

ACCREDITATION SERVICES INTERNATIONAL GmbH

Charles-de-Gaulle-Str. 5 • 53113 Bonn, Germany • Tel.: +49 - 228 - 367 66 0 • accreditation@fsc.org

FSC Annual Surveillance of GFA for 2006

**Forest Management Audit to DESA
(GFA-FM/COC-1140) in Santa Cruz, Bolivia**

Date of audit: 20-23 September 2006

Public Summary

**Liviu Amariei
FSC Accreditation Lead Auditor
Olvis Camacho
Local Forestry Expert
11 January 2007**

Public Summary report was prepared by ASI based on the final ASI audit report

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0 Background

The operation audited by CB

Name of operation	Desarrollo Agricola S.A.
Forest type	Tropical Natural Forest (remnants thereof)
Total area (ha)	3,068
Name of contact person	Arturo Altamirano
Address	c/o Av. Grigota No. 896, Santa Cruz de la Sierra
Country	Bolivia
Phone number	+591 3 3529390/1
Fax number	+591 3 3526945
URL	
E-mail address	desa@mail.cotas.com.bo
Type of certificate	Single
Scope of certificate	303 Natural forest windbreaks

FSC Audit Details

Date of audit	20-23 September 2006
Purpose of audit	FSC Annual Surveillance Forest Management Audit
FSC audit team	Olvis Camacho (Local expert), Liviu Amariei (Lead Auditor)
Sites audited	San Rafael Farm

1 The audit process

1.1 Objective and scope of audit

The objectives of this forest management surveillance audit are:

1. Evaluation of certification body's performance in implementing the accredited certification system in accordance with FSC accreditation requirements.
2. Witness an audit team to determine whether or not the team:
 - a) adequately applies the procedures and instructions of the certification body;
 - b) members exhibit the characteristics of an auditor as detailed in ISO 19011;
 - c) has the required expertise of the sector in which the audit is being undertaken;
 - d) applies appropriate expertise in the correct sense;
 - e) undertakes the audit effectively and draws correct conclusions.
3. Evaluation of the conformity of the certificate holder with FSC and certification body's certification requirements in so far as this is necessary to verify the performance of the certification body.
4. Evaluation of stakeholder comments or complaints ASI received in relation to this operation.

ASI annual surveillance audits are conducted as "*witness audits*" and are based on a sample of the valid certificates of the audited CB within the scope of accreditation. The number of

audits per year is determined by ASI surveillance policy; sampling is based on the ASI sampling procedure. Due to the nature of the ASI surveillance procedure, the audit evidence is only based on a sample of the information available and therefore there is always an element of uncertainty in the audit findings.

1.2 Selection of certificate

This certificate was selected for a witnessed audit, because:

- It was identified for field evaluation because of the nature of the certified forest-windbreaks that are remnants of natural forest;
- First certificate of GFA in Bolivia;
- Certificate was subject to a debate about the eligibility of the windbreaks at DESA for certification to FSC standards (discussed also in findings);
- Possibility to conduct cost-efficient piggyback-audits.

1.3 Planning and implementation

Once the company was selected, the FSC auditor reviewed the certification report and the related documentation. The GFA office and Recursos Naturales Tropicales (RNT), (the GFA partner organization in Latin America) provided all necessary information and support to carry out the audit.

1.4 Consultations by FSC

1.4.1 Consultation process

According to ASI procedure, this FM surveillance audit was announced on the FSC electronic fora about one month in advance. FSC National Initiatives, Certification Bodies, FSC members and interested stakeholders were invited to send comments on the performance of the CB or the certificate holder.

Additionally, the ASI Local Expert, Olvis Camacho, assessed the quality of the stakeholder consultation carried out by GFA during the main assessment. The ASI audit team met with staff and several board members of the Consejo Boliviano para la Certificación Forestal Voluntaria (CFV) on the 19th of September in Santa Cruz.

1.4.2 Main concerns expressed by stakeholders

Stakeholder Comment	FSC response/action
Eligibility of the windbreaks at DESA for certification not convincing (forest ecosystem, cut-off date, long-term sustainability of the wind-breaks)	During ASI evaluation many aspect of environmental considerations appeared not be appropriately evaluated. See Part 3 of this report.
Partial certification	Comment confirmed. See: CAR.GFA.FM.2006.06
Evaluation of Principle 3	Comment confirmed. See: CAR.GFA.FM.2006.15

2 The certified operation

2.1 Brief description of the operation

The Forest Management Unit of DESA is located in Cuatro Cañadas Municipality, Ñuflo de Chavez Province in the Santa Cruz Department, Republic of Bolivia, and 135 km far from the city of Santa Cruz. The FMU includes the following farms: Totai, San Francisco, San Rafael, Delta, Rio Grande and Toborochoi. Together, the farms cover and extension of 20.962 ha, currently dedicated to agricultural use.

Forest management at DESA seeks for sustainability of windbreaks management and protection of nearby crops against winds. Additionally, the windbreaks are seen to represent a refuge for local fauna and to provide other environmental services.

2.2 The certification history

Main audit:	24-27 May 2004
Date of certificate issue	01 October 2004 (5 years validity)
Date of 1st surveillance	24-28 July 2005
Date of 2 nd surveillance (this audit)	20-22 September 2006

3 Summary of findings

During this ASI surveillance audit of GFA, the ASI audit team identified a number of non-compliances that have been addressed and fully documented in ASI final surveillance report. All areas of concern related to the interpretation and implementation of FSC certification procedures and requirements were addressed by the Corrective Action Requests (CAR) presented below.

Major CAR	Minor CAR	Recommendations
7	8	3

Note: the failure to successfully address MAJOR CARs within the given timeline may result in disciplinary measures, including e.g. suspension of accreditation.

Based on the objective evidence evaluated, the following CARs are proposed:

CAR.GFA.FM.2006.01	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR
Nonconformity	Inconsistency between the scope of the certificate as described in the main assessment report and the information on the GFA certificate issued to DESA.
Normative Reference	FSC-STD-20-008; FSC Guidelines for information on FSC certificates
Timeline	GFA office audit 2007

CAR.GFA.FM.2006.02	<input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR
Nonconformity	Flawed stakeholder consultation process during the certification process, resulting in lack of proper understanding and evaluation of the environmental and social context of the operation
Normative Reference	FSC-STD-20-006
Timeline	6 months from finalization of this report.

CAR.GFA.FM.2006.03	() MAJOR (X) MINOR
Nonconformity	Forest management plan not considering all standard requirements, not raised by GFA in its evaluation.
Normative Reference	FSC Standard for Bolivia, Principle 7
Timeline	GFA office audit 2007

CAR.GFA.FM.2006.04	(X) MAJOR () MINOR
Nonconformity	Lack of proper evaluation and reporting of compliance by the certified operation with FSC requirements for the use of chemical pesticides in certified forests, relating to of chemical pesticides in agriculture
Normative Reference	FSC Standard for Bolivia, Criterion 6.6; FSC Policy on Chemical Pesticides in Certified Forests July 2002
Timeline	6 months from finalization of this report.

CAR.GFA.FM.2006.05	(X) MAJOR () MINOR
Nonconformity	Lack of proper evaluation and reporting of compliance by the certified operation with Bolivian legal requirements relating to the forestry operation and lack of proper evaluation and reporting on the potential conflict between the obligations of DESA as an agricultural company and its obligations as a forestry company during the main assessment.
Normative Reference	FSC Standard for Bolivia, Criterion 1.1
Timeline	6 months from finalization of this report.

CAR.GFA.FM.2006.06	(X) MAJOR () MINOR
Nonconformity	Lack of proper evaluation and reporting of compliance by the certified operation with FSC requirements for partial certification
Normative Reference	FSC policy on partial certification. Criterion 1.4
Timeline	6 months from finalization of this report.

CAR.GFA.FM.2006.07	(X) MAJOR () MINOR
Nonconformity	Lack of proper evaluation and reporting of compliance by the certified operation with FSC requirements for commitment of the forest manager with the FSC P&C.
Normative Reference	Bolivian standard, FSC Criterion 1.6, Indicator 1.6.2.
Timeline	6 months from finalization of this report.

CAR.GFA.FM.2006.08	() MAJOR (X) MINOR
Nonconformity	Company not able to present public summary of the forest management plan and not aware of this requirement.
Normative Reference	Bolivian standard, FSC Criterion 7.4
Timeline	GFA office audit 2007

CAR.GFA.FM.2006.09	(X) MAJOR () MINOR
Nonconformity	Inadequate evaluation of compliance with P9 by certification body. Company not aware of certification standard requirements relating to P9.
Normative Reference	Bolivian standard, FSC Principle 9
Timeline	6 months from finalization of this report.

CAR.GFA.FM.2006.10	(X) MAJOR () MINOR
Nonconformity	Inadequate application of FSC policies relating to the time for compliance with requirements of a re-accredited standard.
Normative Reference	FSC-STd-20-002 Paragraph 7.1, Note 11 and 12
Timeline	6 months from finalization of this report.

CAR.GFA.FM.2006.11	() MAJOR (X) MINOR
Nonconformity	Insufficient local expertise for the surveillance audit at DESA. Local expertise during main assessment not sufficient to detect important issues for compliance with the certification standard.
Normative Reference	FSC-STD-20-004, Part 2.3
Timeline	GFA office audit 2007

CAR.GFA.FM.2006.12	() MAJOR (X) MINOR
Nonconformity	Inadequate evaluation and reporting on the use of exotic species at DESA during main assessment and surveillance.
Normative Reference	FSC Bolivian standard, Criterion 6.9
Timeline	GFA office audit 2007

CAR.GFA.FM.2006.13	() MAJOR (X) MINOR
Nonconformity	Incomplete follow-up on previously issued CARs during surveillance.
Normative Reference	FSC-STD-20-007, Par. 4.3.3.1
Timeline	GFA office audit 2007

CAR.GFA.FM.2006.14	() MAJOR (X) MINOR
Nonconformity	Inadequate analysis of compliance with FSC requirements relating to the use of GMOs in agriculture and their potential impact on the forest ecosystem (refers both to DESA and GFA).
Normative Reference	FSC Bolivian standard, Criterion 6.8
Timeline	GFA office audit 2007

CAR.GFA.FM.2006.15	(X) MAJOR () MINOR
Nonconformity	Inadequate analysis of compliance with FSC Principle 3
Normative Reference	FSC Bolivian standard, P3
Timeline	6 months from finalization of this report.

Additionally, the ASI auditors propose the following recommendations:

Observation	Scope of complaints/dispute resolution procedure at DESA limited to own workers and neighbouring communities
REC.GFA.FM.2006.1	Ensure that DESA procedures for complaints/dispute resolution can be used by any stakeholder
Observation	DESA seems to be interested in developing forestry plantations in the future, on land currently used for agriculture. However, under current FSC policy (cut-off date), these plantations might not be eligible for certification, even if only a small area (less than 1,000 Ha) was deforested at DESA after 1994.
REC.GFA.FM.2006.2	GFA should explain DESA the standard requirements relating to the cut-off date and ensure that the company takes the initiative on consulting CFV and FSC on this issue.
Observation	In the absence of a specific evaluation, it is not clear whether the use of GMO soy on agricultural lands is compatible with the management of an FSC certified FMU at DESA.
REC.GFA.FM.2006.3	GFA should explain DESA the standard requirements relating to the use of GMOs in agriculture, its potential impact on the forest ecosystem, and ensure that the company takes the initiative on consulting CFV and FSC on this issue.

4 Overall conclusions

4.1 Implementation of documented certification system

Following this surveillance audit, the ASI audit team concluded that the GFA audit team did not implement properly some important aspects relating to forest management certification, which results in several major issues being raised as non-compliance in this report

4.2 Operation's compliance with FSC P&C

At the time of this FSC surveillance audit, due to the poor performance of the certification body assessment team during main assessment and surveillance, there were serious doubts that the operation was in compliance with the certification standard. Several Minor and Major nonconformities were identified by the CB audit team, and they were appropriately addressed by corrective action requests. However, several other instances of non-conformance were identified by the ASI Team, and they have not been properly addressed by the GFA Auditor during the audit

4.3 Certification Decision

Following this surveillance audit, the FSC audit team is not satisfied that the positive certification decision taken by CB after its main assessment in 2004 is justified. Several important aspects were not properly evaluated by the certification body, including commitment to the FSC P&C in the context of a company involved mainly in agricultural activities, partial certification, P1, P3, P6, and P9.

In order to clarify whether the company is in compliance with the standard or not, the certification body is expected to re-evaluate in detail those aspects that are raised in this report as being in apparent non-compliance with the certification standard.

5 Terms and definitions

Nonconformity: The absence of, or the failure to implement and maintain, one or more management system requirements of the reference standards, or a situation which would, on the basis of available objective evidence raise significant doubt as to the credibility of the certificates issued by the applicant body. ASI procedures for nonconformity and corrective action requests are included in ASI QMS, procedure ASI-PRO-20-116 Corrective action procedure.

Note:

A “nonconformance” is a product that does not meet specifications;

A “nonconformity” is a process that does not meet specifications.

According to their severity, nonconformity is graded into three categories:

Major Nonconformity - CAR

“A systematic failure or significant deficiency -either as a single incident or a combination of a number of similar incidents- in a significant part of the quality system, or the lack of implementation of such a part, governed by applicable standards. A number of minor nonconformities against one requirement of the reference standards can represent a total breakdown of the system and thus be considered a major nonconformity.”

Minor Nonconformity - CAR

“An isolated or sporadic lapse in the content or implementation of procedures or records which could reasonable lead to failure of the system if not corrected. If a pattern of minor nonconformities occurs over successive assessments, it may represent a total breakdown of the system and a major non-conformance shall be issued.”

Observation - REC

“An area of concern, a process, document, or activity that is currently conforming that may if not improved, result in a nonconforming system, product or service. Observations shall be recorded in the audit report for the benefit of the customer.”