



**NCCF**

## **Business Potential of NCCF FM and ToF Certification Schemes**

**Network for Certification and Conservation of Forests**  
Member of PEFC Alliance from India

# NCCF's past engagements with CBs:



# Business Prospects for Certification Bodies



1. NCCF FM Certification Scheme
2. NCCF ToF Certification Scheme
3. More schemes in pipeline

# Facts & Figures for NCCF FM Scheme



- ✓ Forest Departments contacted: **All States/UTs in India (36)**
- ✓ Workshops done with Forest Departments: **14**
- ✓ Tenders issued: **05**
- ✓ Tenders awarded: **03**
- ✓ Tenders unawarded: **02**
- ✓ NCCF-PEFC certified area (till date): **4.5 lakh ha**
- ✓ NCCF-PEFC certified area (under process): **5.82 lakh ha**
- ✓ NCCF-PEFC certified area (opportunity lost): **-2.49 lakh ha**
- ✓ Target area for FM certified forests in 2021: **10 lakh mha**
- ✓ Target of new FM certificates in 2021: **06**
- ✓ Potential for FM certified forests (next 5 years): **50-100 lakh ha**
- ✓ Potential revenue from FM certification (next 5 years): **INR 3-5 CR**

# Why is certification of forests important



- ✓ Ownership of natural forests rests with Government (about 95%)
- ✓ Forests provide multiple and diverse wood species
- ✓ India's forests follow Working Plan based forest management which aids in Forest Certification
- ✓ Objective of Forest Development Corporations is to trade in wood
- ✓ Currently forests supply about 2-5 million cum of wood
- ✓ Majority of this wood is uncertified
- ✓ We need to only tap this and not aim for increasing productivity of wood coming from forests
- ✓ Forest Certification is simply an independent management audit
- ✓ Huge gap & myths between industry and forest departments
- ✓ Industries have right to demand wood from forest departments
- ✓ CBs can join NCCF in sensitizing States/UTs

# Potential income projection from FM (2021-2026)



**Evaluation Audit Cost : INR 12-15/ha/audit**

**Surveillance Audit Cost: INR 8-10/ha/audit**

Total area under Forests: 71.22 mha

Assuming production area to be 10% of available forest area: 7.12 mha

Estimated target area under FM certification in 5 years: **5.25 mha (73%)**

**Potential Scope of around 50+ Forest Divisions (with an avg area of 75,000 ha)**

S. No.	Year	No. of Forest Divisions	Area for 1 division (ha)	Potential Income
1	2021-22	14	75,000	1.26 to 1.57 CR
2	2022-23	14+10	75,000	2.10 to 2.62 CR
3	2023-24	24+10	75,000	2.94 to 3.67 CR
4	2024-25	34+10	75,000	3.78 to 4.72 CR
5	2025-26	44+10	75,000	4.62 to 5.77 CR

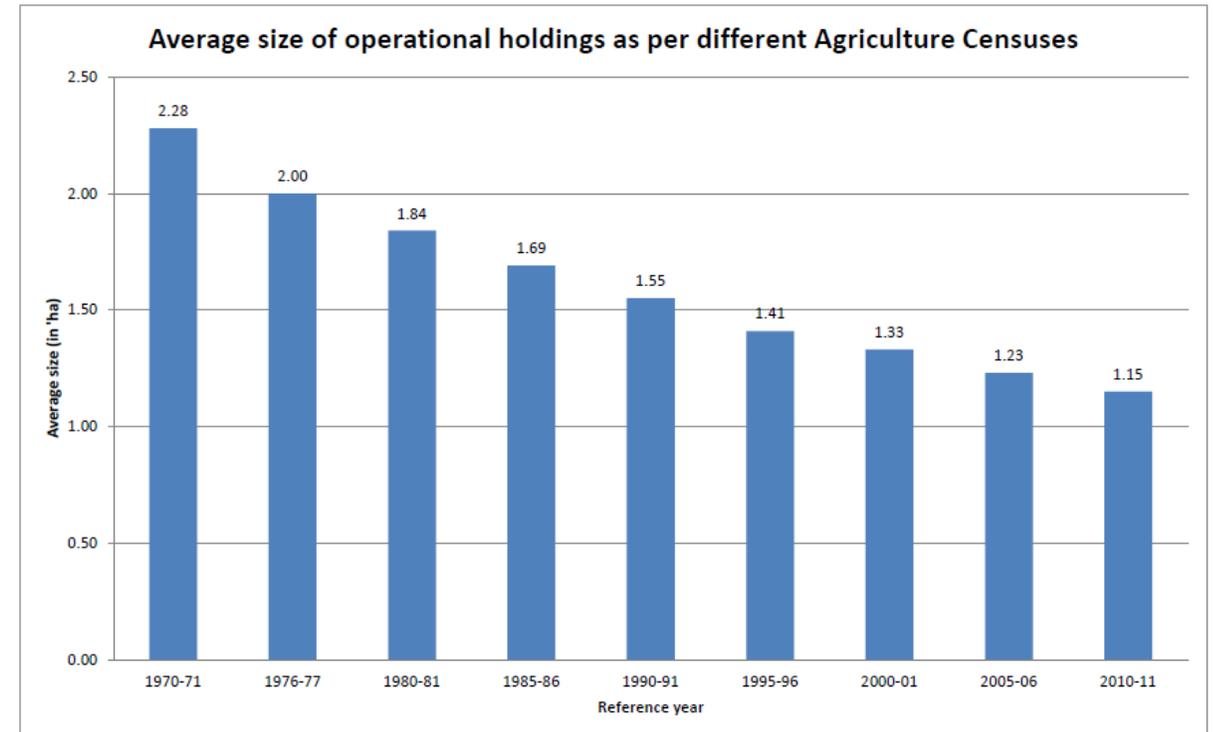
# Events conducted for NCCF FM Scheme

- ✓ Successfully conducted NCCF FM Auditor Training in December 2019
- ✓ Resulted in 14 successful auditors
- ✓ CBs accredited for NCCF-PEFC FM Scheme: 03
- ✓ NCCF will organize FM Auditor Training in 2021



# Facts & Figures to support usefulness of NCCF ToF Scheme

- ✓ ToF meets about 85% of the industrial wood requirements in India
- ✓ Average Size of Operational Land Holding: **1.15 ha (reducing over years)**
- ✓ Marginal Holdings (0.5-1.0 ha): **67% (increasing over years)**
- ✓ ToF Scheme has only **98 indicators (59% less as compared to FM Standard)**
- ✓ Potential for NCCF ToF certified material : **35 cubic million/annually**
- ✓ Potential revenue from ToF certification in next 5 years : **23.62 to 29.53 L**



# Why is certification of ToFs important

- ✓ Huge production of wood from ToF
- ✓ NCCF ToF Scheme is geared up to ToF Scenario in India
- ✓ This scheme will allow ToF wood to use trademarks and claims
- ✓ No sustainability adherence systems as well as standard for certification
- ✓ Indian producers using ToF wood are unable to tap global markets
- ✓ To allow small holders to be part of supply chains
- ✓ Help and encourage timber based industries to include certified ToF raw material in their procurement policies
- ✓ Accelerating supply of certified raw material
- ✓ Enhancing farmers income
- ✓ Wood supply chain is majorly unorganised
- ✓ Trees are important for climate resilience

# Complex nature of ToF Sector operations



	Organised Industry	Unorganised Industry
<b>Centralised Management System</b>	Yes, industry runs FF & plantation scheme to promote tree cropping in catchment area	No such support/initiative taken by industry
<b>Internal Monitoring</b>	Yes	No
<b>Tracking &amp; Traceability</b>	Traceability is clear & simplified as industry only procures from farmers/ suppliers registered with them	docs related to traceability are collected
<b>Documents</b>	Land records & farmer docs are collected	Not followed, docs related to traceability are maintained
<b>Management interventions, Hand Holding of Farmers</b>	Yes (technical advice, distribution of clones, best mgmt. practices, etc. to land holders)	No
<b>Sourcing/Purchase type</b>	Majorly purchased from farmers directly	Purchased from mandi, agents, traders, sawmillers
<b>Wood type</b>	Round logs (w/wo bark)	Round logs, planks, Processed wood, semi-processed
<b>Input material</b>	100% FM or CW	Non-certified, CW, certified (100%, mix) depending upon source of purchase
<b>Resource Allocation</b>	Resource allocated for managing plantations & training of land holders	No resource allocation
<b>Wood Consumption</b>	Self sourced & consumed within industry (ToF, import)	Dependent on multiple other sources for consumption (forest, ToF, import)
<b>Species</b>	Limited no. of softwood species (EU, POP, CASU, SUB)	Multiple species (softwood/hardwood) available in abundance
<b>Example</b>	Paper, plywood	Furniture, handicraft, construction,

# Potential income projection for CBs from NCCF TOF Scheme (2021-26)

**Evaluation Audit Cost : INR 12-15/ha/audit**

**Surveillance Audit Cost: INR 8-10/ha/audit**

Estimated area under Agroforestry: 11.54 to 25.32 mha

Estimated avg ToF area that can be under ToF certification : 9.2 mha

Estimated target area under ToF certification in 5 years: **5,06,250 ha (5.50%)**

<b>S. No.</b>	<b>Year</b>	<b>Net Area (ha)</b>	<b>Gross Area to be surveyed (ha)</b>	<b>Potential Income</b>
1	2021-22	1,00,000	10 L	1.20 to 1.50 CR
2	2022-23	2,00,000	20 L	2.00 to 2.50 CR
3	2023-24	3,00,000	30 L	2.80 to 3.50 CR
4	2024-25	4,25,000	42.50 L	3.90 to 4.87 CR
5	2025-26	5,75,000	57.50 L	5.20 to 6.50 CR

# Potential income projection for CBs from NCCF TOF Scheme (2021-26)

- ✓ Average yield from 1 ha for 5 year cycle: 150-175 TN
- ✓ Premium offered by industry for certified RM: INR 100-200/TN
- ✓ Money in cycle: Yield x Premium offered (150x100)
  - ✓ INR 15,000
  - ✓ For 1L ha for a 5 year cycle: 150 CR
  - ✓ Annual: 30 CR
- ✓ Cost of certification: 2-5% of overall production cost

# Activities & Events for NCCF ToF Scheme



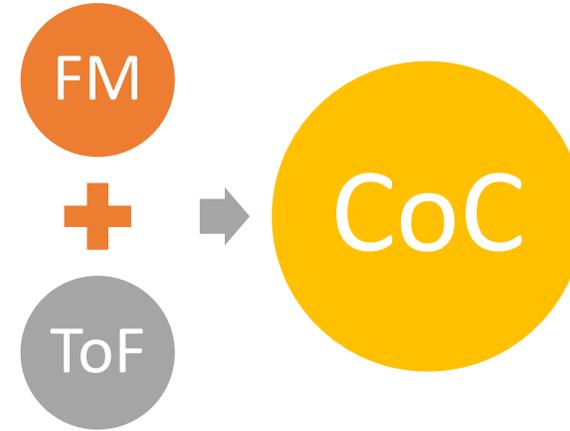
- ✓ NCCF is providing provisional approval for CBs to operate on ToF Scheme
- ✓ ToF Scheme is under PEFC Endorsement process
- ✓ NCCF is developing a Risk Assessment Tool to facilitate certification
- ✓ NCCF will organize ToF Auditor Training 2021
- ✓ Training planned for 2021

# Combined Potential income projection for CBs from NCCF FM+TOF Scheme (2021-26)

S. No.	Year	FM	ToF	Total Potential Income
1	2021-22	1.26 to 1.57 CR	1.20 to 1.50 CR	2.46 to 3.07 CR
2	2022-23	2.10 to 2.62 CR	2.00 to 2.50 CR	4.10 to 5.12 CR
3	2023-24	2.94 to 3.67 CR	2.80 to 3.50 CR	5.74 to 7.17 CR
4	2024-25	3.78 to 4.72 CR	3.90 to 4.87 CR	7.68 to 9.59 CR
5	2025-26	4.62 to 5.77 CR	5.20 to 6.50 CR	9.82 12.27 to CR

# Potential for CoC Certifications

- ✓ Global certified area: 525 mha
- ✓ Global CoC certificates: 60,000+
- ✓ CoC certificates status India:
  - ✓ FSC: 870
  - ✓ PEFC: 40



**Evaluation Audit Cost : USD 1000/ person days**  
**Surveillance Audit Cost: USD 750/ person days**  
**Avg person days: 02**

S. No.	Year	Potential New CoC	Person Days	Total Potential Income (EA+ SA)
1	2020-21	40	80	59.20 L
2	2021-22	80	160	1.62 CR
3	2022-23	160	320	3.25 CR
4	2023-24	240	480	5.32 CR
5	2024-25	360	720	7.99 CR

# Change in Auditing Process with COVID Restrictions

- ✓ COVID-19 has worldwide impacted travel, induced medical restrictions & affected auditing
  
- ✓ Remote & Hybrid Auditing is allowed, keeping specific requirements in mind as applicable
  - ✓ Initial audits
  - ✓ Surveillance audits
  - ✓ Re-certification audits
  - ✓ Multi-site organisations
  - ✓ Internal monitoring programmes for group organisations
  - ✓ Managing non-conformities
  
- ✓ Refer:
  - ✓ Chain of custody auditing of PEFC certified companies affected by restrictions due to COVID-19 – guidance (Version 7, 25/02/2021)
  - ✓ Sustainable Forest Management auditing of PEFC certified entities affected by restrictions due to COVID-19 – guidance (Version 3, 18/12/2020)

# Thank You!!

**Network for Certification and Conservation of Forests**

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