. The certificate holders are required to make the prescribed changes (corrective actions) within the prescribed period to maintain their certification. The certification body is required to conduct surveillance to monitor the certificate holder's continued compliance. In the case of single SLIMF, the FMU level visit will be carried out only when there are outstanding corrective actions and complaints in the previous twelve months. In the case of groups of SLIMF FMUs, the certification bodies are to carry out at least one FMU level site visit at the end of the first year in which the certificate was issued, and at least one additional FMU level site visit during the period of validity of the certificate.

Hinrichs and Praseyto (2007) point out that both schemes undertake regular reviews of their standards, as required by the ISEAL Code of Good Practice for Setting Social and Environmental Standards.

Conclusion

Both FSC group certification and the PHBML programme have mechanisms that support continual improvement and are in general compliance with this criterion. Neither of the programmes undertake surveillance on an annual basis. However, it must be remembered that both programmes were intended to make certification more accessible to small and intermintent producers by simplifying requirements and reducing costs (including those associated with surveillance).

Slide 5 **LEI certified teak forest, Central Java**
(©Henry Scheyvens)

24. FSC POL 40 002 Group COC 2004; FSC POL 40 003 Multi-site CoC 2004; FSC STD 20 011 V11 Chain of Custody Evaluations; FSC STD 40 003 V10 Multi-site Chain of Custody; FSC STD 40 003 V10 Multi-site Chain of Custody; FSC STD 40 004 V10 CoC for Suppliers and Manufacturers; FSC STD 40 004 V20 Standard for CoC Certification 2008 01; FSC STD 40 004a V10 FSC Product Classification.

3.3.5 Accessible to and cost-effective for all parties (Criterion 10)

As previously outlined, both PHBML and FSC group certification were developed in order to improve the accessibility of certification to small forest holders/communities. Both programmes offer simpler assessment procedures/mechanisms for small-scale forest management, which should lead to more cost-effective certification.

LEI

The PHBML programme offers Certification under Third Party Assessment (CUTPA) and Certification under Recognition over Claim (CUROC), which are both expected to minimise the costs for certification. Under CUTPA the costs for certification can be paid by a promoter/promoters, such as NGOs or donors, while under CUROC a certificate for sustainable forest management can be granted when particular bodies/organisations, whose capacity and integrity are widely recognised, guarantee that the forest management warrants the certificate.

FSC

Similarly, FSC's group certification (and its further refinement through SLIMF) offers a simpler and lower-cost alternative to small forest holders. It allows evaluation to be based on a sample of properties, which reduces the assessment procedures and consequently the associated costs. In addition, the programme distributes the costs of certification across the members of the group, thereby reducing the expense incurred by each member. Further, new members can join the group after it has been formed, thereby spreading the costs over a greater number of forest operations.

Various additional mechanisms are provided by the FSC to further reduce the costs of certification. FSC-STD-20-007 (Version 2-1) prescribes that a FMU site visit is made only once during the validity period of the certificate for single SLIMF, and only twice for groups of SLIMF FMUs. Document 3.6.1 requires the certification body to evaluate compliance of the group entity with the requirements of the standard before the "scoping" stage to ensure that all the administrative requirements of the group are satisfied, prior to the applicant incurring the costs of field visits.

Conclusion

Both schemes have introduced mechanisms to reduce the costs of certification for small-scale forestry operations, though further research is required to discern whether these reduced costs are actually having an impact on the uptake of certification.

3.3.6 Voluntary participation (Criterion 11)

The FCAG states that voluntary participation of forest owners and compliance of all participants with the standard requirements are regarded as necessary elements to deliver the expected outcomes. Criterion 11 sets out that in the case of group certification, a set of contractual arrangements exists between the owners and the entity that holds the group certificate in order to ensure that the forest management performances of each member of the group meets the expected standards. It is also expected that all group members have signed a commitment to adhere to the standards, and that enforcement mechanisms exist in case of breach of the group's rules.

LEI

All participating forest owners are required to have tools based on their voluntary participation, such as visions and missions for the management of their forests and management goals. They must also sign the application documents, meaning they are bound to the standards once the certificate is awarded. Furthermore, the forest owners are encouraged to choose a manager from amongst themselves.

FSC

In FSC group certification, all members of the certified group must implement group requirements. Each member is required to sign a "consent form" or its equivalent (Document 3.6.1), through which they acknowledge and agree to the obligations and responsibilities of group membership. By signing the form, the members also agree to membership of the scheme

for the full period of validity of the group certificate as well as authorising the group entity to apply for certification on their behalf.

The FSC also prescribes that the forest area of each member of the group must comply with all the requirements of the FSC standards. Administrative and policy requirements of forest stewardship that are relevant to the whole group may be implemented at the "group" level or by individual group members. The requirements that are implemented in the forest must be satisfied within each forest holding, appropriate to the size and complexity of the forest area concerned. The responsibilities for meeting criteria may not be "traded" between different members or properties. A "member's failure" may lead to corrective actions, suspension or expulsion from the group, and the group entity has the authority to remove members from the scope of the group certificate if the requirements of group membership, or any corrective actions issued by the certification body, are not complied with.

Conclusion

This criterion is met by both schemes.

Slide 6 **Cropping under canopy in LEI certified teak forest** *(©Henry Scheyvens)*

3.4 Conclusion

The analysis shows that both LEI PHBML and FSC group certification meet nearly all the FCAG requirements for independent verification for improved forest management. Non-compliances can be found in both programmes, but these are not sufficiently significant to undermine their credibility. Both programmes share a large degree of similarities, reflecting the fact that their standards were developed through multi-stakeholder processes and according to international frameworks, and that they both attempt to place a balanced emphasis on the three pillars of sustainability.

Both programmes have measurable standards that are performance-based and are applicable to the FMU level. In this regard, the LEI standards are more detailed than the FSC standards, and thus provide greater guidance to the certification bodies. LEI provides definitions, criteria and indicators, as well as verifiers for each indicator, including possible data sources, which are useful for field assessors to evaluate performance. This reduces the amount of subjectivity in the assessments.

In contrast, the FSC interim standards that are developed by the certification bodies may not be as finely tuned to forest management realities in Indonesia. Most disputes over FSC certification are due to the lack of locally-specific guidance within the interim standards. Moreover, the FSC does not accommodate mechanisms and processes that facilitate the harmonisation/ equivalence of national standards or national schemes within its system, which is required in the FCAG for an international operating scheme such as the FSC. The FSC promotes the development of regional and national standards, but only through FSC endorsed national initiatives.
Both schemes provide for the equitable participation of diverse stakeholders in the development of their standards, in their accreditation systems as well as in their governance systems. Relevant stakeholders are invited to participate in each scheme's processes. The FSC's governance system clearly represents the three chambers of economic, social and ecological interests, whereas

LEI classifies its members into indigenous peoples and communities, businesses, non-government organisations and eminent persons. While the FCAG prescribes the type of governance structure that is found in the FSC, LEI's alternative structure is not inferior in terms of enabling the participation of key stakeholders.

To deliver continual improvements in forest management, both schemes use similar approaches. For non-compliances detected during assessments and surveillance, FSC minor CARs are similar to PHBML minor improvements. There are differences in the timeframes for complying with the action requests / minor improvements, with LEI allowing six months and FSC allowing one year. For group certification, both schemes require a set of contractual arrangements between the owners and the entity that holds the group certificate in order to ensure that the forest management performance of each member of the group meets the standard.

One of the most important challenges for both FSC group certification and LEI PHBML is that without external financial support, they remain inaccessible to small forest holders in Indonesia, notwithstanding the fact that both programmes were developed in order to provide a more cost-effective certification option for small-scale forestry operations. Despite the initiatives of LEI and FSC to reduce certification costs, in Indonesia small forest holders are unlikely to be willing to bear the full costs of certification because of their low incomes (Maryudi 2006). In all cases of LEI and FSC certified CBFM in Indonesia, the costs of certification have not been met directly by the forest holders.

Slide 7 **LEI-certified timber log yard, Selopuro, Wonogiri**

(©Gladi Hadiyanto-LEI)

4 GAINING BUYER SUPPORT AND MARKET RECOGNITION FOR LEI PHBML

It is clear from the above analysis that LEI generally meets international expectations for credible forest management and chain of custody certification. The analysis shows that LEI PHBML is mostly on par with the FSC group certification/SLIMF programme in meeting the FCAG requirements for improved forest management. LEI's concern to make certification more accessible to small-scale and community-based forest management in Indonesia also deserves recognition.

On its website LEI states that LEI certified products have penetrated European and US markets: "LEI certified furniture from Indonesia has been recognized as SFM certified products by chains of retailers such as Maison du Monde chain (in 246 stores in Belgium, France, Italy and Spain), Sasu's Playhouse in Finland, and Pottery Barn in the US. For Maison du Monde, accepting LEI certified products is proof of their commitment in promoting sustainability and helping eradicate poverty of the small forest growers in Indonesia" (http://lei.or.id/en/comparability-study-of-lei-and-fsc, accessed 25/11/2009).

Despite these positive signals, a dilemma facing LEI is that because FSC has far greater market recognition, a situation has arisen in which some communities that were successful in having their forests certified to the PHBML standard are now being encouraged to pursue FSC certification. This is unfortunate because:

- The PHBML standard is specific to Indonesian conditions;
- The PHBML standard provides very detailed guidance to auditors and thus reduces subjectivity;
- The standard was developed by a national certification scheme that has strong national stakeholder support.

Further market support for LEI certification is desirable. However, as some FSC founders and members present the FSC as the only credible forest certification scheme, there appears to be no simple solution for winning this support. Under its current four-year plan (2009-2013), LEI aims to increase market recognition by:

1. Promoting its ecolabel for certified natural resource management (excluding mining and palm oil) to obtain access to national and international markets;
2. Developing a communication strategy capable of reaching all community members and to set a basis for LEI recognition both at national and international levels (http://lei.or.id/en/program-kerja-2009-2013, accessed 25/11/2009).

Several options that could increase market acceptance of LEI certification are considered below.

Continuing to improve the English version of its website

If LEI wishes to appeal to international buyers, it needs to provide a regularly updated English version of its website. The website content should

include accurate English translations of all LEI standards and other core documents, lists of FMU and CoC certificate holders, and promotional materials. The website has undergone a recent overhaul and now includes much of this information, though English translations of the standards appear still to be unavailable.

Options for mutual recognition

Mutual recognition is used to describe reciprocal agreements between different certification schemes reflecting the acceptance of the different schemes by other schemes, or by other interested parties (Kanowski et al. 2000). The concept was initially advocated as an approach for reducing the possible negative effects of the proliferation of certification schemes, such as confusion in the market-place (Atyi and Simula 2002). Mutual recognition is based on the harmonisation of the sustainable benchmarks of the involved parties so that they more or less have the same standards.

LEI could seek mutual recognition under the Programme for the Endorsement of Forest Certification Programmes (PEFC), which is a global umbrella organisation for the assessment and mutual recognition of national forest certification schemes developed through a multi-stakeholder process. Two certification schemes in the Asia Pacific region have already achieved PEFC mutual recognition – the Australian Forestry Standard and the Malaysian Timber Certification Scheme. PEFC is widely recognised and is specified by a number of countries in their timber procurement policies as evidence of sustainable forest management (Lopez-Casero and Scheyvens 2008). Mutual recognition under PEFC could thus lead to greater market support for LEI certification.

Collaboration with FSC

Under its current system of standard setting, FSC cannot recognise LEI certification standards as they were not developed by a FSC endorsed national initiative. As discussed above, LEI forged an agreement – the Joint Certification Protocol - with the FSC with the expectation that it would benefit both parties. Under the JCP, FSC-accredited certification bodies carried out joint evaluations with LEI-accredited bodies. FSC sought to benefit from the JCP through the adoption of its programme by Indonesian forest companies (supply side), while LEI sought benefits associated with FSC's larger acceptance in the marketplace (demand side) (Maryudi 2005). However, the expectation for greater acceptance of LEI in the marketplace through the JCP was not realised. Nevertheless, it is worth both parties exploring further options for collaboration, while reflecting on the lessons gained from the experience with the JCP.

Communication, educating consumers and marketing strategies

Effective consumer awareness campaigns can increase market acceptance of product labels. Examples which illustrate that strong and aggressive communication outreach and marketing strategies are powerful tools to encourage market penetration are widespread.

Market acceptance of FSC certified products is due to FSC's engagement not only with consumers but also with civil society in general. FSC has a loyal group of supporters including environmental NGOs, businesses, and activists, and it uses various promotional tools such as national awareness campaigns and celebrities. LEI does not have the global network to mobilise the same consumer support as FSC, so needs to consider alternative strategies that are commensurate with its capacity. LEI could promote its certification programmes to consumers by establishing its own marketing arm or collaborating with marketing partners in particularly critical marketplaces. The Malaysian Timber Certification Council (MTCC) has opted for the first approach. It does this through the Malaysian Timber Council (MTC)[25], which has offices in important marketplaces, including London, for promoting its certification programme. However,

25. MTC is an official body for promoting the Malaysian timber-based industry as well as organising timber marketing (MTC 2004).

unlike the MTC, which is a governmental body[26], LEI is unlikely to have the resources necessary to adopt such an approach and collaborating with marketing partners in potential marketplaces might be a more feasible option. The partners could be encouraged to negotiate with potential buyers, while LEI promotes its certification to forest managers and industry in Indonesia.

Sellers and buyers groups

LEI could also facilitate the organisation of seller groups to work with buyer groups for certified wood. Instruction could be taken from the experiences of the Tropical Forest Trust and WWF's Global Forest Trade Network (GFTN)[27], which organise such groups using FSC certification.

To supply and tap markets, LEI could seek recognition under the GFTN for providing "credible certification", but this would require a strong campaign. WWF states that to join GFTN, participants must apply for credible certification, and that it considers the FSC certification system to be the *only* credible system to ensure environmentally responsible, socially beneficial and economically viable management of forests. This position is unfortunate as this study, using the FCAG developed by WWF and the World Bank, found LEI PHBML to be comparable to FSC group certification/SLIMF against a comprehensive array of criteria for improved forest management.

Membership with international accreditation bodies

LEI could also opt to become a member of international accreditation bodies. At present, LEI does not affiliate with any such bodies and this remains one of the main shortcomings of LEI and its PHBML programme when assessed using the FCAG. Becoming a member of international accreditation bodies, such as ISEAL or the International Accreditation Forum (IAF), could strengthen LEI's international recognition and acceptance. International accreditation bodies usually provide a single worldwide programme of conformity assessment which reduces risk for business and its customers by assuring them that accredited certificates may be relied upon (IAF 2009). In addition, international accreditation bodies usually provide mechanisms for the members to recognise each other's certification. For example, the IAF has a Multilateral Recognition Arrangement (MLA) through which certification by a member shall be recognised by the other MLA members (IAF 2009).

LEI would not be able to meet the ISEAL criteria to "be an international body developing standards or delivering accreditation at the international level" for associate and full membership. However, LEI could become an affiliate member, which is primarily for organisations interested in information sharing and awareness-raising.

Taking advantage of public timber procurement policies

Recently, governments in a growing number of countries (e.g. Japan, UK, France, Denmark, Germany, the Netherlands, Belgium, New Zealand) have begun introducing procurement policies that oblige central government departments to purchase wood products that are verified as legal or sustainable. All of these policies specify forest certification as a means to verify sustainability (Lopez-Casero and Scheyvens 2008). The number of private businesses that are demanding verified legal timber is also increasing. LEI could take advantage of these opportunities by providing a "legality verification option", while continuing to emphasise sustainability certification. Legality verification options are already being offered by SGS, Smartwood and other certifiers.

26. Though nominally an independent organisation established under the Companies Act 1965, MTCC is under the authority of the Federal Ministry of Plantation Industries and Commodities. MTCC continues to operate on the interest generated by an endowment provided by the Ministry.
27. The GFTN links more than 360 companies, communities, NGOs, and entrepreneurs in more than thirty countries around the world with the goal of creating a new market for environmentally responsible forest products (http://gftn.panda.org/about_gftn/index.cfm).

REDD verification services

In December 2009, the UN Framework Convention on Climate Change 15th Conference of the Parties will convene in Copenhagen to consider a new global agreement on climate change to take effect after 2012. Two years earlier, the 13th Conference of the Parties (COP) agreed that policy approaches and positive incentives on issues relating to reducing deforestation and forest degradation in developing countries (REDD) should be considered in this decision. Since the COP13 decision, there has been an explosion of interest in REDD demonstration activities (projects) in Indonesia.

As an independent forest certification scheme with nationally defined standards, LEI is in a strong position to participate in forest-related climate mitigation activities. LEI could explore the possibilities of developing new certification programmes for REDD projects directed at voluntary carbon markets, either elaborating new standards for climate mitigation in its PHBML and other certification programmes, or developing entirely new standards, drawing on its experience with standards development for forest certification. The new standards for climate-related forestry projects could cover the three "sustainability pillars" - economic/production, social and ecological/environmental – that were the basis of LEI's certification standards, and climate mitigation. Independent project design standards have already been developed for climate forestry (e.g. the Climate, Community and Biodiversity Standards)[28] and applied to one project in Indonesia (i.e. the Ulu Masen Project in Aceh) but, as with forest certification, Indonesia would benefit from a national standard that reflects the Indonesian context.

LEI could also advocate that its certified (small-scale) forest holders should receive tangible benefits from their contribution to climate change mitigation. This contribution takes the form of carbon sequestration and emissions reductions due to improved management of forests through certification. The certification of community-managed forests could be promoted as part of Indonesia's responses to climate change[29].

Another option worth pursuing is the piloting of REDD in a LEI certified forest to quantify the climate mitigation benefits of LEI certification. A non-certified production forest could be used as a "control" to demonstrate the differences in forest carbon stocks with and without LEI certification. LEI could be a pioneer in these areas and this fits with the expansion of its work, not only on the certification of forests, but also into other fields of natural resource management.

Slide 8 **LEI-certified timber processed in handicraft workshop, Selopuro, Wonogiri**
(©Gladi Hadiyanto-LEI)

28. http://www.climate-standards.org/
29. See Republic of Indonesia National Development Planning: Indonesia responses to climate change (July 2008) for further information on these responses.

5 CONCLUSIONS

This assessment has found that LEI and its PHBML programme have the basic benchmarks set in the FCAG framework for credible certification schemes and programmes. For most of the FCAG criteria, LEI has matched FSC and its group certification, and on some points, such as the detail of its standards, exceeds FSC. For some criteria, the FSC outperforms LEI, but the overall conclusion of this review is that both schemes offer credible certification services. LEI (and its PHBML programme) provides credible verification for the wise management of (small) forests and therefore deserves more market support than it currently enjoys.

Interest in PHBML certification has grown and there has been an encouraging increase in the number of certificates granted, but LEI is still faced with the dilemma that some prominent NGOs and businesses continue to promote the FSC as the only credible forest certification scheme. These views appear to be quite entrenched. The challenge for LEI lies in bringing its credentials to the attention of international timber buyers and end consumers. Limited acceptance by timber buyers, end consumers and organisations promoting forest certification will reduce the appeal of LEI certification to "progressive" small forest owners.

Promotion of LEI to buyers in particularly critical marketplaces is important. LEI could seek assistance from NGOs, bilateral and/or multilateral agencies to explore various options. These include:

- Continuing to strengthen the English version of its website, with accurate English translations of all LEI standards and other core documents;
- Affiliation with international accreditation bodies (to the degree possible as a national organisation);

Slide 9 **A chair set displaying LEI CoC certificate**

(©Gladi Hadiyanto-LEI)

- Development of a marketing arm;
- Promotion of its certification as a means of legality and sustainability verification for procurement policies;
- Developing a legality verification option;
- Seeking mutual recognition with PEFC or further collaboration with the FSC;
- Developing standards for the certification of REDD projects;
- Promoting forest certification as a REDD strategy.

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APPENDIX

FSC GROUP CERTIFICATION AND LEI PHBML COMPLIANCE WITH FCAG CRITERION AND REQUIREMENTS

I. Compliance with international norms and standards

Criterion and Requirements	FSC and its Group Certification Programme	LEI and its PHBML Programme
Criterion 1—Compliance with international frameworks for certification, accreditation, and standard setting		

a. The accreditation body is affiliated with an international accreditation organisation (alliance/forum) such as the International Accreditation Forum (IAF) or the International Social and Environmental Accreditation and Labelling Alliance (ISEAL).	FSC is a full member of ISEAL, therefore it is committed to compliance with ISEAL Good Practice to promote an effective mechanism for achieving positive social and environmental change.	- Cannot be evaluated as LEI is not an affiliated member of IAF or ISEAL (only international bodies can register as a member of ISEAL).
		- However, its certifying bodies (CBs) are accredited by at least one international accreditation organisation:
		  - PT Mutu Agung Lestari (PT. MAL), PT. TUV International Indonesia, and PT. Sucofindo are accredited by KAN.
		  - For its work in forestry, PT. MAL is accredited by the United Kingdom Accreditation Service, which is a member of IAF.

b. Monitoring and surveillance carried out by the organisations under point a. cover the activities of accreditation in the field of forest management.	Fulfilled	Not fulfilled; cannot be evaluated
c. All certification bodies are accredited for their activities.	Fulfilled	Fulfilled LEI became an accreditation body in 1998 and published its full accreditation manual in 2004. An accreditation team carries out the accreditation assessment, examining document completeness and legality, conducting an office visit and interviews. The assessment is based on the criteria elaborated in LEI Guidelines 99-01. Also, see LEI Manual 11

d. Accreditation requires compliance with ISO Guide 62, 65, or 66.	As a full member of ISEAL, FSC required to:
	- Comply with ISO/IEC Guide 62, ISO/IEC Guide 65 or equivalent, and comply with the ISEAL Alliance Code of Good Practice for Setting Social and Environmental Standards, which refer to:
	  ISO/IEC Guide 2:2004. Standardisation and related activities - General vocabulary
	  ISO/IEC Guide 59:1994. Code of good practice for standardisation
	  ISO/IEC Guide 14024:1999. Environmental labels and declarations - Type 1 environmental labelling - Principles and procedure
	- Comply with ISO/IEC 17011:2004 Conformity Assessment - General requirements for accreditation bodies accrediting conformity assessment bodies
	- Comply with ISO/IEC Guide 62, ISO/IEC Guide 65 or equivalent.
		The accreditation manual refers to the Guideline No. 3 of Indonesia's National Standardisation Body, which refers to some of the ISO documents.
		- The manual also refers to ISO/IEC Guide 62.
		- Document 99-07 on General Requirements for Certification Body of Sustainable Community-based Forest Management was developed with reference to ISO Guide 61 and ISO Guide 62. ISO Guide 65 and 66 are not mentioned in the accreditation manual, but Hinrichs and Prasetyo (2007) found almost full compliance of LEI with ISO Guide 65/1996 (E) for bodies operating product certification systems.

e. Standard-setting bodies are affiliated with ISEAL.	Fulfilled	Cannot be evaluated as LEI, as a national body, cannot be a full member of ISEAL. (see a. above)

II. Standards and the standards-setting process

Criterion and Requirements	FSC and its Group Certification Programme	LEI and its PHBML Programme
Criterion 2–Compatible with globally applicable principles that balance economic, ecological, and equity dimensions of forest management and meet Global Forest Alliance requirements		
Compliance with all relevant laws The scheme/system requires that forest management respect all applicable laws in the country in which operations occur and international treaties and agreements to which the country is signatory.	Principle 1: Compliance with laws and FSC Principles, forest management shall respect all applicable laws of the country in which they occur, and international treaties and agreements to which the country is a signatory, and comply with all FSC P&C.	LEI's standards were developed with full accordance to the relevant Indonesian laws and regulations for forest management.
Respect for tenure and use rights The scheme/system requires respect for any legally documented or customary land tenure and use rights.	Principle 2: Tenure and use rights and responsibilities, long-term tenure and use rights to the land and forest resources shall be clearly defined, documented and legally established.	Production Function Criterion-1. Sustainability of forest resources P.1.1. Status of area and boundaries are clear. Social Function Criterion -1 : Clarity of land tenure system and forest community S1.1. The status of areas is not in the process of conflict with the members of the community or others. S1.2. Clarity of area boundaries with other areas. S1.3. The functions of areas in accordance with community interests are recognised as permanent forest areas.
Respect for indigenous peoples' rights The scheme/system explicitly requires respect for the legal and customary rights of indigenous people to own, use, and/or manage their lands, territories, and resources.	Principle 3: Indigenous peoples' rights The legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources shall be recognised and respected.	Social Function Criterion 1. Clarity of land tenure system and forest community S1.4. Applying fair and democratic mechanisms of conflict resolution of claims over the same forest areas. S1.5. Community-based forest management (CBFM) actors are truly the members of the community.
Respect for community relations The scheme/system explicitly requires recognition and respect for the rights of communities as well as the maintenance and enhancement of the long-term social and economic wellbeing of forest communities.	Principle 4: Community relations and worker's rights Forest management operations shall maintain or enhance the long-term social and economic well-being of forest workers and local communities. Criterion 4.1: Communities within, or adjacent to, the forest management area should be given opportunities for employment, training, and other services.	Production Function Criterion-3. Sustainability of forest business P.3.6. Contribution to an increase in social and economic conditions of local community. Social Function Criterion - 2: Guaranteed resilience and development of community economy Indicators: S2.1. The economic sources of the community are able to increase or at least remain able to support the continuity of community intergeneration livelihood. Criterion - 4: Fair benefit sharing in accordance with community interest Indicators: S4.1. The existence of compensation agreed by all members of the community over the loss for the community caused by forest management activities. S4.2. All members of the community and public have opportunities to involve themselves in CBFM activities. S4.3. The availability of a mechanism for the management units to account for their activities towards community and/or public.

Criterion and Requirements	FSC and its Group Certification Programme	LEI and its PHBML Programme
Respect for workers' rights The scheme/system explicitly requires recognition and respect for the rights of workers.	Principle 4: Community relations and worker's rights Forest management operations shall maintain or enhance the long-term social and economic well-being of forest workers and local communities. Criterion 4.3: The rights of workers to organise and voluntarily negotiate with their employers shall be guaranteed as outlined in Conventions 87 and 98 of the International Labour Organisation (ILO).	Not clearly prescribed in PHBML. Nonetheless, PHBML certification assumes that the forest owners are the workers for their respective forests. This means that the workers' rights should be fully respected. In addition, the standards were developed with reference to some ILO conventions.
Delivery of multiple benefits from the forest The scheme/system explicitly requires management systems that encourage the efficient use of the multiple products and services of the forest to enhance economic viability and foster a wide range of environmental and social services.	Principle 5: Benefits from the forest Forest management operations shall encourage the efficient use of the forest's multiple products and services to ensure economic viability and a wide range of environmental and social benefits.	The PHBML standard was designed with multiple benefits in mind, and has been elaborated to give further guidance for forests managed mostly for timber production and forests managed mostly for NTFPs. If the standards are correctly applied to the management of either forest management forms, then the promotion of multiple benefits can be expected.
Assessment and mitigation of environmental impacts The scheme/system explicitly requires that management systems assess and manage environmental impacts (including issues addressed in either World Bank or WWF policies) to conserve biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and landscapes.	Principle 6: Environmental impact Forest management shall conserve biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and landscapes, and, by so doing, maintain the ecological functions and the integrity of the forest.	Ecological Function Criterion - 1: Forest ecosystem stability can be maintained Indicators: E1.1 Availability of production management regulations minimising disturbances against environmental integrity. E1.2 Well-designed protected area proportionate to the total area that should be protected and has already been delineated in the field. E1.3 The impacts of production management activities on stability of forest ecosystem (land, water, forest structure and composition) and their intensity are documented. E1.4 The existence of delineation and plan of areas which should be protected.
Maintenance of critical forest areas and related natural critical habitats The scheme/system explicitly requires that forest operations maintain critical forest areas and other critical natural habitats affected by the operation.	Principle 9: Maintenance of high conservation value forests Management activities in high conservation value forests shall maintain or enhance the attributes which define such forests. Decisions regarding high conservation value forests shall always be considered in the context of a precautionary approach. Principle 6: Environmental impact Criterion 6.2: Safeguards shall exist which protect rare, threatened and endangered species and their habitats (e.g. nesting and feeding areas). Conservation zones and protection areas shall be established, appropriate to the scale and intensity of forest management and the uniqueness of the affected resources. Inappropriate hunting, fishing, trapping and collecting shall be controlled. Criterion 6.4: Representative samples of existing ecosystems within the landscape shall be protected in their natural state and recorded on maps, appropriate to the scale and intensity of operations and the uniqueness of the affected resources.	Ecological Function Criterion - 1: Forest ecosystem stability can be maintained Indicators: E1.1 Availability of production management regulations minimising disturbances against environmental integrity. E1.2 Well-designed protected area proportionate to the total area that should be protected and has already been delineated in the field. E1.3 The impacts of production management activities on stability of forest ecosystem (land, water, forest structure and composition) and their intensity are documented. E1.4 The existence of delineation and plan of areas which should be protected. Document 99-41 on Guideline on Field Assessment of Sustainable Community-based Forest Management Certification System requires the identification on "Degree of Fragmented Habitat" and classifies the forests as "Connected", "Semi-Fragmented", "Fragmented".

Criterion and Requirements	FSC and its Group Certification Programme	LEI and its PHBML Programme
Specific provisions for plantations The scheme/system has adequate and explicit requirements to ensure that the establishment of plantations does not lead to the conversion of critical natural habitats	Principle 10: Plantations Plantations shall be planned and managed in accordance with Principles and Criteria 1 - 9, and Principle 10 and its Criteria.	The PHBML standard is designed exclusively for small-scale (community-based) forest units, which can (and does) include planted forests. Provisions specifically for plantations are not specified in the PHBML standard. LEI has a distinct programme for plantations, which does allow for conversion that is legally authorised.
Implementation of management plan The scheme/system requires effective forest management planning through the maintenance of a comprehensive and up-to-date management plan appropriate to the scale and intensity of the operation concerned. The scheme/ system explicitly requires these management plans to have clearly articulated goals for continual improvement and descriptions of the means for achieving these goals.	Principle 7: Management plan A management plan - appropriate to the scale and intensity of the operations - shall be written, implemented, and kept up to date. The long term objectives of management, and the means of achieving them, shall be clearly stated.	A sound management plan addressing the three pillars of sustainability should be submitted to LEI for PHBML certification.
Effective monitoring and assessment The scheme/system explicitly requires the use of monitoring systems appropriate to the scale and intensity of the operation to assess the condition of the forest, yields of forest products, chain of custody (where relevant), management activities, and social and environmental impacts.	Principle 8: Monitoring and assessment Monitoring shall be conducted -- appropriate to the scale and intensity of forest management -- to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts.	For PHBML, LEI requires a basic monitoring system.
Criterion 3 — Meaningful and equitable participation of all major stakeholder groups in governance and standard setting		
Effective stakeholder involvement		
a. Relevant stakeholder groups have been officially invited to participate.	FSC is an international association of members consisting of a diverse group of representatives from environmental and social groups, forest business and trade associations, indigenous people's organisations, community forestry groups and forest product certification organisations.	LEI was created as an independent working group in 1993, became an independent national foundation (Yayasan LEI) in 1998, and finally a national constituent body which accommodates a wider array of forest stakeholders in 2004. From 1998-1999 it took on the function of certification, but later passed this on to qualified third party organisations (certification bodies) and reinvented itself as an accreditation body and system developer.
b. Relevant stakeholder groups participated meaningfully.	Members participate in FSC processes such as the development of standards, election of the Board of Directors and voting on decisions that will guide the direction of the organisation.	LEI's Congress, or General Assembly, is the organisation's highest decision-making body and comprises a diverse group of stakeholders. It has four chambers: indigenous peoples and community chamber (20 constituent members); business chamber (36 constituent members); non-government organisation chamber (61 constituent members); eminent persons chamber (14 constituent members)[30]. At least 50% of members from each of the chambers must be present for the General Assembly to be considered legitimate. LEI established a national certification networkconsisting of 13 Regional Consultation Forums as its subsidiaries at the province level.

30. Number of constituent members is for June 2009. LEI allows government and political parties "associate membership status" without voting rights.

Criterion and Requirements	FSC and its Group Certification Programme	LEI and its PHBML Programme
c. A procedure is in place to involve stakeholders in case of failure to achieve meaningful participation of relevant major stakeholder groups.	The procedures involve necessary activities for contacting relevant stakeholders.	- Regulated in LEI Constitutent Based Organisation (CBO) Statutes - At least 50% of members from each of the four chambers must be present for the General Assembly to be considered legitimate.
d. Written documents are available on what efforts have been taken to include stakeholders as well as on how issues raised by stakeholders have been addressed.	Document 20-003 prescribes that the certification body shall keep the following records: - lists of individuals/organisations invited to comment on the generic standard, - copies of all correspondence and/or comments received with respect to potential modifications of the generic standard, - copies of all national standards, draft standards or other sources of information taken into account in order to modify the generic standard.	- See LEI Manual 11 - Apparently available in LEI's archives.
Balanced decision-making procedures		
e. The decision-making process is striving for consensus among relevant stakeholder groups.	FSC uses a voting system instead of consensus in decision-making.	- Decision by consensus is preferred to voting. - Many of LEI documents, such as Document 99-09 on General Requirement for Expert Panel, point out the involvement of various and relevant stakeholders (production, social, environmental groups).
f. Procedures are in place to achieve balanced decision-making in the absence of consensus. These procedures do the following: - Ensure that no major interest group can dominate nor be dominated in the decision-making process. - Specify a voting system that prevents major environmental, social, or economic interests from being overruled. - Contain a mechanism that prevents decision-making in the absence of any representative of one of the major interest groups.	Each chamber (social, economic and environmental) has equal votes of 33.33%, which are allocated equally to the interests of the North and the South within each chamber.	- At least 50% of members from each of the four chambers must be present for the General Assembly to be considered legitimate. - Any decision is taken when at least two-thirds of the members participate in the process. - The decision-making process and voting system are specified.
Criterion 4 — Avoidance of unnecessary obstacles to trade		
	FSC is a full member of ISEAL	LEI PHBML standard does not contradict the ISEAL code with respect to obstacles to trade
Criterion 5 — Based on objective and measurable performance standards that are adapted to local conditions		
a. The standard contains explicit performance requirements, including chain of custody, if relevant.	FSC P&C are composed of performance criteria and the standard is written in measurable terms and oriented towards activities at the forest management unit level.	LEI's standards are performance-based and detailed, comprising criteria, indicators and the verifiers for the management and auditing procedures. They are written in measurable terms and are applicable at the operational level.
b. The standard is written in measurable terms, with guidance on interpretation if flexibility is required.	The standards are written in measurable terms for FMUs and allow interpretation. However, the reliance on interim standards developed by the CBs when no national FSC endorsed standard exists can result in too much subjectivity in the certification decision.	The technical documents contain sufficient definitions of each indicator and tool boxes for the verifiers of the criteria and indicators are provided.

Criterion and Requirements	FSC and its Group Certification Programme	LEI and its PHBML Programme
c. International principles and criteria used as the basis for development of national standards include provisions for the operational level (forest management unit).	The interim national standards are developed with reference of the generic global standards.	LEI standards cover ecological, social and production functions of forests in line with the internationally accepted concept of sustainable forest management.
In case of internationally operating systems		
d. Mechanisms and processes are in place to facilitate the harmonisation/equivalence of national standards or national schemes within the international system.	Although the FSC has a mechanism for recognising sub-national, national and regional standards, this is very restricted. The mechanism only endorses standards that are formulated by FSC endorsed National Initiatives. Currently, there is no FSC National Initiative in Indonesia.	Not applicable
e. Processes exist by which consistency between national standards can be sought.	FSC standards are developed with reference to the generic P&I.	Not applicable
f. National standards are endorsed by the international system.	National standards developed by FSC National Initiatives must be endorsed by the FSC.	Not applicable

III. Conformity assessment, certification, and accreditation

Criterion and Requirements	FSC and its Group Certification Programme	LEI and its PHBML Programme
Criterion 6 — Certification decisions free of conflicts of interest from parties with vested interests		
	FSC fulfils all requirements stated by the Alliance under Criterion 6 by referring to the relevant ISO rules.	LEI Guideline 99-07 requires that its certification bodies should not have relations that may stimulate conflict of interests. LEI Guideline 99-08 requires field assessors to have no relations with the management unit being assessed.
Criterion 7 — Transparency in decision-making and public reporting		
7.1 Public availability of scheme requirements		
For standard-setting bodies, the ISEAL Code of Good Practice for Setting Social and Environmental Standards specifies the following publication requirements: - Complaints resolution mechanism - Annual work programme, including a description of the standards under development, their scope, objectives, and rationale - Draft standards - Written synopsis of comments received during public consultation and how these were addressed - Standard-setting procedures	All relevant documents are available online on FSC website. They include: - Institutional documents - General assembly documents - Certification documents - Accreditation document - Development of policies and standards Interim national standard available online on the respective FSC accredited CBs websites.	All relevant documents are available online and in hard copies: - The standards - The tool boxes containing the verifiers - Accreditation system - Appeals, complains and disputes systems - List of certificate holders - List of accredited certification bodies The documents are in Bahasa and English, but the latter are simplified. The English versions have numerous mistakes, are often inconsistent with the Bahasa versions, and not all the documents have been translated into English.
In addition to the above, the certification scheme/system makes its documents publicly available, specifying all its requirements related to accreditation, standardisation, and certification, including chain of custody and control of claims, where applicable.	Publicly available on FSC website (www.fsc.org/resourcescenter.html)	Publicly available on LEI website (www.lei.or.id)
7.2 Public availability of certification and accreditation reports		
a. Public reports on forest management evaluation and surveillance provide the rationale for the certification decision or the maintenance of certification, respectively.	Regulated in FSC-Std 20-009: - Requires its CBs to prepare a forest certification public summary report for each forest management enterprise or group enterprise which is FSC certified. - The summary should be written in one of the main FSC official languages and the official language of the country where the certified unit is located. - The summary shall be published no later than 30 days after the award of the FSC certificate, and should be available on request. - An update of the public summary report shall be made publicly available after each surveillance.	- General Requirements for Certification Body of Sustainable Community-based Forest Management requires its certification bodies to establish a policy and procedure to publicise information related to PHBML certification, through easily accessed media. - Public summary reports for field assessments are available on the websites of PT. MAL and PT TUV. - Interested parties can request a copy of the public summary reports from LEI's CBs.
b. Public reports on forest management evaluation justify the certification decision by providing key findings with respect to compliance with the standard.	FSC-Std 20-009: In the summary, FSC requires the CB to provide a clear statement that the forest has been certified by the certification body as meeting the requirements of the specified standard, the date of certification, and the expiry date of the certificate.	Fully regulated by LEI.

Criterion and Requirements	FSC and its Group Certification Programme	LEI and its PHBML Programme
c. Public reports on forest management evaluation and surveillance include the corrective action requests raised in regard to the performance of the operation being evaluated.	FSC-Std 20-009: - If the management under assessment fails to meet the standards, FSC also requires the CB to make a list of all non-compliances that the managers are required to correct in order to maintain their certification, including the time course within which corrective actions shall be taken. - Public summaries of Certification Bodies accredited by the FSC Program are made available on the website of Accreditation Service International GmBH (http://www.accreditation-services.com/PublicSummaries.htm).	The LEI certification process does not use corrective action requests, but it does provide recommendations for improvement for those applicants that pass the certification process, and this information is made publicly available (Hinrichs and Prasetso 2007).
d. Public reports on accreditation provide the rationale for the accreditation decision.	Regulated in FSC-Std 20-001, 9.2: A statement to the effect that the certification body's certification system is accredited by FSC and operates under the authority of FSC satisfies this requirement in relation to its FSC accreditation. See also ASI-PRO 10-173	LEI provides public information about its accreditation decisions.
e. Public reports on accreditation provide the corrective action requests raised in regard to the performance of the evaluated certification body.	Regulated in FSC-Std 20-001, 15.1.3: Certificate holders shall comply with the requirements of the new FSC accredited standard in accordance with the 'standards effective date' specified for the new standard. After the standards effective date the certification body shall require any non-compliance that is identified to be corrected in accordance with the normal requirements for major or minor non-compliances, as applicable. Also fulfilled in Accreditation ASI-PRO 10-173	LEI requires the CBs to meet its benchmarks. If a CB fails, it can reapply. However, no documents of the process are available to the public.
f. Public reports are readily available.	Publicly available on FSC website (www.fsc.org/resourcescenter.html) Accreditation ASI-PRO 10-173	Reports are mostly available on the websites of LEI and its CBs, or can be requested.
Criterion 8 — Reliable and independent assessment of forest management performance and chain of custody		
8.1 Independence of assessment		
The Global Forest Alliance partners consider the independence of the assessment as the basis of any credible certification. This view is widely accepted by all international rules guiding the conformity and certification process, and comprehensive requirements are established in the relevant ISO guides (see criterion 1). Compliance with the ISO rules is therefore deemed sufficient to ensure independence, and no further Global Forest Alliance requirements are necessary to fully assess schemes against this part of criterion 8.	Compliance to ISO rules	• LEI is an independent body. This is clearly prescribed in various documents, such as Documents 99-01, 99-07. • Certification is conducted by accredited certification bodies • There is a clear separation of the functions of standard setting and certification
8.2 Field evaluation of forest management and certification body performance		
a. Accreditation procedures for the initial evaluation and surveillance of certification bodies foresee field visits to certified forest management units.	"ASI-PRO-20-105- Surveillance" sets out that surveillance visits can include assessment of CB audit teams performing certification audits.	LEI conducts annual visits of the CB offices and random checks of the certified forest units.
b. Accreditation requirements specify evaluation and surveillance intensity to be applied by certification bodies.	Fulfilled.	Fulfilled.

Criterion and Requirements	FSC and its Group Certification Programme	LEI and its PHBML Programme
c. Certification procedures require field visits to applicant forest management units before a certificate can be issued.	Fulfilled.	Fulfilled.
8.3 Chain-of-custody requirements		
a. The scheme has a standard for the control of chain of custody that covers production and trade from the forest of origin to the final product.	Fully regulated: - FSC POL 40 002 Group COC 2004 - FSC POL 40 003 Multisite CoC 2004 - FSC STD 20 011 V11 Chain of Custody Evaluations - FSC STD 40 003 V10 Multi site Chain of Custody - FSC STD 40 003 V10 Multi site Chain of Custody - FSC STD 40 004 V10 CoC for Suppliers and Manufacturers - FSC STD 40 004 V20 Standard for CoC Certification 2008 01 - FSC STD 40 004a V1 0 FSC Product Classification	Fully regulated: - LEI 88 CoC Certification System - LEI 88-01 Requirements for CoC Certification LEI Bodies - LEI 88-02 Requirement for CoC Field Assessors - LEI 88-03 Requirements for CoC Expert Panel - LEI 88-21 Guidelines for CoC Field Assessors - LEI 88-22 Guidelines for CoC Field Assessment Reporting - LEI 88-23 Guidelines for CoC Screening - LEI 88-24 Guidelines for Decision Making of Expert Panel - LEI 88-25 Guidelines for CoC Recommendation - LEI 88-26 Guidelines for CoC Certificate Extension
b. Standards and control mechanisms exist to prevent application of logos on uncertified timber.	Fully regulated. FSC STD 40 201 V20 FSC on Product Labelling Requirements	Fully regulated.
c. Chain-of-custody certificate holders are required to exclude timber from illegal sources and from conversion of forests.	Fully regulated in FSC STD 40 201 V20 FSC on Product Labelling Requirements. 3 FSC logos: - FSC-pure: Product groups manufactured with 100% FSC certified material - FSC-mixed: variation i. Mixed sources: Product groups from well managed forests and other controlled sources, variation ii. Mixed sources: Product groups from well managed forests, controlled sources and recycled wood or fibre. - FSC recycled: Product groups manufactured with 100% recycled content Timber from illegal sources therefore excluded.	- CoC certificate holders are required to exclude timber from illegal sources. - LEI regulates that conversion timber shall not be mixed with certified timber within a certified FMU.
d. Procedures for use of claims comply with ISO standards 14020 and 14021.	Fulfilled.	Fulfilled.
8.4 Stakeholder consultation in the certification and accreditation process		
a. Accreditation bodies undertake proactive and culturally appropriate external consultation as part of initial assessment and surveillance of certification bodies.	Regulated in FSC STD 20-006 on stakeholder consultation	Not fully regulated. Accreditation is the responsibility of LEI's Certification and Accreditation Division which is directly responsible to the Executive Director. The tasks of the division are to develop the accreditation system and procedure, process applications for accreditation, conduct periodic supervision and monitor the accredited certification bodies, and select and from the Accreditation Committee, as needed. The assessment of accreditation applications is undertaken by the Accreditation Committee, which is also responsible for making the accreditation decision. The Committee must have at least three members and consists of individuals from the Certification and Accreditation Division, the System Development Division and external experts.

Criterion and Requirements	FSC and its Group Certification Programme	LEI and its PHBML Programme
b. Certification bodies undertake proactive and culturally appropriate external consultation as part of initial assessment and surveillance of certificate holders.	As above.	PHBML has two different schemes to assess the performance of community-based forest management. Under Scheme I, the local forest owners apply directly for certification by submitting their application and required documents to a certification body. Under Scheme II, a third party, such as a local NGO that has experience working with the community prepares the application for certification. This organisation must have written authorisation to represent the community as a guarantor and promoter.
c. Appropriate procedures exist to take stakeholders' comments into account in the decision-making process for certification and accreditation.	As above.	For certification, formal stakeholder consultations (meetings) take place prior to field visits and provide inputs to the assessors' work plan. The assessors report matters raised by stakeholders to expert panel II in writing. Expert panel II is obliged to take these inputs into consideration. However, there is no similar procedure for the accreditation decision.
8.5 Complaints and appeals mechanisms		
Complaints and appeals mechanisms of accreditation, certification, and standard-setting bodies are a. accessible to any interested party, b. publicly available, and c. free of cost implications for the complainant.	FSC National Initiatives Manual, 5.4: Complaints can be made free of charge FSC-Std 20-001: The certification body shall publish summary information about the procedures for submitting complaints, appeals and disputes, and about the certification body's procedures for handling such complaints, appeals and disputes on the certification body's website and make such information available in print on request. The Interim Dispute Resolution Protocol, adopted by the Board on January 27, 1998, only provides for complaints to be lodged by accreditation bodies, or applicant accreditation bodies, and FSC members in good standing. Its Dispute Resolution Requirements - FSC-STD-20-014 (V1-0) EN - DRAFT 1-0, submitted for public consultation in 2008 specifies requirements related to dispute resolution to be met by all certification bodies. Individuals or organisations can file complaints. Complaints shall be evaluated by the certification body and the acceptance or rejection of complaints shall be communicated to the complainant, in writing, within 10 days of receipt of the complaint. If the complaint is rejected, the reasons for the rejection shall be clearly stated.	Fully regulated (see point 7.2) Document 99-07: Resolution of appeals against the decision of certification expressed by relevant parties to the CBFM certification body is based on LEI Guideline 55. Guide 55 allows for appeals against both the certification process and the decision from the applicant, organizations involved in forest utilisation, government, Regional Communication Forums and community groups. The applicant must lodge and appeal within 30 days of the decision, whereas other parties have no time constraint on raising objectives. All appeals and objections must be dealt with by the certifying body within six months. The appeals and objections are dealt with by the Certification Review Council. Free of charge.
Criterion 9 — Delivers continual improvement in forest management		
a. The scheme sets deadlines for full compliance if certificates are issued under the condition of fulfilment of outstanding non-compliances.	FSC-STD 20-009: If the management under assessment fails to meet the standards, FSC requires the CB to make a list of all non-compliances (major and minor) that the managers are required to correct in order to maintain their certification, including the time period within which corrective actions shall be taken.	No certificate is awarded under outstanding non-compliances. If minor improvements are required, the certificate is still awarded and the applicants are required to undertake the improvements within six months.

Criterion and Requirements	FSC and its Group Certification Programme	LEI and its PHBML Programme
b. Surveillance visits from certification bodies and accreditation bodies are carried out at least annually.	Regulated in FSC-STD-20-007 (Version 2-1) Forest Management Evaluation - The certification body shall carry out a surveillance evaluation to monitor the certificate holder's continued compliance. - In the case of single SLIMF, the FMU level visit is carried out only when there are outstanding corrective actions and complaints in the previous twelve months. - In the case of groups of SLIMF FMUs, the certification body shall carry out at least one FMU level site visit at the end of the first year in which the certificate was issued, and at least one additional FMU level site visit during the period of validity of the certificate.	- PHBML certificates valid for 10-15 years - Surveillance conducted 2-4 times during the validity of the certificate, depending on the passing grade (gold, silver, bronze) - Surveillance can also be done if it is recommended by the expert panel - First surveillance must be conducted at the latest within the first five years of certificate validity period
c. Clear deadlines exist for compliance, with corrective action requests issued as a result of surveillance.	FSC STD 20 002: Structure and Content of Stewardship Standard Action(s) taken to correct non-compliance may continue over a period of time, normally up to 1 year, but in exceptional circumstances up to 2 years.	As in point a: If minor improvements are required, the certificate is still awarded and the applicants are required to fulfil requirements within six months.
Criterion 10 — Accessible to and cost-effective for all parties		
a. Mechanisms exist that allow equity of access to all participants, regardless of the size, location, or forest type under the operation's management.	Various mechanisms exist under group certification and the SLIMF initiative, for instance: FSC-STD-20-007 (Version 2-1) Forest Management Evaluation: - Forest Management Evaluation: FMU site visit is made only once during the validity of certificate in case of single SLIMF FMUs and twice for groups of SLIMF FMUs. - Document 3.6.1: SLIMF allows new members to join the group after the certificate has been awarded. - Document 3.6.1: The CB to explicitly evaluate compliance of the group entity with the requirements before 'scoping' stage to ensure that all the administrative requirements of the group are satisfied, prior to the applicant incurring the costs of field visits. - Evaluation done only on sampled members.	- LEI allows "promotors" of PHBML certification. They can be NGOs, donor and industries, who are willing to bear the costs of certification. - As a cost saving approach for qualified small units, LEI allows well-respected institutions, such as a research institution, to be a guarantor. The certificate is then granted under "recognition over claim".
b. The above mechanisms provide access to forest certification at a cost that does not exclude small forest owners, communities, and other groups that may have limited access.		
Criterion 11 — Voluntary participation		
a. In cases of group certification, a set of contractual arrangements exists between the owners or their designated intermediary and the entity that holds the group certificate for the requirements of certification.	Document 3.6.1 prescribes a 'consent form' or its equivalent, which must be signed by each group member or the member's representative who voluntarily wishes to join the certification scheme. The consent form: - acknowledges and agrees to the obligations and responsibilities of group membership; - agrees to membership of the scheme for the full period of validity of the group certificate; - authorises the group entity to apply for certification on the member's behalf.	Contractual arrangements are required between individual forest owners. These agreements have to include visions and missions on the management of the forests, management goals, potential of the resources and linked businesses. The group is also encouraged to choose a manager from amongst its members.

Criterion and Requirements	FSC and its Group Certification Programme	LEI and its PHBML Programme
b. A mechanism exists to ensure that each member of the group must meet the standard or will have to leave the group.	Document 3.6.1: - The basis of group certification is that the forest area of each member of the group must comply with all the requirements of the FSC standards. Administrative and policy requirements of forest stewardship that are relevant to the whole group may be implemented at the 'group' level or by individual group members. - Requirements that are implemented in the forest must be satisfied within each property member on an individual basis, appropriate to the size and complexity of the forest area concerned. - Responsibilities for meeting criteria may not be 'traded' between different members or properties.	Generally outlined and understood.
c. Enforcement mechanisms exist in case of breach of the group's rules.	Document 3.6.1: - 'Member failure' may lead to corrective actions, suspension or expulsion of a group member. - The group entity shall have the authority to remove members from the scope of the group certificate if the requirements of group membership, or any corrective actions issued by the certification body, are not complied with.	Check exists for whether a sanction mechanism is established.
d. All participating forest owners have signed a commitment to adhere to the standards set by the scheme.	As point a.	All participating forest owners have signed the application documents, meaning they are bound to commit to the standard once the certificate is awarded.

HEADQUARTERS
2108-11 Kamiyamaguchi, Hayama
Kanagawa, 240-0115, Japan
Tel +81-46-855-3700 | **Fax** +81-46-855-3709

TOKYO OFFICE
Nippon Press Center Bldg. 6F, -2-1 Uchisaiwai-cho, Chiyoda-ku
Tokyo, 100-0011, Japan
Tel +81-3-3595-1081 | **Fax** +81-3-3595-1084

KANSAI RESEARCH CENTRE
I.H.D. CENTER 3F, 1-5-1 Wakinohamakaigan-Dori, Chuo-ku,
Kobe, Hyogo, 651-0073, Japan
Tel +81-78-262-6634 | **Fax** +81-78-262-6635

KITAKYUSHU OFFICE
Kitakyushu International, Conference Center 6F, 3-9-30, Asano,
Kokurakita-ku, Kitakyushu, Fukuoka, 802-0001, Japan
Tel +81-93-513-3711 | **Fax** +81-93-513-3712

BEIJING OFFICE
(SINO-JAPAN COOPERATION PROJECT OFFICE)
IGES Sino-Japan Cooperation Project Office
Sino-Japan Friendship Center for
Environmental Protection # 505 Room
Beijing, 100029 China
No.1 Yuhuinanlu, Chao Yang District
Tel +86-10-8463-6314 | **Fax** +86-10-8463-6314

PROJECT OFFICE IN BANGKOK
c/o UNEP-RRC. AP, Outreach Bldg., 3F, AIT
P.O. Box 4, Klongluang, Pathumthani 12120, Thailand
Tel +66-2-524-6441 | **Fax** +66-2-524-6233

9 784887 880535