

SmartStep

*A Stepwise Approach toward
FSC Forest Management Certification*

Program Description

June 2007

A service of the Rainforest Alliance SmartWood Program

Summary

As a way of providing more opportunities and incentives for forest management enterprises to pursue Forest Stewardship Council (FSC) certification, Rainforest Alliance developed an innovative service called **SmartStep**. SmartStep is designed to provide forest management enterprises with a clear path to achieving FSC certification while gaining access to potential market benefits before achieving certification. SmartStep is available throughout the world for any public or private forest managers. SmartStep is an independent 3rd party auditing service provided by the SmartWood Program of the Rainforest Alliance.



Table of Contents

1.0	Introduction.....	3
2.0	Benefits of Involvement in SmartStep.....	4
3.0	SmartStep Program Requirements.....	4
4.0	SmartStep Process.....	5
4.1	Application & Service Agreement.....	5
4.2	Audit Design.....	6
4.3	Candidate FME Preparations.....	6
4.4	Standards.....	7
4.5	Gap Analysis.....	7
4.6	Action Plan.....	9
4.7	Enrollment.....	10
4.8	Reports	10
4.8.1	Gap Analysis Report.....	10
4.8.2	Periodic Audit Reports	11
4.8.3	Public Summary.....	11
5.0	SmartWood Contacts	11
	Appendix 1: Entry Level Requirements for SmartStep Forest Enterprises	12

1.0 Introduction

The Rainforest Alliance's SmartWood Program pioneered global, independent 3rd party forest management certification in 1989. The Rainforest Alliance was one of the founders of the Forest Stewardship Council (FSC) in 1993, and has been providing FSC accredited certification services¹ since 1996.

Many forest management enterprises (FMEs) find the FSC certification standards challenging to achieve in a single step. At present, elements of their forest management system do not conform to the FSC Principles and Criteria (P&C). Challenges to attaining FSC certification may be the result of internal factors (e.g. lack of resources or historic absence of senior management commitment to move forward), or external variables (e.g. insufficient clarity as to legal tenure or related conflicts). Limiting external influences are particularly common in developing or transitional economy countries, and resolution of such challenges will likely take several years.

As a way of providing more opportunities and incentives for forest management enterprises to pursue FSC certification, the Rainforest Alliance has developed an innovative service called SmartStep. SmartStep is designed to provide forest management enterprises with a clear path to achieving FSC certification while gaining access to potential market benefits before achieving certification. The service may also provide high quality, reputable auditing for participants in WWF Global Forest and Trade Networks (GFTN). The SmartStep service is provided by the SmartWood Program.

SmartStep has four essential elements:

- 1) A **SmartStep Gap Analysis**² provides the FME with an evaluation of their forest practices as compared to the requirements of the FSC Principles and Criteria.
- 2) Where gaps between FSC requirements and forest practices exist, the candidate FME will develop a multi-year **Action Plan** for attaining FSC certification through SmartStep, to be reviewed and approved by SmartWood prior to enrollment.
- 3) **Formal enrollment and regular audits**: Based on the milestones and timelines set forth in the approved SmartStep Action Plan, and a written contract with mutual obligations, SmartWood will perform and publicly report on, at a minimum, annual on-site progress audits. This regular compliance auditing will not preclude SmartWood from performing the main FSC assessment.

¹ For more details about SmartWood Program policies and procedures for full FSC certification, please refer to the SmartWood program description available on www.smartwood.org or contact SmartWood.

² Gap Analysis is typically the same as an FSC/SmartWood pre-assessment (i.e. "scoping"); see discussion in 3.0.

- 4) **Public reporting** on the candidate FME's progress through SmartStep will include an annually updated SmartStep public summary (SmartStep participant fact sheet and a "SmartWood Verification Statement" confirming that the FME is a SmartStep participant with clear milestones and timelines for attaining FSC certification.

2.0 Benefits of Involvement in SmartStep

There are six main benefits to being involved in SmartStep:

1. SmartWood will provide a technically rigorous third party evaluation of the candidate FME's forest management practices;
2. The candidate FME will develop a publicly accountable, stepwise SmartStep Action Plan for improving forest management practices;
3. SmartWood will provide a "SmartStep Verification Statement" for public dissemination, plus letters of support and other private business-to-business communications written by SmartWood on a case-by-case basis that provide proof of SmartStep forest product companies' commitments as they transition to full FSC certification and seek market share in the growing global marketplace for FSC certified products;
4. Listing on the Rainforest Alliance and SmartWood websites;
5. Public use of Rainforest Alliance & SmartWood names (uses must be specifically approved by the Rainforest Alliance), with specific language depending on level of involvement and progress in SmartStep requirements; and,
6. Assistance from Rainforest Alliance/SmartWood in disseminating information about your involvement in SmartStep (arranged on a client specific basis).

Our first priority will always be to support FMEs having full FSC/SmartWood certification. However, the Rainforest Alliance will also publicly demonstrate our support for organizations formally participating in SmartStep.

3.0 SmartStep Program Requirements

To qualify for the SmartStep Program, the forest management enterprise (FME) must meet entry-level requirements. Meeting these requirements will demonstrate a formal commitment on the part of the participating forest management enterprise to the values embodied in the FSC P&C. As a basis for acceptance into the SmartStep

Program, forest enterprises must demonstrate that they are meeting minimum legal, social and environmental requirements, as described in Appendix 1.

The following minimum requirements must be met:

- Has completed a Gap Analysis with results indicating that attaining full FSC certification will take more than one year to complete. This may be fulfilled through either:
 - 1) an FSC pre-assessment (i.e. scoping), or
 - 2) an FSC full assessment³, or
 - 3) GFTN “Baseline Appraisal”
- Demonstrated compliance with **Entry Level Requirements for SmartStep Forest Management** (see Appendix 1).
- **Approved SmartStep Action Plan.** FME develops a SmartStep Action Plan for addressing performance gaps, based on the results of the Gap Analysis or FSC pre-assessment. This multi year plan will be reviewed and approved by SmartWood. An Action Plan approved by the GFTN for a forest participant will need to be approved by SmartWood.
- **Sign SmartStep Program participation agreement:** Formal agreement signed which to:
 - Agree to undergo SmartStep audits at least once per year to verify ongoing implementation of the SmartStep Action Plan. Participant submission of a progress report on Action Plan implementation shall be mandatory.
 - Commit to a full FSC assessment for designated forest areas as stated in the Action Plan.
 - Commit in a written and publicly available statement to attain FSC forest management certification within a five-year (or shorter) period for designated forest areas.

4.0 SmartStep Process

SmartStep provides a standardized, yet flexible process for a company to reach FSC certification. The steps of this process are outlined below.

4.1 Application & Service Agreement

Candidate FMEs will apply for involvement in SmartStep using an application⁴ available through SmartWood offices or at www.smartwood.org. The application provides

SmartWood with details on the candidate FME's operations necessary for conducting a SmartStep Gap Analysis.

Upon receipt of the application, SmartWood will review the information, discuss details with the candidate FME as necessary, and then submit a SmartStep Gap Analysis proposal, including audit team composition, schedule and costs. Based on this proposal, SmartWood and the candidate FME will agree on schedule and budget, and a Service Agreement will be signed by both parties.

4.2 Audit Design

One or more auditors are assigned by SmartWood to audit the candidate enterprise's forest management with respect to the FSC P&C. SmartStep audits are conducted by lead auditors experienced in FSC certification assessments. Audit teams will include one or more additional assessors with knowledge and experience in the forestry practices, ecology, and social issues of the region. SmartWood will propose the auditors to the candidate FME for their comment. The candidate FME may suggest auditors, but the ultimate decision on audit team composition must remain with SmartWood.

SmartWood will work with the candidate FME to schedule the SmartStep audit and to clarify the candidate's tasks and responsibilities.

4.3 Candidate FME Preparations

The candidate FME should prepare to host the audit team and assist them in making a fair, thorough, and accurate evaluation.

Before an audit team arrives, the candidate FME should:

- Designate a contact person that will be the organization's liaison with the certifier and the team leader;
- Work with SW in developing the audit schedule and securing local accommodations and transportation for the team;
- Provide SW with a list of stakeholders for private and public notification and interviews;
- Collect all documents and maps requested by the audit team and make them available to the team. Requested documents are forwarded to the team before the field audit for their review to make the field audit period more efficient; and,

⁴ A SmartWood application is not necessary for transfer of a GFTN approved forest participant. The WWF/GFTN application is acceptable.

- Inform relevant staff members and consultants about the Gap Analysis process and make sure that they will be available for interviews and field tours during the audit.

4.4 Standards

There are 3 basic options in terms of applicable FSC/SmartWood standards:

- a) Formally “endorsed” (i.e. approved) FSC regional standard,
- b) Interim FSC regional standard (developed by an FSC Working Group, but not yet endorsed by FSC headquarters), or,
- c) Interim SmartWood regional standard (based on the SmartWood Generic Standard).

In the case of WWF/GFTN forest participants, the relevant standard may be organized in a Modular Implementation and Verification (MIV) format that cross references the standard.

The specific forest management standard to be used for each SmartStep situation will be discussed with the candidate FME. The decision on the acceptable standard must be made by SmartWood.

4.5 Gap Analysis

The team will audit the candidate’s office and forest management units to evaluate compliance with the FSC P&C and SmartStep minimum requirements. Field duration varies depending on the size and complexity of the operation but typically ranges from three to five days.

At the outset of the audit, an organizational meeting will be held at the candidate FME’s office. The goal of this meeting is to define and clarify the parameters of the audit. Tasks for this meeting may include:

- Introduce audit team and candidate FME staff involved in the Gap Analysis;
- Review audit process, requirements, and expectations;
- Develop a tentative schedule for the audit period, including office, field time, staff meetings, stakeholder meetings, and site selection;
- Identify management plans, documents, maps, and photos that will be needed during the review process;
- Review the candidate enterprise’s management system, including management planning, monitoring systems, and staff organization and responsibilities; and,

- An overview presented by the candidate FME staff of past, current, and projected future forestland management, and expectations for forest management certification.

Office audit activities: Auditors will undertake gap analysis activities related to the candidate enterprises central offices including:

- Review of management documents, maps and records; and,
- Interviews with staff from various departments and functions.

The field inspection schedule will be structured to provide a representative sample of the enterprise's management activities. Field visit locations will be:

- Determined by the SmartStep Gap Analysis team, based on input from the candidate FME's staff;.
- Based upon a strategy that will sample across management variables such as:
 - Management objectives,
 - Forest types,
 - Silvicultural systems,
 - Environmental protection,
 - Community/worker issues,
 - Social/Indigenous issues,
 - Individual landowner/management area size; and,
 - Different ownerships.

SmartWood auditors will gather information from targeted stakeholders throughout the Gap Analysis process. The input from stakeholders can provide information about the candidate FME's forest operations that may not otherwise be available to SmartWood auditors. SmartWood considers stakeholder comments carefully within the context of all other evidence and information gathered during the process. Depending on the scale of the candidate enterprise, information may be gathered in:

- Public or private meetings,
- Telephone interviews, and,
- Written surveys.

The team presents their preliminary findings and conclusions to the candidate FME in a final meeting before departing. The team will also outline the next steps including instructions for the completion of the draft SmartStep Action Plan by the candidate FME.

A written Gap Analysis report is prepared by the team and typically submitted to the candidate enterprise within 30 days of completing the field work (unless another timetable has been agreed upon). This report will identify gaps with respect to the FSC certification standard and establish whether the SmartStep minimum performance criteria have been met.

The enterprise reviews the report and may submit comments, corrections or requests for clarification. Based on these comments, the report is finalized by SmartWood and submitted to the enterprise.

In the SmartStep Gap Analysis report, at a minimum, SmartWood assessors will identify the gaps, and recommend timeframes for addressing gaps **at the criterion level** of the applicable FSC/SmartWood standard, with observations at the indicator level when major weaknesses in performance are identified⁵. The report also documents whether the minimum SmartStep performance criteria have been met.

4.6 Action Plan

The Action Plan contains the steps that the candidate FME will work on over a prescribed timeframe to attain FSC certification. SmartWood will provide each candidate FME with a template SmartStep Action Plan. This template includes the **minimum** components that must be in the Action Plan. Candidate FMEs may develop a more detailed Action Plan, with related appendices, as per their own needs (or use Action Plans for other programs, such as the Tropical Forest Trust or WWF/GFTN, which meet the minima.)

The candidate FME may enlist the help of other consultants or organizations in order to develop the Action Plan. SmartWood will not provide such input or assistance, as this represents a conflict of interest. SmartWood will be able to provide all candidate FMEs with a list of potential consultants or other organizations that can help them⁶.

Based on the Gap Analysis report, the candidate FME will propose an Action Plan that is submitted for review by SmartWood. As a result of this review, SmartWood will stipulate:

- Any required improvements to the Action Plan; and,

⁵ For attaining full FSC/SmartWood certification, compliance is required at the criterion level, based on evidence collected and analyzed at the indicator level. Criteria are the same around the globe for all FSC forest certifications; indicators are typically established at a national or sub-national (i.e. regional) level by a local Working Group.

⁶ Candidate organizations are not required to use SmartWood-recommended consultants.

- An audit calendar (schedule) that the candidate FME must agree to in order to participate in SmartStep, including the date(s) each weakness (or gap) is to be addressed, and timing of a full FSC/SmartWood assessment.

All gaps are to be addressed and full FSC certification attained for the specified forest management areas within a five-year period (or shorter).

After review by SmartWood, a final Action Plan will be approved by both parties and used as the basis for the candidate FME's formal contractual involvement in SmartStep.

4.7 Enrollment

When a SmartStep Action Plan has been approved by SmartWood, a SmartStep contract is offered to the candidate FME. In order to take effect, the contract must be signed by both the candidate FME and SmartWood. The formal "enrollment date" will be stipulated in the contract. The contract also includes:

- Commitment to maintenance of SmartStep entry-level forest management practices;
- Commitment to the SmartStep Action Plan;
- Commitment to an audit plan (schedule) with at least one annual audit and provision for more frequent audits and even, in rare situations, random audits – when and where deemed necessary by SmartWood;
- Parameters for advertising, promotion and other public or private communications to be used by the candidate enterprise with regards to their participation in the SmartStep Program, including use of the Rainforest Alliance and SmartWood names and logos;
- Payment responsibilities; and,
- Defined grievance or dispute procedures.

4.8 Reports

Following is a description of the three main reports that will be provided by SmartWood to FMEs involved in SmartStep.

4.8.1 Gap Analysis Report

A confidential scoping/gap analysis report will be provided to each candidate FME that documents the enterprise's performance relative to the applicable FSC forest certification standard.

4.8.2 Periodic Audit Reports

Based on the Action Plan, periodic progress audits will be done by SmartWood. The FME will receive a copy of the draft audit report for comment, which will then be finalized by SmartWood. A portion of each audit report will be made public and attached to the SmartStep Public Summary (see below).

4.8.3 Public Summary

A public summary will summarize the FME's SmartStep plan and annual audit results. Each annually updated public summary will be posted on the SmartWood website, and will also be available by contacting SmartWood.

5.0 SmartWood Contacts

Please contact the SmartWood website (www.smartwood.org) or the SmartWood office nearest you for applications or further information about the SmartStep Program (list available on our website).

Appendix 1: Entry Level Requirements for SmartStep Forest Enterprises

- Legal Compliance
 - Clear evidence that the enterprise has a *legal right to harvest* in the FMU, as per SmartWood VLO standards, principles 1 to 3.
 - Where the enterprise's *legal right to harvest* is disputed by another party, they shall either provide evidence of prior resolution of the dispute through a voluntary settlement or court order; or commit to satisfactorily resolve the dispute within 12 months.
 - Enterprise shall have a formal written commitment to abide by ratified international conventions and local laws.
 - No persistent or systemic non-compliance with laws by the enterprise..
- Social Responsibility
 - No systemic violations of human rights are occurring on the forest enterprise.
 - FME is taking credible steps to address conflicts deemed major or serious by other stakeholders and interested parties.
- Environmental Protection
 - Compliance with the applicable provisions and requirements of CITES – the Convention on International Trade in Endangered Species of Wild Fauna and Flora.
 - Demonstrated commitment to protect potential High Conservation Value Forest (HCVF) attributes (e.g. unique, endangered or threatened ecosystems, fundamental areas of cultural significance) while more definitive HCVF identification and management strategies are developed.
 - No conversion of HCVFs (or equivalent threatened and endangered ecosystems) is occurring.
 - Commitment to not use genetically modified organisms (GMO).
- Chain of Custody
 - COC systems shall be in place and functioning (and verified) within 1 year of enrollment.
 - If there are to be any claims regarding the forest products, then separate generic COC certification is required.