

NRET Working Paper 2 : ETHICAL TRADING INITIATIVES AND FOREST DEPENDENT PEOPLE

Sustainability and trade in forest products

Forests and woodland cover 35% of global land area despite centuries of felling to clear land for agriculture or to provide timber (WWF & IUCN 1996). Forests are important for their biodiversity, their role as ‘lungs of the earth’ and as natural capital sustaining the livelihoods of many people. Large numbers of people are forest-dependent, relying on forests as a source of livelihood, and many others regard economic activities related to forests an attractive livelihood option.

Forest products, both timber and non-timber, are traded internationally, and international trade is an arena in which the sustainability of forests has come into focus. There are a plethora of schemes and policies that aim to ensure that trade in forest products is conducted in a sustainable or more responsible manner, many of which focus on timber products. Forests and their products are being certified that they are being managed or produced in a sustainable way. Forest certification is part of a broad range of measures that have been dubbed ‘ethical trade’, and initiatives with an ethical focus are also emerging to promote trade in NTFPs.

Examples of Non-Timber Forest Products, NTFPs

honey, collected from natural hives
charcoal
pharmaceuticals
toxins (for hunting or pesticides)
aromatics (essential oils for cosmetics, incense etc)
biochemicals (non-edible fats and oils, waxes etc)
fibres (for cloth, matting, brooms, mats, cork etc)

This paper discusses some of the schemes that promote environmentally sustainable trade in forest products and highlights some concerns about their impact on forest dependent people. The trading chains of many forest products, particularly non-timber forest products, are highly complex and people are involved in the marketing of these products in a variety of ways. Therefore the examination of the impacts of ethical trade initiatives on participants in the trade and the identification of increased benefit for forest dependent people are potentially complicated tasks. This paper sets out some key issues and an initial framework for addressing them.

2. Forests and Ethical trade

Ethical trade is an umbrella term embracing the growing volume of trade where social and/or environmental criteria are used to measure performance in addition to established economic criteria. In the forest sector two types of ethical trade have been initiated. One is forest certification, and the second is the variety of fair trade schemes focusing on products derived from nuts, honey or other NTFPs. Whilst forest and timber certification do not concern trading per se, they have become a means of accessing certain markets, and a plethora of initiatives have come into being, some prompted by governments, some by industry, and some by NGOs (Ghazali & Simula 1996; Tropenbos 1997).

Two systems for forest certification have been dominant in recent moves to establish internationally recognised and uniform ecolabels for forest products: the Forest Stewardship Council and ISO 14001. Whilst they share many principles with regards to forest management they have two main differences in terms of how they are implemented and their methodologies.

ISO 14001 is an ‘environmental management systems’ initiative of the International Organization for Standardization. It aims to develop uniform forest management systems and standards that companies or forest managers world wide can adopt voluntarily, and be certified against by certifiers recognised by existing national standards bodies. Forests and products evaluated under this system are awarded an ISO-endorsed label.

The ISO system relies on quasi-governmental bodies and has strong industry representation, whereas the FSC has greater non-governmental involvement and new bodies have emerged. ISO 14001 is a management system, whereas FSC sets out actual standards for achievement.

FSC certification and the ISO 14001 system are often presented as alternatives, with industry favouring the latter. However they are more properly regarded as complementary in that ISO14001 provides a framework for better environmental management systems, and the FSC offers the potential for independent third party certification that certain standards have been met.

National and local certification agencies are now emerging and are beginning to implement the

The Forest Stewardship Council 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. Forests and products that meet the standards are awarded a label with the FSC logo. Assessment focuses on mechanisms required for high quality forest management rather than trying to measure the social or environmental impact of management in a particular forest area.

standards set by the ISO and FSC within a national context; for example Lembaga Ekolabel Indonesia, LEI and in Imafloira in Brazil.

Whilst forest certification initiatives have begun to investigate expanding their systems to cover NTFPs, ethical trade in NTFPs has mostly been through fair trade initiatives. Fair trade's prime concern is human well-being and criteria focus on the organisation of producer groups, the price paid and structure of the trade. Environmental criteria may be mentioned but are not a priority. Tagua buttons and honey from Tabora are two examples of forest products that have been sourced through fair trade schemes.

There are important differences between ethical initiatives derived from forest management, fair trade or organic objectives. The emphasis and balance between economic, social and ecological impacts of forest management varies between them, as does the sophistication of the criteria and indicators developed for auditing purposes. For many, the technical forest management aspects have predominated, but concern for social impact and for worker conditions is now

The Tagua Initiative is a joint venture between communities in the Comuna Rio Santiago-Cayapas area of Ecuador, a US and Ecuadorian NGO (Conservation International and CIDSEA). The initiative links up tagua nut producer and button manufacturers and distributors and has succeeded in creating a profitable and growing export trade. The success of the Initiative has been founded on the synergy of the organisations involved and the linking of economic development and environmental goals.

Tabora honey has been bought from the Tabora Beekeeper Co-operative Society by Traidcraft as part of a fair trade relationship since the late 1980s. Co-operative members collect honey from wild bees in forest areas of western Tanzania and the co-operative sells to fair trade organisations through the UK organisation Traidcraft which has assisted the co-operative in the development of business and export skills.

being more frequently addressed. Fair trade's prime concern is human well-being and the standards are often weak on environmental assessment (NRI 1997). Fair trade standards have been developed for a variety of products including certain non-wood forest products, but existing criteria and indicators are often based on international conventions (e.g. conventions of the International Labour Organisation; the UN Convention of the rights of the child) and national laws, and have not addressed the specific livelihood systems of forest-dependent people.

Current initiatives in the forestry sector often have a limited understanding of both the potential ethical trade offers for enhancing or securing the livelihoods of forest-dependent people, and the conditions under which such people can take advantage of ethical trade opportunities. As the number of initiatives affecting forest-dependent people grows, this lack of understanding is likely to result in i) initiatives that fail to understand the complexity of forest-dependent people's livelihoods and therefore arbitrarily favour one group over another; ii) initiatives that exclude or negatively impact upon forest-dependent people in general; or iii) initiatives that are not seen as an opportunity by forest-dependent people and who will not therefore benefit from any advantages of such trade. There are also a number of unanswered questions about the viability of initiatives, and the external trade and policy environment.

Issues relating to ethical trade initiatives

The impact on ethical trade initiatives in forest products on forest-dependent people is not yet clear. There are a number of concerns, some of which are common to ethical trade initiatives in other product sectors and ecosystems, but some concerns have a particular relevance to forest products and the livelihoods of forest dependent people.

The concern of development practitioners is that many stakeholders, particularly poor producers, are excluded from discussions on ethical criteria and indicators and questions are raised as to who benefits most from these initiatives (see for instance Prabhu et al 1996). This is as true in forest products as it is in export horticulture or fair trade coffee and tea. Ethical sourcing initiatives typically set out social, economic and environmental criteria that include for instance adherence to national wage legislation, conditions on child labour, and worker health and safety. It is questionable whether such criteria, often set without consultation with primary stakeholders, reflect the ethical values and priorities they are designed to benefit (NRI 1998).

Second there is a common methodological concern regarding the auditing approach adopted by many ethical initiatives. Methods of assessment for certification tend to be based on extractive research techniques that are very different from the participatory approaches promoted in much contemporary development work.

In the forest sector in particular, ethical trading initiatives which hope to benefit forest-dependent people have a number of hurdles to overcome. There are many complicated trading relations (e.g. many links in the chain or multiple uses of particular products, some of which may be of relatively limited importance to the final product) which make it very difficult to identify and trace chains of custody. Ethical initiatives will depend on such trading chains offering improved benefits to forest-dependent people compared to other forms of trade and these may fluctuate over time. Indeed, the relationship that forest-dependent people have with forests may change over time and this relationship may be multifaceted.

Whilst there has been some success in ethical trade where producers have a single main source of livelihood and trade on a regular basis through fixed channels, the livelihoods of forest dependent people are linked to the forest and its products in a variety of different ways. This diversity has implications for developing ethical trade initiatives and the assessment of the impact of such initiatives on the resource-poor. NTFPs are particularly important to the livelihoods of forest-dependent people as main or supplementary foodstuffs and products such as medicinal herbs are often traded on an occasional basis by marginalised people as an activity of last resort. Some people who choose to utilise forest products may do so as processors (e.g. artisans) or as hunter-gatherers.

Thus there are a number of challenges for the design of ethical trade initiatives that aim to benefit forest dependent people and also the analysis of the impact of such schemes.

Investigating the potential for ethical trade to benefit forest dependent people

This paper concludes by proposing a methodology for the assessing the impact of ethical trading on forest dependent people.

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| <ol style="list-style-type: none">1. Populations living within forests<ol style="list-style-type: none">(a) hunters and gatherers(b) shifting cultivators2. Farming communities drawing upon the forest<ol style="list-style-type: none">(a) wealthier farmers and landowners(b) poor farmers and landless families3. Livelihoods based on commercial forest products<ol style="list-style-type: none">(a) artisans, traders and small enterprise entrepreneurs(b) employees in forest industries <p>Byron and Arnold (1998)</p> | <p>A recent review by Byron and Arnold (1998) deconstructed the nature of forest-dependency, and highlighted the dynamic nature of people's relationship to the forest as an economic resource (see Box). Livelihoods are linked to the forest or forest products in divergent and complex ways. Analysis of the impact of ethical trading initiatives on forest-people relationships may be furthered by using</p> |
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Byron and Arnold's typology which differentiates six groups, under three headings, based on their participation in forest output activities, the role of forest products in household livelihood systems, impact of reduced access to forest and the likely future importance of forest outputs.

Different ethical trading initiatives may benefit different categories of forest dependent people in different ways. The nature of these benefits to different categories of forest dependent people may be investigated using the Sustainable Rural Livelihoods framework devised by Scoones (1998). The SRL framework recognises that benefits cannot only be measured in terms of production or income, and are not simply the result of a single intervention or project. Rather, **livelihoods** are made up of the capabilities, assets (including both material and social resources) and activities required for a means of living, and can be considered **sustainable** when they can cope with and recover from stresses and shocks, and maintain or enhance capabilities and assets both now and in the future without undermining the natural resource base.

The Natural Resources and Ethical Trade programme managed by NRI is proposing to undertake a three year research project to investigate the viability and potential of ethical trading initiatives as a means of enhancing and safeguarding income generating opportunities for forest-dependent people. Based on an assessment of the current stage of development of ethical trade as it relates to forest-dependent people, there are three problem areas the project will address:

1. Whether, and under what conditions, ethical trade is a viable option for enhancing and safeguarding income generating opportunities, and whom does it benefit
2. What factors *external* to forest-dependent communities will constrain or support ethical trade in forest products.
3. What approaches to implementing ethical trade are necessary in order that it is advantageous to forest-dependent people.

This project will involve the collaboration of organisations in Indonesia, Peru, South Africa, Ecuador and Bolivia.

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