

**International Peat Society**

**Project Plan for the Development of  
International Certification Scheme for  
Sustainable Peatland Management**

**Final Report 1.1**

**Helsinki  
May 29, 2008**

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## ABBREVIATIONS

AB	Accreditation Body
ASEAN	Association of Southeast Asian Nations
AWG	Administrative Working Group
CB	Certification Body
CITES	Convention on International Trade in Endangered Species
CO <sub>2</sub>	Carbon dioxide
CO <sub>2</sub> e	CO <sub>2</sub> -equivalent
CoC	Chain of Custody
DNV	Det Norske Veritas
EC	European Commission
EEC	European Economic Community
EIA	Environmental Impact Assessment
EMS	Environmental Management Systems
ENGO	Environmental Non-governmental Organization
EPAGMA	The European Peat and Growing Media Association
EU	European Union
EUR	Euro
FFCS	Finnish Forest Certification System
FSC	Forest Stewardship Council
GHG	Greenhouse gas
ha	Hectare
IAF	International Accreditation Forum
IEC	International Electrotechnical Commission
ILO	International Labour Organization
IMCG	The International Mire Conservation Group
IPS	International Peat Society
ISEAL	The International Social and Environmental Labeling Alliance
ISO	International Organization for Standardization
ITTO	International Tropical Timber Organization
IUFRO	International Union of Forest Research Organization
IVL	Swedish Environmental Research
km <sup>2</sup>	Square kilometer
LCA	Life Cycle Assessment
MCPFE	Ministerial Conference on Protection of Forests in Europe
Metla	Finnish Forest Research Institute
NGO	Non-governmental Organization
PEFC	Programme for the Endorsement of Forest Certification Schemes
RSPO	Roundtable for Sustainable Palm Oil Production
SLU	Swedish University of Agriculture
SPM	Sustainable Peatland Management
SPMCC	Sustainable Peatland Management Certification Committee
SWEDAC	The Swedish Board for Accreditation and Conformity Assessment
SWS	The Society of Wetland Scientists
UKAS	The United Kingdom Accreditation Service
UN	The United Nations
VTT	Valtion teknillinen tutkimuskeskus
WG	Working Group
WWF	World Wide Fund For Nature

## TERMS AND DEFINITIONS

### Accreditation

Third party attestation related to a conformity assessment body (*certification body -CB*) conveying formal demonstration of its competence to carry out specific conformity assessment tasks.

Source: ISO /IEC 17011:2004

### Accreditation body (AB)

Authoritative body that performs accreditation

Source: ISO /IEC 17011:2004

### Audit

Systematic independent and documented process for obtaining audit evidence and evaluating it objectively to determine the extent to which the audit criteria are fulfilled.

- Internal audit (first party audit) is conducted by the organization itself
- External audits:
  - Second party audit is conducted by parties having an interest in the organization such as customers
  - Third party audit is conducted by external, independent auditing organization (CB)

Adapted from ISO 19011:2002

### Auditor

Person with a competence to conduct an audit

Source: ISO 19011:2002

### Biodiversity

The variability among living organisms from all sources including, *inter alia*, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and ecosystems.

Synonym to **Biological diversity**

Source: United Nations Convention on Biological Diversity (1992).

### Carbon balance

The concentration of carbon released into the atmosphere compared to the amounts stored in the oceans, soil and vegetation. In case of SPM the focus is in the carbon balance of a mire or bog.

### Carbon offset

is the act of reducing or avoiding GHG emissions in one place in order to "offset" GHG emissions occurring elsewhere. Because GHGs mix well in the atmosphere, it does not matter where that mitigation occurs. Carbon offsets are typically measured in tons of CO<sub>2</sub>-equivalents (or CO<sub>2</sub>e) and are bought and sold through a number of international brokers, online retailers, and trading platforms.

### Certification Scheme

A scheme or system that defines the requirements for (i) sustainable management and potentially also to (ii) the supply chain of certified material, (iii) organisational structures for scheme implementation, (iv) minimum requirements for certification procedures, and (v) certification bodies.

A certification scheme consists of a set of standards, rules and guidelines that set the scheme specific requirements and refer to appropriate existing national or international regulations.

### **Certification body**

Body that performs conformity assessment services, issues certificates of conformity and can be the object for accreditation.

Synonym **Conformity assessment body**

*Source: ISO /IEC 17011:2004*

### **Chain of custody (CoC)**

Tracing of the supply chain of material and documentation of all changes in the custodianship of raw material and products thereof within the supply chain from primary production to the markets of end products.

### **Consensus**

A general agreement, characterized by the absence of sustained opposition to substantial issues by any important part of the concerned interests and by a process that involves seeking to take into account the views of all parties concerned and to reconcile any conflicting arguments

Note: Consensus need not imply unanimity

*Source: ISO/IEC Guide 2:2004*

### **Criterion**

A criterion is a desired state or aspect of a process, e.g. peatland management. Criterion expresses the requirement against which a conformity of an activity is assessed.

See also **standard**

### **Greenhouse gas**

Any gas in the atmosphere that contributes to the warming of climate. These include carbon dioxide, methane, ozone, nitrous oxide, CFCs, and water vapour.

*Adapted from Joosten & Clarke 2002*

### **Indicator**

A quantitative or qualitative parameter which can be assessed in relation to a criterion. It describes objectively and unambiguously a relevant element of a criterion.

See also **standard**

### **Interested party (see also stakeholder)**

A person or group having an interest in the policies and operations of a business and willingness to participate in related decision-making at an appropriate level.

Interested parties include peatland managers, industry, non-governmental organizations (NGOs), social groups, relevant government bodies, etc.

### **Life cycle assessment (LCA)**

A holistic assessment of product's raw material production, manufacture, distribution, use and disposal including all intervening transportation steps necessary or caused by the product's existence.

### **Non-conformity**

Situation in which the audit evidences indicate that procedures, products or services do not meet the requirements of a criterion.

**Peat**

Sedimentarily accumulated material consisting of at least 30% (dry mass) of dead organic material.

*Source: Joosten & Clarke 2002*

**Peatland**

An area with or without vegetation with naturally accumulated peat layer at the surface.

*Source: Joosten & Clarke 2002*

**Product label**

A claim that indicates certain aspects of an product related to its content or production method.

**Product labeling scheme**

A scheme or system that sets the regulations for ownership, issuance, use and withdrawal of a product label.

**Restoration**

Restoration is the process where an action is taken to bring back the functions and properties a peatland had before a disturbance.

Synonym for **rehabilitation**, remediation

*Adapted from Schumann & Joosten 2008.*

**Stakeholder**

Any person, organization, company or other party that is interested, affected or/and has a stake directly or indirectly in the field of operation (e.g. peatland management).

Here synonym to **Interested party**.

**Standard**

Standard is a commonly recognized and approved document that set criteria (requirements) for processes, products or services.

Standard for SPMs sets the requirements for certifiable level of performance. Standard consist of criteria and often also of the related indicators.

**Sustainable peatland management**

The process of managing peatlands to achieve one or more clearly specified objectives of management with regard to the protection and production of a long-term services and desired peatland products without undue reduction of its inherent values and future productivity and without undue undesirable effects on the physical and social environment.

*Adapted from ITTO 2005:*

**Wise peatland management and utilization**

Uses of mires and peatland for which reasonable people now and in the future will not attribute blame. Implementation of mechanisms that balance the conflicting demands on the global peatland heritage to ensure its continued wise use to meet the needs of humankind. Use includes conservation and non-use.

*Adapted from Joosten & Clarke 2002*



## 1. INTRODUCTION

Peatlands are most widespread of all wetland types in the world. They cover over 4 million km<sup>2</sup> or 3% of the land and freshwater surface of the planet and they contain one third of the world's soil carbon and 10% of global freshwater resources (Joosten & Clarke 2002).

Peatlands are important ecosystems for a wide range of wildlife habitats supporting important biological diversity and species at risk, freshwater quality and hydrological integrity, carbon storage and sequestration, and geochemical and paleo archives. In addition, they are inextricably linked to social, economic and cultural values important to human communities. Peatlands are used for agriculture, forestry, fuel production, industry, pollution control, recreation, tourism, nature conservation and scientific research while also supplying for the needs and life support of local communities and many indigenous people. As a consequence, any human influence on peatlands, or their surrounding landscape, can affect their form and function (Joosten & Clarke 2002).

Table 1.1 indicates the shares of the main uses of peatlands.

**Table 1.1 Areas for Main Uses of Peatlands**

Use	Area	Share
	1 000 km <sup>2</sup>	%
1. Agriculture	300	8
2. Forestry	150	4
3. Extraction	< 5	0.1
4. Undrained peatlands	3 500	88
<b>Total</b>	<b>4 000</b>	<b>100</b>

*Source: IPS 2008 (in print)*

International Peat Society (IPS) recognized the demand for a certification scheme that would provide an attestation for peatlands managed according to globally agreed criteria for economically, socially and ecologically sustainable management of peatlands and peat. Markets for peat products, e.g. growing media, have already inquired evidence for sustainable production methods of peat. Energy sector is concerned on the carbon balances related to peat production and use. Restoration of abandoned drained peatland, e.g., burning peatlands in the tropics, would also benefit from certification for carbon offset calculations and potential trading.

IPS decided to draft a project plan that comprises the development of (i) a global strategy for SPM, and (ii) a certification scheme that would include the following elements:

- Scheme administration
- Standard for sustainable management of peatlands and peat
- Options for CoC verification and labeling
- Applicable certification arrangements.

Consulting company Indufor Oy prepared the plan in co-operation with IPS Secretary.

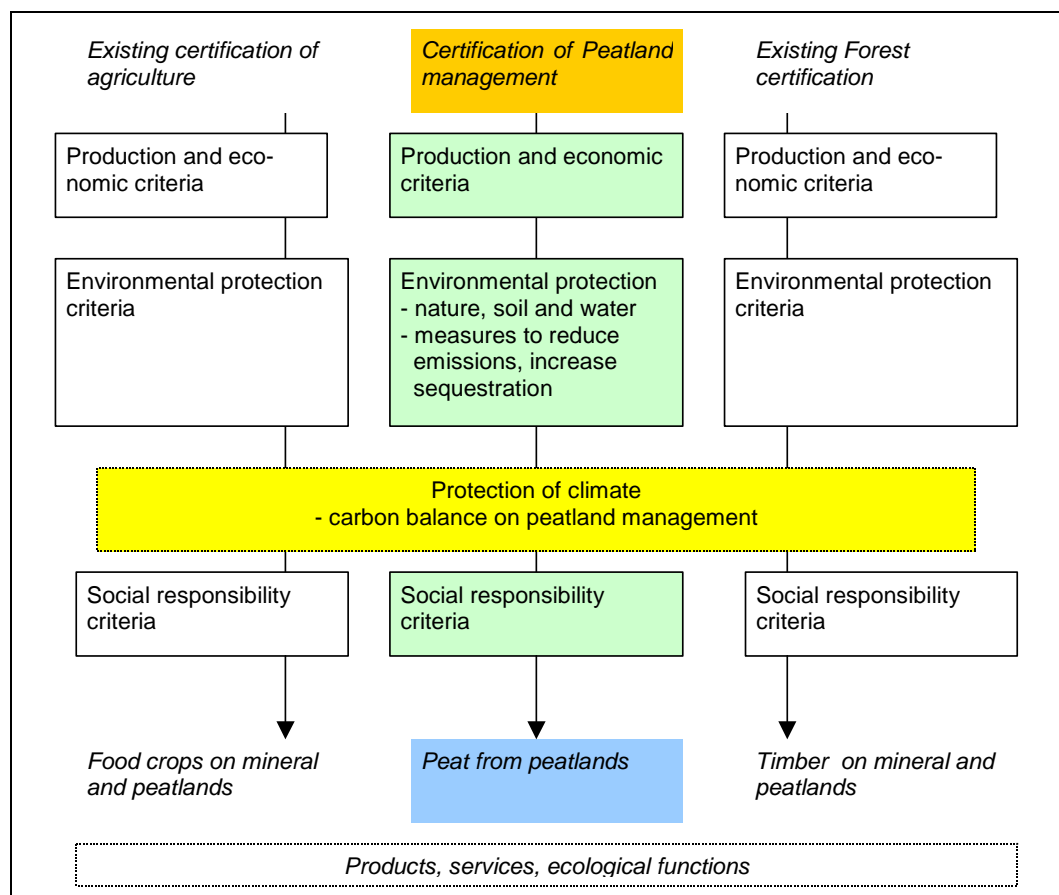
## 2. SCOPE AND PURPOSE OF SPM CERTIFICATION SCHEME

### 2.1 Scope

Peatlands are used for various purposes in agriculture, forestry, peat processing industry and they have a key role in providing ecosystem services through regulating ecological functions and diversity. Each management objective implements a production chain that have impacts on the structure and function of the peat layers and on the above ground habitats. Production chain specific certification systems address the impacts relevant to the production resulting that different certification schemes have emerged, e.g., for certification of agriculture and forestry. SPM has common elements with both production chains (e.g. need for draining) but applied methods and their intensity is very different.

Certification schemes are developed by the interested parties in the specific sector and they reflect the values and views of sustainable development within the sector (Figure 2.1). The best practices to strive for sustainable use of resources also vary between the sectors. Therefore only general principles for sustainable management are applicable cross-sectorally but any detailed requirements on management practices need to be sector specific. Each certification scheme has also own administrative structures and eligibility criteria for certification bodies may also vary between schemes.

**Figure 2.1 Relations of Certification Systems Developed for Agriculture, Peatland Management and Forestry**



SPM Certification Scheme should specify the borderlines to other certification schemes implemented on peatlands (e.g. those related to forestry and agriculture) to avoid unnecessary overlapping with these production chains. Only management system standards, which do not include site-specific practices or those assessing the quality of a generic service (social benefits) or function (carbon sequestration), can be generic and applicable to different sectors.

Methodologies and thresholds for carbon sequestration and emissions in peatland management can be generic and in this aspect the SPM certification scheme can provide verification tools also to agriculture and forestry, which do not commonly apply the carbon sequestration verification within certification systems for sustainable development. Close cooperation with organizations involved in certification of agriculture or forestry is recommended in the definition of the criteria for carbon balance estimation and categorization in order to ensure a good compatibility of the SPM carbon related criteria also to the needs of these sectors.

Certificates are often used to assure on the quality of product. Certificate schemes for sustainable management focus on the production methods and not on the characteristics of end products. Thus the planned SPM Scheme does not address the quality of produced peat. It addresses environmental social and economic impacts of SPM.

## **2.2 Purpose**

The purpose of the certification scheme for SPM is to set the criteria for ecologically, economically and socially sustainable peatland management. Globally applicable certification scheme can promote the adoption of best management practices in different countries and discourage the use of management regimes have adverse impacts on nature, climate or long-term social and economic benefits.

Demand for certification for SPM has emerged from the producers and traders of peat products and on the urgent need to find incentives for restoration of drained and abandoned tropical peatlands, which are sources of high greenhouse gas (GHG) emissions. The SPM Certification Scheme would be applicable by organizations and individuals involved in peatland management and sustainable production of products, functions or services using the best-known management practices. The scope of the standard for SPM to be developed by the interested parties within the certification scheme, defines the production chains, services and functions that can be certified against the standard.

This Plan for SPM Certification outlines the essential elements of a certification scheme and describes the basic procedures by which these elements are developed. Internationally recognized standards and procedures set the general framework that the planned SPM certification scheme will be adapted to the conditions prevailing in peat production industry and the related markets. SPM Certification Scheme aims at impartial, voluntary third party certification, the approach applied e.g., in environmental management systems (EMS), forest certification and agro-product certification schemes.

The SPM Certification Scheme should be applicable to all different types of peat producers and production chains regardless if the peat is used for energy, growing media, cosmetics or for other purposes. It can also set the criteria for peatland management that reduces the current carbon emissions e.g. from abandoned previously drained peatlands. The Scheme shall be applicable at the global level and set feasible and appropriate provisions for peat production in all vegetation zones. Main focus will be on the production conditions in boreal and temperate zones and in tropics. The global level provisions could be amended with national or regional level requirements if such an option is recognized and developed into the Scheme.

## 2.3 Content

The first stage is to develop a Global Strategy for sustainable peatland management which would provide a foundation for the development of a certification scheme. The Strategy reflects the values of different interests and recognizes the multiple functions of peatlands. It states the general principles for peatland management for various uses but does not set any detailed management norms. The latter will be developed within the SPM Certification Scheme during the standard setting process.

The standard will be developed by a broad range of stakeholders interested in peatland management, and the scope and structure of the standard defines very much how wide scale of production chains can be certified according to the standard. In theory certification can cover peatland products, services and functions as defined e.g. in Wise Use of Mires and Peatlands Section 3.4 (Joosten & Clarke 2002).

This plan to develop the SPM certification scheme covers the development of:

1. Global strategy of SPM (Section 5.3)
2. SPM Certification Scheme administration and implementation
  - Development (Sections 5.4, 5.11)
  - Implementation (Sections 5.6, 5.7, 5.11)
3. Standard for SPM including carbon balance evaluation for the life-cycles of managed peatlands (Section 5.5)
4. Options for CoC verification and labeling (Sections 5.8, 5.9)
5. Applicable certification arrangements (Section 5.10)

Annex 1 present the budgets for SPM Scheme development and implementation and Annexes 2-7 describe statutes, rules and balance sheets of a few existing certification schemes for sustainable management. All the documents presented in Annexes 2 to 7 are publicly accessible in the Internet.

### 3. REGULATIONS ON PEATLAND MANAGEMENT

About 20% of the world peatland area is under active management. Agriculture and forestry on peatlands is commonly practiced in adherence to the sector specific legislation that in general does not require any specific permits or precautionary measures when operating on peatlands. The regulations to protect soil and water resources and other environmental values apply also to peatland forestry and agriculture as they do on mineral soils.

A number of the European Union (EU) Directives set the harmonized basic rules for peat extraction in the member countries and national legislation interprets and specifies these regulations into local conditions. Peat production is excluded on any land protected by the environmental directives, e.g. on Natura 2000 - Programme (05/101/EC of 13 January 2005) that identify the land areas reserved for protection of the species and habitats listed in the Habitats Directive (92/43/EC of 21 May 1992) on the conservation of natural and semi-natural habitats and of wild flora and fauna, and the Birds Directive (79/409/EEC of 2 April 1979).

In most EU countries larger scale peat extraction requires environmental impact assessment (EIA) according to the EU Directive 85/337/EEC of 27 June 1985 and amended by Directive 97/11/EC of 3 March 1997. National legislation varies greatly on the minimum extraction areas for which a EIA should be made prior to the opening of operations. Some countries require EIAs for extraction sites exceeding 10 ha of size whereas the EU threshold is 150 ha. Several countries require environmental licenses practically for all peat extraction sites. The application process for a license takes from one to three years and requires extensive data on the potential impacts of the extraction and plans for the end-use of the peatland (EPAGMA 2008). Other environmental regulations e.g. on noise and pollution also restrict the peat extraction.

Non-EU countries have fairly strict regulations on the peat extractions that define the feasible areas and guide the extraction methods either through licensing systems or by defining strictly the peatland types eligible for commercial use.

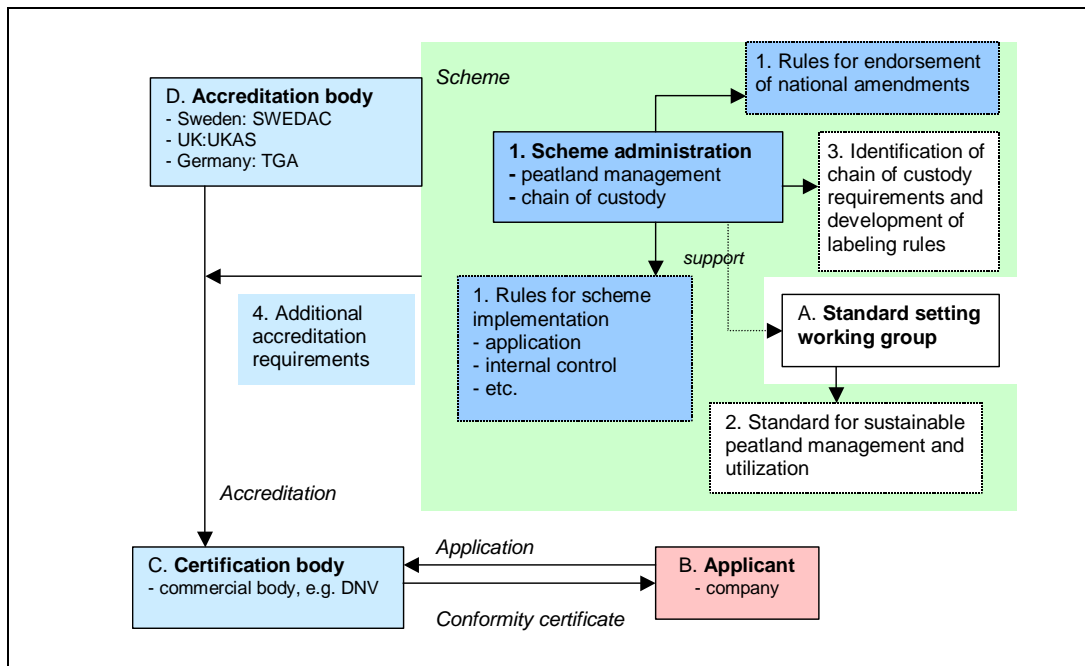
International Symposium and Workshop on *Carbon-Climate-Human Interactions on Tropical Peatlands* held in Yogyakarta, Indonesia on 27-29 August 2007 concluded that there are serious problems facing Governments in the Association of Southeast Asian Nations (ASEAN) Region as a result of land use change and fire that are causing transboundary haze and a large increase in GHG emissions. The symposium participants recognized that all development on tropical peatland has associated environmental impacts while inappropriate or poorly managed development, especially over drainage, leads to peat subsidence and fire, which affect severely local and regional biodiversity, natural resource functions of the remaining peat swamp forest, and livelihoods and health of local people.

Participants emphasized the need for all stakeholders involved in peatland management to operate with accountability and transparency, develop new financial mechanisms and partnerships, undertake capacity building and apply appropriate technology in order to achieve success. The symposium recommended that land use planning of peatlands be optimized to promote their wise use and reduce GHG emissions.

#### 4. ELEMENTS OF A CERTIFICATION SCHEME

A certification scheme is a self-governing organization that operates under an existing umbrella organization, e.g., IPS, or under independent entities. Figure 4.1 illustrates the structure and functions of a certification scheme.

**Figure 4.1 Elements of a Certification Scheme**



The key stage in the process is to define what is sustainable management, e.g., of peatlands and how to develop the criteria (requirements) for it. Interested parties in the supply chain and society, in general, have the mandate to develop a standard for SPM in a standard setting working group - STDWG (A). The produced standard (2) should be commonly recognized by the public and be publicly available. The standard setting WG can be organized under the scheme but often it is an independent WG operating under the support of scheme administration or other related organization. The produced standard is adopted to the scheme documentations.

A certification scheme requires a structured and operational administration (1) that is responsible for the scheme implementation and improvements. Administration develops necessary rules for applicants (B) and for the recognition of potential national interpretations of the scheme or standard requirements.

If producers or traders wish to make claims on certified status of peat products the scheme must develop procedures for CoC verification and possibly also create an own label and the procedures for its use (3).

International Organization for Standardization (ISO) and International Accreditation Forum (IAF), have developed established and internationally recognized rules for various certification procedures. A scheme may decide which options are eligible in the scheme specific certification and it may also issue additional requirements that must be respected in certified management (4).

Certification bodies (C) do certification audits and issue certificates according to the international and scheme specific rules, which shall not be contradictory. Accreditation bodies (D) verify the competence of certification procedures and certification bodies according to the appropriate international standards.

## 5. ORGANIZATION OF THE SCHEME DEVELOPMENT

### 5.1 General Preconditions

Voluntary market driven certification is a “soft policy tool” to promote sustainable management of resources. Although it is often a private sector initiative, certification has implications to general understanding of and capacities for responsible management as well as on the related governance and regulatory frameworks.

Scheme development can be successful if there is an explicit demand for sustainable management of resources that a certificate can give an evidence for. Such demand is often requested by markets, investors, donors or by governments. Scheme development and implementation is possible only in enabling environment that should be characterized by (adapted from Nussbaum & Simula 2005):

1. Common definition of sustainable management (see Global Strategy)
2. Adequate information on peatlands and their response to management
3. Integration of social needs and rights to management
4. Integration of measures that deliver environmental protection and conservation to management
5. Availability technologies with low adverse impacts
6. General awareness and competence for sustainable management
7. Availability of resources for sustainable management
8. Leadership

Scheme development and implementation requires a thorough understanding of peatland in view of ecological and socio-economic entity and its responses to the various management interventions and other uses. In order to implement responsible development it is also important to have a common view what it is. The global strategy for peatland management will provide the generic foundation for SPM. The planned SPM Scheme should take into consideration the available technologies and integration of social rights and the need for capacity building. Implementation mechanisms should be described in the Scheme Administration and Regulations and they should ensure fair participation possibilities for different types of peatland managers (small and large-scale producers in relevant sectors, administrative organizations or other companies managing peatlands). Strong leadership and commitment to the Scheme development is crucial. Key interested parties in the sector should make the commitment to invest in resources and expertise in the development process and be prepared to seek compromises on problematic issues in order to reach an outcome that can be acceptable to the different stakeholders.

Based on the experience gained from forest certification one can conclude that most interested parties<sup>1</sup> have a view on the purpose and content of a certification scheme. Recognition of these variable objectives and their consideration in one single certification scheme requires discussions and readiness for compromises, although each interest group wishes to defend its own core interests. Figure 5.1 illustrates the basic questions to be addressed when planning the development of a certification scheme and the stepwise outcomes achieved when finding an answer to each questions.

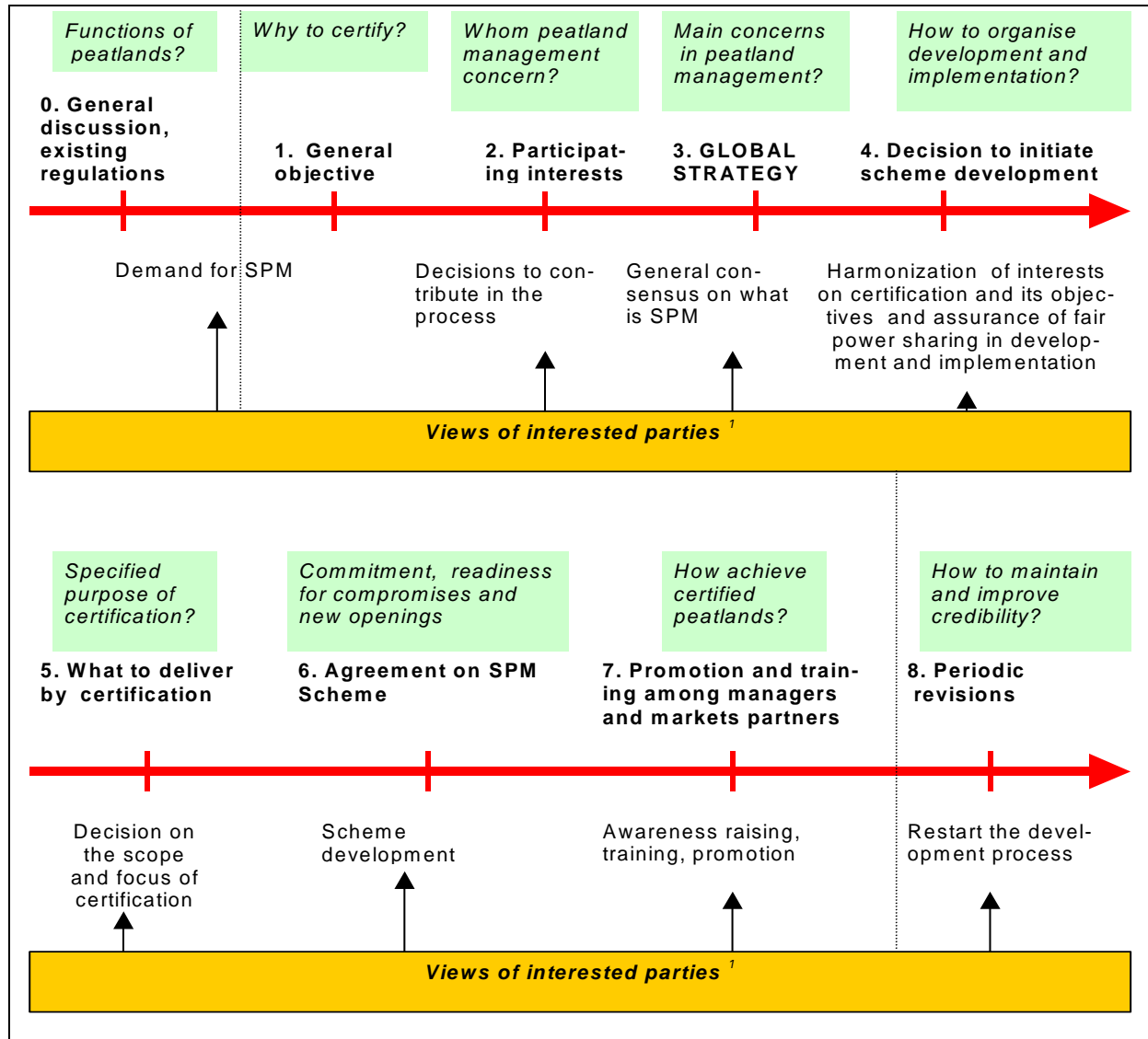
The process for developing a certification scheme should be open to any interested party and a consensus decision should be aimed at. Broad participation contributes to better understanding on what is SPM at strategic level and on more practical level as expressed in a standard for SPM. Experience has shown that consensus is difficult to reach especially if political ambitions or power sharing influence the decisions. In any case broad discussion and true consideration of expressed views contribute to the

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<sup>1</sup> Interested parties include peatland managers, industry, NGOs, social groups, relevant government bodies, etc.

decision-making that can be supported by stakeholders and forms the basis for unbiased and credible certification scheme.

**Figure 5.1 Basic Questions to Address in the Initiation of a Scheme Development for Certification**



Focal points in a Scheme development are:

- Commitment of the stakeholders to the process
- Application of decision-making structures that ensure true consideration of different views (all interest groups can gain in the process)
- Good leadership, that is impartial and capable to find solutions to conflicting views
- Transparency in target setting and procedures
- Defined rules for the scheme development and standard setting
  - Decision-making procedures
- Commitment to international conventions, laws and strategies for sustainable development
- Conventions e.g. on biodiversity, wetlands, labour
- Global Strategy on SPM (to be developed)



- Technical framework for scheme implementation
  - Commitment to specified certification / accreditation frameworks
  - Identification of potential applicant groups and certified units.

The paths in different scheme development processes have varied a lot depending on the intensity of stakeholder reactions to oppose or promote the development process and on the emergence of parallel initiatives. If the questions 0 to 3 in Figure 5.1 are settled and there is a common understanding why to develop a scheme and what it will deliver, the scheme development can be a well-structured participatory process that can be finalized within two to three years.

**Box 5.1                      Timeframe for Development of Palm Oil Certification Scheme**

Roundtable on Sustainable Palm Oil Production (RSPO) is the most recently developed certification scheme that became operational in 2007.

The Inaugural Meeting of the Roundtable was held in 2003 and brought together over 200 delegates from industry and interest groups from 16 countries. The WG on standard development had its initial meeting a year later in 2004 with a one-year assignment to develop criteria for sustainable palm oil production. The final RSPO Principles, Criteria, Indicators and Guidance that had been tested in practice were issued in 2007, which indicate that even a well organized and supported participatory process takes its time and require thorough discussion on the basic assumptions and implications of the work.

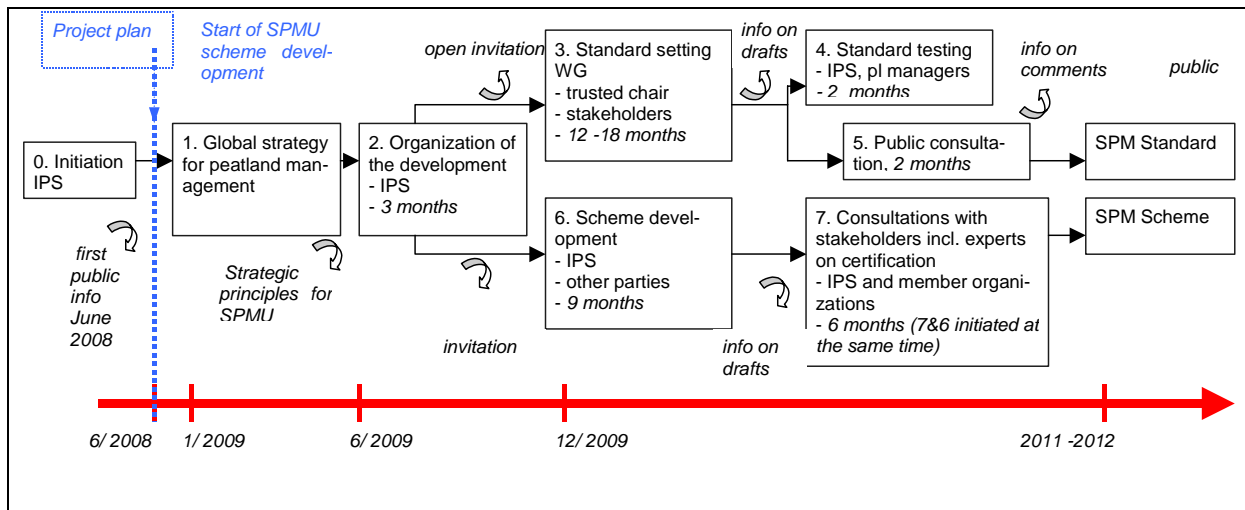
*www.rspo.org*

**5.2                      Stages in the Scheme Development**

The development of SPM Scheme includes several stages that are partly independent and can be implemented simultaneously. Global Strategy for SPM (developed in stage 1) expresses the general strategy how the various functions of peatlands should be maintained. The Strategy development is an independent stage from actual scheme development and all the interested parties contributing to the Strategy for SPM do not necessarily participate in the Scheme development. The actual SPM Certification Scheme development includes standard setting (stages 3 to 5) and procedures for administration and Scheme implementation (stages 2, 6-7).

Figure 5.2 illustrates the various stages in the scheme development. The described stages do not include definition of the criteria for supply chain verification (Chain of custody CoC) or development of a SPM labeling scheme. Development procedures for these scheme elements are described in Sections 5.8 and 5.9.

**Figure 5.2 Illustration of the Scheme Development Process**



### Stage 0. Initiation of the Scheme Development Process

In this stage the initiative taker, in this case the IPS, calls interested parties to participate in the SPM scheme development. The parties involved decide on the basic purpose and objectives of the scheme and the main outline and rules for its development. This project plan provides a base document for the scheme development and is delivered during the initiation stage.

According to its Board decision (March 2008) IPS launches the SPM scheme development process and communicates it to all interested parties. Based on this communication interested parties are identified to participate in the development of general strategic principles for peatland management (stage 1) and SPM scheme development (stage 2).

Timeframe: March - December 2008

### Stage 1. Drafting of a Global Strategy for Peatland Management

Peatlands encompass a great variety of biological values and they in turn regulate essential ecological functions influencing water supply, local climate and other factors. Peatlands are managed for different purposes ranging from forestry, agriculture, conservation and protection as well as for peat extraction to produce energy or growing media. This great diversity in the peatland types and uses together with variable regional protection targets emphasize the importance to draw general global principles for peatland management.

General strategic management objectives for peatland management in the world and basic criteria and indicators of best practices for sustainable management of peatlands need to be developed. The IPS developed draft Guidelines for Wise Use of Peatlands can provide a framework for the stakeholder discussions on the strategic management objectives but other viewpoints must be noticed as well. Once established and endorsed by stakeholders, the internationally recognized SPM Global Strategy will provide the foundation on which the standards for SPM can be based.

If the strategy development is carried out as an independent process prior to the initiation of the SPM Certification Scheme development, the risks that any potential disagreements on detailed management systems retard or

block the process remain small. Interested parties must have the confidence that they need not defend their detailed objectives for certification standard in the strategy work, which should make a very general framework for acceptable peatland management.

## **Stage 2. Organization of the Scheme Development**

IPS has an essential role in coordinating the scheme development process and developing procedures through which stakeholders can participate in drafting the SPM scheme content. The scheme development includes two different components: (a) standard setting, and (b) development of scheme administration and management procedures.

Standard setting shall be an independent stakeholder process and possibly chaired by an independent person trusted by a broad range of interest groups. IPS as an organization can also chair the standard setting but one should avoid the risk that process is claimed to be dominated by the interests of IPS Secretariat or a few organizations associated to IPS.

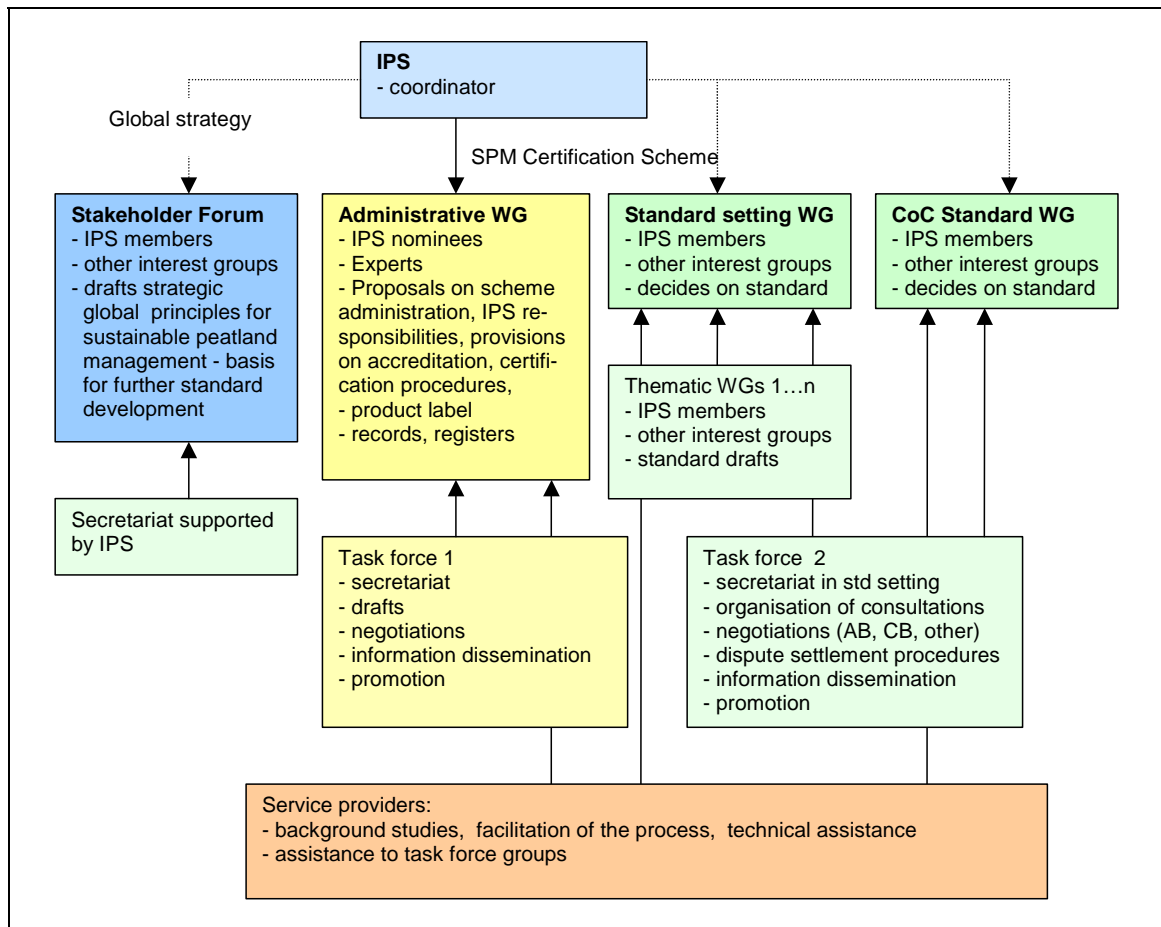
Requirements for standard setting covering the stages 3-5 in Figure 5.1 are described in Sections 5.5 and 5.11.

The procedures for scheme administration and implementation include mostly decisions on technical and organizational arrangements, which can be decided by a limited group of stakeholders.

Provisions for scheme development covering the stages 6-7 are described in Sections 5.4, 5.6-5.7, 5.11, and definition of the minimum requirements for certification procedure are discussed in Sections 5.10-5.11.

Figure 5.3 summarizes the structural framework for SPM Global Strategy and Certification Scheme development and indicates the importance to have adequate supporting professional and technical expertise that would provide information and services to the working groups.

**Figure 5.3 Organizations Involved in the Scheme Development**



### 5.3 Development of Global Strategy for SPM

The purpose of defining general global principles for SPM (stage 1) is to decide with stakeholders on a strategic framework for the sustainable use and protection of peatlands in the world. The development process should be open to all stakeholders. It should discuss openly on the principles to use, restore and protect peatlands and on the basic principles to mitigate any adverse impacts on long-term environmental, social and economic values.

The Strategy should draw from international agreements on sustainable use of natural resources<sup>2</sup> and wetlands specifically<sup>3</sup> as well as on the conventions granting the basic human rights for local people and workers<sup>4</sup>. It will provide a foundation for the more detailed standard development for certifiable peatland management. The standard will interpret the Strategy into practical requirements.

IPS can be the initiative taker in Strategy development together with other interested parties and open the international stakeholder process for defining the general principles for SPM. The stakeholders interested in Strategy development shall nominate a trusted person to chair the process but in practice IPS will have a significant role in providing resources and coordinating the process.

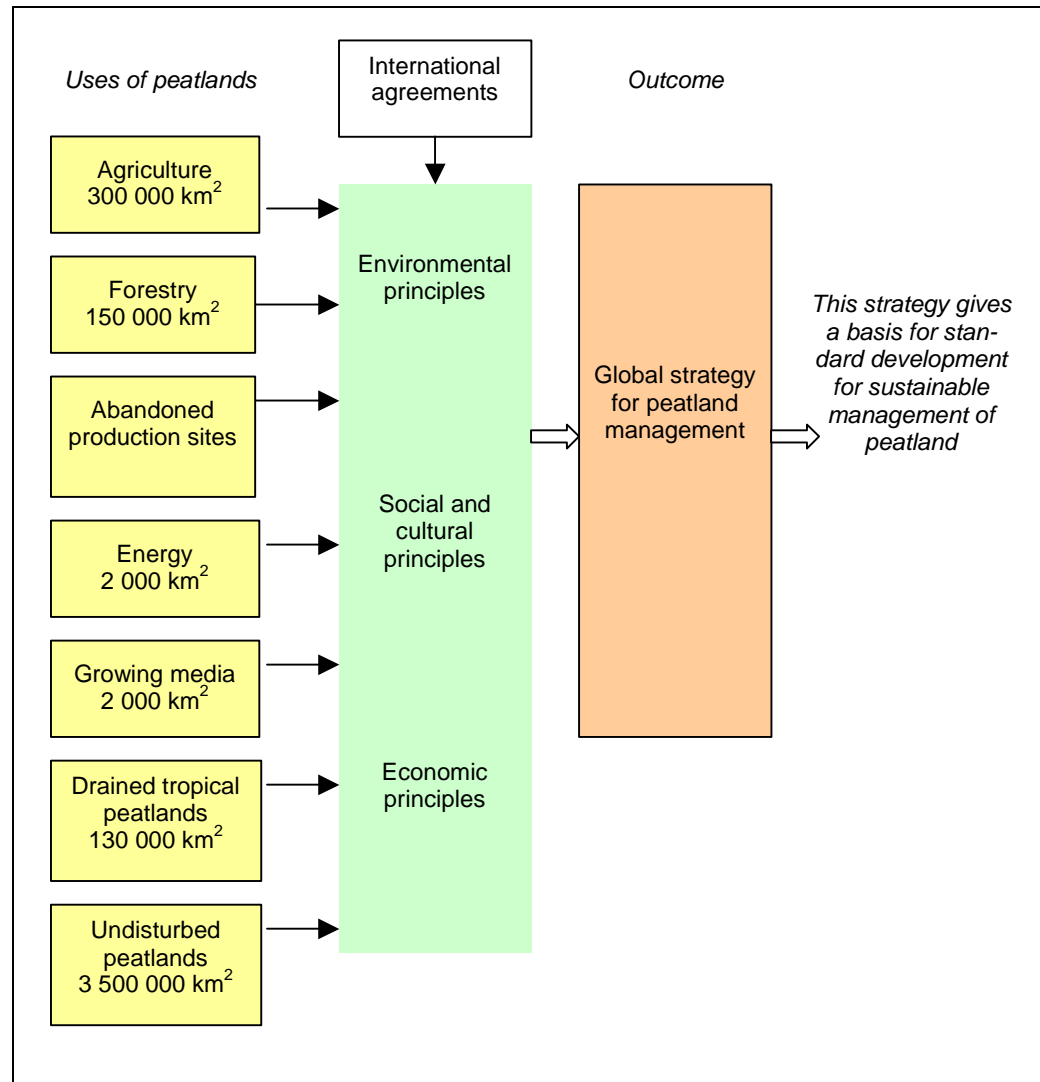
<sup>2</sup> E.g. Convention on Biodiversity (1992) (Ministerial Conference on Protection of Forests in Europe - MCPFE, Montreal Process, Tarapoto, Convention on International Trade in Endangered Species - CITES, etc.).

<sup>3</sup> E.g. Ramsar Convention on Wetlands (1971).

<sup>4</sup> E.g. UN Agreements on Human Rights (1994/1997), ILO Conventions.

The Strategy should cover the different uses of peatlands in a broad scope taking into consideration the agreed codes of conduct already developed e.g. for peatland forestry and agriculture. The proposed SPM Certification Scheme can be narrower in scope and avoid overlapping with the corresponding certification schemes on, e.g., forestry and agriculture. Figure 5.4 illustrates the framework for the drafting of a Global Strategy for peatland management.

**Figure 5.4 Framework for the Development of Global Strategy for SPM**



Sources: IPS 2008 (in print), Silvius & Diemont 2007, Joosten & Clarke 2002

### Working method

IPS calls upon the interest groups interested in drafting of the global Strategy for SPM. A trusted independent chair is nominated by the participants to lead the process with the support of the IPS paid coordinator (certification manager) and secretarial services.

The following interest groups should be specifically invited to participate in the development of the Global Strategy for SPM:

- Organizations supporting IPS
- Environmental and social NGOs

- Organizations affiliated to the international conventions e.g. Ramsar Conventions, Biodiversity Convention, Kyoto Protocol and International Labour Organization (ILO)
- Other

IPS should consider if the procedures applied in defining the basic principles of Wise Use of Peatlands are feasible in this case or if they can be modified to meet the current needs of interest groups. It is important to ensure an open atmosphere for discussion and true consideration of the views expressed. The outcome should be a general Strategies for responsible peatland management, which state the basic goals and rules in the management and can be acknowledged by a broad range of interested parties.

All parties should have adequate basic information on the social, economic and ecological implications of peatland management and also on the concerns and standpoints of the other interest groups before the Strategy development. Often it is wise to use independent reviewers to screen the various views, argumentation and claims used by interest groups, to increase the confidence among stakeholders.

Global Strategy for SPM should reflect the values of all interested parties that discuss and agree on the strategies together in one forum. The process is estimated to take at the minimum of 6 months. The process will include meetings among stakeholders and preparatory work carried out by the IPS nominated coordinator (certification manager) and the chair. Sometimes it is beneficial to consider contracting an independent, unbiased facilitator to run the process in a way that is trusted by all different stakeholders.

It is proposed that the strategy is prepared during January - June 2009.

**Table 5.1 Responsibilities for Developing a Global Strategy for SPM**

Organization	Task	Estimated work input person months
Chair	Leads the process - IPS member or other trusted person	1
IPS	Coordinator (Certification manager) - Organizes the stakeholder process - Acquires resources (administrative and financial) - Manages resource allocation - Consults relevant external parties and contracts consultants to carry out background studies and surveys if required	4
IPS	Secretary services	2
<b>Total</b>		<b>7</b>

The cost estimates for the Strategy development for SPM are EUR 89 000.

See Section 6.1 and Annex 1 for detailed budget.

#### 5.4 Development of Scheme Administration and Management

Operational and reliable certification scheme must be professional, well administered, apply solid internal rules that ensure adequate support, monitoring and corrective actions in scheme implementation and rely on internationally approved procedures.

IPS can chair the development of scheme administration and invite relevant parties to an Administrative Working Group (AWG) (Figure 5.3) to draft in detail the organizational structure and the core administrative and Scheme management procedures.

Management procedures in a credible scheme are transparent, systematic, and balanced towards different interests. They should be based on available best practices and ensure fair treatment of all interests without compromising in reliability and impartiality.

**A AWG shall define the following issues:**

	<b>Task</b>	<b>Responsible</b>
1.	Nominate the body that is responsible for the scheme administration (legal body)	AWG+IPS
2.	Identify resources for secretarial and communication tasks	IPS
3.	Develop rules for the administrative body (SPM Certification Committee, SPMCC) - Membership, decision making, financing, + other matters	AWG+IPS
4.	Develop procedures for recording, registration and documentation	AWG+IPS

**B Scheme implementation requires definition of rules for following issues:**

	<b>Task</b>	<b>Responsible</b>
1.	Eligibility of applicants - Any restrictions on the eligibility of applicant (shall be legal body) - Responsibilities and rights of applicants and participants	AWG
2.	Definition of scheme implementation levels - Implementation levels (individual or group certification)	AWG
2.	Provisions for internal control and actions in case of non-conformity	AWG
3.	Basic rules for standard setting	Standard setting WG
4.	Rules for scheme revision and amendment	AWG
5.	Scheme specific rules for certification and accreditation (reference to appropriate international standard, additional requirements)	AWG, consultations with experts

For potential rules for a product labeling system (see Section 5.9).

**Working method**

IPS invites an AWG that provides the expertise and participates in the drafting of the administrative organizations and their rules. AWG prepares with the assistance of IPS nominated certification manager a detailed proposal for scheme administration and related rules. The head of the planned SPM Certification Scheme, SPM Certification Committee (SPMCC) approves the rules in its initial meeting. AWG will consider the

need to have a formal IPS approval for the administrative structure and related rules and other documentation.

Phase A requires one work meeting under the premises of IPS. Chair presents the prepared document proposals to the meetings. The overall work input for the phase A is estimated to be 2 person months.

Phase B defining rules for scheme implementation requires more contacts with peatland managers, interest groups and experts in certification. In this the WG should make proposals and assess their implications on potential applicants. It is in common interest to develop implementation procedures that are cost efficient, credible and non-discriminatory.

Phase B requires about 2 AWG meetings and additional contacts with external parties (e.g. on certification and accreditation to acquire views and expertise. The overall work input for the phase B is estimated to be 4 person months.

It is proposed that the SPM Scheme administration should be established during June-November 2009.

**Table 5.2 Responsibilities for Scheme Administration Development**

Organization	Task	Estimated work input person months
Chair	Leads the AWG - Note standard setting partly independent	1
IPS	Certification manager - Organizes administrative development - Acquires resources (financial) to the development and scheme implementation - Manages resource allocation - Consults relevant external parties (companies, NGOs, certification and accreditation bodies, etc.)	3
IPS	Secretary and communication services for AWG and information	2
AWG members and other stakeholders	Professional expertise on the planning process	
<b>Total</b>		<b>6</b>

Cost estimates for the development of the administration for SPM Certification Scheme are EUR 50 000.

For detailed budget see Section 6.1 and Annex 1.



## 5.5 Standard Development for SPM

### 5.5.1 General Requirements for Standard Setting

Standard is a commonly recognized and approved document that sets the requirements for desired processes, products or services. A standard should reflect the priorities of the parties interested in peatland management and address all the relevant environmental, social and economic issues that concern the management. A standard should also be effective in achieving the desired objectives in a cost-efficient way.

Standards are developed in a participatory process that should be open to all interested parties. In SPM standard this implies to a global process represented by national and global stakeholders (Box 5.2). A basic assumption is that all interested parties can support a standard and hopefully agree on it in a consensus. Consensus need not imply unanimity (Box 5.3).

#### Box 5.2 General Requirements for Standard Setting Process

- Participatory development process should have balanced representation of different interest categories
- Standard setting should adhere to the documented procedures (standard setting rules) developed by interested parties
- The views of interested parties should be documented and considered in an open and transparent way
- Standard setting should take account of regulatory and market needs, as well as scientific and technological development
- Standard setting should contain a appeal mechanism for the impartial handling of any procedural and possibly also to substantial complaints
- Draft standard is submitted for public consultation
- Formal approval of standards should be based on consensus
- Final standard is promptly published
- Standards should be submitted to periodic revisions (every 5 years)

*Adapted from PEFC (2007), ISEAL Alliance (2006)*

Consensus does not require unanimity as indicated by its definition in ISO Guide 2 on standardization and related activities:

#### Box 5.3 Definition for Consensus

##### **Consensus:**

general agreement, characterized by the absence of sustained opposition to substantial issues by any important part of the concerned interests and by a process that involves seeking to take into account the views of all parties concerned and to reconcile any conflicting arguments.

Note: Consensus need not imply unanimity.

*Source ISO/IEC Guide2:2004*

According to The International Social and Environmental Labeling Alliance (ISEAL) Guidelines (2006) a standard should

- be based on international/national perceptions of sustainable management;
- be non-discriminatory<sup>5</sup>;
- clearly define the objectives and include only the criteria that contribute to the objectives; and
- be expressed in combination of process, management and performance criteria rather than design or descriptive characteristics.

ISEAL Guidelines for standard setting are presented in Annex 3.

Interested parties should be given the opportunity to comment on terms of reference for the proposed standard. The terms of reference should include justification of the need for the standard and clear objectives that the standard seeks to achieve. The development should be documented and proceed according the work program that ensures the compliance to the documented Scheme specific standard setting rules (ISEAL 2006). The rules should include provisions for public consultation of draft standard for a minimum of 60 days. Some guidelines for standard setting require two consultation periods during standard-setting while others are satisfied with one.

Standard setting WGs may be ad hoc groups that work only for the time required and reunite for the standard revision every four to five years. There shall be a focal point for standard related enquiries and comments (ISEAL 2006). For SPM certification such a point could be SPMCC.

### 5.5.2 Organization of SPM Standard Setting

The standard development for SPM should be based on the Global Strategy for SPM developed during the stage 1 of the scheme development process and draw also from the concepts for wise use of mires and peatlands as defined by Joosten & Clarke (2002).

IPS Commission's in-house expertise and stakeholders views should be actively integrated in the standard setting process. This plan proposes that the standard setting is organized as an independent process but relying on the inputs of IPS commission members and other interested organizations. The standard setting WG is an independent group of interested parties, chaired by a trusted person. It reports to the SPMCC. The Committee can invite the members to the standard setting WG.

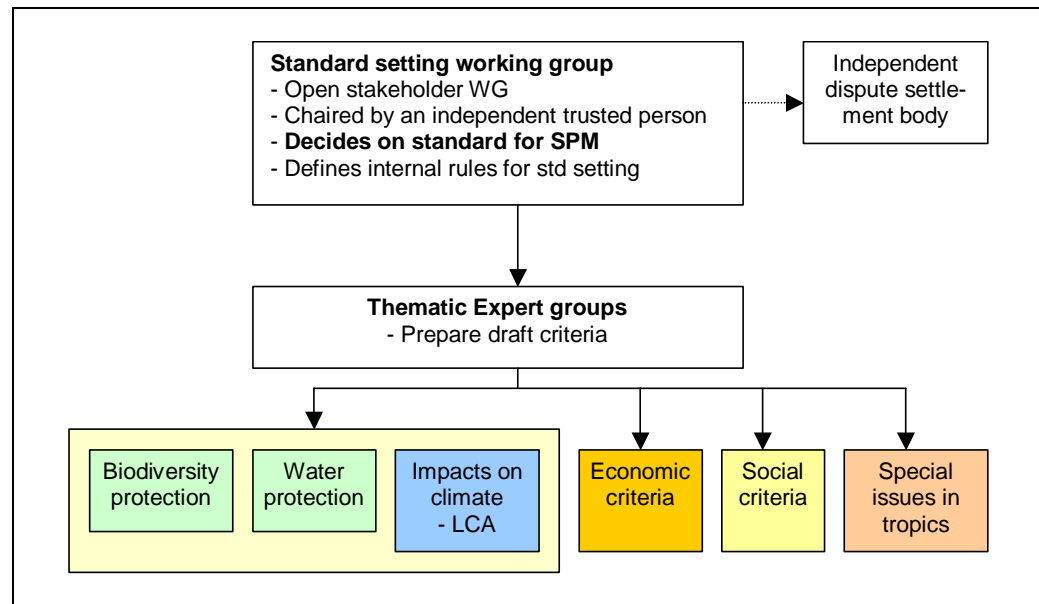
The criteria for different sectors of SPM (social, economic, environmental, carbon balance) could be drafted by thematic sub-groups that profit from the expertise and views of IPS members and other relevant interested parties (Figure 5.5). The thematic groups represent their draft criteria for the Standard setting WG for harmonization with the other draft criteria and for approval.

The thematic WGs for standard setting could be the following:

1. Environmental WG covering criteria related to biodiversity, water and soil protection and impacts on climate
2. Social WG drafting criteria proposals on worker related issues, community relations, social benefit sharing, etc.
3. Economic WG covering the basic criteria for economic sustainability and commitment to longer term economic development
4. Cross-sectoral WG on tropical peatlands and social, environmental and economic issues related to their management.

<sup>5</sup> Standard shall not favor any manager group, technology or region.

**Figure 5.5 Structure for the Standard Development**



The tropical WG overviews that the relevant issues are considered in the economic, social and environmental criteria. The standard setting WG decides on the organization of thematic WGs.

The standard setting WG can have a member from each thematic group and representatives from other interested parties. The target composition for the standard setting WG is 10 persons, which may be exceeded if the interest to participate in the decision making is high among the parties.

The chair of the standard setting WG identifies and invites with the assistance of IPS all relevant stakeholders to the standard setting WG (standard WG). Invitation to participate in the standard WG is made public and open to any interested stakeholder that should inform the IPS certification manager on their desire to join the process. Below is a provisional list of stakeholders who should be informed of the process and invited to participate in it<sup>6</sup>.

1. IPS Commissions
2. IPS Scientific Advisory Board
3. IPS National Committees
4. The Society of Wetland Scientists (SWS)
5. European Peat and Growing Media Association (EPAGMA)
6. National Peat Producers Associations
7. The International Mire Conservation Group (IMCG)
8. Wetlands International
9. World Wide Fund For Nature (WWF)
10. International Union of Forest Research Organizations (IUFRO)
11. Finnish Forest Research Institute (Metla), Finland
12. Helsinki University, Finland
13. Swedish University of Agriculture SLU
14. Swedish Environmental Research IVL

<sup>6</sup> Note that some of the listed organization may prefer to contribute to the drafting of the general Global Standard for SPM instead of defining practical requirements for peatland management; and some may wish to provide only technical assistance in the formulation of specific criteria or related threshold values.

15. VTT, Finland
16. Utrecht University, The Netherlands
17. Laval University, Canada
18. Nottingham University, The United Kingdom
19. Dublin University, Ireland
20. Palangkaraya University, Indonesia
21. Gadjah Mada University, Indonesia
22. Representative from a Russian organisation
23. Ramsar Convention on Wetlands
24. National Governments

Responsibilities of standard setting WG would include:

- Discuss and approve the terms of reference for standard setting
- Elect a chair for the process
- Establish rules for standard setting compatible with SPM Certification Scheme provisions. The rules include e.g. decision making procedures, consideration of comments received, principles of communication and consultation, appeals procedures and testing
- Establish a work program that includes the specific goals, schedules, communication and testing plan and practical arrangement of appeals procedures.

The exact timeframe for the standard setting is difficult to decide in advance. The standard setting WG should set target schedules for different stages on the development after understanding the diversity of views among members and defining the best procedures to reach an agreement for a standard.

According to this plan the standard should be finalized and tested by summer 2011.

**Table 5.3 Resource Estimates for Standard Development**

Organization	Task	Estimated work input person month
Chair	Leads the standard setting WG	5
IPS	Certification manager - Invites stakeholders for std setting WG - Manages resource allocation - Attends the standard setting WG meetings	9
IPS	Secretary services for std setting WG	3
IPS	Communications - Consultations, - Information dissemination	3
Members of standard setting WG	Stakeholder expertise and views	(3)*

\* Estimate for the work input of one participant during the standard setting period of 12 to 18 months. In principle members participate at their own cost resulting that the members work input is not counted to the total costs.

The total cost for standard development would be about EUR 265 000. For detailed budget see Section 6.1 and Annex 1.

### 5.5.3 Scope of the SPM Standard

The global standard for SPM is broad in scope as it should cover all environmental, social, cultural and economic aspects associated to peatland management. Interested parties shall agree on the exact scope for the standard to be developed. The priorities vary between interest groups and between geographic regions. Some groups emphasize the need to develop certification for climate adapted peatland management and view that normative regulations cover quite well most of the other environmental or social issues; other groups are extremely concerned on the protection of peatlands and wish to specify the related requirements in the standard.

#### **Environmental Aspects**

Peatland management have impacts on soil and waters on the site and in the surrounding areas. Appropriate management measures if required e.g. by the standard may mitigate potential adverse impacts. Peatland habitats are often high in biodiversity and especially in tropics refuge-areas for species already threatened on other forest areas. Conservation of biodiversity requires adequate precautionary measures and implementation of low impact management methods. The standard can set management requirements that contribute to protection of the environmental aspects.

#### **Carbon Balance**

Emissions from peatlands depend on the nature of peatland, its use patterns and geographical location. The variety of peatland ecosystems is large, and it multiplies when country-level types are summed up into a global certification scheme. Definition of climate impacts to all combinations is costly and difficult. The lowest acceptable class needs to be defined as a well-managed peatland without a verified climate impact class.

The SPM certification system advocates the use of climate impact classes on peatlands. Certification may encourage peatland producers to move away from those peatlands where negative climate impacts are the highest, onto the managed peatlands which already have high emission rates. This may offer also an inroad to the verification and trade of carbon credits.

#### **Social Aspects**

Social aspects cover the labour rights and the impacts peatland management has directly or indirectly to local people. These impacts can relate, e.g., to land tenure, access to peatland resources (material and non-material), respect of traditional uses, fair benefit sharing between groups of people, changes in economic, cultural structures or quality of environment.

The social priorities are somewhat vary between geographic regions, therefore it is challenging to formulate global level provisions. International agreements on human rights and the conventions of ILO give a baseline for globally applicable normative social requirements.

#### **Economic Aspects**

Sustainable management should be economically profitable in a long term. Economic sustainability emphasize long term commitment to the management and maintenance of long term production capacity which is possible only if the revenues cover the costs.

The standard should encourage for long-term investments that cover also the end uses and potential obligations for site rehabilitation or compensations to other affected parties.

## 5.6 Proposal for the Scheme Management

Scheme administration is responsible for cost efficient scheme management and improvement. In theory the Scheme administration could be established based on either of the following options:

- (a) Organization financially and administratively independent from IPS
- (b) Semi-independent organization supported and partly resourced by IPS
- (c) Independent Committee established under the IPS organization (status comparable to that of IPS Commissions with own budget and decision-making).

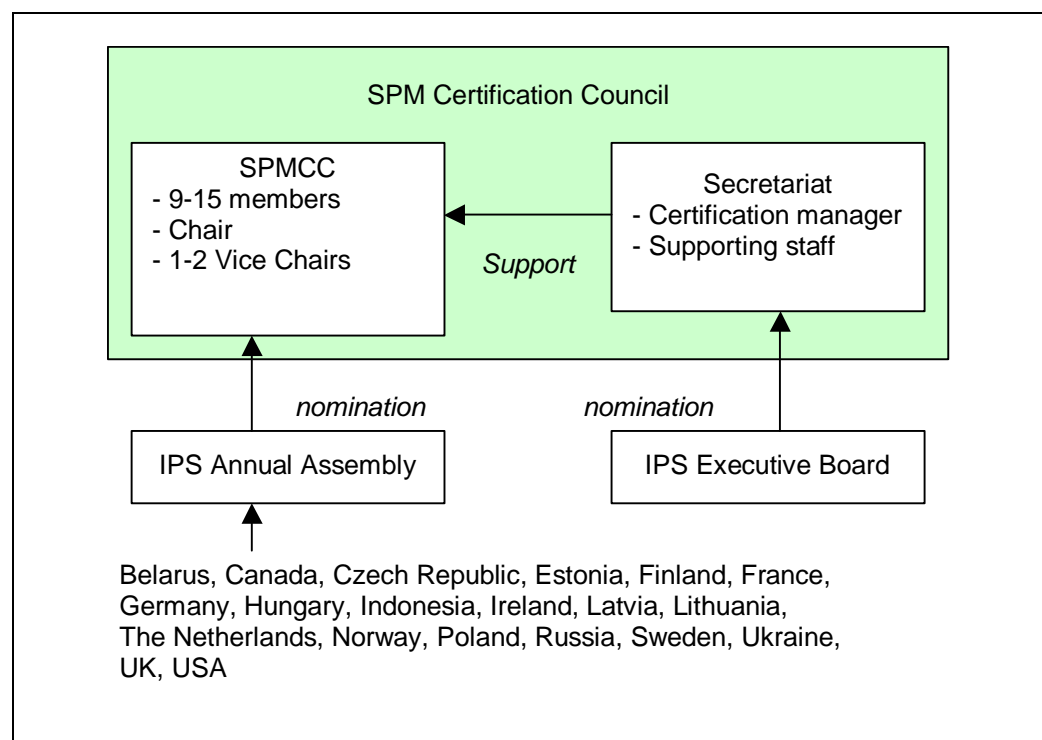
Option (a) would bring forward an independent administrative system that cannot readily benefit from the synergies of IPS experience, membership base, contact network and financial resources. There is an evident risk that organizations, especially the academy and NGOs contributing to IPS would hesitate to give human and financial inputs to a parallel organization on peatland certification, which would limit the support and resources of SPM certification.

Implementation of option (b) can result in situation where IPS finances parallel organizations that have partly overlapping interests. In such a situation streamlining of activities and cost efficiency become challenging. IPS members interested in certification would need to give inputs to IPS in general and to the semi-independent certification organization. There is a risk that decisions related to the SPM Certification Scheme remain in the responsibility of a few interested parties.

In option (c) the IPS Annual meeting establishes the administrative body (SPMCC) for the SPM Certification Scheme. IPS provides the human and financial resources, but the Scheme budget is independent from the IPS.

The AWG decides on the management option and drafts the detailed rules for the administrative and management systems. The plan proposes that the administrative structure is developed according to the option (c) integrally under the IPS (Figure 5.6).

**Figure 5.6 Potential Structure for SPM Scheme Administration**



IPS Annual Assembly is the decision-making body in the SPM Scheme. The meeting is convened and conducted according to the rules of IPS.

IPS Annual Assembly appoints the SPMCC, chairman, 1 to 2 vice chairmen and 9 to 15 members. The Committee should have members representing different interests in peatland management as follows:

- 3 to 5 members representing economic interests
- 3 to 5 members representing social interests
- 3 to 5 members representing environmental interests

Economic interests may be represented, e.g. by producers, processing and retailing companies, investors (in industry and carbon trade), or related research organizations.

Social interest may be represented by, e.g. international social NGOs or their national affiliates, organizations representing other uses of peatlands (traditional farming, food-gathering or recreation) and organizations representing the interests of rural and indigenous people and workers. Contribution from relevant research organizations would also be beneficial for standard setting.

Organizations/ persons representing environmental values would include, among other, international environmental non-governmental organizations (ENGOS) or their national affiliates, research sector and environmental administration.

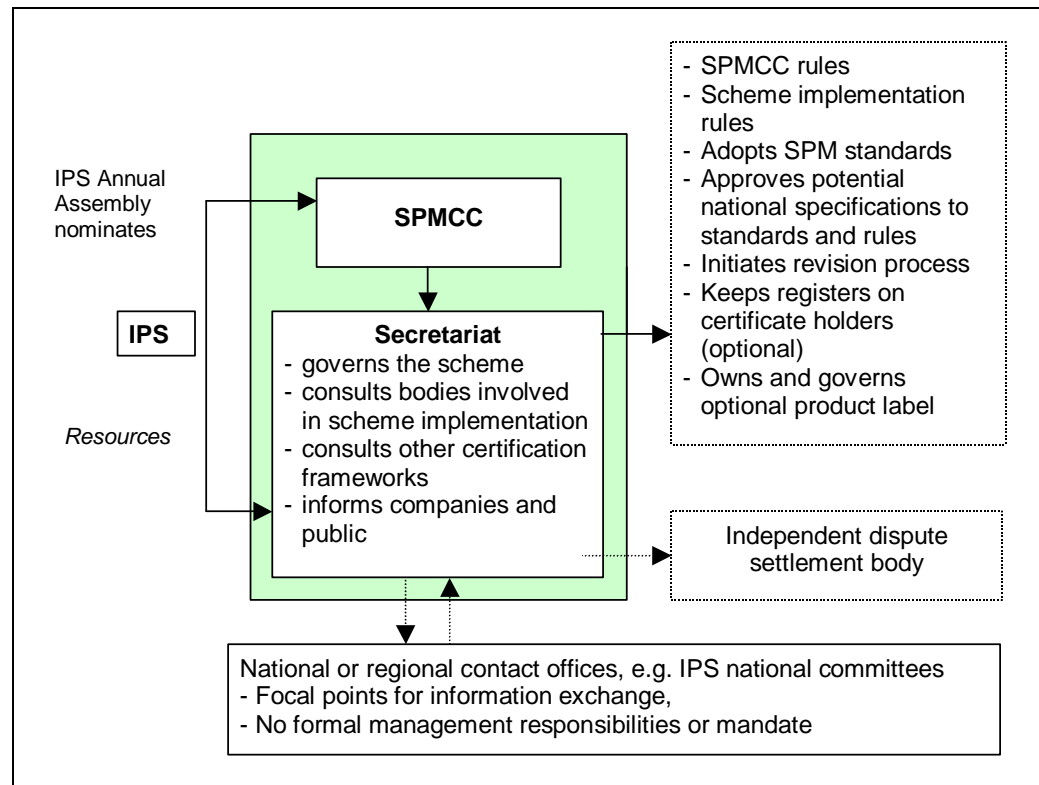
A balanced regional representation (tropical/ boreal, temperate countries) should also be considered in the scheme administration and documented in the statutes for the SPMCC. The Statutes (rules) will be developed by the Committee and they will cover all the responsibilities, rights and obligations of the Committee and its members, including the decision-making procedures and nomination of Committee members.

IPS Executive Board appoints the certification manager who coordinates the SPM Scheme development practically on the full time basis. Other possible staff resources, e.g. in secretary and communication will be contracted from IPS.

The tasks in the SPMCC include Figure 5.7.

- Scheme administration and financing
- Scheme maintenance and adoption of the SPM standards
- Supervision of its appropriate implementation (adherence to rules)
- Approval of potential national level specifications to standards or rules.
- Scheme improvement
- Ownership and administration of the optional product label
- Maintenance of registers on issued certificates, essential especially if the scheme decides to develop a product label
- Consultations with producers and other interested parties (NGOs, purchasers, authorities, certification bodies and accreditation bodies etc.) on the consideration of the scheme and the potential needs for its improvements
- Database on certification bodies complying with the Scheme minimum requirements on certification and accreditation (accredited certification bodies)
- Maintenance of fair appeals procedures for standard setting and scheme implementation
- Capacity building among producers, purchasers and public
- Information dissemination and scheme promotion
- The SPMCC reports to IPS Board or IPS Annual Assembly as decided by the AWG.

**Figure 5.7 Tasks of the SPMCC**



Annual resource estimates for SPM Scheme implementation are presented in Table 5.4.

A great challenge in scheme management lies in the awareness raising among potential applicants, supervision to improve the conformity to Scheme regulations, promote the scheme and maintain appropriate databases on issued certificates. SPMCC should study the possibilities and benefits in maintaining a register on issued certificates. If the scheme rules allow development of national amendments or specifications to the global SPM standards or rules, the SPMCC should have evaluation procedures in place that ensure impartial and credible evaluation and approval of the national adjustments in view of the SPM scheme requirements.

Forest certification schemes (e.g., Forest Stewardship Council - FSC and Programme for the Endorsement of Forest Certification Schemes - PEFC) include a common requirement to have procedures for independent grievance procedures related to disputes on standard setting (see section 5.5), scheme implementation and certification process (see sections 5.6, 5.7, 5.11). The proposed grievance procedures for the three different categories of disputes are described in section 5.11).



**Table 5.4 Human Resources in SPM Administration**

Post	Task	Estimated work input/a* person months
SPMCC	Decision making body - 9-15 members - IPS nominated chair	Chair 1
Certification manager	- Organizes administration - Acquires resources (financial) to scheme implementation - Manages resource allocation - Consults relevant external parties (national committees, companies, NGOs, certification and accreditation bodies, etc.) - Attends the meetings of WG - Registers on issued certificates	12
Secretary services	Documentation and communication	2
<b>Total</b>		<b>15</b>

\* In case the scheme decides to develop and manage a labeling scheme the work estimates should be slightly increased.

\*\* In principle Committee members cover their own costs but the SPM Scheme should be prepared to pay the fees of the members that otherwise could not contribute to the work.

**In conclusion**

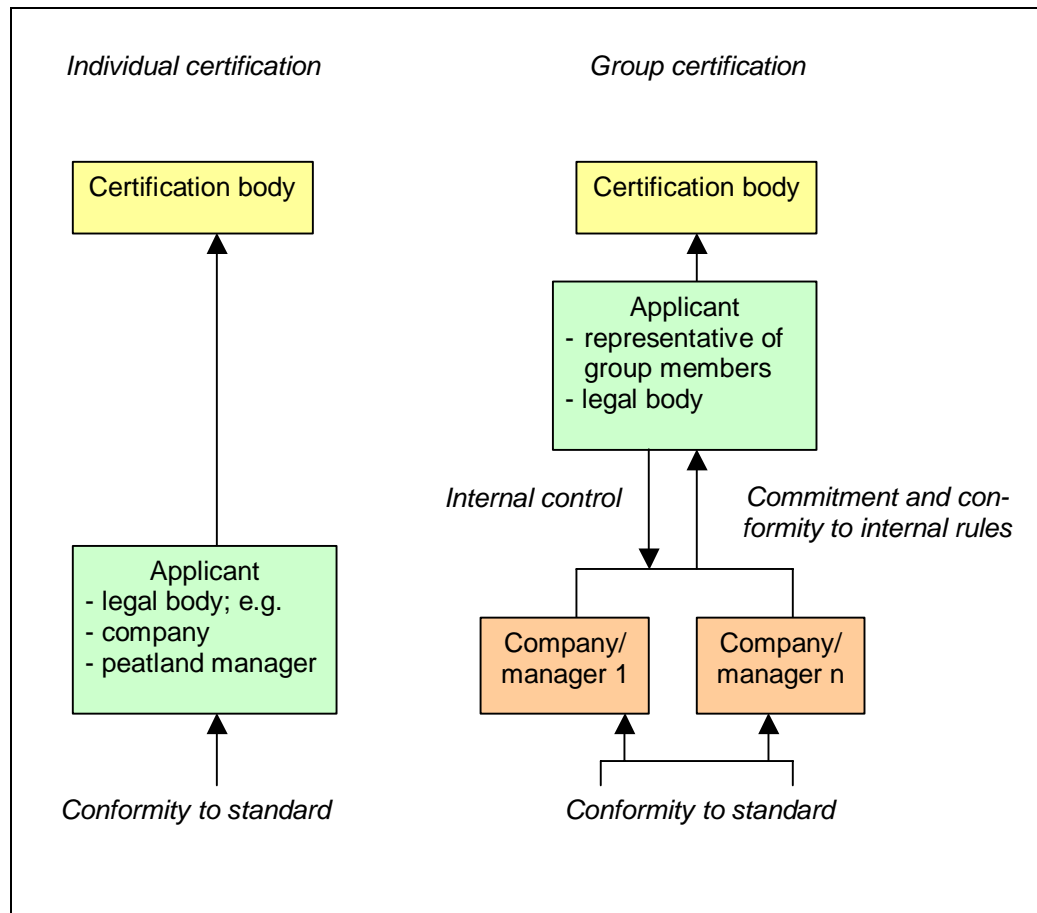
- For the Scheme administration and management IPS Annual Assembly could establish SPMCC to run exclusively the tasks related to peatland certification. The Committee operates under the IPS Executive Board and is supported by IPS nominated staff (full time certification manager and part time support in secretary services).
- IPS Annual Assembly is the decision-making body in the administration of SPM scheme. A broad range of interest groups are present in the Annual Assembly.
- The SPMCC drafts the detailed statutes and rules for the Committee and the Scheme implementation. IPS Board approves the rules (see section 5.4 on the development of Scheme administration). Administrative rules of comparable forest certification schemes (FSC and PEFC) and those of the RSPO are presented in Annex 2.
- IPS and SPMCC can consider the potential affiliation of SPM Certification Scheme with the international FSC or PEFC frameworks. Currently neither of the frameworks has decided on the general principles for sustainable peat production and it is not clear under which preconditions they could make such a strategic decision. It is up to the future negotiations to see the terms under which either of the frameworks could expand their scope to the certification of peatland management. It is suggested that the stakeholders in peatland management have a say in defining the concept of sustainable management in the sector and in formulation of feasible and operational criteria to verify the performance level. It is beneficial to all parties to have a baseline and a proposal available when discussing potential linkages with FSC or PEFC.

## 5.7 Proposed Options for Scheme Implementation

### 5.7.1 Group and Individual Certification

Certification can be applied, in general, in two levels (i) individual certification, or (ii) group certification. The SPM scheme may decide if both options are applicable in peatland certification or if it is feasible to stick only to one of them. A scheme shall develop internal rules for the optional implementation levels it recognizes. Figure 5.8 illustrates the basic settings in individual and group certifications.

**Figure 5.8 Illustration of Individual and Group Certification**



Group certification is common e.g. in forest certification where private smallholders group together usually under a forest owners' association or other regional administrative body and apply one certificate for all the area represented by the participating forest owners. By doing so forest owners save in auditing and other certification costs, and have better possibilities to organize capacity building and marketing campaigns for certified forestry and timber.

In-group certification the certificate is issued to the applicant that shall always be a legal person or body (company, registered association, etc.). Participants can receive a copy of the certificate or another attestation that demonstrate their participation into group certification. The applicant is responsible for ensuring that all participants conform to the standard requirements and other rules of group certification and in keeping a register on participating persons and the area they manage. To ensure that no free riders, not conforming to the standard requirements, can join a group certification a scheme shall develop procedures for internal audits as well as for the

acceptance of new members and dismissal of members not complying with the requirements.

In peatland management and utilization is mostly carried out by registered companies that have resources to apply for individual certificate for their operations. Also the production units are large and remain in production for several decades. In such a complex management environment the benefits from a group certification of several companies remain lean when considering the efforts required to implement the administration and rules of group certification.

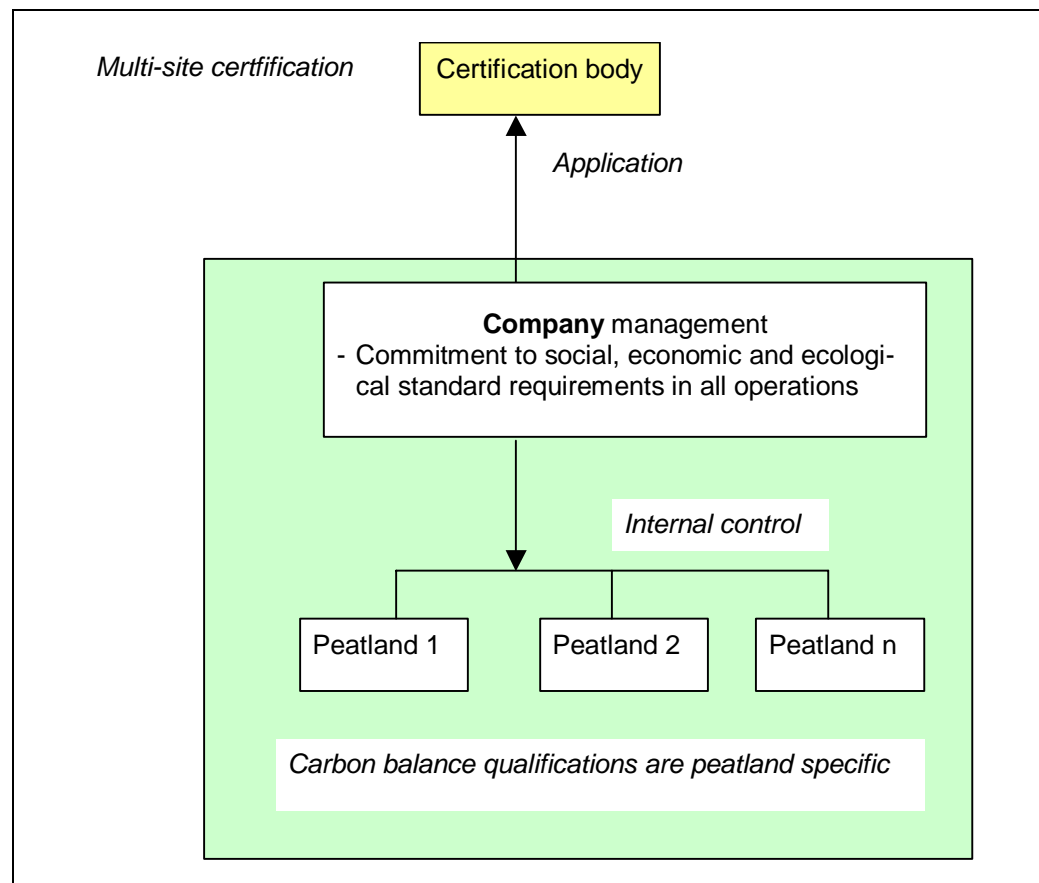
In conclusion

- The project plan suggests that the development of a certification scheme for SPM adopts the individual certification as the only optional certification level.

## 5.7.2 Multi-site Certification

In this context multi-site certification refers to certification of listed production sites belonging to one company or organization. In multi-site certification one company has the sovereign management mandate over all the certified peatlands. Figure 5.9 Describes the outline of a multi-site certification where a company commits to apply the standard requirements on all production sites. The underlying principle in the certification of sustainable management or EMS is that a company applies the best environmental and social practices in all operations and do not single out exemplary sites and apply less sustainable practices in the remaining sites. However, the requirement to include all sites in a certificate is not compulsory and its feasibility should be evaluated during the scheme development.

**Figure 5.9 Illustration of Multi-site Certification**



In conclusion

- Certification of all potential peatlands under the management of one applicant and related management procedures is desirable and increases the credibility of the certification system by providing assurance that a certified organizations applies sustainable management systematically in all operations.
- The planned standard may, however include criteria, e.g. on carbon balance, that all individual production sites may not meet, thus these are not eligible to receive a certificate. In such an option a strict requirement on multi-site certification would prevent the certification of any other peatlands under organization's management, which is not an intention of the scheme. The standard should, however, define the compulsory criteria that the company must respect in all management operations regardless if working on certified or non-certified peatland under its management. These criteria will most likely focus on environmental and social requirements. (Ref. Sec 5.5)
- IPS shall evaluate the feasibility of multi-site certification to different peatland managers considering the size and organization of companies involved, produced products and their marketing mechanisms.

## **5.8 Development of Requirements for Chain of Custody**

### **5.8.1 Basic Options for Chain of Custody Verifications**

The objective of the chain of custody is to create an information link between the raw material included in a product and the origin of that raw material. Consumers in growing numbers are seeking evidence of environmentally sound business practices and demand reassurance and proof from industrial producers that the raw material they use comes from sustainably managed sources. Businesses therefore need a reliable and credible mechanism to provide their customers with information about the origin of the raw material.

The chain of custody standard implemented together with certification and labeling scheme provides such a mechanism.

Standard specifies requirements for chain of custody which the organisation must meet if its declarations and / or labels referring to the origin of raw material used in the products sold /transferred are to be recognized as credible and reliable. In certification context, the term organisation is used to cover any body harvesting, transporting, handling or processing products at any stage from a peatland to a final consumer. Chain of custody requirements describe the process of how to trace the information about the origin associated with the procured raw material to the information about the origin which is attached to the organisation's finished products. This standard specifies two optional approaches for chain of custody, namely physical separation and percentage-based methods.

- a) Percentage-based method in which the share of certified raw material of total raw material use is calculated through accounting of raw material flows.
- b) Physical segregation of peat, which is based on keeping batches of peat separate during all the phases of the chain of custody.

It deserves to be clarified here that the physical segregation method is considered impractical for peat, and it will not be pursued.

A special case to be considered is the handling of recycled peat. If there is any possibility to use recycled peat in energy production, growing media or health care products, recycled peat should be taken into account in chain of custody process.

## Requirements for chain of custody process – percentage based method

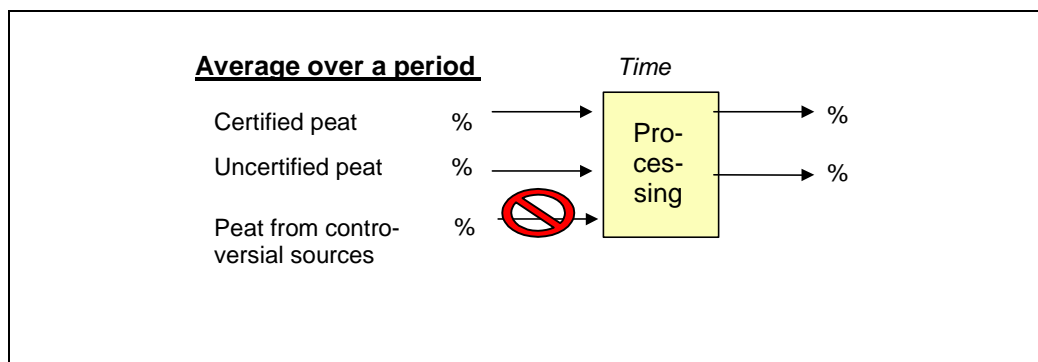
The percentage based method in chain of custody applies to organisations, whose production / trading processes of certified raw material is mixed together with other raw material categories and the certified raw material cannot be clearly identified in the output products.

The origin has to be identified at delivery level (Figure 5.10). The organisation shall identify and verify the category of the origin of all procured raw material. Associated documents with each delivery of raw material shall include at least:

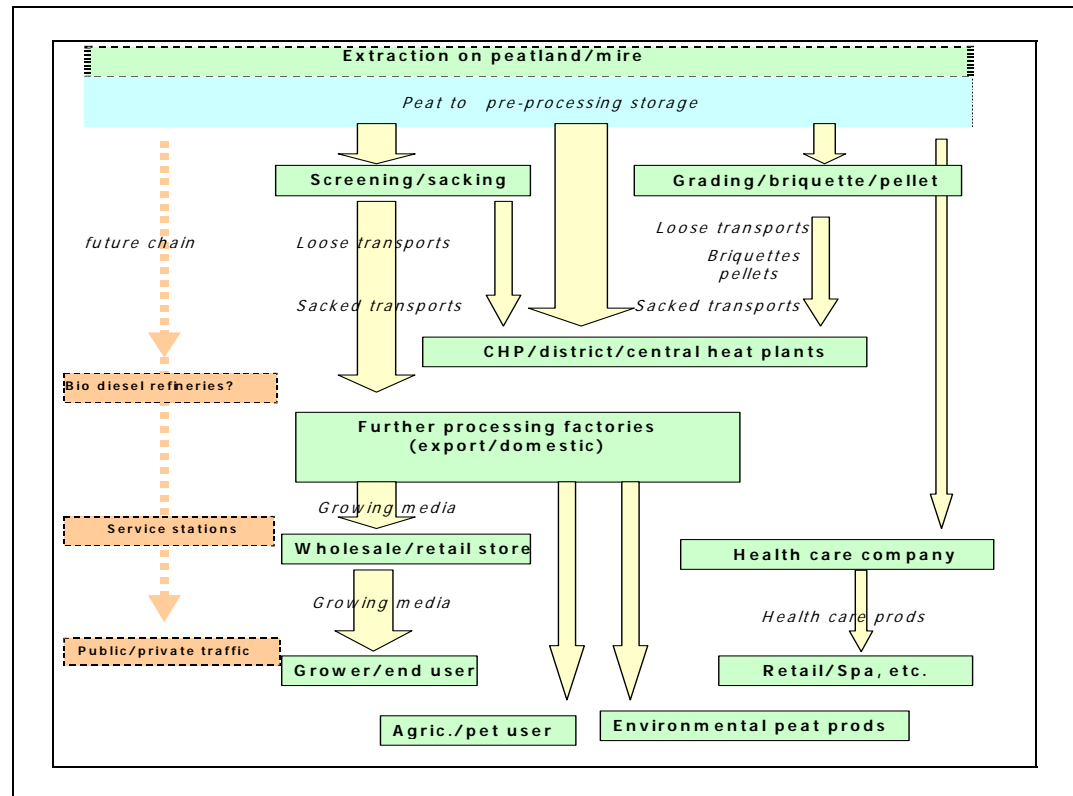
- (a) Supplier identification
- (b) Quantity of delivery
- (c) Date of delivery / delivery period / accounting period
- (d) Category of the origin including percentage of certified raw material included in the certified product

Figure 5.11 illustrates the optional supply chains in peatland management and peat production. Chain of custody verification shall provide credible records on the changes of custodianship in the different supply chains.

**Figure 5.10 Control of Share of Certified Peat in Intermediate Storages**



**Figure 5.11 Example on Chain of Custody Certificates along the Peat Supply Chains**



### 5.8.2 Specific Issues Related to Verification Supply Chain for the Climate Adapted Peat

Emissions from peatlands depend on the nature of peatland, its use patterns and geographical location. The variety of peatland ecosystems is large, and it multiplies when country-level types are summed up into a global certification scheme. Definition of climate impacts to all combinations is costly and difficult. The lowest acceptable class needs to be defined as a well-managed peatland without a verified climate impact class. This serves the cases where climate impact is largely irrelevant/not demanded in the market (peat growing media, health care, other possible consumer products). On the contrary, climate impact is of great importance in peat for bio-energy and liquid fuels whose purpose is to lower global emissions. In countries that have “Green certificate” system for electricity production in place, the special requirements for peat use should be taken into account.

Peat for growing media usually comes from peatlands that have the highest natural emissions. Therefore it is important to take into account “greenwash” possibility when planning CoC system as in percentage based system this kind of peat can be physically used in growing media production and due to the climate impact again in energy production. Therefore a physical separation of growing media and energy peat should be thoroughly discussed.

Important aspects:

- Company procurement and processing can show the proportion of certified fibre in their raw material and production.
- Existing quality and environmental management systems can be utilized.
- Classification of Raw Material (certified, uncertified, recycled).

- Defining the controversial sources of peat.
- Climate impact defined only for peat entering into relevant end-use segments to avoid excessive cost burden for marginal gain.
- Avoidance of “greenwashing”.

## 5.9 Labelling

A label is a claim (a statement, symbol or graphic on a product or package label, in product literature, in technical bulletins, advertising media or in publicity) that indicates e.g. environmental, social, climatic and other desired aspects of a product or service. It may be communicated on-the-product and off-the-product.

The general principles in international labeling will guide the development of peat production labeling under the IPS-led certification scheme (Adapted from ISO 14020:2000):

1. Labels shall be accurate, verifiable and relevant
2. Requirements and procedures shall not impose obstacles to international trade
3. Be based on thorough scientific methodology
4. Information concerning the labeling and criteria within shall be available to any interested party upon request
5. Label preparation shall take into account all relevant aspects life cycle of the product
6. Labels shall not inhibit innovation on environmental or other bettering
7. Administrative requirements or information demands on labels shall be restricted to those necessary to establishing conformance with applicable criteria and standards
8. Labels shall be developed in an open, consensus-oriented participatory process with interested parties
9. Administrator of the label shall provide information on aspects contained by the label to interested parties and purchasers.

The European Peat and Growing Media Association (EPAGMA) has developed a set of International Labeling criteria for the quality of pre-packed growing media. Labeling will be based on European Standards. All EPAGMA members have agreed to use the International Labeling on pre-packed growing media.

The feasibility of an IPS-led labeling program will be established in conjunction with the SPM certification system. A license-based system would authorize the use of label on peat products from certified peatlands. Label would indicate that the product is produced in conformity with the requirements of the SPM certification scheme (notably the SPM standard).

Development of a new label becomes most relevant in the growing media segment, which differs from liquid fuel / energy segments in its outreach to individual consumers. Intended label can be simplified to convey a single message of peat originating from a well-managed peatland / mire.

Again it must be remembered that the large retailers may wish to apply their own labels on peat originating from SPM certification in the future. Their interest is to avoid confusion in the marketplace by adhering to their own labels, which form a part of their corporate branding strategy.

## 5.10 Certification and Accreditation

### 5.10.1 Optional Requirements for Certification and Accreditation Procedures

In accreditation an independent AB verifies the impartiality, independence and competence of a CB and the certification procedures it applies. Basic requirements of certification bodies and procedures are stated in international standards, e.g. ISO/IEC Guide 17021:2006 or ISO/IEC Guide 65 (EN 45 011:1998). Figure 5.12 illustrates the organizations involved in a certification process.

SPM Certification Scheme can decide to recognize one of the following options for accreditation of certification bodies competent to do SPM certification:

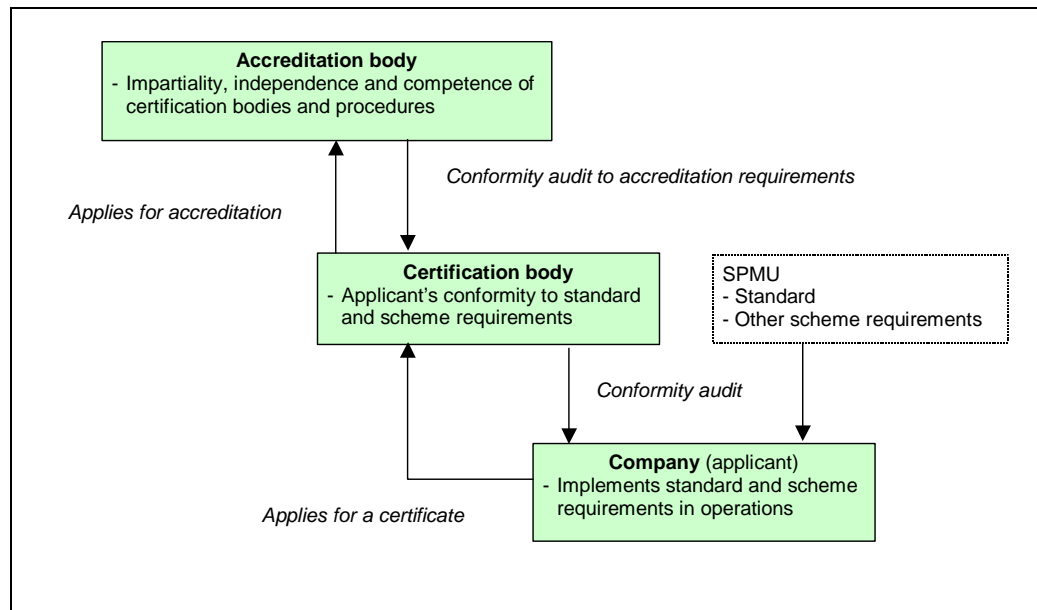
- (a) Certification bodies shall have accreditation to SPM certification according to ISO 17021 standard for certification of management systems (*Sector specific accreditation*).
- (b) Certification bodies shall have accreditation to SPM certification according to ISO Guide 65 for product certification (here SPM is the product) (*Sector specific accreditation*).
- (c) If SPM certification can be applied only as an integral part of a certified environmental management system (ISO 14001) (an option to consider), certification bodies that already have accreditation to ISO 14001 certification according to the ISO 17021 standard can apply for extension of accreditation to cover also the conformity evaluation against the SPM standard (*extension of accreditation to EMS certification*).
- (d) SPMCC or IPS can become an AB and assess on its own the competence of certification bodies and procedures.

**International Organization for Standardization (ISO)** is a globally recognized organization that issues standards., e.g., for products, processes and services and for certification procedures that audit the conformity to these standards. ISO standards define well the organizational roles and responsibilities in certification (impartial certification bodies and recognized accreditation bodies assessing their competence) globally and the standards are applicable in different lines of business.

It is important to discuss with accreditation bodies and International Forum for Accreditation (IAF) and also with certification bodies on the pros and cons of the optional accreditation options and make the final decision during the scheme development based on these discussions. Below some views and suggestions are given for further consideration during the SPM Scheme development.



**Figure 5.12 Organizations Involved in a Certification Process**



In **sector specific accreditation (options a-b)** certification bodies apply accreditation bodies to assess their competence to do specifically the SPM certification and to define in addition the general provisions for impartiality, independence (also financial) and competence of certification bodies. Accreditation bodies do not have such service readily available and they will not develop it if its demand is marginal and does not cover the development and accreditation costs. To prevent that organizations possibly competent in peatland management related issues but lacking the resources or competence in impartial certification apply for an accreditation to SPM certification the SPM Scheme could state a baseline requirement that all certification bodies must have an internationally recognized accreditation to any field of operations under ISO 17021 standard or ISO Guide 65. Sometimes accreditation bodies refuse to develop a sector specific scheme or accredit any bodies that cannot demonstrate their professionalism with existing valid accreditations.

**Option c (extension of accreditation to EMS certification)** links SPM certification to existing certified EMS (ISO 14001) that the larger companies in peat industry already have. In this case a company can apply for a certificate on the conformity to environmental management system standard (ISO 14001) and a competent CB that has a recognized accreditation for the task (specifically to ISO 14001 certification) is available to audit the client. Certification bodies must apply accreditation bodies to extend the existing accreditation to cover also the conformity assessment against the SPM standard, which would require accreditation bodies to develop the procedures to evaluate the respective competence.

The potential applicants for SPM certificates are mostly established companies but only a minority of them has already quality or environmental management system certificates (ISO 9001 or ISO 14001 respectively). Therefore Administrative WG should consider the option to implement SPM certification under the ISO 14001 based environmental management system certification but provide also an option to certify independently against the SPM Scheme. Development of an ISO 14001 compatible management system requires resources not readily available in organizations, which would significantly decrease the interest and possibility among the potential applicants to apply for SPM certification.

**Option d (SPMCC accreditation)** is parallel to FSC Scheme where FSC accredits all certification bodies and also endorses the standards. IPS or SPMCC as such does not have the competence or resources to develop own procedures and organization to evaluate the impartiality, independence and competence of SPM certifications and to administer accreditation system at the global level. The arrangement where IPS or SPMCC would act as an AB does not meet the basic requirements of impartial certification where standard setting, certification and accreditation should be fully independent processes.

**Box 5.4 Accreditation Approaches in PEFC, FSC and RSPO Certifications**

In PEFC approved forest certification bodies shall have accreditation from an official national AB that meets general requirements for product or management system certification and in addition ensures the competence to certify against the specific national forest certification scheme.

FSC in the other hand is an AB that evaluates the competence of candidate certification bodies against FSC accreditation requirements. The accredited certification bodies may audit the conformity to any national or international FSC standard for forest management.

RSPO is in its launching stage and wants to keep a control on certification procedures most likely to ensure the desired quality of certifications. On the other hand RSPO requires that certification bodies shall be accredited by national accreditation bodies that apply the relevant ISO standards. In the future it is likely that RSPO should decide whether it relies on existing independent procedures on certification and accreditation or if it wishes to become an AB in line with FSC.

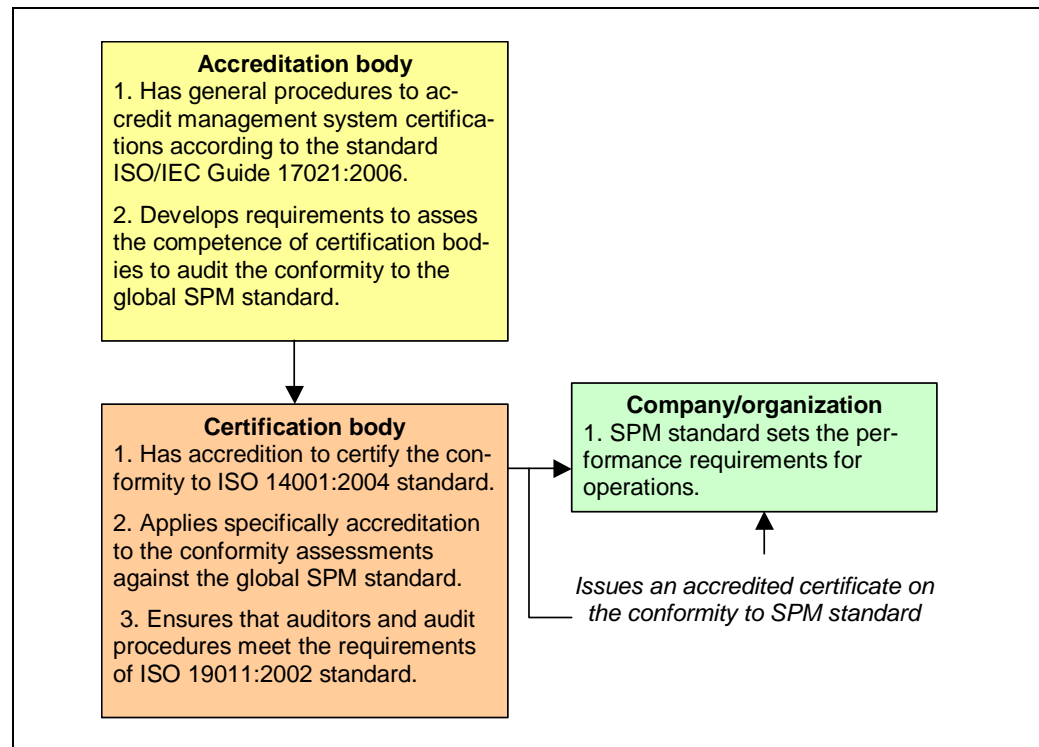
**5.10.2 Proposal for Accreditation and Certification Arrangements in SPM Certification**

A feasible accreditation arrangement to be considered in the SPM Scheme development is presented in Figure 5.13. Certification bodies deemed competent to do SPM certification should have an existing accreditation to EMS certification according to the ISO 17021 standard. The SPM Scheme should state this basic requirement that ensures the general professionalism, impartiality, independence and resources of a CB and excludes unprofessional companies from the SPM certification.

The basic requirement does not ensure that the certification bodies are competent in SPM certification. To demonstrate their professionalism in peat certification, the SPM Scheme should require that they have an accreditation that covers specifically the conformity assessment to the SPM standard. The Scheme should decide under which of the options a to c the accreditation should be obtained. The Figure 5.13 illustrates the options a to b on Scheme specific accreditation.

The SPM Certification Scheme can also specify the baseline for the competence requirements for auditors and audit procedures. Appropriate reference to the existing ISO 19011 standard on Guidelines for quality and/or EMS auditing inform certification and accreditation bodies on the Scheme requirement on highly professional certification process.

**Figure 5.13 Proposal for Accreditation Arrangements in SPM Certification**



**If SPM certification could be implemented only in connection of organization's ISO 14001 certified environmental management system the benefits could be the following:**

- SPM certification relies on existing and widely applied accreditation procedures which accreditation bodies have interests to develop further.
- Most certification bodies have already the basic accreditation to ISO 14001 certification and its extension to cover audit against the SPM standard is less expensive than applying for a completely new accreditation, which increases certification bodies interest to develop competencies in SPM certification.
- Accreditation and certification to ISO 14001 apply globally valid procedures and if SPM standard is also global the client base for combined EMS and SPM certification is large enough to provide business for a number of competing certification bodies.
- Certification bodies possibly do combined EMS and SPM certification in several countries under an accreditation received from one country [*note accreditation bodies control each others work and mutually recognize each other's accreditations*].

**Disadvantages related to independent SPM certification without the connection to a certified environmental management system**

- National accreditation bodies are partly governmental organizations that shall provide accreditation services for certifications that are applied broadly on significant lines of business. Accreditation bodies need not to invest their resources for accreditation of marginal certification processes. Accreditation bodies do international cooperation and recognize each others' accreditation. A solution for peat industry is to indicate that at the global level the business is significant enough to raise the interest and provide the resources for the development of and accreditation program for SPM

certification and certification bodies globally could apply for accreditation from the one AB.

- Accreditation bodies develop an accreditation program only if there is a demand for certification and certification bodies apply for accreditation for SPM certification and are ready to pay for the services.
- Experience in forest certification have shown that the development of accreditation arrangements may take from 0.5 to 3 years of time.

### 5.11 Grievance Procedures

A certification scheme must include fair and impartial grievance procedures. Disagreements may arise in the SPM standard setting and in the implementation of the SPM Certification Scheme. SPMCC shall ensure effective and efficient dispute settlement procedures that ensure fair, impartial and transparent handling of conflicts.

Disagreements may occur e.g., in the following categories:

- a. Standard setting: disagreements on the implementation on the agreed standard setting procedures
- b. Interpretation of standard requirements in practice
- c. Conflicts between members in group certification (if an option)
- d. User rights and use of the potential label
- e. Fees to SPMCC
- f. Certification process and decision
- g. Accreditation process and decision
- h. Claims from external parties (NGOs, other businesses, local people), etc.

Accreditation bodies and accredited certification bodies shall have own grievance procedures that address all the conflicts between the respective bodies and the client (categories f and g). Certification bodies shall also consider stakeholder views in the audits and address any complaint expressed by an external party related to issued certificate or operations on a certified area. Often the Scheme specific grievance procedures are limited to the parties involved in the standard setting or Scheme implementation but e.g., RSPO scheme for sustainable palm oil production has grievance procedures that specifically handle the appeals external parties have to certified RSPO member organizations. The benefit of extending the grievance procedures to also cover the appeals from external parties (e.g., NGOs) allows the Scheme to address the criticism according to its transparent procedures.

SPM Scheme should describe the procedures for independent grievance procedures for the category a-e and h conflicts. The procedures should include the organizational structure of an appeals committee and the procedures for its submission, handling and decision-making including a time frame for the process. An option for the organization of appeals procedure is presented in Box 5.5 where appeals committee is called upon at an ad hoc basis.

**Box 5.5 Proposed Structure for an Appeals Committee**

<p><b>Appeals Committee</b></p> <ul style="list-style-type: none"> <li>- <b>SPMCC</b> asks an independent body to appoint a chairman for appeals commission (to be decided by the SPMCC)</li> <li>- SPMCC appoints a member and IPS one member</li> <li>- The parties of conflict appoint one member each.</li> <li>- SPM <b>Certification manager</b> acts as a secretary</li> </ul> <p>Appeals committee is convened only after SPMCC has informed on the submission of a written complaint with adequate substantial information.</p> <p>It handles the dispute within the timeframe and according to the rules defined in the SPM Scheme (including decision making-process, financial obligations, status of the decision (binding or recommendation) and procedures to inform on the decision)</p>
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Scheme specific grievance procedures should ensure fair and transparent treatment of appeals in a timely manner. The handling of appeals should be based on sufficient objective information to substantiate the grievances.

Table 5.5 lists examples of potential disputes and indicates the appropriate bodies to provide the appeals procedures for them.

**Table 5.5 Examples of Potential Disputes and Appropriate Handling Mechanisms**

Category	Claim (e.g.)	Complain to	Handling/ contact
(a) Standard setting	Rules for fair consideration of different views violated - issued by a member of standard setting WG	Chair of standard setting WG	Appeals Committee/ SPMCC Certification manager
(b) Interpretation of standard requirements	A criteria is not applicable to specific business	SPMCC (adopted the standard)	Appeals Committee/ SPMCC Certification manager
(c) Conflicts between members in group certification	One member does not conform to criteria and resigns to retire from the group	SPMCC	Appeals Committee/ SPMCC Certification manager
(d) User rights and use of the potential label	In appropriate use of label or denial of user rights	SPMCC	Appeals Committee/ SPMCC Certification manager
(e) Membership and other fees to SPMCC	Failure to pay the fees issued in SPMCC rules	SPMCC	SPM Board in specific cases the appeals procedures, civil court also an option
(f) Certification process and decision	Denial of a certificate or inappropriate auditing procedures Degrading management has taken place	CB	CBs grievance procedures/CB
(g) Accreditation process and decision	Denial of accreditation	AB	ABs grievance procedures/AB
(h) Claim from external party	Scheme does not deliver SPM	SPMCC	Appeals committee

## 6. BUDGET ESTIMATE FOR SCHEME DEVELOPMENT AND IMPLEMENTATION

### 6.1 Scheme Development

The scheme development consist of three separate processes:

1. Development of a Global Strategy for SPM in a participatory stakeholder process initiated by IPS
2. Development of the administration for the SPM Certification Scheme by a IPS convened AWG
3. Drafting a standard for SPM by an independent stakeholder group

Summary of the estimated expenses for the Scheme development activities are presented in Table 6.1. Detailed budget is described in Annex 1.

**Table 6.1 Summary on the Expenses for the Scheme Development**

Stage/ Expense	Task	Work input	Expenses
		person months	EUR
<b>1. Global strategy</b>			
Chair	Leads the strategy WG	1	1 000
IPS staff input	Coordination, documentation	6	31 000
Expenses	Travel, meetings, etc		57 000
<b>Sub total 1</b>			<b>89 000</b>
<b>2. Scheme administration</b>			
Chair	Leads the administrative WG	1	1 000
IPS staff	Coordination, documentation	5	24 000
Expenses	Meetings, professional input		25 000
<b>Sub total 2</b>			<b>50 000</b>
<b>3. Standard setting</b>			
Chair	Leads the std setting WG	5	5 000
IPS staff input	Coordination, documentation	15	72 000
Expenses	Travel, meetings, etc.		187 600
<b>Sub total 3</b>			<b>264 600</b>
<b>Grand total</b>		<b>33</b>	<b>404 600</b>

The basic assumption is that IPS has to cover the meeting fees and compensate travel expenses for 50% of the participants in all stages of the development process. The work input of the participants is not compensated, only the chairs of the WGs receive a nominal compensation. IPS recruits a full time certification manager who coordinates all the development stages under the guidance of the chairs of each WG. IPS staff also provides secretarial and communication services on the part time basis.

The unit price for two-way travel is EUR 500 and for a meeting day/person EUR 130.

The Development of Global Strategy would take about a half a year and include three international meetings of two days. IPS covers the fees of the chair and two staff members (secretary and certification manager) and the travel fees for about ten participants to the three meetings. The total number of Strategy WG participants attending the meetings is estimated to be about 20 persons.

Development of Scheme administration is done by the AWG which can be smaller and consisting of ten participants or less. Three international two-day meetings are budgeted for the AWG. The budget includes also a reservation of EUR 10 000 for contracted work, e.g., on studies or other inputs the AWG deems necessary to have. Development of the organizational structure of the Scheme and related statutes and rules should take about four calendar months.

Standard setting is the most challenging stage of the Scheme development and should be carried out in a broad stakeholder process. Standard development will possibly take 12 to 18 calendar months. Chair leads the process and IPS staff provide the all the support the process requires. The participatory process is hierarchical in which four thematic groups draft the criteria in five two-day meetings, resulting in 200 travels for the ten participants in each four groups. The decision making body is the standard setting WG that holds six meetings with ten participants, resulting in 60 travels. It is estimated that IPS would compensate 130 travels (50% of the total number) and the fees for meeting days for all participants, which would bring the meeting costs up to EUR 132 000. The expenses listed in Table 7.1 include also EUR 55 000 reservations for contracted inputs (studies, background information, etc.) and contingencies.

Note that office costs are not included in the expenses for Scheme development as presented in Table 6.1. If the IPS coordinated development process is organized from the IPS office, the office costs would be about EUR 12 500 per year (for details see Annex 1 for operational expenses).

The SPM Certification Scheme budget and financing during the development and implementation should be separated from the IPS budget.

It is proposed that the Scheme development is funded by with project funds by the participating organizations. The Scheme development costs (EUR 404 600 in total) are allocated for three years resulting in EUR 135 000 per year.

## **6.2 Operational Scheme Implementation Costs**

Scheme implementation is organized by the SPMCC that reports to the IPS Executive Board. Operational activities are run by a full time Certification manager and part time secretary services which are provided by IPS.

The Table 6.2 describes the summary budget for annual operational costs in Scheme implementation. Detailed budget is presented in Annex 1.

The assumption is that the Scheme administration is located in the IPS office and can maximize the cost efficiency in fixed office costs and in acquisition of secretarial and communication services.

In the operational stage the tasks of the Certification manager include Scheme promotion among clients and among the peatland managers. Supporting the national focal points (IPS member organizations) in information dissemination and training of managers to meet the Scheme requirements is a precondition for a larger scale certification according to the Scheme.

**Table 6.2 Summary of the Estimated Annual Operational Costs**

Stage/ Expense	Work input	Expenses
	person months	EUR
<b>1. Salaries</b>		
Chair	1	1 000
IPS staff input	14	76 000
<b>Sub total 1</b>		<b>77 000</b>
<b>2. Office costs</b>		
Rent and materials		12 500
<b>Sub total 2</b>		<b>12 500</b>
<b>3. Operation costs</b>		
Travels and other fees		35 000
Seminars, meetings		35 000
<b>Sub total 3</b>		<b>70 000</b>
<b>4. Development projects</b>		
Support to peatland managers, training		20 000
Promotion and contracted studies		35 000
<b>Sub total 4</b>		<b>55 000</b>
<b>Grand Total</b>	<b>15</b>	<b>214 500</b>

The estimates for annual incomes are presented in the Table 6.3. The incomes are estimated to be collected (i) from organizations having a certificate to one or several peatlands, based on their total production (certified and non-certified). This approach encourages companies to apply for certification and allocate their production on certifiable peatlands. SPMCC may also (ii) collect royalties on CoC certificates, which expand the financing responsibility to transporters, traders and processors in the supply chain. The fees can vary according to the produced or traded volumes or relevant other indicators defined by SPMCC. If the SPM Committee decides to develop an own product label and labelling system (iii) associated user license fees can be collected as well.

SPM Scheme may include a provision where SPMCC lists the certification bodies that meet the Scheme requirements (have the required accreditation and comply with other provisions the Scheme potentially sets for certification bodies). In theory the Committee may collect (iv) a CB notification fee for maintaining such a list.

The fifth potential source of income is organization of trading of carbon offsets at the voluntary markets. In this case the peatland managers would sell the carbon credits accumulated by climate adapted peatland management and verified by SPM certification to the IPS for exchange at the international markets. IPS would be able to collect a transaction fee on the trade. At this stage this financing option is theoretical but deserves further consideration in the future.

**Table 6.3 Estimates for Annual Incomes**

Source of income	Amount
	EUR
1. Royalty per produced peat by companies having a certificate*	160 000
2. Fees on issued CoC certificates	40 000
3. Fees on label use license	optional later
4. Notification fees on listed certification bodies	optional later
5. Fees on trading carbon offset credits	14 500
<b>Grand total</b>	<b>214 500</b>

\*0.5 cent per total production



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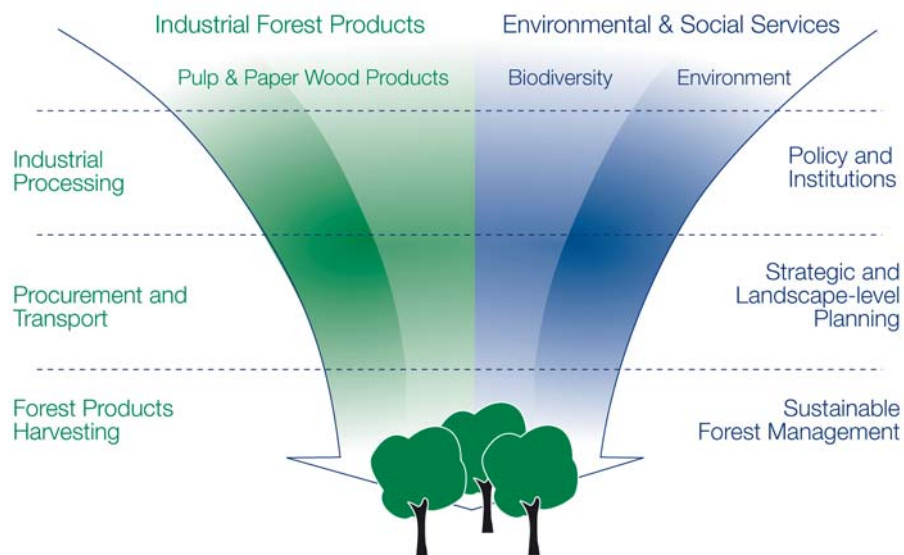
### Visited Internet Sites:

Canadian Sphagnum and Peatmoss Association	<a href="http://www.peatmoss.com">www.peatmoss.com</a>
Convention on Biological Diversity	<a href="http://www.cbd.int">www.cbd.int</a>
Forests Stewardship Council	<a href="http://www.fsc.org">www.fsc.org</a>
International Accreditation Forum	<a href="http://www.iaf.nu">www.iaf.nu</a>
International Labour Organization	<a href="http://www.ilo.org">www.ilo.org</a>
International Mire Conservation Group	<a href="http://www.imcg.net">www.imcg.net</a>
International Organization for Standardization	<a href="http://www.iso.org">www.iso.org</a>
International Peat Society	<a href="http://www.peatsociety.org">www.peatsociety.org</a>

International Organization for Standardization	<a href="http://www.iso.org">www.iso.org</a>
International Tropical Timber Organization:	<a href="http://www.itto.or.jp">www.itto.or.jp</a>
ISEAL Alliance	<a href="http://www.isealalliance.org">www.isealalliance.org</a>
Programme for the Endorsement of Forest Certification Schemes	<a href="http://www.pefc.org">www.pefc.org</a>
Ramsar Convention on Wetlands	<a href="http://www.ramsar.org">www.ramsar.org</a>
Roundtable for Sustainable Palm Oil Production	<a href="http://www.rspo.org">www.rspo.org</a>
UN Agreements on Human Rights	<a href="http://www.hrweb.org/legal">www.hrweb.org/legal</a>

## Communicating and Reconciling Forest Values

### Markets and Society



**INDUFOR**

Töölönkatu 11 A  
FI-00100 Helsinki, FINLAND

Tel.: +358 9 684 0110, fax: +358 9 135 2552

[indufor@indufor.fi](mailto:indufor@indufor.fi)

[www.indufor.fi](http://www.indufor.fi)