



TO: FSC Community, FSC and other stakeholders

FROM: Richard Z. Donovan, Chief of Forestry, Rainforest Alliance
Loy Jones, Asia Pacific Regional Manager, Rainforest Alliance/SmartWood

RE: Rainforest Alliance/SmartWood Response to WRM Allegations that Communities in Savannakhet, Laos are involved in Illegal Logging Allegations

DATE: October 2, 2006

A recent WRM article by Chris Lang alleged that a community forestry project in Laos, and FSC certified earlier this year by the Rainforest Alliance's SmartWood Program (RA/SW), is "producing timber that is illegal under the Lao Forestry Law". These allegations were based on a "leaked" report produced by a consultant who was working with the Sustainable Forestry and Rural Development Project in Laos (SUFORD). This consultant was providing village forestry operations with guidance for addressing chain of custody and other concerns raised during the initial FSC certification assessment by RA/SW.

Obviously RA/SW takes the allegations raised in terms of the village forestry operations we have certified very seriously. The perspectives provided in the article were not brought to the attention of RA/SW by Mr. Lang prior to their publication in the WRM newsletter.

In response to the concerns raised, RA/SW has taken the following actions:

1. Forwarded the article and the "leaked" report to concerned parties.
2. Requested clarification from the parties involved in the issues, e.g. those managing the certified communities, SUFORD, Tropical Forest Trust, WWF and others. Some have already responded and we continue to collect more information. We have followed up with the report's author and SUFORD to determine each specific site visited, the extent of problems with log tracking at each, and whether or not those villages are actually members of the group covered by the FSC certification (some Laotian village forests SUFORD is involved with are not yet actually under the scope of the FSC certificate). We are also seeking immediate clarification on how the communities, SUFORD and other parties in Laos have been following up on the results of the report.
3. In addition to an existing Corrective Action Request (CAR) related to the topic of chain of custody control (CAR issued at the time of initial certification), RA/SW has placed a Major Corrective Action Request (Major CAR) on Savannakhet Provincial Forestry Office Group Management and Certification Unit in Lao PDR. Though the information we have indicates that to date little or no forest products from the community forestry project have actually been sold as FSC certified, through this Major CAR we have required that no FSC product can be sold until such time that RA/SW auditors can verify



in the village forests that chain of custody and timber tracking systems continue to meet FSC requirements and that the operation continues to meet all FSC standards.

4. RA/SW will conduct a field audit of the community forestry operations in October 2006. As per standard RA/SW practice, upon audit completion, the results of this audit will be made available on our website.

At the time the FSC certificate was issued, RA/SW was confident that the communities were in compliance with the FSC standards, although it was clearly required of the communities to tighten up their log tracking systems so they were more robust in maintaining chain of custody. During the assessment process, feedback was also provided to SUFORD that clearly indicated local capacity and training needed to be strengthened in this regard. Given that these were very low intensity community managed forests, SmartWood provided one year from the issuance of the certificate (January 2006) for these improvements to occur before the results were to be audited again. The public summary of the assessment report can be found at: <http://www.rainforest-alliance.org/forestry/documents/savannakhet.pdf> for those interested in the audit findings (this public summary will be updated upon completion of our October audit).

According to information we have received from SUFORD, the leaked report quoted by the WRM author was a draft internal auditing document prepared 4 months after the issuance of the certificate that was intended to assist in identifying exactly what was needed to prepare for the FSC audit later in the year. The result of that leak, and the WRM author's interpretation of it, will be an expedited audit process that does not allow the communities the allotted time for improvement as per the original RA/SW CAR, will incur extra costs to village forestry operations with limited resources, and also puts the reputation of local villagers at risk by implying they are illegal loggers.

RA/SW has and will continue to act on information received that is critical to any forest we certify. RA/SW will be proactive with the author, WRM, and other parties, in the future to ask that wherever humanly possible inputs such as those received in this case might be channeled in such a way that will foster a constructive and productive approach with the communities, and the other entities involved.