

PEFC Council International

A Strategy for the Next Decade





A Strategy for the Next Decade

The PEFC Council was established over 8 years ago and has grown to be the world's largest forest certification system. It is clear from consultation with members and from wide-ranging and detailed external reviews that the current operational structures and governance no longer adequately meet current needs and demands. The PEFC Council has thus decided to prepare a five year strategic plan for submission at its 11th General Assembly on 4th October 2007.

The strategy will be reappraised annually and detailed plans for its implementation will be submitted as part of that strategic review.

A Strategy for the Next Decade

1. Core Objectives:

1. Growth

- Global expansion of SFM
- Maintenance of market share
- Increased stakeholder benefit

6. Market Access and Communications

- Access to markets for our certified products
- Access to markets for our stakeholders
- Growth and increase in market share
- Effective communication

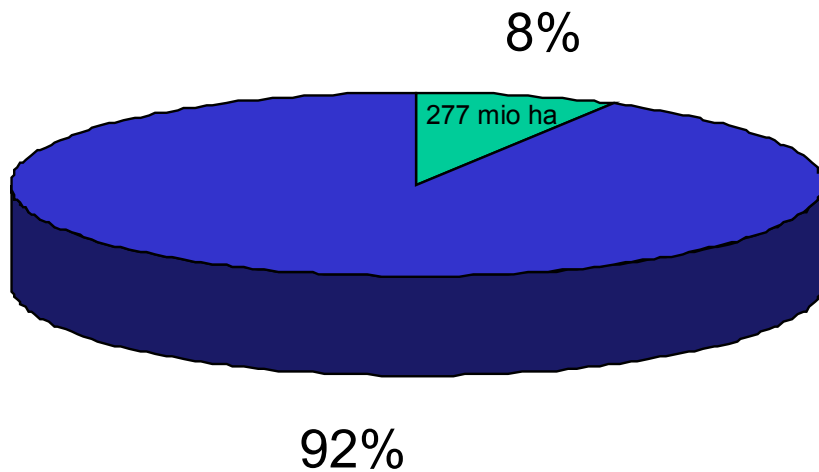
12. Governance and Operations

- Simplicity
- Effectiveness
- Efficiency
- Enhanced stakeholder value
- Global market credibility

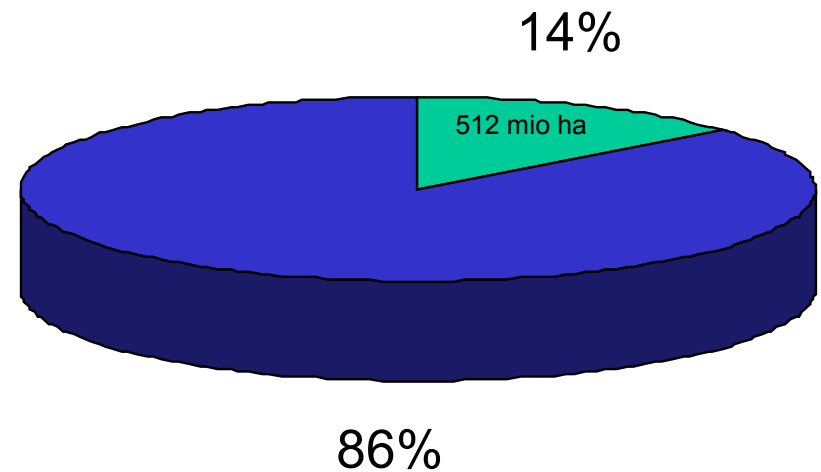
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PEFC's strategic plan is based upon credible market growth forecasts

Growth in supply base: Areas of forest certified to SFM standards worldwide



2006 Actual
(FAO Figures)



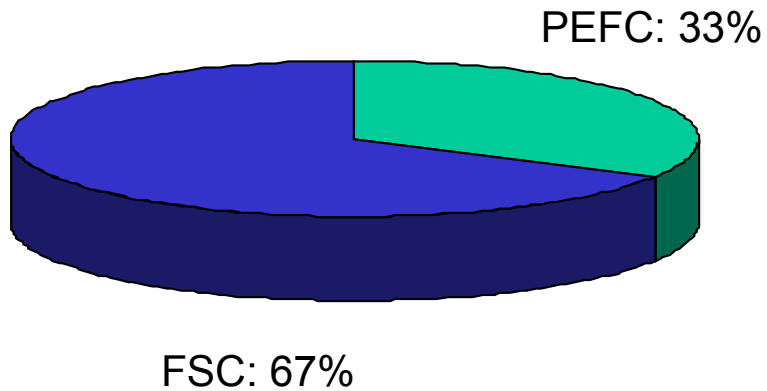
2017 Forecast
(PEFC Strategic Plan)

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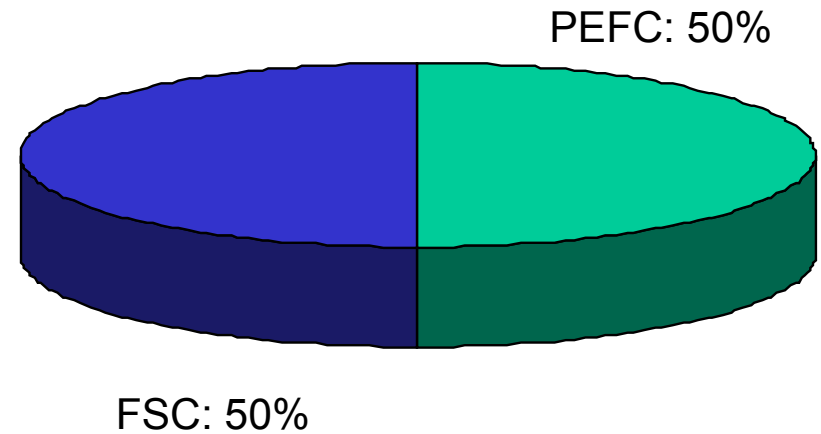
Growth in Market Access/ measurement (C-O-C certifications)

2007 (actual)



9890 Certificates

2017 (forecast)

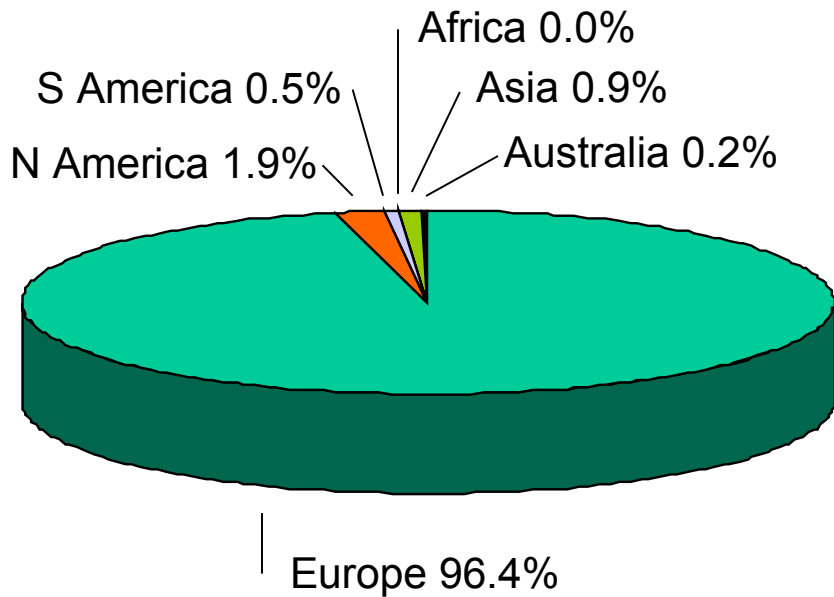


32,000 Certificates

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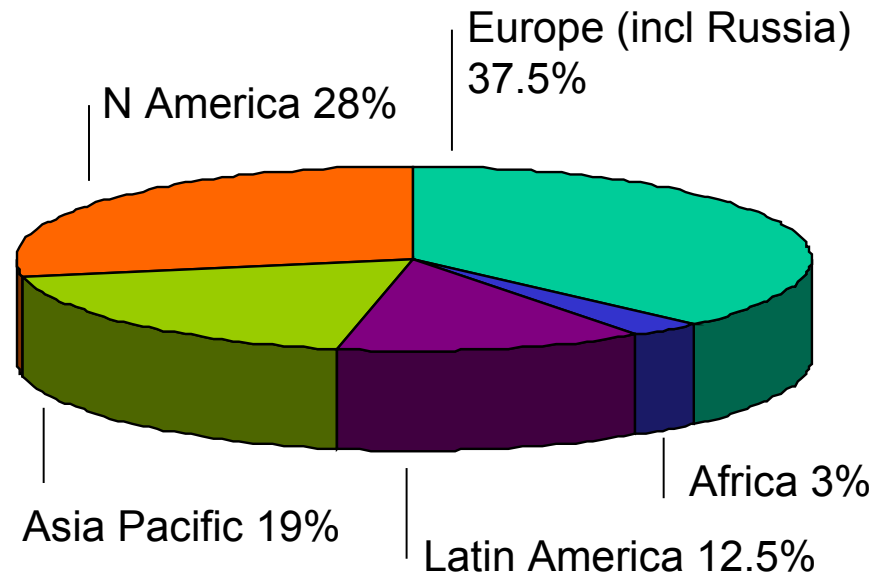


PEFC's Market Access (C-O-C certifications): Regional Split



Basis 3290 Certificates

2007 (actual)



Basis 16,000 Certificates

2017 (forecast)



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1. A new mission statement, developed in consultation with all members:

Vision: A world in which people manage forests sustainably

Mission: To give society confidence that people manage forest sustainably

Purpose: Through the endorsement of national certification systems, PEFC motivates and enables people to sustainably manage their forests and works to provide a market for the products of those forests

2. A significant switch in strategic direction from Production (forestry) to Market (Market Access) orientation

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Goals (i.e what the plan is designed to deliver)

2. Sustainable Forest Management

- 1.1 PEFC as an established leader in the continuous growth of certified sustainable forest management
- 1.2 Development of realistic standards and policies
- 1.3 Continuous development and improvement
- 1.4 Development of proactive partnerships for the delivery of SFM
- 1.5 Communicate the economic benefits of SFM
- 1.6 Positive contribution to mitigating the effects of climate change



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Goals

2. Market Access

- 2.1 Substantial growth in the global market for certified products originating from sustainably managed forests
- 2.2 Improvement in the supply chain processes for products from sustainably managed forests
- 2.3 PEFC as a market leader in the supply of certified products
- 2.4 Universal recognition and acceptance of PEFC for the benefit of its members
- 2.5 Effective communication

Goals

3. Economic Benefit

- 3.1 Provide a financial return for the SFM community
- 3.2 Encouraging external funding to the benefit of the SFM community
- 3.3 Provide a cost efficient service for stakeholders

4. Rural Development

- 4.1 Contribute to maintaining and strengthening local communities and jobs
- 4.2 Provide sustainable employment

A Strategy for the Next Decade – Key Objectives

1. Growth

Objectives

- Over the next ten years, PEFC plans to maintain its current share of over 60% of the total global capacity of certified industrial roundwood thus providing an increasing feedstock of certified material to the market
- Growth to be achieved by targeting key geographic regions, which can be demonstrated to provide most synergy with the needs of existing members and logo users and where PEFC's strengths, competences and skill can be most effectively employed

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Key Objectives

2. Market Access and Communications

2.1 Market Access

Objectives

- To ensure free, open markets for PEFC's certified products throughout the world, measured in terms of market acceptance
- To adopt a long term target of achieving a market share of 50% of all certifications (currently 36%) as measured by chain of custody certifications
- The main growth in chain of custody certifications to come from outside Europe, notably North America, the Asia/ Pacific area and Latin America
- To increase PEFC's value to key stakeholders and international institutions

2.2 Improved Communications

Objectives

- The development of a communications strategy in line with the overall PEFC strategy
- Communicate PEFC's activities to ensure increased awareness of PEFC
- Increase credibility and acceptance of the PEFC brand

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Key Objectives

3. Governance and Operational Elements

3.1 Governance issues

Objectives

PEFC recognises governance, in its broadest sense, as the key strategic determinant in achieving its overall strategic goals

- Improving external perceptions of PEFC's governance
- Making the PEFC organisation more effective
- Ensuring the PEFC's rules and standards are simple and easy to understand; implement and operate
- Ensuring that PEFC robustly implements and continuously monitors its own requirements at all levels
- Removing obstacles to dialogue with international ENGOs

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Key Objectives

3.2 Operational Structure (PEFC Council Secretariat and the NGBs)

Objectives

- To support, strengthen and grow the combined central and regional structures of PEFC to deliver the overall strategy
- To have a central resource which can deliver strategies agreed by the General Assembly in a cost effective manner and which supports the NGB structure
- Proactively implement change and steer the NGBs by regular performance measurement
- To reorganise and if necessary relocate the central resource to support the above objective
- To reinforce the current organisation by adding additional professional competencies capable of implementing the strategic plan and to provide appropriate and necessary NGB support



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Enabling Measures:

To deliver the strategy key reviews have been / will be commissioned with consultants

Review

Status

Image study

Completed

Location Options

Completed

Governance Review – Options

Completed

- Recommendations

To be done

Communications Strategy

To be done on acceptance of Strategic Plan

Communications Plan

To be done on acceptance of strategy

Funding for all the above will be provided by Finnish corporate sector and will **NOT** come out of operational income

Funding will also cover necessary office relocation – city still under review

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Funding – How do we pay for it ?

“It is PEFC’s funding strategy to provide NGBs (National Governing Bodies) with the opportunity to progressively move the funding burden from the forest owners towards the final consumers” This will require “pump priming” in the early years

Business and Financial Projections 2007 – 2012 €

<u>INCOME STREAMS</u>	<u>2007 (€)</u>	<u>%</u>	<u>2008 (€)</u>	<u>%</u>	<u>2012 (€)</u>	<u>%</u>
Membership Fees						
Subscriptions	550,000	29%	634,350	26%	650,000	17%
Development Fee (C-O-C)			185,000	7%	1,120,000	29%
Development Fee (ha)			589,000	24%	614,000	19%
External Funding	1,320,000	71%	1,070,000	43%	1,500,000	39%
	1,870,000	100%	2,478,350	100%	3,884,000	100%

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Funding – How do we spend it ?

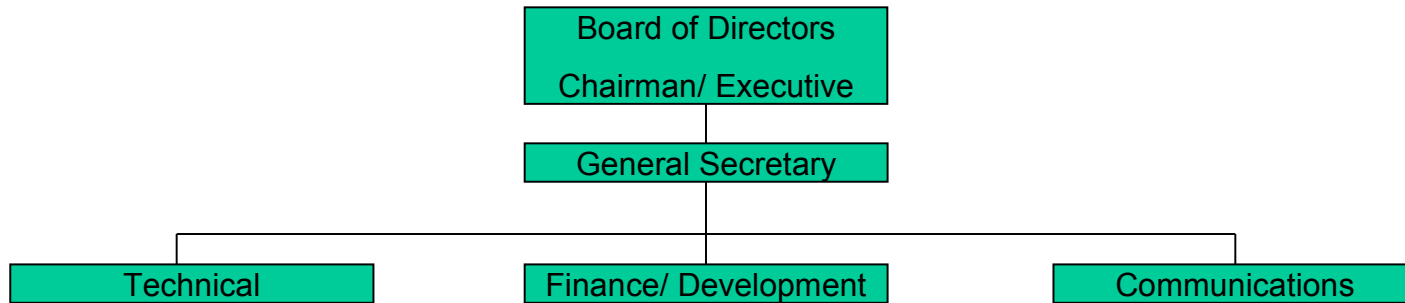
Business and Financial Projections 2007 – 2012 €

<u>EXPENDITURE HEADINGS</u>	<u>2007 (€)</u>	<u>%</u>	<u>2008 (€)</u>	<u>%</u>	<u>2012 (€)</u>	<u>%</u>
Core Elements						
Operations include:						
Accommodation and office expenses, Human Resources, Member Support, QA, Travel & Subsistence, Legal & A/C Services, Marketing and Comms Support Internal Communications, Governance etc	1,111,250	59%	1,750,000 ¹	69%	1,764,754	46%
Scheme Development = Growth					700,000	18%
Market Access:						
External Communications	780,000	41%	780,000	31%	1,400,000	36%
TOTAL €	1,891,250	100%	2,530,000	100%	3,864,754	100%
TOTALS US\$ @ 1.36	2,572,100		3,440,800		5,256,100	
TOTALS C\$ @ 1.43	2,704,500		3,617,900		5,526,600	

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Draft Organisational structure



- Membership Support, Compliance and Development
- Membership Enlargement
- External Representation and Liaison with other Entities
- Management and Development of the PEFC Databases
- Logo and Chain of Custody Management
- Continuous Development/Improvement of PEFC Technical Documentation
- Customer Support

- Planning and Budgeting
- Oversight of PEFC projects/ initiatives or PEFC central finances
- Fundraising
- Financial Governance/ legal/ audit
- Expert support to members and Technical and Communications Outreach

- Strategic Development and Implementation
- External Communications
- Internal Communications
- Fundraising Support



Draft Organisational Structure - Key Metrics

Technical and Communications

	<u>1999</u>	<u>2007</u>	<u>2012 (for)</u>
1. Membership No.s	9	32	38
2. Endorsed Schemes	0	23	15 schemes due for (re)endorsement in 2007/8)
3. Chain of Custody	0	3,300	11,200
4. PEFC Documentation (No. of pages)	12	188	↓
5. External Representation:			
11 x Extraordinary Members			
Government Procurement Policies:		Norway, Denmark, France, Belgium, Netherlands, Japan, China, UK, E.C. Green Buildings Council, BRE, BREAM, WBCSO, FWAG	
Inter-governmental and others		FAO, UNECE, UNFE, OECD, Chatham House, ITTO, ILO, IAF, ICFPA, ISO, MCPFE, Forest Dialogue, Montreal, ATO, Tarapoto, Dry African Process, Development Banks, BWI	



Draft Organisational Structure - Key Metrics

Finance/ Development

	<u>1999</u>	<u>2007</u>	<u>2012</u>
External Funding €	0	1.3 mio*	1.5 mio
Total Budget €	0.25 mio	1.9 mio	3.9 mio

* Of which majority expires in 2008



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Draft Organisation – Staffing (excluding Senior Management and Secretarial)

	<u>2007</u>	<u>2008</u>	<u>2012</u>
Technical	1	2	2
Finance/ Development	0.5	1.5	1.5
Communications	1	1	2