Benefits of Forest Certification – a case study from the Solomon Islands

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Short title: Benefits of forest certification, Solomon Islands

Key Message: Forest certification can be a useful instrument for minimizing negative environmental and social impacts of logging and for maintaining ecosystem services. Certified timber generally allows access to regional and international markets at a price generally higher than what is obtained through trade of 'normal' timber products. In the specific case price premium aids to compensate the cost of change in forest management practices and the cost of accreditation.

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What was the problem?

For decades, logging has played a central role for the economy of the Solomon Islands. By the mid-1990s, timber exports contributed to approximately half of the country's export revenue and to a third of all government revenues (Montgomery 1995; Fraser 1997). Large-scale commercial wood harvest from virgin forests started in the 1960s. Until the 1980s most logging took place on state land (Kabutaulaka 2000, 2006). An estimated 75 per cent of timber production then was in the hands of the British-registered company, Levers Pacific Timber. Beginning in the early 1980s, exploitation shifted to customary land (which makes nearly 90 per cent of the total land area in the Solomon Islands). These changes were accompanied by an influx of multinational companies and the number of logging licences issued increased rapidly, with little regard for sustainability. The sustainable harvest rate for the Solomon Islands was estimated to be 325,000 cubic meters per year, however, real logging rates in the 1990s reached double this amount, or 700,000 cubic meters per year, and increasing (Kabutaulaka 2000, 2006). Timber harvest increased to 1.2 million cubic meters in 2005, with logging licenses already issued for 4,000,000 cubic meters per year; i.e. 12 times the sustainable rate (Sevilla)).. Even though the amount of timber exported continued to grow, government revenues decreased. Between 2002 and 2005, for example, the exports doubled while the contribution of logging revenues to government income fell from 16 per cent in 2002 to just 13 per cent in 2004 (Tokaut 2006).

Between 1990 and 2010, Solomon Islands lost an average of 5,550 ha of forest per year, which is about 4.8 per cent of its total forest cover (Mongabay). Forest management and governance practices have been poor, due to the lack of technical and human resources to conduct and monitor logging operations, and due to corruption. The significant dependency of the national economy on timber exports was also a driver of continued deforestation. Efforts to improve the governance did not show the expected results. The poor forestry practices entailed not only the loss of biodiversity and other ecosystem services, but also

caused excessive soil erosion, silting of rivers and degradation of adjacent coral reefs due to sedimentation.

What was done to solve it?

Administrative and political measures were introduced to improve the implementation of existing regulations. One approach dealt with improving the monitoring capacities (i.e. the Timber Control Unit sponsored by Australia). Another one tackled the legal framework. In 1999 the Forestry Act was passed, but never gazetted (Kabutaulaka, 2006). In 2004, the revised Code of Logging Practice was enacted under the existing Forestry Act (dated from 1969) with the intention to improve the regulation of logging. However, all these approaches showed little effect on the ground (Ministry of Development 2007, Solomon Islands Government, 2003). A third solution came to the fore when interest in forest certification grew, following NGO-run workshops about the long term benefits of sustainable forest management practices.

The Kolombangara Forest Products Ltd (KFPL) serves as an example and case study for this certification approach. KFPL is a company with commercial operations in the Western Province of the Solomon Islands. In 1998, KFPL adopted the certification scheme of the Forest Stewardship Council (FSC)[1] when it realized the potential market demand and premium prices for 'green' products, particularly on the European market. Three pillars mark the FSC approach (see: https://ic.fsc.org/):

- Environmentally appropriate forest management ensures that the harvest of timber and non-timber products maintains the forest´s biodiversity, productivity, and ecological processes;
- Socially beneficial forest management helps both local people and society at large to enjoy long term benefits and also provides strong incentives to local people to sustain the forests resources and adhere to long-term management plans;
- Economically viable forest management means that forest operations are structured and managed so as to be sufficiently profitable, without generating financial profit at the expense of the forest resource, the ecosystem, or affected communities.

KFPL´s plantation consists of 14,500 hectares (ha) planted with indigenous species, such as *Terminalia calamansanai*, *Terminalia brassii* and *Campnosperma brevipetiolatum* as well as exotic commercial species such as *Tectona grandis*, *Swietenia macrophylla*, *Eucalyptus deglupta* and *Gmelina arborea* that grow well under the local conditions (Roger, 2011). The remaining 24,902 ha consists of 3,690 ha of unproductive use (townships, roads and quarries) and 21,212 ha of semi-natural tropical broad-leaved forest (crater and riparian buffer zones) that are classified as protected and reserve forests. By 2002, the company employed 250 full time workers and a further 400 contractors from the local community. The certification processes helped to implement environmental and social changes consistent with the requirements of the FSC standard, improving the livelihoods of the local communities. This was possible because through FSC certification, the sawn timber attracted higher prices. Certified logs from KFPL fetched premium values of about 36 per cent compared to traditionally sourced timber (Pesce and Lal 2004).

Initiatives for collaboration with local communities were also promoted by KFPL, such as the production of potting mix from coconut husks and agroforestry system (Kolombangara Forest Products Limited and subsistence farming by neighbouring local communities). The aim was to provide local communities with subsistence farming land and to help them move away from designated buffer strips and protected areas. Farming on the buffer strip and

[1] The FSC is an international NGO established to promote sustainable forest management. To achieve this goal, the FSC developed standards for independent certification and labelling of forest products (https://ic.fsc.org/)

protected areas results in clearance and destruction of these areas, and have a negative impact on local ecosystem services. Such a practice would have been in breach of the FSC certification standards.

Which ecosystem services were examined? And how?

Forests provide different categories of ecosystem services, including provisioning and regulatory services. The focus of the FSC certification instrument is on provisioning ecosystem services achieved through sustainable timber production, that is: ecologically sound, socially fair and economically feasible. Regulating ecosystem services also play a role as forest stands help to regulate water filtration, erosion and sedimentation threatening coral ecosystems, which are an important base for fishing and the livelihood of the local population. Sustainable forest management is encouraged by meeting FSC standards based on internationally recognised principles of ecologically sustainable forest management and agreed criteria. Forest management practice is assessed by globally recognised independent certifiers.

What policy uptake resulted from examining the ecosystem services?

FSC certification process usually involves forest owners, forest managers and users as well as stakeholders living from and in the forests concerned. A major effect on political decision-makers or any kind of general policy-uptake in the Solomon Islands has not been reported.

Lessons learnt

Forest certification is a useful market based mechanism for encouraging sustainable forestry practices. It allows consumers to differentiate forest products coming from well managed forests as certified by an independent and globally recognised authority. Certified products are sold on competitive global markets and encourage consumers, who value such products to pay a price premium for 'green products'. Forest certification helps reduce environmental impacts of timber harvesting practices and hence serves to maintain ecosystem services provided by forests. However, the social principles and criteria of certification are often difficult to meet and maintain, particularly where resources are owned communally and the potential for conflict is high.

In this case of KFPL, which is based on plantation forest, sustainability of forest management could be relatively easily demonstrated. Certification though does not necessarily ensure improvement and maintenance of all the different types of ecosystem services supported by forests. Even-aged monocultures, for example, do not promote biodiversity. Some of the tree species mentioned above are alien plants to the Solomon Islands' ecosystems (see e.g. Lauridsen 2002). Monoculture forests affect not only the diversity of the flora and fauna but of soils as well. However, plantation forests do support other types of ecosystem services, such as in some cases they help protect rivers from drying, maintain water temperature and filter silted surface runoff. Monocultures can also help serve as buffers of protected areas. However, monoculture forests tend to encourage higher rainfall-runoff compared with natural mixed stands.

The instrument of certification has some disadvantages and risks, particularly for small producers. Monitoring and verification are costly. The cost of forest certification ranges from less than 0.5 dollar per acre to several dollars depending on factors such as ownership, size and location. Annual audits cost range from less than 5 cents to more than 20 cents per acre. As a result, forest managers of small areas with low volume have little financial incentives to apply for a FSC-certificate. Others have difficulties to comply with the requirements. One community based forestry operation in the Solomon Island, for instance, saw its FSC certification being revoked. Two other certified communities (based on logging operation between 1996 and 2004) stopped logging and exporting certified products because of technical and operational difficulties, including social conflicts.

In conclusion, forest certification serves as a valuable market based instrument to encourage sustainable forest management. It can help forest owners to gain a higher premium for their certified products. The relative benefits and costs of forest certification, however, could be very context specific. It may depend on the scale of improvements that need to be made before certification can be obtained and the size of forest, as well as on the complexity of social relationship and the ability to meet the social criteria stipulated in the certification standards.

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