Executive summary

Social impacts of the Forest Stewardship Council certification

An assessment in the Congo Basin

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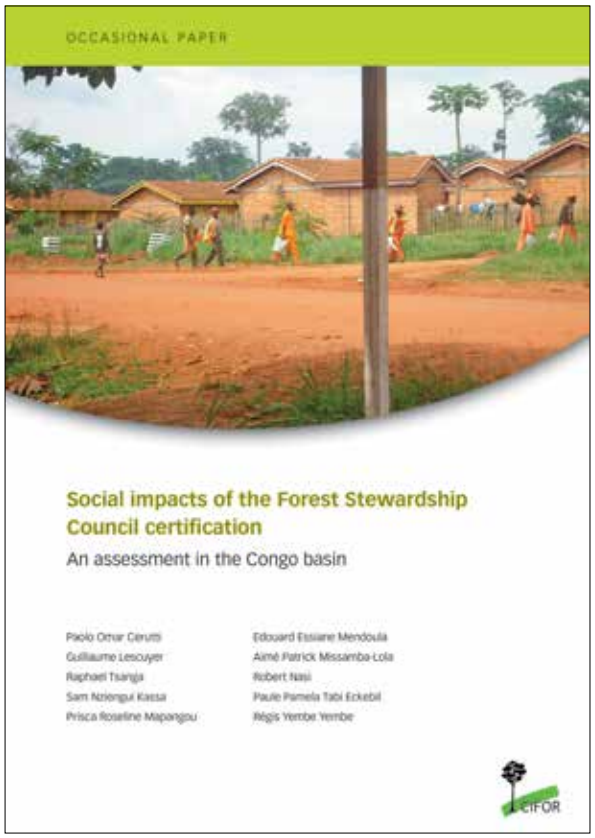

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Since the first half of the 1990s, forest certification has been promoted as a means to tackle global deforestation and forest degradation. Among the existing initiatives, the voluntary, market-based, third-party certification system offered by the Forest Stewardship Council (FSC) is the most prominent in terms of global share for the certification of responsible forest management in the tropics. FSC certification has been promoted by environmental and social groups, and more recently also by businesses and governments. The FSC scheme assesses companies and forest management units (FMUs) against a set of principles, criteria and indicators by checking that management is environmentally appropriate, socially beneficial and economically viable.

Although the FSC standard has a strong social component that seeks to improve relationships between logging companies and local populations and contribute significantly to local development, social

impacts are under-researched, and the existing literature shows conflicting results. In particular, in the Congo basin, the focus of this occasional paper, there is a limited number of assessments of the social impacts of forest certification and its expected impact on the local population and their customary rights. Such rights are also guaranteed, with some restrictions, by existing statutory provisions in all Congo basin countries. More robust evaluations have not yet been possible because of the very recent history of FSC certification in the region: The first currently valid certificate in the region was only granted at the end of 2005.

As of 2013, however, the Congo basin had the largest area of certified natural tropical forest in the world, with about 5.3 million ha. This is still a relatively small proportion (ca. 7–13%) of all FMUs in the region. We believe it is time, before certification expands further, to assess whether the social impacts in certified FMUs show any sign of improvement compared to noncertified ones. This comparison is also timely because (1) the legal frameworks of the study countries have many similarities to the social requirements of FSC certification, thus allowing an indirect assessment of the legal frameworks' social impacts, and (2) some tropical producer countries recently proposed recognizing FSC-certified timber as compliant with the requirements of the EU's Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan. Once the Action Plan is fully operational in those countries, the FSC-certified timber produced there could be exported as legal timber.

This occasional paper assesses whether the implementation of FSC certification in FMUs in three Congo basin countries has had positive additional impacts on (1) the working and living conditions of logging companies' employees and their families, (2) the effectiveness and legitimacy of the institutions set up to regulate relationships between logging companies and neighbouring communities, and (3) the local populations' rights to and customary uses of forests.

More specifically, this research tries to answer the following questions:

1. How do working conditions (including occupational health and safety) differ between certified and noncertified FMUs?
2. How do the living conditions of workers and their families differ between certified and noncertified FMUs?
3. How do institutions set up by companies in certified and noncertified FMUs differ and for what reasons? What specific functions are attributed to institutions, and with what results on legitimacy and effectiveness?
4. Are existing institutions legitimate, effective and equitable means for local residents to discuss, through locally designated or elected representatives, their expectations of the logging companies?
5. Are the institutions socially legitimate and able to regulate forest uses, so as to prevent or minimize conflicts that may occur among different users of the same forested space?

To answer these questions, a review was undertaken of the mechanisms adopted by logging companies in nine certified and nine noncertified FMUs (three in each category in Cameroon, Gabon and the Republic of the Congo) to regulate working conditions in sawmills and forestry operations, and to sustain relationships with villages neighbouring their FMUs.

Both quantitative and qualitative results suggest that significant differences exist between the certified and noncertified FMUs that were the focus of this study. There also exist differences within groups, in some variables more than in others, often with large differences between the best and worst performers. Key findings include the following:

1. The presence of a certified FMU is consistently associated with better working and living conditions as measured by the 17 variables assessed. Major differences exist in the presence and effective implementation of clear written procedures that regulate working conditions in sawmills and during forestry operations and living conditions in the *bases vie*, where the company provides accommodations and services for workers and their families. Results indicate that the quality of life has improved in *bases vie* around certified FMUs since certification was granted. Essential services such as water supply and medical facilities are guaranteed; workers expressed more satisfaction about prices and products available at the local minimarkets than those in noncertified FMUs; and basic services such as housing, electricity, and waste management contribute to improved living conditions.
2. Active local institutions, in which discussions between the local population and the company on a number of issues can occur on a regular basis, are arguably the most distinctive feature of certified FMUs. All measured variables show higher positive values than in noncertified FMUs. Some of these institutions also exist, albeit with lower qualitative standards, in noncertified FMUs that are seeking certification. Their legitimacy, effectiveness and degree of employee satisfaction are testimony to one clear positive change that certification can bring about. As to the governance of such institutions, written procedures to manage them, transparent election of members, the inclusion of members external to the community, and the periodic renewal of members occur more often in certified than noncertified FMUs. Also, all companies with certified

FMUs have mechanisms in place for compensation to the rural population when harvesting operations cause losses to them.

3. There is a consistent association between FSC certification and the existence of benefit-sharing mechanisms in addition to, and with a more equitable redistribution than, those mandated by existing legal frameworks. In a few cases, companies with noncertified FMUs also established such schemes, but those run by companies with certified FMUs are generally better organized and managed. Given the long-term negative performance of public benefit-sharing schemes, private schemes are very much welcomed by the local population because they often contribute directly to local economies. In certified FMUs, redistribution occurs regularly to all neighbouring villages (unlike in noncertified FMUs, where companies adopt a more localized approach). The certified FMU approach allows more open, dynamic and regular contact to occur between company staff and the local population.
4. The presence of an FMU, certified or not, is not associated with significant change in local agriculture, hunting and non-timber forest product (NTFP) collection. Some of these practices are, however, illegal. In particular, inside an FMU, practicing shifting cultivation (except in fields that already existed at the time the FMU was established) and hunting and NTFP collection with nontraditional means and for commercial purposes are banned by all three study countries. While the level of reported activities is similar in certified and noncertified FMUs, people living around certified FMUs see themselves as constrained by new regulations more than people living around noncertified FMUs. This is because companies with certified FMUs introduce procedures and rules to enforce the law and hire personnel to enforce them. In contrast, given the general weakness of state law enforcement, companies with noncertified FMUs are under much less pressure to enforce the law, especially on matters that are not directly related to timber harvesting. They can thus adopt a position of greater tolerance for local customs, even illegal ones. Paradoxically, on this issue, there is a greater chance of social peace being maintained in noncertified FMUs.

Overall, results indicate that it was only after companies decided to adopt certification that several practical social improvements occurred. We suggest that positive social outcomes materialized in certified FMUs, more than in noncertified ones, because companies were required by certification to set and respect a calendar of implementation vis-à-vis multiple criteria, which were then regularly checked in annual evaluations. Regular assessments that push companies to constantly improve on social standards are still lacking in the national legal frameworks and the forestry departments mandated to enforce them. The latter are vastly under-resourced (in both human and financial terms) and largely lack the training needed to verify the companies' social performances.

Positive social outcomes also materialized because certification pushes companies to maintain a permanent channel of communication with the local population, in order to avoid unexpected disruptions or social conflicts that might not only interfere with normal operations but also increase a company's reputational risk. The existence of such channels and the permanent dialogue fostered by active local institutions are arguably the most striking characteristics of certified FMUs. Of course, the existence of institutions in itself does not make all conflicts disappear, but the permanent dialogue established between logging companies, the local populations, and, often, external parties (e.g. state officials and local and international NGOs) marks a clear break with the way logging activities were conducted in the past.

Measured positive changes do not yet mean positive long-term impacts on the livelihoods of all people living in and around certified FMUs. Yet the social variables measured by this study seem to indicate that progress toward sustainable forest management has been driven more by certification than by current laws. Sometimes improvements meant correcting negative governance externalities, such as nonexistent or weak law enforcement. Sometimes they meant that companies with certified FMUs went the 'extra mile' (i.e. they adopted measures well beyond what is

requested by the law) that customers in very demanding markets would expect them to go. At still other times, improvements meant that companies with certified FMUs had to take on the role of an absent state to avoid situations that could harm their certified status — something that we argue may have positive social impacts but risks reinforcing an old role, that of a state within the state, that logging companies should be abandoning, not embracing.

Measured differences draw a clear comparison of the social performance of companies and FMUs with and without certification. This is the most relevant contribution of this study to current discussions of the impacts of certification on the world's forests and people living in and from those forests. The complex historical and political–economic reality in which certification has developed in the Congo basin might well make issues of attribution and causality difficult to clarify. Yet results help establish that a clear difference currently exists between certified and noncertified timber: The former is sourced in FMUs where not only legally mandated social standards are implemented, but also voluntary standards that are superior and more effective.

There should of course be no complacency from the FSC or logging companies with certified FMUs in comparing themselves with currently less well-managed or less well-resourced FMUs, as the entire logic of FSC certification is to assess the more responsible forest managers against ever-evolving standards, irrespective of the quality of national legislation. But one should also not forget that companies with certified FMUs in the study countries are competing less against a theoretical global logging company than against their neighbours, who produce the same species and sell on similar markets, albeit with much lower investments, especially in improving their social performance. In this very competitive and uneven playing field, and with the scarce price premiums that seem to have been obtained so far, the evidence presented indicates that certification in the Congo basin has been able to push companies toward remarkable social progress.

Photos by Paolo Omar Cerutti/CIFOR

CGIAR RESEARCH PROGRAM ON Forests, Trees and Agroforestry

This research was carried out by CIFOR as part of the CGIAR Research Program on Forests, Trees and Agroforestry (CRP-FTA). This collaborative program aims to enhance the management and use of forests, agroforestry and tree genetic resources across the landscape from forests to farms. CIFOR leads CRP-FTA in partnership with Bioversity International, CATIE, CIRAD, the International Center for Tropical Agriculture and the World Agroforestry Centre.

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