



Strengthening Forest Conservation, Communities, and Markets

**The Global Strategy of the
Forest Stewardship Council**

April 20, 2007

Draft for Discussion

To FSC members & supporters:
(cover letter)

Over the past 12 years FSC has successfully turned a brilliant idea into the leading model for environmentally appropriate, socially beneficial and economically viable forest stewardship. FSC has led the way in defining responsible forest stewardship and in cutting across historic barriers to create new levels of collaboration and shared commitment to forest conservation across social, environmental and economic interests.

Today FSC is actively promoting responsible forest stewardship in more than 80 countries worldwide. Over 90 million hectares equivalent to 10 per cent of the worlds managed forests have been certified to FSC standards. More than 850 forest management certificates have been awarded and over 5400 chain of custody certificates have been issued to manufacturers, traders and retailers to guarantee to consumers worldwide that forest products and services come from well managed forests.

The enormous recognition and endorsement that FSC receives from environmental groups, social stakeholders and forest industries alike are unmistakable proof of its impact on the global forest debate and forest stewardship worldwide. It has inspired many forest operations to improve management practices and set examples for socially beneficial and environmentally responsible forest management. Moreover, numerous examples have shown that FSC certified operations and corporate partners processing and trading FSC certified products enjoy better market opportunities and advanced corporate performance. The FSC system leaves little excuse for poor forest management.

As FSC enters its second decade many challenges and opportunities are before it. FSC will continue to lead progress towards responsible forest stewardship as a shared commitment across many interests and will expand its proven model for responsible forest stewardship into global mainstream reality. FSC will ensure that forest managers worldwide reach FSC standards, and that markets and consumers around the world recognize their efforts and achievements. And FSC will live up to its unique leadership role in providing a global forum and governance model in which stakeholders of all types will debate and determine the future of the world's forest resources.

FSC now needs to prepare for a future defined by extraordinary new demands on our forest resources, from supplying basic fuel wood to stabilizing global warming. Alongside this, the FSC must progress organizationally so that it will meet these demands and continue to provide trust and credibility in the FSC system. We thank our many members, National Initiatives, Certification Bodies, certificate holders, market partners and supporters for their tremendous efforts and dedication over the past 12 years in making the FSC what it is today.

For the new stakeholders, companies, public and private sector partners that are just getting to know the FSC we welcome your support and involvement. We will need the help of both old and new partners in implementing the five year Strategy described here and in securing a brighter future for the world's forests and the people that depend on them.

Sincerely,

The FSC Board of Directors and Staff

Introduction to FSC's 5-year Strategy

FSC's Vision and Mission are the cement which hold the FSC Global Network together. FSC's Value Proposition identifies the solutions through which FSC contributes to achieving its mission. Over the past decade FSC has engaged an ever growing number of members, stakeholders, certified operations and partners who share its vision and mission. This hierarchy of vision, mission, and value proposition is the starting point in crafting this five-year strategy for the FSC Global Network.

FSC Vision

The world's forests meet the social, ecological, and economic rights and needs of the present generation without compromising those of future generations.

FSC Mission

- *The Forest Stewardship Council A.C. (FSC) shall promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests.*
- *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 forest 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. The tension between the need to generate adequate financial returns and the principles of responsible forest operations can be reduced through efforts to market the full range of forest products and services for their best value.*

FSC Value Proposition

FSC's unique role is to bring together people, organizations and businesses of the Global South and North to develop consensus-based solutions that promote responsible stewardship of the world's forests. People, organizations and businesses in the Global South and Global North invest time, resources and credibility in FSC because forests are important to them. FSC's solutions respond to challenges created by poor management of forest resources are supported by social, environmental and economic stakeholders in the Global South and Global North alike. They are used by people, organizations and businesses engaging markets to encourage responsible stewardship of forest resources.

The solutions that FSC provides are:

- *Standards based on agreed principles for responsible forest stewardship, that are supported by a broad consensus of social, environmental and economic stakeholders alike, that are compatible with international norms, and that are widely recognized and internationally accepted.*
- *Accreditation and certification systems that monitor compliance with FSC standards.*
- *A powerfully branded trust mark and product labeling systems that recognizes responsible forest stewardship in the market place, and*
- *Market places that recognize and appreciate FSC's standards, policies, systems and performance, and demand FSC certified products and services.*

Goals and Objectives of the FSC Strategy

The FSC Board of Directors, Staff, and FSC Stakeholders from around the world have identified five major goals around which the FSC will focus its organizational energy. These goals reflect FSC's vision, mission, and value proposition. They respond to a consensus about key strategic needs and opportunities for strengthening the FSC system and global network of supporters and partners.

Five Goals to Drive FSC's Future

The FSC will:

1. **Continue to lead in globally responsible forest management.**
2. **Ensure equitable access to the benefits of FSC Systems.**
3. **Secure the integrity, credibility and transparency of FSC Systems.**
4. **Create business value for FSC products in the marketplace.**
5. **Strengthen the FSC Global Network to deliver on Goals 1 through 4 and achieve alignment between FSC's mission, values and goals.**

GOAL 1: The FSC Will Continue to Lead in Globally Responsible Forest Management

Core Rationale

Forests are unevenly distributed throughout the southern and northern hemispheres and over the boreal, temperate and tropical regions. Forests still hold the most extensive reserve of biological diversity on land. Forests are the source of many natural resources, from timber and water to countless other non-timber forest products and services demanded and traded around the world. Over half of the world's forests have already been altered, degraded, destroyed or converted into other land uses. Much of the remaining forests today suffer from illegal exploitation and otherwise poor management. Most regions of critical forest biodiversity are threatened by encroachment, the lack of public policy or enforcement of existing laws and the lack of private market mechanisms that reward sustainable management.

Of more than 3 billion hectares of forests worldwide, 37% are considered primary forest, 53% are modified, 7 % are semi-natural, 3% are productive forest plantations, and less than 1% is protective forest plantations. Forests are managed for a wide variety of objectives from high yield timber production to fuel wood and from water protection to biodiversity conservation. Independent of the timber and non-timber management objectives, all forest management should follow agreed principles for environmentally appropriate, socially beneficial and economically viable forest stewardship.

Over the past decade FSC standards have been established and applied in many forest regions. Setting these standards represents many years of work by a broad range of diverse stakeholders across all forest types. Now new challenges are emerging such as those associated with climate change and the increasing use of biofuels. In its next phase of development FSC will strive to engage meaningfully all regions, forest types and forest managers, equally and equitably, such that its progress is representative of global forest resources, the biodiversity they contain and the social benefits they support.

Major Objectives for Goal 1

Through compliance with FSC standards:

Environmental

- 1(a) Forest biodiversity is maintained, and improved, and protected from irreversible degradation;
- 1(b) The full range of forest values and services (including carbon stocks and watershed services) are maintained at the landscape level; and
- 1(c) Plantations serve to reduce pressure on natural forests through mitigation approaches that verify biodiversity conservation is maintained at the landscape level

Social:

- 1(d) People who live in or near forests, or whose livelihoods depend on forests and forest products, benefit from their sustainable management and support their conservation.

Economic:

- 1(e) Products from responsibly managed forests are recognized and actively traded in local, national, and international markets;
- 1(f) FSC is recognized as the most credible forest certification tool in the marketplace
- 1(g) Market incentives are developed for the full range of environmental services provided by forests.

Indicators of Success for Goal 1

- a. FSC measurably contributes to the conservation of at least 20% of the remaining natural forest blocks under threat (i.e. Amazon, Congo, Southeast Asia, Canada & Russia).
- b. The FSC certified land base increases from 82.5 to 170 million hectares (+100%) within five years:
 - Tropical forests from 10 million hectares to 30 million hectares
 - Plantations from 7 million hectares to 20 million hectares;
 - Boreal forests from 37 million hectares to 70 million hectares;
 - Temperate Forests from 34 million hectares to 50 million hectares.
- c. FSC makes a positive, measurable contribution to forest biodiversity conservation as confirmed by independent evaluations and research, and the protection of High Conservation Value Forests (HCVF)
- d. FSC provides effective services to partners engaged in confronting competing land uses that lead to conversion and/or destruction of natural forests.
- f. Demonstrable benefits which contribute to conservation and forest worker welfare are derived from FSC certification

GOAL 2: The FSC will Ensure Equitable Access to the Benefits of FSC Systems

Core Rationale

FSC needs to prepare for a complex future that includes: activities in more countries, more forests certified, more certified products and services demanded, and more stakeholders engaged in standard setting.

A variety of reputable studies have shown the critical link between people and forests, especially for poor and indigenous populations around the world. One quarter of the world's poor depend directly or indirectly on forests for their livelihood; at a minimum some 500 million people. Other studies demonstrate the links between culturally significant and locally sacred places and conservation of forest resources. It is critical that the FSC model serve increasingly the needs of such peoples living in and from forests, and that the FSC can become more of a mechanism for ensuring social benefit to people who depend on forests for their livelihoods.

While the uptake of FSC has been strong in boreal and temperate forests, it has lacked similar progress in tropical forests, even though the concept of forest certification was developed initially in response to the problem caused by deforestation in the tropics. The FSC is still challenged to demonstrate that certification can be effective in tropical and subtropical areas, particularly in those forests that contain the most critical assemblages of biodiversity and which are experiencing the highest rates of deforestation pressure. The 10th anniversary of the FSC in 2004 reminded FSC supporters of the need to re-inforce efforts to increase participation in the global south.

Similarly, the acceptance of FSC has steadily grown within large traditional wood and paper producing industries and global markets. Yet the FSC to date has not acquired the same relevance to small forest owners, community forests, or low intensity managed forests that it was initially conceived to support. While such operations own an estimated 25% of the global forests, as of 2007 they account for less than 5% of FSC certified area thus far.

FSC must closely monitor this uneven uptake of its certification systems in different forest regions and by different forest managers and carefully evaluate how forest certification promotes responsible forest management in tropical and community owned forests. The FSC must make a concerted effort to identify and develop additional mechanisms, such as the modular approach and markets for certified forestry services, to support forest managers in tropical regions and community forest managers around the world.

To date, the costs of certification have been borne primarily by forest managers and companies. This is changing as more suppliers and processors in the global marketplace find value in the FSC market chain. However, the economic benefits of certification still flow unevenly, and the FSC must work to encourage that such benefits are distributed through the supply chain, and that they are an incentive for forest managers of all types to be involved in certification.

The FSC will:

Major Objectives for Goal 2

Environmental:

- 2(a) Contribute to ensuring that biodiversity in managed forests is protected equally across all forest types.

2(b) Reduce barriers and create incentives for increased implementation of FSC standards in natural forest operations throughout the tropics.

Social

2(c) Ensure that local stakeholders, communities, and indigenous people have equitable access to the benefits of FSC certification.

2(d) Partnerships and other mechanisms for improving market access serve to widen the range of benefits from certification for small scale, community based, and indigenous peoples operations.

Economic:

2(e) Work toward ensuring that economic benefits of well managed forests are shared equitably throughout the supply chain.

2(f) Other public benefits of forests such as ecosystem services and carbon sequestration are recognized by the FSC system.

Indicators of Success for Goal 2

- a. Remaining large blocks of intact forest ecosystems are better represented in the FSC portfolio in relation to their global cover as measured by governmental and non-governmental assessments of forest trends.
- b. Certification in tropical forests increases from 10 million hectares to 30 million hectares with a particular focus on the Amazon and Congo basins, and the South Pacific regions.
- c. Participation of community and indigenous people's managed forests increases from 4% to 10% of total certified area.
- d. FSC certification systems are more responsive to the needs of communities and indigenous peoples who control and manage forests, therefore leading to a 50% increase in their membership and participation in FSC certification.
- e. A dedicated FSC program exists to support and generate benefits for forest managers in tropical regions, and for small and low intensity managed forests (SLIMF) and community certified operations around the world.
- f. Within 2 years an "FSC Fair Trade" model is developed, with its target being primarily small-scale, community-based, and low intensity managed forests.
- g. Non-timber forest products and services account for at least 5% of the total FSC certified forest products markets.

GOAL 3. The FSC will Ensure Integrity, Credibility and Transparency of the FSC System

Core Rationale

The FSC is the leading global model for responsible forest stewardship, yet the trust and credibility that FSC enjoys cannot be taken for granted. As new entrants come into the system and the system grows, the FSC must take great care to ensure that its overall credibility, integrity and transparency are not compromised. This is critical to the FSC mission and to its value proposition, as well as to the confidence and trust of supporters across economic, social, and environmental interests.

Going forward, FSC will increasingly need to put in place systems that are self-critical and self-monitoring, and which lead to rigorous evaluation of whether the FSC is delivering on its vision, mission and value proposition. This will require more systematic monitoring & evaluation, dedicated research & development, and regular surveys of stakeholder expectations and satisfaction with FSC's standard-setting, accreditation, and certification systems.

Over the past 5 years, FSC has reviewed practically all of its policies and standards and completed substantial changes to many of them. Much of FSC's successful development over the last ten years came from real world experience that demonstrated where systems and performance needed improvement. Yet even as the FSC implements the systems that have been developed, we must work to improve them, and to make them more accessible, understandable, and cost-effective.

Changes have been driven to a very large extent by the constructive input and criticism of members and stakeholders from across the FSC network. Through its openness for scrutiny and critical dialogue, the FSC has succeeded in creating a mainstream global approach to securing responsible forest stewardship. Now we must build on this reservoir of knowledge and experience to better position the FSC for the future, and to maintain trust in the FSC brand.

Major Objectives for Goal 3

The FSC will ensure that:

- 3(a) Standards are science-based, field-tested, and adopted with comprehensive stakeholder consultation and support, and compliant with accepted international norms and agreements;
- 3(b) Accreditation, monitoring and auditing systems are credible and transparent, with external performance assessment;
- 3(c) Accreditation systems are compliant with the relevant international norms and procedures so that FSC is recognized as the pre-eminent international forestry accreditation body;
- 3(d) Equitable access is provided to the FSC system for all stakeholders, including small operations and community interests in the Global North and South;
- 3(e) Real or perceived conflicts of interest between certifiers and certificate holders are managed in ways that are procedurally and ethically credible;
- 3(f) Efficient and workable dispute resolution systems are provided such that disputes are resolved as locally and expeditiously as possible, and complaints and disputes are alleviated

primarily by other checks and balances in the FSC system (e.g. effective standards & indicators, appropriate consultation, transparency, etc.).

3(g) The FSC label is recognized and promoted as the foremost trust mark of responsible forest management for wood and paper products throughout the supply and demand marketplace.

Indicators of Success for Goal 3

- a. Periodic surveys of uptake of FSC certified products and services demonstrate that buyers and consumers appreciate the values behind the FSC brand and have confidence in it.
- b. The FSC Accreditation Committee includes technical advisors and serves as an effective instrument for resolving accreditation appeals and disputes.
- c. ASI provides accreditation services compliant with relevant international norms (e.g. ISO, ISEAL, WTO-TBT, IAF); and progress is independently peer reviewed annually and reported to FSC stakeholders
- d. Integrity, consistency, transparency, and effectiveness of FSC standards & policies and FSC systems are regularly assessed through stakeholder consultation and other means, and continuous improvement is sought according to these evaluations; and
- e. Effects of FSC standards and systems on “on the ground” forest management are socially, environmentally and economically beneficial and measurable over time.
- f. Access to the use of the dispute and appeals process is easier as verified by stakeholder involvement and consultation.

GOAL 4: Products from FSC Certified Forests Will Create More Business Value than Products from Non-FSC Certified Forests

Core Rationale

FSC relies on markets large and small, and from both the north and the south to deliver quality products. For this reason FSC needs to focus attention on shaping our processes and services that make it economically rewarding for those involved in buying and selling FSC certified products. The business world calls this “market facing”. In short the FSC needs to become more market facing if it is going to succeed as a tool in the marketplace. Becoming market facing is not simply an interest of the economic chamber but shared, supported and valued by all three chambers equally. Our ambition is simple but challenging: If asked by forest business leaders our intention is that they would describe FSC as: “...*the most respected independent forest management assurance and labeling provider in the world and whose forest standards most NGOs would describe as the best in the world*”

The FSC recognizes that business interests and companies operating at all scales have to respond to many different environmental and economic demands, especially the growing pressures to alleviate climate change and reduce poverty. FSC will understand and integrate better how responsible forest management and the FSC system helps businesses meet these challenges in a robust way.

In becoming more market facing the FSC needs to have relationships that help prepare the FSC to better predict and prepare for the global market shifts of the future. This requires good data and tracking systems. The FSC will become more adept at managing FSC product data and anticipating market trends. In particular, the FSC recognizes the need to develop FSC markets in the emerging economies of the world, especially in the tropics and other southern markets. We will directly, or through our business partners, better balance the demand for FSC products between the northern and southern hemispheres.

Small-scale community forestry has a vital role to play in emerging economies and in the tropics and especially as it connects with growing fair trade movement. The value of combining FSC core services with the Fair Trade movement to create mutually beneficial marketing approaches and market share deserves further attention.

Major Objectives for Goal 4

The FSC will:

- 4.1 Create a Global Accounts Service Centre or equivalent capacity to provide active support and focus for global businesses which have made, or will make a significant contribution to FSC’s success.
- 4.2 Conduct an independent review, involving all three chambers, on how FSC can be more supportive of the markets that already support or will support FSC.
- 4.3 Create market differentiation for small scale community forestry from larger scale forests products.
- 4.4 Development internal systems to track sales and market share of key forest products.
- 4.5 Recognize that FSC’s business partners have a choice for certification; and FSC service and delivery systems adhere to professional business values such as accessibility, transparency, and decisiveness.

Indicators of Success for Goal 4

- a. Provide support and service for global businesses which have made, or could make, a significant contribution to FSC success.
- b. Increase in major business participants in the FSC system by 50% (10% per year)
- c. Increase in FSC market share of global products trade from <5% today to 20% by 2012.
- d. Surveys of business partners demonstrate overall satisfaction in the FSC system and accessibility to FSC service providers and support systems.

GOAL 5: The FSC Will Strengthen Its Global Network to Deliver on Goals 1 through 4

Core Rationale:

FSC is currently in a phase of major growth and change that is challenging existing governance structures and the stability of its core network, created over twelve years ago. While change and growth are necessary for an organization such as the FSC, the implications of this need to be recognized and understood in the context of FSC's strategic direction. What began with a small group of public and private supporters is now a globally recognized system and brand in the marketplace. On the one hand, the FSC must continue to provide the time, resources and space to engage stakeholders fully and equitably in the development of systems and standards to ensure widespread support by social, environmental and economic partners around the world. On the other hand the FSC is increasingly called upon to act more expeditiously by delivering important business decisions in real time, by being responsive to new market demands for FSC products, and by maintaining brand value to its many levels of clients.

The FSC Global Network of partners and stakeholders has been essential to the FSC's success. Many unique partnerships among businesses, non-governmental groups, and market initiatives have evolved around the FSC. Benefiting from the explosion in electronic communications over the past decades, the FSC has become a true global network that is striving to implement FSC's vision, mission and value proposition both in the forest and in the marketplace. The system of standards and the infrastructure that has been created to deliver the FSC value proposition is also now demanded in settings where no 'textbook' recipes exist, such as in markets for carbon sequestration, ecosystem services, biofuels, and green energy. And FSC continues to be needed in critical, but under-resourced, forest regions around the world. Recent advances of FSC in tropical natural forests in the Amazon and Congo basins, as well as in plantation forests in different countries, underscores this need.

While the FSC Global Network has become increasingly diverse and complex many sources of friction remain, such as the overlap in decision-making between FSC members at the national level and the international levels. Similarly, the FSC's core service providers (e.g. National Initiatives, Certification Bodies) and its many other allies and partners depend to a significant extent on decisions of the FSC, but do not feel adequately involved in such decisions. And it is becoming clear that FSC has reached a degree of complexity where key partners, constituents and stakeholders can no longer be involved in every aspect of its development simultaneously. At the FSC General Assembly 2005 in Manaus, Brazil a motion calling for a comprehensive review of FSC's global operational and decision-making models and structures was adopted with overwhelming support. It recognizes FSC's need for better systems and tools to handle both the growth and the changes which are required to meet the strategic objectives identified Goals 1-4.

Major Objectives for Goal 5

To strengthen its Global Network, the FSC will:

- 5.1 Strengthen existing partnerships as a key mechanism to implement the FSC strategy and develop new partnerships with other similar initiatives that support and complement responsible forest management (e.g. carbon credits, commercialization of ecosystem services, sustainable tourism and eco-tourism, sustainable biomass energy);

- 5.2 Support a strong, decentralized FSC network of members, certification bodies, stakeholders and new partner groups.
- 5.3 Support a strong network of national initiatives and FSC offices in regions of high strategic value to the strength of FSC's global network
- 5.4 Systematically improve the communication of FSC decisions, systems and successes throughout its global network.
- 5.5 Diversify revenue sources and achieve financial security within five years through the development of viable business models for the various core elements of the FSC Network

To enable improved governance of its Global Network, the FSC will:

- 5.6 Review comprehensively its global operational and decision-making models and structures in accordance with GA motion #51 and identify key regions for network support of national initiatives and FSC offices
- 5.7 Continuously improve its governance processes so that the FSC Global Network remains democratic while becoming more effective and efficient;
- 5.8 Improve stakeholder consultation processes using information technology and other culturally appropriate communication approaches;

Indicators of Success for Goal 5

- a. The scope, effectiveness, delivery and overall impact of outcomes under Goals 1 thru 4 are regularly measured, analyzed, and reported to the FSC membership;
- b. By December 2008, a review of the FSC governance structures consistent with the requirement of 2005 GA motion #51 is completed that recommends operational improvement to FSC procedures and system of decision-making, checks and balances.
- c. The satisfaction of the FSC membership, national initiatives, regional offices, certification bodies, certificate holders, market partners and other stakeholders and partners with FSC's progress toward this five-year strategy is regularly surveyed and reported to all stakeholders.
- d. National Initiatives (NI's) and FSC offices are strengthened in key regions in accordance with strategic criteria developed by FSC.
- e. New fee-for-service models are developed, such that revenue from commercial services, including the provision of external services by ASI, contributes at least 60% of the FSC's operating budget.
- f. Financial viability is demonstrated by a 10% increase in annual net revenue over the next five years for the FSC International Center and which is accompanied by similar revenue growth in priority areas of the Network

[Suggested Sidebox #1: explains the roles of ASI and FSC-IC]

[Suggested Sidebox #2: explains the role of 3 chambers, General Assembly and resolutions process]

Appendix 1

Glossary of Key Words and Phrases in the FSC Network

The FSC Global Network
SLIMF
Non-Timber Forest Products
Well-Managed Forests
Definition of North/South – (latest OECD)
Fair Trade
The FSC General Assembly
Chain of Custody
HCVF
Controlled Wood
Modular/Stepwise approach
National Initiatives
FSC Regional Standards
FSC Principles & Criteria
Derogations
Excisions