



Forest Stewardship Council®



Overview of the **FSC Theory of Change** “Rewarding responsible forestry”

Version 2, Jan. 2014 (reflecting feedback from public consultation Sept.-Oct 2013)

FSC Theory of Change – overview document, Version 2, Jan. 2014



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Problem and history

Concerned about accelerating deforestation, forest degradation and social exclusion, a diverse group of timber users and traders, environmentalist and human rights activists established the Forest Stewardship Council (FSC) in 1993 as a membership organisation with the mission “to promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests.” The founding members identified the need for a system that credibly identifies well-managed forests as the sources of responsibly produced wood productsⁱ. FSC's unique approach was to provide a governance structure balancing both societal interests as well as North-Southⁱⁱ perspectives to

- develop a consensus-based set of global responsible forest management Principles and Criteria (P&C);
- encourage national multi-stakeholder initiatives to agree on nationally appropriate indicators to adapt the FSC P&C to national circumstances;
- accredit independent bodies to audit forestry operations for compliance with nationally adapted standards; and
- certify those who demonstrate compliance, granting a certificate that allows certified operations to market the FSC certified status of products and thereby gain market advantages vis-à-vis uncertified competitorsⁱⁱⁱ.

Ever since its formation, FSC's unique role - both at international as well as at local level – has been to bring people, organizations and businesses of the Global South and North together. The role of this collaboration is to develop transparent, consensus-based solutions that respond to challenges created by poor management of a variety of interests^{iv} in forest resources, and promote responsible forest stewardship. Furthermore, FSC increasingly engages in establishing more and stronger business linkages between suppliers and buyers of forest products from responsible sources. Ultimately, it is the uptake of FSC certification by responsible forest management operations that allows FSC to have its intended impacts.

There are four mutually reinforcing **pathways**² and a set of **supporting strategies** and inspiring concepts, FSC uses to develop, promote and apply these solutions and market-linked tools, to facilitate and increase its desired outcomes and impacts contributing to its vision and mission. In FSC's experience, the pathways for incentivizing responsible forest management are usually more effective in reaching the intended impact when applied in combination with broader supportive instruments^v.

¹ The related documents: the graphical illustration of the FSC Theory of Change, the table with “Intended impacts and proposed indicators” and the synthesis report of the stakeholder feedback are available on the [FSC M&E webpage](#).

² For each of the four pathways and the supporting strategies we use a symbol to navigate you through the ToC:
 = Engagement pathway  = Standards p.  = Assurance p.  = Market p.  = Supporting strategies



1 Engagement pathway – transparency based on stakeholder dialogue and consensus

FSC pursues the central **Engagement** pathway to bring people with different and conflicting interests in forests together to identify risks, opportunities and solutions related to forest management. The pathway enables dialogue and consensus among the full range of stakeholders, leading towards broadly supported, high standards and definitions of best practices (see  Standards pathway). This enables the *implementation of an innovative concept* of responsible forest management, triggering relevant improvements in certified forestry operations and the broader marketplace, and changing attitudes towards forestry and forest products.

From stakeholder conflict to engagement and consensus

Stakeholder engagement is encouraged through a participatory, democratic and transparent governance structure of the FSC membership organisation: All members make up the General Assembly which is divided into three chambers according to the main societal interest groups: Environmental, Social and Economic. These are further split into North and South sub-chambers. The purpose of this structure is to maintain the balance of voting power between different interests when concluding negotiation processes irrespective of the number of members within the individual chambers. FSC members nominate the FSC Board of Directors, which directs the FSC Secretariat. As a multi-stakeholder organization, FSC follows the directive of its membership for FSC's long term strategies and to develop forest management and other related socio-ecological standards. FSC triggers societal discourses^{vi} among members and with other stakeholders regarding the management of forests and plantations, and facilitates dialogue and agreement between the different interest groups (see  Supporting strategies). Members and other stakeholders can further play an active role in local forest management certification processes (see  Assurance pathway). FSC facilitates this engagement by providing public certification reports for all certified forests, by requiring public consultations prior to certification, for identification of High Conservation Values (HCVs) and when surrounding community are concerned.

FSC stakeholder engagement is not limited to FSC members. All relevant stakeholders are actively invited to engage on different levels. For example, all stakeholders may use the FSC database to learn from the public audit reports about certified forest management operations of interest to them. They may challenge any inappropriate implementation of the standards by activating FSC's dispute resolution system, and they are invited to engage to identify HCVs in any forest management area.



2 Standards pathway – developing, negotiating and agreeing on standards

From unknown practices to demonstrated performance

FSC standard development is governed by strict rules such as the ISEAL Code for Standard-Setting^{vii}. Members and other stakeholders are engaged in identifying the need for a new standard; in discussing, improving and promoting FSC standards; and are formally consulted about the various steps of standard development and review.

All FSC forest management standards – which are usually developed at a national level – have the same set of 10 Principles and subordinate Criteria (P&C)^{viii}. In order to reflect the diverse legal, social and geographical conditions of forests in different parts of the world, the globally applicable FSC P&C for Forest Stewardship are required to be complemented by nationally adapted indicators for each criterion. These national FSC forest management standards govern how forest management must take place in a given country to qualify for FSC certification. They are developed according to a defined pro-

cess of participation and consultation and reflect a consensus of interests of a diverse group of stakeholders. In the absence of national indicators developed by an FSC recognized standard development group, accredited certification bodies (CB) can use their own 'generic' standards³, again adapted to the local conditions in the country or region in which they are to be used, with input from local stakeholders^{ix}.

Changing current forest management (FM) practices by reducing negative impacts caused by conventional forest management, applying relevant safeguards avoiding such impacts, and requiring the maintenance or enhancement of the social and economic well-being of forest workers and local communities are the most obvious improvements targeted by FSC certification at the forest level and constitute the overall impact of FSC forest management standards.

The engagement of stakeholders through consultations as part of the FM certification processes increases FSC's transparency.

Being FSC-certified allows responsible forest managers to be differentiated from uncertified operations. Equitable access to certification for different types of forest managers and management styles is one of FSC's strategic goals. For some forest managers it is challenging to achieve FSC certification (because of difficult socio-political settings, lack of required FM and marketing skills, financial constraints, lack of awareness of certification options and markets, and so on). These challenges also result in limited supply of products from certified forest management. Responding to these challenges, FSC - in close cooperation with National Offices and other stakeholder groups - established a number of programs and projects to address the challenges for such equity. These include the Smallholder Program, the Modular Approach Program (MAP), the FairTrade/FSC Dual certification project, and options for "Certification of Community Origin", for forest contract workers (CEFCO), and for certification of Ecosystem Services (ForCES). All these programs and projects can be regarded as support tools to the "Market pathway" to increase the desired outcomes of FSC certification (improved and more transparent FM, create equal opportunities for uptake of FM certification, reward responsible FM) as well to increase certified material in the market to allow consumers to choose products from responsible origins.

The participatory and consultative nature of standard development processes results in a strong sense of **ownership** of engaged parties in FSC's normative framework. This approach, combined with the principles of transparency and consensus-orientation of the "Engagement pathway", and that can be applied along the "Assurance pathway" allows FSC to gain its **legitimacy** as a standard setter and to build trust in the instrument of FSC certification and the FSC brand more generally.



3 Assurance pathway – Ensuring compliance

From self-declaration to 3rd party verification

The **Assurance** pathway follows a set of multi-stakeholder accreditation standards, agreed by multiple stakeholders, and relies on a system of checks and balances by specialized staff, accredited and trained third-party institutions, public stakeholder consultations and transparent reporting, to ensure that FSC delivers credible (i.e. impartial, accurate and transparent) certification claims. The Assurance pathway applies a number of quality assurance and control mechanisms:

³ FSC is in process of elaborating International Generic Indicators (IGI) as integral part of the revised FSC Principles and Criteria (Version 5-0). The IGI will replace the certification bodies' generic indicators, when the IGI process is completed, tentatively in 2015.



1. A global accreditation program for certification bodies (CB) based on stakeholder-consulted standards; Verification of compliance with FM standards based on stakeholder consultations, field and office audits, as well as publicly reported corrective action requests (CAR),
2. Verification of compliance with chain of custody (CoC) and labelling standards to ensure that products claimed to come from FSC certified have indeed done so, again based on site inspections and office audits, as well as CARs; and
3. The dispute resolution system (DRS), allowing any stakeholder to file a complaint against a certificate holder, a certification body, the accreditation body, or against FSC itself.

The combined application of these mutually reinforcing mechanisms enables stakeholder engagement at any stage of their application. The steps and interactions between standard setting and certification decisions are complex:

- a) FSC as a standard-setting body does not carry out the accreditation of CBs nor does it certify compliance with FSC's standards. To guarantee the independence of standard developers from those assessing standard conformity, FSC certification is conducted by auditors of independent 3rd party CBs (financially independent from FSC and from the certificate holders, accredited for FSC certification by FSC's owned, yet independently operated accreditation body, Accreditation Services International (ASI)). The performance of CBs is monitored by ASI against globally applicable FSC standards, ISEAL codes, and ISO⁴ requirements. Non-conformities of the CBs or their auditors' performance related to the accreditation standards are addressed with CARs in order to trigger improved performance, or with suspension of their accreditation status or scope.
- b) FM certification is the process of evaluating the management of forest operations against an approved FSC standard. Certificate holders must commit to the principles and required performance stipulated by the relevant standard, and commit to achieving the intended impact. These processes therefore have to be initiated on a voluntarily basis by the forest owner/manager, when applying for certification and requesting the services from a CB to demonstrate such adherence to the FSC standard. Certification involves on-site audits of the FM unit by a multi-disciplinary team of auditors of the CB. Relevant stakeholders (local communities, employees/workers and their representatives, environmental non-governmental organisations (ENGO), neighbours, etc.) have to be informed and consulted to identify potential weaknesses and negative impacts of the FM operation.

If the FM operation complies with the FSC standard, the CB issues an FSC certificate for a five-year period, subject to annual monitoring to verify their continual standard compliance. Where the FM operation does not meet all of the standard requirements, the CB will address these non-conformities by issuing conditions for certification (CARs)^x. Issuing and consequent compliance with CARs is the key to the process of improving the performance and achieving the intended impacts of FM operations. Analyses of the CARs issued confirm that these improvements cover a broad array of forest management issues: On average, FM operations are required to make changes affecting 15 different forestry issues. Social issues most often encountered are worker safety, training, and communication and conflict resolution with stakeholders. Environmental issues include aquatic and riparian areas, sensitive sites and high conservation value forests, and threatened and endangered species. Economically, companies can benefit from certification. Examples of benefits include improved market access for their certified products, and better managerial processes. Systems issues related to management plans, monitoring, chain of custody and inventory. The CBs monitor the implementation of CARs and again report relevant progress publicly.



The findings of each audit (including potential pre-assessments with stakeholder consultation, main assessments with office and on-site inspections, and annual surveillance assessments) are recorded in a certification report. Summaries of these reports are publicly available on the websites of FSC and of the responsible CB to ensure transparency of the decisions and maintain credibility by allowing comments and critique, and - where deemed necessary - formal complaints against the certification decision may be made.

- c) In conducting forest audits, FSC makes forest management for consumers transparent. In addition to FM certification, FSC has developed CoC certification for companies processing and trading certified material from the forest to the end consumer. The issuance of a stand-alone or combined FSC CoC certificate allows certificate holders (CH) to sell their products as FSC certified, coming from a responsibly managed forest and other acceptable sources according to international standards, and to promote them with the FSC label. Through the FSC label, consumers can identify these forest products, and can choose such products, rewarding the certified forest manager and those dealing with certified products accordingly (see Market pathway).
- d) The Dispute Resolution System (DRS) allows any stakeholder (,) to voice concerns over certification decisions and other FSC related processes. Ideally any dispute or complaint should be addressed at the lowest level (i.e. raised with the forester directly, or with the auditor)^{xi}. The concerned stakeholder finds related information in the public FM summary reports and the CBs' contact details on the ASI website. The DRS includes a transparent, independent review process, a standardized system for submitting complaints, and strict procedures on responding to complaints.



4 Market pathway - Enabling market advantages

From unspecified sources to responsible origin

The **Market** pathway connects the mechanisms of the consensus-based Standards pathway and Assurance pathways (the “push” function of marketing) with the demand side (exerting a “pull” role). FSC is an attractive brand for consumers and producers, for example because it is known to have the support of major environmental and social NGOs. The FSC logo helps consumers to identify and to give preference to products that come from responsibly managed forests. Potential for market advantages over uncertified competitors and improved reputation are - from buyers' perspectives - among the benefits of FSC certification. An FSC supply chain can be regarded as a management tool for companies, to demonstrate their commitment towards the principles of sustainable forest management and towards excluding controversial sources, giving them a “social license to operate”. The label helps companies to explain where their supply comes from, so that the companies do not need to develop their own communications to explain the origin of the forest-based materials. The FSC CoC and Trademark Standard package () is the normative framework for this pathway.

FSC supporters, like major ENGOs and engaged corporations, are creating increased demand for FSC certified products through public awareness campaigns supported by FSC Network Partners, and by reaching out with tailored information and communication to market leaders, from prominent brands and major project construction sites to public procurement agencies (.

FSC's reputation is critical for enduring support from major ENGOs and market leaders and hence for FSC's success. To protect the FSC brand, a set of systems are in place: a system to enhance compliance with labelling requirements and to follow up on trademark misuse, the DRS, and ASI's system to monitor CBs' performance (.



Supporting strategies and inspiring concepts

FSC is implementing a set of **supporting strategies** to strengthen the main impact pathways and increase the use of standard-compliant practices, for example in the following areas:

Advocacy: FSC works at a political level, including with UN organizations, within European Union and US governments, and in the public procurement arena. These activities make FSC more visible, and help decision makers better understand the opportunities that the FSC system offers, for example regarding legality verification of forest products' origin.

Network development: FSC invests in the capacity and competencies of National Offices that represent FSC in their respective countries, to establish and coordinate a decentralized network, delivering professional services, and to implement FSC strategies in their regions.

Institutional capacity building: FSC invests in its own organizational capacity, e.g. in a legal system to better protect the FSC logo use and brand value; in a key account management program to engage market leaders, and in improving ASI's capacities to monitor the performance of certification bodies.

From FSC certification to a better understanding of responsible forest management

Some **concepts** of the FSC system inspired other thinkers and organizations^{xii}. Among the prominent examples are the three-chamber governance model, based on the balance of the main interest groups, which is also applied by some emerging schemes; and FSC's High Conservation Value (HCV) concept has been adopted by other certification schemes like the Roundtable for Sustainable Palm Oil (RSPO), industry leaders such as Nestlé and Disney, as well as researchers and practitioners to classify ecosystems and land use strategies.

Finally, there are **knock-on effects** of FSC, which are often based on the fact that FSC triggers and facilitates dialogue beyond the FSC scheme, and often indirectly contribute to the FSC mission. An example for an unexpected, nevertheless positive side effect is that FSC's successful governance model inspires other thinkers and organisations like emerging certification schemes: FSC chamber-balanced, participatory, consensus-oriented approach ensures key stakeholders in forests and their management are consulted. This governance model based on the balance of the main interest groups is required by FSC for example for the development of national FSC standards. Government aid agencies see this process as a contribution to the empowerment of usually marginalized stakeholder groups. In scientific literature the successful application of this governance model is seen as one of the key competences of the FSC system.

A more negative, unintended effect is that products with the FSC certificate can compete with products promoted for their local origin for the attention of consumers. FSC introduced the "Community Origin" add-on to FSC certified products, to help forest managing community to better promote the uniqueness of their products. Similarly the slow uptake of FSC certification in tropical forest countries was not foreseen. However, FSC developed a number of mechanisms to facilitate more equal access in these countries.

FSC promotes careful management of areas with HCVs, and to protect representative samples of existing ecosystems in their natural state. In some forest management operations this can result in lower yields. FSC already witnessed that companies prior to certification sell areas with HCVs to avoid limitation in harvesting intensities after certification, and is considering to revise policies to prevent this perverse market reaction. At the same time FSC requires that forest management and marketing operations encourage the optimal use of their forest's diversity of products, to minimize waste associated with harvesting and on-site processing operations and for example to avoid damage to other forest resources, that in other forest operations the yields can even increase the rate of harvest – without exceeding levels which can be permanently sustained. The certificate increases the potential for added value to forest products, and the certification process was also described as resulting in better trained



and more motivated staff and better organised processes. Combining these constraints and opportunities should allow responsible, certified forest management operations to compensate financial losses from reduced yield in HCV areas with benefits coming from certification.

A positive example of FSC's side effect is that the work of FSC auditors' functions as "soft law", a form of market based enforcement, particularly in countries with weak governance structures. Some forest management units with FSC certification can be seen as proof for the respective governments, that it is indeed feasible to balance economical, ecological and social interests, and to achieve sustainable forest management. These lessons are often directly reflected in the revised forest legislations or in the taxation system of those countries.

List of Acronyms:

Accreditation Services International (ASI)
Corrective Action Request (CAR)
Certification Body (CB)
Certificate Holder (CH)
Chain of Custody (CoC)
Dispute Resolution System (DRS)
Environmental non-governmental organisation (ENGO)
Forest management (FM)
Forest Stewardship Council (FSC)
International Social and Environmental Accreditation and Labelling Alliance (ISEAL, ISEAL Alliance)
International Standard Organisation (ISO)

- i Different from other social and environmental initiatives, FSC developed a system that evaluates the practices by which timber and other products from the forests are produced, rather than the environmental performance of the products themselves.
- ii FSC Global North and Global South refers to the OECD categories: FSC Global South includes not only all the OECD developing countries, but also the countries in transition from the former Soviet Union, while countries like Australia and New Zealand, situated geographically in the South are economically part of the "FSC Global North".
- iii Market advantages such as wider market access, price premiums, buyers' preference, and the more abstract notion of a "social license to operate".
- iv For sustainable forest management and development three often conflicting interest groups have to find a balanced approach: environmental, social and economic interests. For forestry these interests may regard forests as areas for conservation of biodiversity; as ground for spiritual values, recreation, hunting and work places; and as the origin of valuable resources such as timber, fibres, energy wood, non-timber forest products and ecosystem services like carbon sequestration and storage, water purification, disaster mitigation and prevention and many more.
- v Supportive instruments such as reasonable forest and human right laws, Forest Law Enforcement and Governance mechanisms, corruption control, procurement policies, local processing, Access & Benefit Sharing mechanisms in place.
- vi The ability of FSC to trigger such societal discourses is a model for other certification schemes. The effects of these discourses influence the effects of other FSC pathways (the market/demand pathway, the societal learning pathway).
- vii ISEAL Alliance – the non-governmental global organisation whose mission is to strengthen sustainability standards systems for the benefit of people and the environment. <http://www.isealalliance.org/online-community/resources/iseal-impacts-code-of-good-practice>
- viii The currently (2013) valid Version of the FSC Forest Management standard "FSC STD01-001 Principle and Criteria for Forest Stewardship" is Version 4. Version 5 is, after consultation and approval of membership, tentatively in effect from 2014 on.
- ix The "Generic standards", which are in the absence of national standard working groups set up by FSC accredited Certification Bodies, will be replaced by FSC "International Generic Indicators" (IGI). The IGI are still under consultation of the FSC membership. Expected endorsement of the IGI: early 2015.
- x Major failures detected during the audit process, if not corrected within a limited period in time, lead to rejection or withdrawal of the FM or CoC certificate (rsp suspension by the CB).
- xi If e.g. a direct approach to the forest manager was not possible or not successful, complaints against FM (or CoC) certificate holders shall be forwarded in writing to the relevant CB who shall undertake the investigation of the complaint. The list of CBs contact details is public on the ASI website, and the relevant CBs can be identified through the public FSC Certificate Databank in the respective certification report. If stakeholders want to submit (and to track) a complaint about the operation of the FSC certification system, the FSC Network, the FSC accreditation program ASI or the performance of FSC accredited CBs, they may use the online form of the DRS.
- xii Elements of the entire concept of FSC have been copied by competing schemes. By some scientists this effect is added to the list of FSC's contributions to better forest management.