Ethical trade and forest dependent people: How can small growers benefit from ethical trade?

Anne Tallontire and Bill Maynard,

Natural Resources and Ethical Trade Programme

Natural Resources Institute, UK

Nret@gre.ac.uk

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1. Introduction

Ethical trade is an umbrella term for an array of different initiatives that include social and/or environmental goals alongside financial ones in the management of production and trade: examples include fair-trade, forest certification, organic labelling, ethical sourcing and ethical investment. Trade in certified forest products, especially timber, is an aspect of ethical trade that has been widely promoted in recent years and has received support from many sectors including development agencies. However it is unclear whether, and/or how, such initiatives benefit forest-dependent people.

The term 'forest dependent people' is used to capture the range of poor people depending upon a forest resource. In our project, we are using the typology of forest users developed by Byron and Arnold (1997) based on use patterns and reciprocal relationships with the forest in terms of participation in forest output activities, the role of forest products in livelihood systems, impact of reduced access to forests and the likely future importance of forest outputs.

NRI-commissioned research in South Africa originates from this concern to ensure that potential benefits from ethical trade in the forest sector are shared by forest dependent people. Assuming there are social, economic and environmental benefits from ethical trade, how can we ensure that these benefits accrue to forest dependent people?

Our research has focused on the systems for certification governed by the Forest Stewardship Council (FSC). FSC has developed globally recognised principles for forest management that are designed to ensure that forests are managed in ways that are environmentally appropriate, socially beneficial and economically viable. Regional, national or other geographic entities, such as Smartwood and Woodmark, are accredited by FSC and use these principles as a basis for developing locally appropriate performance standards against which managed forests and wood products are assessed.

The Natural Resources and Ethical Trade programme at NRI is undertaking a three-year research project to look at whether and in what ways ethical trade can benefit forest-dependent people. The project has three main focus areas:

- Whether ethical trade benefits forest-dependent people?
- What policy, market and other background issues affect ethical trade?
- How can organisations develop ethical trade for the benefit of forest-dependent people?

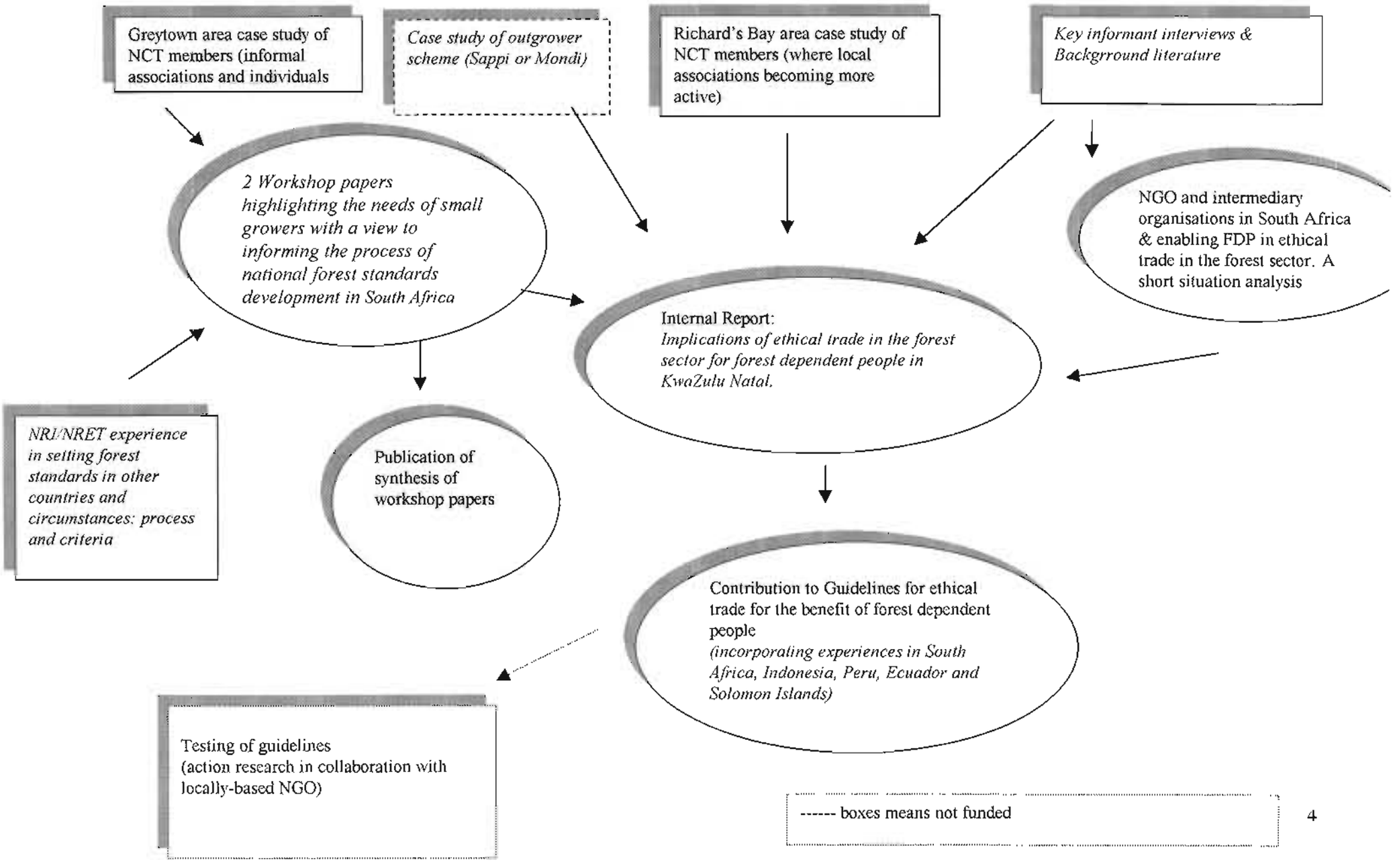
Our on-going research in South Africa is part of the third phase of the project (to be complemented by work in Ecuador and Indonesia). The aim of these studies will be to develop models of ethical trade that benefit forest-dependent people in different contexts. Analysis of these models will be to develop guidelines to assist in the promotion of ethical trade that does include forest dependent people and, at a later stage, field test these guidelines.

In the case of South Africa certification is evolving in the context of pressure from international markets for a certified product. The major companies Mondi and Sappi are both involved in certification schemes and until recently were following different approaches with Mondi favouring FSC and Sappi going for ISO 14001. A condition of the lease sale of forests held by the state agency SAFCOL was that forests be certified within two years of the change of management. The South African case is also interesting on account of the rapid development of national forest policies as well as social and economic policies aimed at the empowerment of the black majority. This policy context raises the question of how these laws can be translated into sustainable livelihoods. The process of certification in South Africa by larger companies appears to be accelerating such that over time they may only source timber from certified sources. This raises the question of whether smaller growers will be able to maintain market access.

This paper is based on on-going case study research in South Africa on the implications of certification for particular groups of forest dependent people and a wider contextual analysis based on concepts of forest dependency and sustainable livelihoods. We have commissioned a study to identify key issues surrounding the potential and actual impacts of certification on small scale timber growers, with an emphasis on understanding the practical applicability and implications of the certification

process. and concomitant adherence to FSC standards to small-scale timber growers in South Africa (Addo, Lewis and Mander, 1999). This study on smaller black growers selling to NCT in the Greytown area of KwaZulu Natal will be complemented by a further case of growers in the Richard's Bay area, in addition to research on the policy and institutional context of forestry for small scale growers. More generally we are concerned about the role of ethical trade in sustainable development. See Figure 1 for an overview of the research plans.

Figure 1: NRI/NRET Ethical Trade and Forest Dependent People Project in South Africa



This paper aims to provide a broader context to the case study material presented during this workshop by the team from the Institute for Natural Resources. It seeks to set out suggestions for how to take forward the further development of forest certification in South Africa, focusing on the process of development of national standards and the potential for certification to be more inclusive and a tool for promoting sustainable livelihoods. Despite the fact that the major companies have already been certified as meeting the standards of ISO and/ or FSC, the process of certification is still at a relatively early stage. Many of the impacts of certification throughout the value chain, and indeed for forest dependent people, are not yet apparent. However, we see research on the implications of certification as an opportunity to generate base line information so that impacts can be assessed later.

We begin the paper by discussing issues that are coming to light as with increased experience of certification before exploring in more detail the context to certification in South Africa in terms of the key players. We then explore the implications of certification for small scale producers using an adaptation of the Byron and Arnold framework. Section 4 presents our initial conclusions on factors that may inhibit or support access to ethical trade / certified markets by small scale producers. As we are only part way through our research, these are tentative conclusions that we would like to put on the table to illustrate our current thinking and to encourage comment from workshop participants. In the final section we indicate areas in which we aim to develop guidelines for the promotion of ethical trade that meets the needs of forest dependent people.

2. Key issues concerning certification

Accumulated experience with the development of the forest certification standards, their implementation and evaluation in the light of developmental objectives, or the ethical trade objectives have raised a number of issues. Here we highlight some general issues that have relevance to the evolution of forest certification in South Africa, especially from the perspective of how this might affect forest dependent people.

Patterns of certification

Forest certification according to the FSC standard thus far has been dominated by large forests in northern countries. Of the total certified under FSC in the developing world, 30% is represented by one certification -over 1 million ha of a community forestry project in Zambia. Is certification, and therefore access to certified markets, open to all? If not what are the constraints and how far can they be over come better support or design? Another concern is that increasingly studies indicate that there are many challenges for certification by smaller forest owners. Is it necessary to have the same expectation for people managing 2 ha as 200 or 200,000?

It should be noted that this is not the pattern in all countries: in Mexico, the Solomon Islands and Papua New Guinea it has been small producers, with support from NGOs and international donors that have often been the first groups to get certified. This has had a knock on effect on how national standards are being designed and what is thought of as important.

Difficulties faced

One of the many criticisms of the FSC certification system is that it fails to recognise the difficulties faced by small woodland owners, particularly in Europe, and the small scale forest operations in developing countries.

Difficulties with certification in general and FSC certification in particular include:

- The additional burdens (time and resources) placed on the woodland owner and/or manager.
- The current cost of certification per unit area is too high.
- What markets will be left for small producers if forest certification becomes the norm, but certification is inaccessible to some?
- Certification effectively passes the responsibility for regulating forest management to a body which has no legal or moral authority at a local or national level.

- Certification disadvantages the small woodland owner and enterprise. The concomitant of this is that certification favours big business. This is increasingly recognised as a valid criticism of certification and is supported by both objective and anecdotal evidence.

Scope of Certification principles and criteria

In a developing country context, the extent to which certification, especially FSC, addresses the livelihoods needs of small producers is a concern, particularly to development practitioners. Whilst the FSC pays considerable attention to the traditional and cultural rights of indigenous peoples in terms of their access to forest products, certification standards do not directly address the way in which forest dependent people may earn a livelihood from forest products. The FSC does not address the extent to which forest products may contribute the livelihood of poor people through their cultivation of forest products, only recognising the use or exchange value of free/public goods under the principle on 'benefits from the forest'. Forest dependent people are not perceived as forest managers. The only direct reference to livelihoods is in terms of the rights of labour to organise freely and bargain collectively.

FSC criteria focus on the site of production and only in relation to chain of custody certification does it relate to trade. FSC does not specifically address issues related to terms of trade. Whilst good forest management may be defined in terms of good business practice in relation to stakeholders, (e.g. local communities and employees) there do not appear to be specific criteria relating to how a forest enterprise relates to out-growers or other suppliers (except in that they provide timber from well-managed forests). Experience with other kinds of ethical trade such as codes of conduct that focus on the site of production has indicated that others along the supply chain, in addition to the producer, bear responsibility for creating 'ethical space' in which environmentally, socially and economically responsible trade can take place. There is a need to consider the importance of partnerships along the supply chain. Companies involved in ethical trade schemes may not continue relationships with contractors for fear of breaching terms of the code of conduct. The trend in export horticulture in Sub-Saharan Africa has been to increasingly source from larger suppliers because of the limited capacity of smaller producers to comply with stringent safety standards, labour regulations and the management systems to ensure traceability of produce (NRET 1999.)

There are embedded assumptions about the forest managers and their capacity to implement good forest management. There is an assumption that there is a management system to be improved in terms of environmental or social responsibility. On the basis of this assumption, the FSC criteria on their own do not address disempowerment or the capacity of different types of grower to meet the standard. Certification standards do not take into consideration the fact that some growers may not have a management plan as such or that timber growing is not seen in terms of a business. Thus the performance based approach of FSC tends to exclude the worst forest managers and only makes small modifications to those companies and forest already committed to sustainable forest management or already practising a reasonable quality of management.

It should be recognised that the FSC did not design its standard to be a development tool, livelihoods and community issues were mainly considered in terms of their potential impact on forest management. Therefore within the FSC principles and criteria the development of communities around a forest have often been seen in the light of a way of managing any potential risk of encroachment or damage to the environment.

If there is a desire to ensure that there is a greater development impact guaranteed within the process of certification, it is possible to address it through the addition of specific development criteria with national standards.

Role of national standards and the national standard setting process

Just as the certification process is voluntary for individual producers, the designing of national standards has been a voluntary affair where specifically FSC national working groups have got

together to provide more locally specific guidance for the in country certification process. In some cases this has been done by a relatively small group, and in others a wide consultation process with many stakeholders have been used. In all cases the process from first draft to final agreed format has been long and often painful as different interest groups try to protect their own points of view. The most successful processes have been where the consultation process has been widest and the drafting process has involved at least some field-testing. (We would add, one of the authors being an auditor, that the inclusion of experienced auditors has usually strengthened the end results.)

The development of national standards gives the opportunity to give highly site-specific guidance to the way that forest managers are monitored. It has the potential to draw attention to national or local laws and customs, conventions or specific stakeholder groups that should be considered in any monitoring process. It should be recognised that within the context of a standard compliance with the law might not necessarily be enough, one of the reasons the certification process has taken off around the world is because of a lack of trust in the veracity of the law.

The relationship between a standard and legislation is often very difficult and in counties where the process is being taken most seriously government departments are taking a role in the consultation process developing the standard. In Indonesia the standard is designed to some extent to supersede the regulatory process. Compliance with the standard will mean that concession holders will not have to be inspected by the government officers. In the UK the development of the standard was delayed so it could be done in conjunction with government processes.

The point about consulting auditors in the development of standards is important because they are the people who really use the standards in the field. Over complex standards or criteria which cannot be readily verified in the field are often identified by those who will have a checklist in there hand and have to think "how am I to know if there are only so many parts per million of sediment in this stream?". They are good at ensuring that there is no need for primary data collection in the field and that the outcome will be unambiguous.

Just as a standard that lists compliance with a number of laws in specific detail does not always provide much useful guidance, a standard which is non specific in areas where it could be informative it does not fulfil its function. Often in areas such as access for local people to collect NTFPs national standards remain far too generic when they could give a lot more help to the people using them by going into detail. Hunting seasons, periods of the year when forest managers should take particular care not to disturb nesting birds and the like can often be usefully put into a national standard.

The important thing is to identify what the standard is going to be used for, who is going to use it and that it achieves its objectives.

3. Stakeholders in the South African forest industry

Certification and sustainable forest management have become increasingly significant issues in the South African forestry industry over recent years. An objective of the 1998 National Forests Act is to develop national standards for sustainable forest management and the major timber companies have been pursuing certification under both the ISO 14001 and FSC systems. National standards have not yet been set, though a National Forestry Advisory Council has been set up to start this process. Certification is specified as a condition of granting leases for the former government forests (SAFCOL) which are in the process of being privatised.

In the mean time Sappi has been awarded ISO 14001 for all their forestry operations and is beginning the process of FSC certification whilst Mondi is already FSC certified. Smaller operators are also engaging in the process and some members of Natal Timber Growers Co-operative (NCT) have been certified under the Group Certification scheme. Whilst some of the members of the NCT group certification scheme may be regarded as small relative to the large companies, no micro-growers are covered by certification schemes. Sappi has plans to expand its ISO 14001 management system to its

commercial outgrowers in the immediate future and eventually to the smaller growers under the 'social responsibility' scheme, Project Grow.

Certification has been adopted by the South African industry as a way of demonstrating to buyers, particularly in the UK market, that it is producing high quality timber in an environmentally responsible way. Certification is largely a strategy for ensuring market access but also provides mechanisms for implementing the new laws affecting the industry.

Thus far certification in South Africa has been an issue for the larger players and there has been little debate about the implications for smaller growers. Nevertheless, it is widely appreciated that certification may be an insurmountable hurdle for some smaller growers in terms of both the standards themselves and the costs of the auditing and verification processes. What is unclear at this stage is whether the market pressures for certification will be felt at the lower reaches of the supply chain and the assistance that would be available for small producers should they need to be certified. Another issue that might be explored is the potential for ethical trade systems such as certification to promote the livelihood options available to forest dependent people. *Who has responsibility to improve the situation of forest dependent people such as small scale growers?*

Small scale growers

The case study undertaken by Addo el al (2000) explores key issues surrounding the potential and actual impacts of certification on small scale timber growers in locations around Greytown in KwaZulu Natal. Estimates of the number of small scale growers range between 8,000 and 10,000 households. Defining small scale is an imprecise art as there are some 'small scale growers' with timber land up to a hundred times greater than others in the same category. However there is a unifying element in that they are relatively dependent upon the forest resource (see Addo et al, 2000 for further discussion of the nature of dependency). In the case study of growers in KwaZulu Natal small scale growers interviewed generally had less than 50 ha of timber land, but the average holding was much lower (between 1 and 2 ha, ibid). Whilst the number of small scale growers may not be significant in a provincial population of nearly eight million, there are many useful lessons to be learned from their experience that may be transferred to other categories of forest dependent people (e.g. communities considering partnerships with business in forest management). *In certain agro-ecological zones cultivation of timber is one of few agricultural options, and is often part of a diversified livelihood strategy.*

Cultivation of plantation species by small scale farmers has been encouraged by the two main companies, Sappi and Mondi partly as a social responsibility exercise (Project Grow and Khulanathi). The tanning industry also fostered afforestation, most recently by the South African Wattle Growers Union (SAWGU) following the establishment of wood processing plants in the region in 1994. From the mid 1990s, NCT has increasingly bought timber from smaller growers, some of whom have become members of the co-operative. Recently NCT has become more aware of the needs of its smaller members and suppliers (see below).

What are the implications of certification for forest dependent people?

We have attempted to use the concept of forest dependency and typology developed by Bryon and Arnold order to analyse in greater detail the implications of certification for small growers. Byron and Arnold's framework was developed to examine the nature of forest dependency and to explore the implications of a loss of forest access or the likely future importance of the forest for a range of forest dependent or forest-related people. We have attempted to use this framework to explore the differences between different groups along the supply chain from small growers to large timber companies and co-operatives. These groups of stakeholders along the supply chain were identified in the case study research by INR. Of particular interest to us are the different kinds of forest dependent people who are small growers or are in small grower communities:

- Growers

Engages in plantation activities from planting, silvicultural practices through to harvesting. At maturity, they harvest and sell their own trees to marketing agents.

- Grower contractors
  Growers who harvest their own timber and also buy mature timber from other growers, to harvest and sell the products.
- Growers who sell standing plantations to contractors.
  Grow trees and undertake all the necessary silvicultural practices, but do not harvest the timber themselves for sale but sell the plantation to contractors.
- Contractors
  Do not grow timber but buy mature plantations from small growers, then harvest the trees for sale. [1]
- Non-growers or contractors
  Community members who do not own plantations or trade in timber but who benefit from forest plantations through employment and resource utilization

These are still quite descriptive categories and require further investigation in order to see if there is real difference between the categories of forest dependent people and to fully explore the interactions with different stakeholders along the supply chain.

A second area of interest is the other stakeholders in the chain and the different roles they might play in relation to small growers, such as saw mills, co-operatives and other buyers.

Our initial analysis using the strict Byron and Arnold criteria (see Table 1) explores the implications of loss of access to the forest to different groups. Whilst this indicates the major significance of such a loss to the different actors, it does not address the issue of differentiation between the different groups in terms of relative dependency on forest products and the contribution that this makes to their livelihood. The indicators are broadly the same for all groups of grower. Moreover, whilst the framework asks a question about the future, it does not investigate the capacity of different groups to pursue other livelihood options.

As this framework does not help us analyse the nature of dependency of our particular concern, small growers, the second two criteria in the framework were adapted and the indicators were changed. In Table 2, the second two criteria are now focused on the relationship that different stakeholders have to the forest standard and potential for achieving access to certified markets (for the growers) and role in facilitating access to certified markets (for the other actors). Relationship to the forest standard indicates the current ability to meet forest standards whilst the final column is addressing potential for the future. The indicators were also made more descriptive, partly because the basis of this framework is a single case study. The comments in Table 2 are a little stylised and would need to be tested in a second case study. The comments in the fourth column may change according to results from the second case study and further analysis of potential for groups to form with a view to increase capacity for group certification. There may well be differences between categories of grower/ contractor in terms of their potential for achieving certification, with or without outside assistance.

This is an evolving analysis. The current framework (Table 2) focuses on actors in the supply chain. It does not help us consider the roles and responsibilities of other key stakeholders such as the standard setter (e.g. standard setters such as the South African Bureau of Standards and indeed the Forest Stewardship Council) and regulators or government agencies.

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[1]: Approx 25% of large timber producers' silviculture field work contracted out (Christie and Gandar, 1995: 54)

At this stage the framework is helpful in terms of understanding the differences between types of small grower and of identifying other key stakeholders. The framework also points out the potential for including small growers in certification and the roles that different actors might play.

Table 1 Analysis of Forest dependency

	Byron and Arnold's criteria for forest dependency			
	participation in forest outputs activities (labour allocation)	role of forest products in household livelihood systems	Impact of reduced access to forests	likely future importance of forest outputs
Grower/ contractor	year round	major-important	severe	could increase
Growers (who sell standing plantation)	year round	minor-significant	severe	could increase
Grower (who harvests own stand)	year round	major-important ??	severe	could increase
Harvesting contractor	year round?	major-important	severe	could increase
Community member	Periodic	risk limitation	modest (transitional) ???	could increase
Transport contractor	year round?	major-important	severe	could increase
Local saw mills	year round?	major-important	severe	could increase
Large timber companies	year round?	major-important	severe	could increase
co-operatives	year round?	major-important	severe	could increase

Table 2 Implications of standards & certification for Forest Dependent People

	Adapted criteria			
	[nature of] participation in forest outputs activities	**Role of forest products in household livelihood systems**	**Relation to forest standards**	**potential for achieving access to certified markets or role in facilitating access**
Grower/ contractor	manages own plantation (may be quite large in local terms); also fells others trees; micro-enterprise	key part of livelihood strategy	currently unlikely to meet certification standards	possible with technical inputs, group facilitation and training ???
Growers (who sell standing plantation)	labour inputs to the plantation all year round, as part of overall inp	Timber tends to be used as savings used for major expenditure; other crops produced for subsistence needs	currently unlikely to meet certification standards	possible with technical inputs, group facilitation and training ???
Grower (who harvests own stand)	labour inputs to the plantation all year round; periodic labour input into harvesting	Timber tends to be used as savings used for major expenditure; other crops produced for subsistence needs	currently unlikely to meet certification standards	possible with technical inputs, group facilitation and training ???
Community member	some labour on neighbours' plantations on an ad hoc basis (no formal contracts); may also receive fuel wood timber for building or seedlings from local growers	not a major activity but a useful supplement to livelihood	were local employers to be certified there are potential benefits in improved health and safety, written contracts of employment	n/a

Harvesting / silvicultural contractor	year round? Some contractors travel around the province to fell; others may be smaller local operations undertaking harvesting work when required; some work for larger companies	key part of livelihood strategy	depending on scale, may be able to achieve chain of custody certification; what are their responsibilities to local small scale suppliers?	Their responsibilities to growers are unclear
Transport contractor	year round activity?	Major business activity??	depending on scale, may be able to achieve chain of custody certification; what are their responsibilities to local small scale suppliers?	Their responsibilities to growers are unclear
Local sawmills	year round activity?	Major business activity	depending on scale, may be able to achieve chain of custody certification	Their responsibilities to growers are unclear (but potential role in facilitating market information)
Large timber companies	year round	Major business activity	Developing systems for certification that may be expanded to small scale suppliers	Have responsibility with regard to small growers in their schemes, especially with regard to technical requirements
co-operatives	year round	Major business activity	Developing systems for certification that may be expanded to small scale suppliers	Have responsibility with regard to small growers from whom they buy, especially members, especially with regard to technical requirements

4. What inhibits or supports access to ethical trade/ certified markets?

The capacity of the small scale growers to improve social, environmental and economic performance is dependent on both the growers themselves and their institutional and policy environment. In this section we discuss factors inhibiting or supporting access to ethical trade in the forest sector. We begin with the actual performance of small scale growers, relying on the case study in KwaZulu Natal before considering institutional arrangements and then the wider policy framework.

a) Performance of growers and their awareness of environmental, social and economic factors

One of the main conclusions of the case study was that although growers have limited awareness of their environmental responsibilities, the actual impact of their forestry activities appears to be quite low. The first conclusion is corroborated by other studies. For example, Cellier, notes that 'growers seldom verbalised the environmental concern they might have had about growing eucalyptus' (1994: 137). Indeed Cellier's research indicated that 'trees were seen to be good for their perceived economic rather than environmental benefits...'. Similarly Othusitse found no evidence of 'any obvious awareness among the respondents regarding environmental protection and care' (1997: 76). These studies are more equivocal about the cumulative impact of tree planting over large areas, especially in terms of water use and indeed we have not discovered much evidence of data on environmental impacts the household level in South Africa. Awareness of social issues such as health and safety was higher, but there was little evidence of basic measures being implemented

One result of the minimal impact of small scale forest operations is that many of the criteria and indicators used for certification purposes are not relevant. However, strict adherence to environmental standards would require greater environmental awareness and commitment on the part of the growers. Similarly there would be need for training on health and safety issues.

The case study report argues that the entrepreneurial opportunity offered by timber production has not been optimised by the farmers. Although farmers spoke of timber as a long term investment, returns were not so high as may have been expected. Studies on the social responsibility outgrower schemes have reported a limited understanding of contracts signed with marketing agents (Cellier 1994: 122) and an inability to report income from tree growing (Othusitse, 1997: 64). Confusion about marketing arrangements and payment demonstrates and the limited information flow between marketing agents and small growers

At this stage we have little knowledge about the level of technical awareness and skill possessed by small growers in KwaZula Natal. In the pulp industry it is important to have good quality raw material. There is an issue therefore of how the small growers get access to relevant information about the use of good tree and the seeds or seedlings. Similarly, sophisticated marketing systems have developed in the industry. and purchasing policies of the large companies tend to assume a good understanding of the need to keep to order schedules and product specification. Evidence so far suggests that growers have little access to this technical marketing information.

Analysis of local institutional and organisational issues revealed that there is poor institutional support for the small grower forestry sector and a lack of clarity regarding whose responsibility the small grower is at the national level. Some training has been provided in tree planting, but little has been done empower communities to take full advantage of economic opportunities in forestry or to organise themselves. Low levels of education (specifically poor literacy and numeracy) and limited experience of organisation highlight the importance of inputs from outside the communities.

b) Improving growers' capacity to participate in ethical trade

Institutional structures at the local, regional and national levels may potentially play a role in improving growers' capacity to participate in ethical trade in the forest sector. The following gives an overview of current and potential structures and initiatives and how they may help or hinder access of small growers to trade in forest products, and indeed certified forest products.

(i) Local grower associations

National and local politics have not favoured the development of grower associations at the local level. In the Greytown area there has been some experience of organising to promote grower interests and these grower associations have primarily focused on marketing and technical issues. However, these organisations have not become formal co-operatives and it appears that organisations have formed as much to assist marketing agents in assembling timber as supporting the members themselves. In other areas of KwaZulu Natal such as Nkandla there has been more enthusiastic support for the formation of more formal organisations. The role that local organisations may play in improving environmental, economic and social performance will be explored more fully in a second case study in the Richards Bay area to be commissioned shortly.

(ii) Regional Co-operatives

The recent attempts by NCT to cater to the needs of their smaller black members provides an opportunity to consider the role that co-operatives and other member-run institutions may play to increase the opportunities of small growers to gain access to markets, including certified markets. Until recently, NCT largely responded to the needs of the larger, white growers but since 1994 it has welcomed increasing numbers of black growers. Over the past year there have been significant changes within NCT in their services to smaller growers, most notably the appointment of a Development Forester who speaks Zulu and the instigation of field days in the local language rather than in English. Currently the smaller growers have expressed needs mostly in terms of advice on technical forestry issues and assistance with marketing (access to improved transport to counter logistical difficulties and price information). However, with increased experience of self-organisation there is likely to be a demand for advice on organisational issues.

At present NCT does not have the skills or mandate to provide assistance in developing the organisational skills of members wishing to form groups. Any large investment in improving the organisational skills of the smaller members would have to be passed by the board and it is questionable whether a self-help organisation aimed at increasing the profits of members would want to assist what remains a minority of members. It is also unclear whether the NCT staff has the capability to work on the social and organisational development of the smaller members. Given the developmental aspect of this kind of work there is a strong case for public assistance to develop local grower co-operatives. How should this be delivered? NGOs may be able to play a critical role here in facilitating the development of groups that respond to the needs of local people and that can act as a channel for training and organisational development.

(iii) Market information and increased transparency in transactions

The case study has indicated that growers have limited awareness of the way in which the market for their product changes from year to year. Current marketing arrangements, whether they are via co-operatives such as NCT or to local saw mills appear to be marked by a lack of transparency. Another interpretation is that growers do not understand how to find out about current and future prices for timber. There appears to be a need for wider dissemination of marketing information, especially in relation to small growers. There is a role here for all buyers and particularly local sawmills and co-operatives.

c) Requirements of the standard

Standards have been developed at a number of different levels across the world, within the Helsinki and Montreal Processes and by organisations such as the FSC and CIFOR. These all serve different

functions and inform different levels of detail. Generic global standards do not inform specific management practice and do not give a great deal of guidance to people who want to use them at the local level. The development of specifically national standards gives the opportunity to much more detail and guidance. In order to take full advantage of this it is most important to have a clear idea of what the function will be, who it is designed to inform and who will use it.

At a national level the process of setting standards has most often been started by FSC groups in country with the specific objective of supporting the certification process. This has not been an exclusive approach, in Indonesia they are developing standards that will support the regulatory process. The most important thing to bear in mind when designing the standard is who is going to be using it and in what circumstances. From the point of view of the auditor if something is in the standard the forest manager must comply, there is no room for compromise. So, the clearer things are in the field the better.

To date the South African experience has been to use standards in the context of big companies working in plantations. If the standard is set only to capture the requirements of that type of forest management system it will be a weak standard. Natural forest production systems and small producers must be accommodated.

5. Steps towards guidelines

Voluntary systems such as FSC may be able to help in promoting sustainable livelihoods. But how can this be done? One of the main outputs of the research in South Africa, complemented by work in Indonesia, Ecuador, Peru and the Solomon Islands, is a set of guidelines on how forest dependent people may participate and benefit more effectively from ethical trade the forest sector.

Our research so far in South Africa suggests that for forest dependent people to benefit from ethical trade, and specifically from trade in certified forest products, there is a need for:

a) more holistic understanding of certification and its potential to promote sustainable livelihoods through increased capacity for good forest management and,
b) an understanding of the responsibilities of different stakeholders
c) the promotion of groups of small growers to enable growers to access to certification

More holistic understanding of certification

Certification offers a range of mechanisms for improving equity, transparency and stakeholder involvement in management of forests, and especially when accompanied by other investment, it may increase incomes and create employment opportunities. Current interpretations of certification in South Africa are narrowly focused on legal compliance. Certification does call for compliance with the law and in South Africa an impressive raft of legislation is being promulgated and implemented to improve the social and economic rights of people who were previously disenfranchised and impoverished. However, certification is more than compliance with the law, it is about social and environmental responsibility in trade. Moreover, certification alone cannot tackle land tenure, poor technical expertise, non-sustainable practices, corrupt/ badly managed government agencies The development of the national forest standards offers an opportunity to promote a vision of certification that is more than legal compliance and is empowering for all stakeholders in the industry. This will require an appreciation of the current and potential capacities of all stakeholders and the development of a national standard that does not exclude certain growers but still meets the challenges of responsible forest management.

Responsibilities of different stakeholders

Forest standards focus on production and therefore tend to place the responsibility for social, environmental and economic improvement on the shoulders of the producer. Our analysis indicates that other stakeholders have important roles to play if small growers are to become able to participate in ethical trade schemes. These include standard setters (awareness of the capacities of small growers), national government (especially in the context of policies to empower previously disadvantaged groups) and buyers.

Promotion of groups

Our on-going research suggests that local groups are critical for of growers to access markets for certified and developing the capacity for environmental, social and economic improvements. The work thus far in South Africa will be augmented by a case study in a second location where group formation is further advanced. Conclusions from this work and that in Ecuador and Indonesia will be used to develop guidelines for including forest dependent people in ethical trade. The role of groups is likely to be a key part of these guidelines. Our work in Ecuador and Peru has highlighted the importance of strong local level marketing institutions.

These are preliminary conclusions from our experiences of certification both here in South Africa and elsewhere in the world. They are subject to further primary fieldwork and refinement. We invite responses and challenges from the audience.

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