

# EXTERNAL EVALUATION



**Agnes Titus, Helen Rosenbaum, Mary Rose Palei**  
**January 2007**

## WHAT PEOPLE SAID ABOUT FORCERT

“We cut the trees but the forest are still there, we catch the fish but the fish are still there, we get the prawns but the prawns are still there.”

“Before FORCERT came we women saw ourselves as just housewives and cooks. After we did our family trees we realised we were landowners and we all clearly know who owns which portions of land.”

“FORCERT’s awareness opened our eyes to realise that we can manage our own forest sustainably.”

“What FORCERT tells us is what my grandfather used to teach me!”

“FORCERT is the most important component of ecoforestry work in PNG as it includes social, environment and economic aspects. FSC certification will enable PNG to take advantage of market shifts. FORCERT also pushes the government to create market and transport infrastructure. “

“FORCERT is playing pivotal role in gaining high value to producers via the group certification structure.”

“FORCERT has done well for a young organisation - expanded into many target areas in a short time”.

“The original vision for FORCERT has come to fruition. It was a lot of work to get it established and to develop FSC standards appropriate to PNG.”

“I care about the people and I care about FORCERT.”

“FORCERT is doing good work and I fully support the certification because it helps the small people to benefit from their own resources”.

“I very much support the FORCERT concept and PNG really needs it to reduce the amount of unsustainable logging.”

## **ABBREVIATIONS**

BOD	Board of Directors
CAR	Corrective Action Request
CBFT	Community Based Fair Trade
CoC	Chain of Custody
CMU	Central Marketing Unit
DPU	Downstream Processing Unit
EFP	Eco Forestry Programme
ENB	East New Britain Province
FORCERT	Forest Management & Product Certification Service
FPCD	Foundation for People & Community Development
GCSN	Group Certification Service Network
LKS	Lesser Known Species
NGO	Non-Government Organisation
PNG	Papua New Guinea
EFF	Eco-Forestry Forum
PNGFA	PNG Forest Authority
RDB	Rural Development Bank
SFM	Sustainable Forest Management
SI	Solomon Islands
SIYTB	Start and Improve Your Timber Business
VDT	Village Development Trust
WNB	West New Britain Province
WWF	World-Wide Fund for Nature

## SUMMARY

FORCERT started operating in January 2004 and at the end of its third year of operation, decided to conduct an external review of its program. The emphasis of this review was on identifying lessons learned to assist FORCERT in developing effective organisational and management arrangements.

In conducting the review, the Evaluation Team explored issues relating to

- Environmentally Responsible Management and Conservation of Forest Resources
- Socially beneficial forest management that recognises the important role of local landholders and provides a model for sustainable community forestry
- Economically Viable Forest Management

The Team held discussion with 5 producers, 4 CMUs, 1 potential downstream processor, 5 NGO stakeholders, the Board Chairperson, 3 Australian based stakeholders, ICCO and the Evaluation Business Resource Person: Lukis Romaso.

The following is a summary of the Evaluation Team's Key Findings.

- Amongst the stakeholders interviewed there is strong support for FORCERT and for the concept of the group certification network. There is a strong desire for the FSC system to work as a viable income generating alternative to unsustainable logging.
- It is the evaluation team's conclusion that **the viability of the group certification network is under serious threat** due to the lack of A grade export quality timber being sold to CMUs by FSC and CBFT producers. The need to address this situation is a high priority. If not "turned around" within 12 months there is a **high** risk that the network will collapse.
- This collapse would result from many of the CMUs being unable to financially sustain themselves and from the loss of credibility of the Network both within PNG and overseas (currently Australia and Hong Kong where buyers are waiting for orders to be filled). The viability of the Australian buyer, the Woodage is also being challenged by issues relating to poor quality and low supplies of timber.
- Many of the barriers to the sale of export quality timber to CMUs have already been identified as critical risks in FORCERT's business plan (Section 7). What the team has found is that **many of these risks are now reality and they require urgent attention.**
- Many of the Network members are committed to sustainable forest management and to the Group Certification Network. However the Team found that the level of commitment was variable amongst producers and CMUs. Low levels of commitment were found to reduce sales to the CMUs and to affect the credibility of the Network as a whole.
- FORCERT is struggling against the background of the previous EU Eco-Forestry Programme, which undermined instead of supported FORCERT's efforts to achieve sale of FSC certified timber to the CMUs. Since the closure of the EU EFP in August 2006,

FORCERT has been able to strengthen its relationship with EFP producers. However, due to the influence of the EFP these communities appear to be less self reliant and less committed to selling timber to the CMUs. They have high expectations of assistance from FORCERT and the CMUs.

- There is a need to instil sound business practices within FORCERT itself and at every level in the group certification network. Such a culture would enable “market signals” to travel up and down the CoC, foster responsiveness to difficulties encountered and develop resilience and viability.
- An important element of business culture for FORCERT would be to develop criteria to help it to make “tough decisions” about when to stop investing time and resources in a community that is not progressing and to shift its attention to a new community.
- The team observed a high level of commitment to sustainable forest management and to participatory decision-making processes in two communities in New Ireland who have worked only with FORCERT. These communities demonstrate the benefits of good community groundwork.
- The Team concludes that FORCERT’s focus in communities should be on establishing participatory decision-making processes that actively involve women and on monitoring these processes and the changes that occur in communities as a result of the businesses.
- Once participatory decision-making processes are in place, communities will decide for themselves how to distribute and use the income generated. FORCERT will need to monitor how inclusive the decisions are and how equitable are the distribution of benefits.
- Formal Community Development Plans (written as technical documents) are unnecessary and if imposed by FORCERT would actually be disempowering for producers.
- The Team found that in the two communities visited in New Ireland, FORCERT had successfully raised awareness about the roles and rights of women as equal participants. While these results in Kait and Nasko villages are encouraging, FORCERT should be constantly asking what can it do to **increase the quality and the quantity of women’s participation**. The goal should be to see more women participating in an active, confident and meaningful manner in decisions about the village businesses - not just working as labour or involved in side projects or as “token” board members.
- There is a need for FORCERT to network more effectively with NGOs, particularly those who work with communities. Currently there appear to be few NGOs who have a clear understanding about FORCERT’s work. In order to for NGOs to identify opportunities for collaboration with FORCERT it is important that FORCERT communicates about its work. Similarly there is scope for FORCERT to pro-actively identify potential partners who fill gaps in capacity.

- While FORCERT does not document lessons learned, the Team have found them to be a learning organisation that in practice thinks about how to overcome problems eg: the new loan facility initiated with the Rural Development Bank for pre-certified and certified producers and CMUs that will be soon introduced to provide seed capital.

FORCERT staff developed recommendations that address the findings (Section 6) during a 2.5 days workshop.

## INTRODUCTION

FORCERT was established in 2003 as a not-for-profit service providing company to help allow access to FSC certification for small and medium scale eco-forestry enterprises and timber yards. FORCERT is working closely together with other service providers and stakeholders, to build a Group Certification Service Network.

FORCERT started operating in January 2004 and now, close to the end of its third year of operation, decided to conduct an external review of its program. FORCERT has already conducted an internal review and planning process and has developed a new five year plan (2007-11). Thus, this review focused on specific questions relating to FORCERT's environmental, social and economic performance (See ToR Appendix 1). The emphasis of this review will be on identifying lessons learned to assist FORCERT in developing organisational and management arrangements that best support the implementation of its plan and the achievement of its mission and goal.

### ***FORCERT's mission statement is:***

*We seek to promote environmentally responsible, socially beneficial and economically viable forest management by providing a certification service network to small and medium scale forest product producers, using the FSC certification scheme as a management and marketing tool.*

*We believe in a fair and transparent independently certified forest product trade that recognises the important role of local landholders and ensures the different values of their forests are appreciated and maintained.*

### ***FORCERT's overall goal is:***

*To facilitate the responsible management and conservation of forest resources that maximizes the economic benefits for local resources owners.*

The Evaluation team held discussion with 5 producers, 4 CMUs, 1 potential downstream processor, 5 NGO stakeholders, the Board Chairperson, 3 Australian based stakeholders, ICCO and the Evaluation Business Resource Person, Lukis Romaso. The full list of stakeholders consulted is presented in Appendix 2.

The evaluation team worked with FORCERT in an open and participatory manner that facilitated the building of staff capacity and maximised opportunities for staff input. The findings of the evaluation were presented to FORCERT at a two day feedback workshop. The evaluation team facilitated a process by which FORCERT developed the recommendations.

# 1 TIMBER QUALITY AND QUANTITY AND WHAT IT MEANS FOR THE GROUP CERTIFICATION NETWORK'S VIABILITY

## 1.1 Stori blong Australia

The Network's Australian buyer, Peter Mussett (The Woodage, Mittagong, NSW), continues to receive timber that does not meet his (ie: the Australian market's) requirements. Common problems are under-measuring of lengths, mixing species in the same bundle, B grade timber, and green wood (timber not air dried). The Woodage has observed a noticeable improvement in the quality of the timber after Shane Richie's last training round. That is, he is seeing these problems less frequently in the containers he receives.

Currently PNG FSC timber is only about 5% of The Woodage's stock. Peter Mussett hopes that FSC timber supplies will increase with the Pomio producers coming back into the FORCERT group certificate and also as a result of the Fair Trade certification gained by FORCERT that will allow The Woodage to market CBFT timber.

To date, The Woodage has absorbed many costs in relation to PNG FSC timber. Due to the small volumes received, this has posed some challenges for The Woodage's own viability. Despite FORCERT encouraging Peter Mussett to be tougher with CMUs and producers, he continues to absorb the following costs:

- the premium charged by the CMUs - this is because Peter wants to promote FSC timber as affordable and not just for rich people;
- The costs associated with drying timber for 12 – 18 months before it can be sold in Australia;
- The higher costs of road transport for wet timber
- Financial losses incurred by receiving B grade instead of the A grade timber paid for.
- The cost of fumigation when containers have not met Australian quarantine standards.

In order to reduce these costs, The Woodage is reviewing its business strategy. It may decide to support the distribution of PNG value-added products and timber from LKS, rather than importing and retailing/wholesaling. This would require the establishment of a network of state based distributors throughout Australia that would be supported by Peter Mussett and FSC Australia. Currently there are four potential distributors in Brisbane, Sydney, Melbourne and Perth. However timber volumes will be required in the near future to maintain their interest and commitment and to develop a marketing strategy.

### 1.1.1 What the Stakeholders are Saying:

Is Peter Mussett tough enough? The most successful timber traders in Europe take a very hard headed approach and will refuse to pay for poor quality timber. Some timber traders in the Netherlands have gone broke by taking a soft approach.

The Woodage should refuse to pay for B grade timber in order for PNG producers and CMUs to take market requirements seriously. (PNG culture will lead them to continue to try to get away with supplying lower grade timber unless a tough approach is adopted.)

In Australia, “near enough is not good enough”. Trades people will pass on to consumers the cost of extra work required due to inaccurate dimensions and this will act as a disincentive to consumers buying FSC timber.

The operation of CMUs should be driven by the requirements of their overseas buyers. For example air drying should be routine (it only requires storage for 2 – 3 months depending on the type and size of timber). Kiln drying is more expensive to set up and technically demanding to operate.

## **1.2 Stori blong CMU’s**

The CMUs visited by the Team are suffering from the lack of export grade FSC timber sold to them by producers. Although many producers believe they are supplying the CMUs with A grade timber, the CMUs find that much of the timber is not export quality A grade and that they have to regrade it as B grade. When this occurs (frequently) the landowners are unhappy with the less than expected income and lose trust in the CMUs. Stocks of B grade timber incur overhead costs for the CMUs which are difficult for them to carry in the absence of a cash flow. These costs are associated with storage space, additional staff, and re-cutting timber to specified dimensions.

Three out of the four CMUs visited by the team expressed serious concerns about the precarious economic situation of their timber yard. These are Romcko Forest Resources, WNB; Avecof Timbers, ENB and Kaibert Corporation, Madang. (The fourth CMU timber yard visited Narapela Wei, Morobe will be discussed separately below.) These businesses are just holding on to the hope that they will receive more A grade export FSC timber very soon. When asked if they could hold on another 12 months – Ben Michael (WNB CMU) clearly said “No”, while Alois Malori (ENB CMU) responded by saying that he sometimes thinks he “will have a heart attack”.

The Team members who visited the Madang CMU were of the impression that the hopes of its owner, Bert, (pinned on the Siasi producers) were not going to be met by reality in the short term. Due to high operational costs, Kaibert is forced to offer producers less than some local market competitors. The low volumes of timber he receives means that timber is stored for 5-6 months before a container load is accumulated. The Team’s own observations of the very small quantities of timber present in these three yards confirm their desperate economic situation.

All three of these CMUs have been proactive. Staff from RFR, WNB have spent two weeks in each of Matawat and Mareike villages working and training the producers in tree felling and sawing. Staff from RFR have also visited The Woodage to learn about Australian market requirements. Avecof Timbers and Kaibert have spent time and effort to identify interested producer groups. In addition, they have various arrangements to cover the costs of transport of timber to the yard and some of the maintenance costs of producers. These CMUs are very committed to FSC and do not want to build up a trade in red (unsustainably harvested) timber. It is their commitment that has kept them going with their businesses- in the face of the urgent need to make an income.



One way in which FORCERT is encouraging CMUs to reduce their overheads at the same time as increasing returns to producers is for the CMUs to play an export facilitation /coordination role rather than buying timber. This requires producers to be able to fill a whole container (18-20m<sup>3</sup>) at a time, and overseas markets to accept LKS (see also Section X on marketing strategy). The CMUs will enter into a cost share arrangement on the sale of the container, with producers responsible for the sale/disposal of any B grade timber. CMUs will only accept export A grade. This type of arrangement is already occurring with RFR and Avecof Timbers with a 75% and 70% return to producers respectively and one container load under this arrangement from each having already been sent to Australia. (A second container was due to be shipped from Avecof shortly after the Team's visit.)

According to these two CMUs their return per container (25% and 30%) is not sufficient to cover their costs. Kaibert and Avecof state that they would need to export 2 containers a month in order to make an income. (1 container /month would cover costs and 2 would provide a profit.) However, since 2003 Avecof has exported a total of only 8 containers and Kaibert even less.

The fourth CMU visited by the Team, Narapela Wei, joined the Group Certification Network with the idea that they "could make millions" from the sale of eco-saw mills. As far as the Evaluation Team could assess, that was the beginning and end of their interest in sustainable forestry. The managers of Narapela Wei were not well informed about the operation of the Group Certification Network and showed no real interest in working with producers or in developing an effective system for supplying spare parts for the Lewis mill (of which they are PNG's sole distributor). The managers are entirely profit driven to the extent that the team was informed that they are under instruction from the Directors to charge FORCERT for their time if they are required for meetings or village visits. The Team questions the transparency of Narapela Wei's pricing and its payments to producers as we were unable to obtain any information about cost structure. We were told that they follow the export price list provided by FORCERT when paying producers. Local producers believe that they receive a low price and are reluctant to sell to this CMU. One of the managers expressed that Narapela Wei is thinking of ending its membership of the Group Certificate Network.

### 1.2.1 What the Stakeholders are Saying

To ensure their own viability and to maintain the interest of producers, CMUs should accept all the timber produced by FSC certified producers (A & B grade). There are local markets that offer good prices for B grade timber eg: selling directly to end-users. For example schools now are responsible for the construction of their own class rooms and are provided with government grants for this purpose. In addition, for a modest investment CMUs could purchase equipment to mould all the B grade timber or they could sub-contract out for moulding. Moulded timber obtains a high price on the local market.

CMUs need to make it their business to increase FSC producer output and invest in sawing or sub-contracting sawing in the village. There would be no problem meeting target volumes in this way. Red timber sub-contractors can saw 30 m<sup>3</sup>/mth in this way. The downside is that this approach may not empower resource owners ie: they are less active participants in the system.

CMU's must prioritise their own business survival when entering into arrangements with producers or the Group Certification Network will collapse. For example, they should ensure that their own costs are covered by the cost share agreements with producers for the shipping container loads overseas. Offering 70 - 75% of the container price to producers is insufficient to cover their costs (as per RFR, Kimbe and Avecof, ENB) would only be a good business decision in the context of high turn-over, but in the current situation of low timber volumes it puts the CMU at risk.

Several stakeholders expressed the view that meeting market requirements must be the focus of training and timber cutting methods from the outset. It was suggested that it is important to incorporate a breadth of understanding into the training for producers and CMUs so that they understand all the market players, the end uses of the timber and thus the timber specifications required. In addition, it was expressed that it is important that the right people attend training: Not just the "big men" but the people using the saws.

### **1.3 Stori blong Producers: Factors affecting Timber Production and Sales to CMUs**

Below is a list of factors that Team found affected Timber Production and sales to the CMUs.

- The lack of funding for capital investment/infrastructure has meant that many interested producers have been unable to purchase their own mills and start production. (This should be addressed to some extent by the new agreement with the Rural Development Bank for a low interest loan (10% interest, 10% deposit, no security required) for FSC pre-certified producers.)
- Transport of timber from production sites is a major barrier to increasing production. Three stakeholders suggested that it is not realistic to rely on buffalo especially in mountainous forest. ("It's too hard physically to pull out timber by buffalo – people won't do it. Tractors are more practical".) It was felt by these stakeholders that road infrastructure is essential for the timber business to be viable in many areas in PNG and that FORCERT needs to review the FSC requirements to be practical. It was the Team's observations that people can feel demoralized by the difficulty of working in mountainous terrain and stop work thus holding up the timber production. Sometimes they also experience injuries.
- There is a lack of understanding by producers about their role in the group certification network, the operational costs faced by CMUs and FORCERT and the market prices for the timber. This lack of clear understanding often causes producers to be suspicious of the CMU and FORCERT. When they lose trust, they stop work or sell their timber to other local buyers. In addition it can lead to producers having unrealistic expectations of the CMU's such as expecting to get the money first and supply the timber later.
- Traditionally villagers live according to an "as needs basis" – working when they need money or food or other materials. This lifestyle is very different to the western business concept where one has to work hard and continuously and where time means money. Thus business is a new thing for the resource owners and they lack these skills and attitudes. The timber project competes with many other activities: gardening, hunting, fishing, feasting.

Often it is not the top priority. This makes it difficult to achieve a reliable supply of timber for the CMUs.

- Several producers visited by the Team believe that they receive a higher price from local buyers than from their CMU. As a result they do not sell to the CMUs. In some cases this seemed to be due to producers not factoring in all associated costs in their profit calculations. In other cases it was due to CMUs lack of transparency about the prices paid with the possibility that they may in fact be “cheating”. As described in Section 1.3, the evaluation team found the pricing of the Lae CMU to lack transparency. One of the CMUs (KCL Madang) finds it difficult to offer a competitive price due to his own high operational costs.
- Producers want all of their timber to be purchased by the CMU - whether B or A grade. It can be very difficult for producers living in remote villages if the CMU accepts only the A grade and they have to find a different buyer for the B grade. If the CMU will not accept B grade then FORCERT should assist with finding a local buyer for them (expressed by some producers and other interviewees)
- The demands of meeting FSC requirements and strict export standards for cut timber, as well as the physical difficulty of harvesting the timber may lead some producers to decide to make their income from other activities that are easier (such as palm oil) or to sell their timber to local buyers who accept both A and B grade.
- Producers who live in remote areas with fewer alternative income generating options are more likely to have a serious attitude towards their timber business and more likely to sell to the CMU – despite transport difficulties and costs.
- Another disincentive for producers to operating within the Group Certification network is that CMUs only pay them when they export the timber – which may be some months after they deliver it. In contrast local buyers will pay them on the spot.
- Natural factors such as the rainy season and rivers changing course can also hinder timber harvesting.
- Labour shortage can be a problem for producers that consist of only one family.

**A question the Evaluation Team would like to put to FORCERT:**

Is FORCERT putting itself in the shoes of the producers? The choices that producers make are valid from their perspective – even if they don’t satisfy FORCERT’s goals. In some cases these choices will not be influenced by more training or awareness. It is up to FORCERT to recognise when it is worth investing more resources in a community and when it is time to move on to other communities.

*1.3.1 What the Stakeholders are Saying*

- Are the financial incentives to landowners sufficient to increase supply? How do we send the market signals back to producers?

- More training to landowners is “paramount” to expand the program. FORCERT needs to train trainers to reach more communities and to provide more frequent follow-up training to those who are already receiving it.
- FORCERT needs to leave communities that show insufficient progress over time eg: Matawat. The focus needs to be on securing areas for sustainable forest management and then moving on.
- FORCERT are spending too much on marketing and not enough time supporting and educating producers.

## **1.4 Reinforcing Business Practice**

### 1.4.1 Exposure to Market Forces

The Woodage is committed to selling PNG FSC timber and has been extremely supportive of the Group Certification Network. This appears to be appreciated by producers, CMUs and FORCERT staff. However, by absorbing the costs described in Section 1.1, The Woodage is actually sheltering PNG producers and CMUs from “market forces”.

This means that it is not possible for FORCERT to know:

- Whether or not Australian consumers are happy to pay a premium price ie: as Peter Mussett is not passing this on to consumers. This is significant as the premium price is what FORCERT is relying on to act as an incentive for Network members and for its own financial viability.
- Whether CMUs and producers will respond to no or lower payment (“price signals”) for poor quality timber ie: by improving the quality they export;
- Whether CMUs and producers be induced to air dry timber by being penalised by a lower payment for containers of green wood.

Other blocks to price signals occurs between the CMUs and producers. Issues such as lack of transparency related to payments for timber, delays in payment and the inability of at least one of the CMUs to offer competitive prices (due to high overhead costs) means that many producers are not able to recognise a price premium benefit. They may actually receive it but do not appreciate in the light of these factors and it may not act as an incentive.

The flow of the price signals from the international consumer to the producer underpins the economics of the Group Certification Network. If it is to survive in the “real world of commerce”, sound business practice that allows this flow to occur is essential.

### 1.4.2 Whole of Network Planning

Several stakeholders raised the issue of FORCERT setting annual targets for FSC timber exports and providing annual reports on progress. It was suggested that these reports should compare FSC export volumes from the current year to the previous year and set targets for next year (ie: like a corporate annual report for shareholders). The whole Group Certification Network should be involved in setting the targets and should work together towards meeting the targets. This

would also require each member to be aware of their role in meeting them. The volume expected from each producer should be calculated and communicated to them.

#### 1.4.2 Value Adding

An effective way to cover costs of the group certification network would be to value-add in PNG. As it is cheaper to value-add in PNG than in Australia, the end product can be sold in Australia at a competitive price that offers good returns to PNG Network members.

At its simplest, value adding would involve drying the timber (at least air drying). The Woodage currently receives green timber that requires kiln and air drying for a period of 12 to 18 months before it can be used. Due to its lighter weight, dried timber is also cheaper to transport within Australia as trucks have weight limits. Thus value adding in PNG would ease the cost burden currently carried by The Woodage.

At a higher level, value adding could involve the manufacture of FSC furniture or other products. The Kokopo based furniture manufacturer AES timber is ready to produce and market furniture made from FSC timber. However, they are only willing to embark on this once reliable timber supplies can be guaranteed. They have travelled twice to Pomio to discuss their timber specifications with the resource owners. After three years of talk and no timber they are starting to feel disheartened and to doubt FORCERT's capacity.

AES suggest that initially FSC timber should sold on the local rather than the export market. Furniture export is very demanding in terms of consumer expectations (furniture has to be perfect) and they feel it is important to take one step at a time.

## **2 FORCERT'S ECONOMIC VIABILITY AND MODE OF OPERATION**

As demonstrated in the previous sections, there is a need to instil sound business practices at every level in the group certification network. Such a culture would enable "market signals" to travel up and down the CoC, foster responsiveness to difficulties encountered (eg: improve problems with quality, encourage producers to take the initiative) and hence resilience and viability. Likewise it is also important to ensure that FORCERT operates along strong business principles.

As described in the business plan, FORCERT consists of two separate sections. One is the FSC Group Certification service. This is expected to be self-financing, generating income through a system of annual membership fees for its producer and CMU members, plus a small levy per m3 sold by producers to CMU's and by CMU's to certified buyers. Outside funding will be required for its establishment and initial development but it is expected to be self funding by 2011 (recently revised from 2008).

The findings of this evaluation suggest that the Group Certification service is unlikely to be self funding by 2011 unless:

- there is a rapid increase in the number of certified producers over the next 12 months to be continued in the following years
- the obstacles to the sale of CBFT and FSC timber to the CMUs are overcome
- Communities start producing CBFT and FSC timber more rapidly after contact with FORCERT. Currently there appears to be a time lag of 2-3 years between when FORCERT first meets a community to the time it is ready to begin timber production. However, FORCERT should be cautious to ensure that more rapid timber production does not occur at the expense of establishing good community management and decision-making processes.

The second section in FORCERT is a certification awareness, training and capacity building service. The original idea was that this service was to strengthen the capacity of partner service providers capacity as well as to guarantee a minimum level of continuous support for (potential) group certificate members. It was also envisaged that the certification awareness, training and capacity building service will be subsidized and its activities will decline as the membership of the Group Certification service builds up, eventually to a level where it either is funded completely through the surplus funds from the Group Certification, or with minor continued outside funding.

As described in the previous sections, the findings of this evaluation would suggest that there will be very strong demand (higher than first expected) for these services for the foreseeable future with a requirement for continued donor support.

FORCERT staff work part-time for the Group Certification Service Network and part-time for the awareness, training and capacity building service. According to the FORCERT Business Plan, these two sections will be kept clearly separated, with the Group Certification Service Network organised as a self-supporting entity within FORCERT and the awareness, training and capacity building as a subsidised section.

**The Evaluation Team has not found any evidence that this separation is occurring in practice. In effect FORCERT is facing the very difficult task of being both an NGO and a business in the one organisation, with both sections falling under the same organisational and budget management practices.**

This makes it confusing for staff – do they make different types of decisions (eg: tough business decisions or NGO type decisions) or conduct their work in a different manner for the two services? In addition, having the same staff working in both roles would send confusing messages to other members of the Group Certification Network (especially producers) about how FORCERT operates and how they should also conduct themselves as a business .

The business resource person to this evaluation (Lukis Romaso) recommends that FORCERT establishes a separate business entity to conduct the certification work. This would have its own name (so stakeholders can identify it separately), operate under a different line of management and be staffed by different personal to the certification awareness, training and capacity building service. The financial management system for the business should clearly show the cash flow ie: all of the costs associated with the certification process and the income generated. Only in this

way it will be possible to know the true costs of certification and predict when the break-even point will be reached.

FORCERT plans to separate the two sections this year by documenting the allocation of time and costs separately to each service. FORCERT will work towards the above suggestion in the long term.

### *2.1 What the Stakeholders are Saying*

FORCERT needs to be profit driven. To what extent do FORCERT staff operate on the basis of achieving targets in a cost effective manner. Are they operating as a business or as an NGO?

FORCERT should be able to cover all of its costs from the sale of timber. The size of the levy required to cover FORCERT's costs should be regularly re-calculated as things do change over time. Perhaps FORCERT could also re-examine at which point(s) to impose the levy.

With regard to FORCERT, ICCO expects the premium charged on timber sales to cover all the operational costs associated with group certification. ICCO would be prepared to continue subsidising development costs ie: costs associated with expanding the program to new producers and the costs of initial training sessions. ICCO sees ongoing/ follow-up training as part of the operational costs. However, ICCO would be very happy if FORCERT would be able to cover these costs also.

FORCERT are making money for themselves by acting as a "middleman".

FORCERT can be economically viable by prioritising community engagement - expanding its reach and establishing the groundwork for empowerment.

## **3 MARKET ISSUES**

### **3.1 Market Trends for FSC Timber**

The Woodage has observed that the market for FSC timber has grown significantly with demand coming from many sources – private individuals, architects, local government interior designers. Peter Mussett is unable to satisfy demand through the supply of timber he receives from FORCERT and the Solomon Islands and cannot see the market being saturated. He also receives enquiries from Chinese manufacturers who are producing goods to the requirements of the European market.

Hardwood timber is ceasing to be seen as a utility product and is becoming more highly valued. Metal fabrications and synthetic materials are filling the utility role. In Australia plantation hardwoods are oriented towards supplying APPM (paper manufacturing) rather than the timber industry. Until recently Eucalypts were being imported into Australia from South America and Spain (now stopped due to quarantine concerns). Supplies of native hardwoods are dwindling. Thus, the demand for FSC tropical hard wood timber in Australia can be expected to grow.

Internationally the demand for FSC timber is increasing. If this trend continues mainstream companies may enter into FSC certification and possibly compete with the GCNS. It is important to prepare for this possibility now by developing niche markets for community sourced timber ie: the large companies do not work directly with communities.

### **3.2 Competition from Other Standards**

A publicity war is likely to occur for market share between the self regulated Australian Forestry Standard (AFS) and FSC. Unfortunately AFS has sought mutual recognition with the PEFC which specifies a low standard of forestry practice. (eg: the notorious Australian company Gunns Ltd is AFS certified.) However, many people are aware of the difference and Peter Mussett does not fear that this would adversely impact the sale of FSC timber. The consumers that seek out FSC timber are pro-active and well informed.

### **3.3 Marketing Strategy**

ICCO has been concerned at the lack of an effective marketing strategy and took the initiative to work with the Australian FSC representative, Michael Spencer on a marketing campaign promoting FSC timber to Australian businesses. Initially this was done without consultation with FORCERT and ICCO's SI partner (VETE) but now involves them and also Peter Mussett.

Low timber supplies are the major constraint to marketing and promotion. Until volumes of reliable quality timber increase it will not be possible to reach the "tipping point" in consumer demand ie: where there is a high level of market recognition and demand for the FSC logo - as in the Netherlands.

In order to develop a marketing strategy for Australia, Michael Spencer (FSC Australia) has drafted a table that attempts to compile the available technical data, information about quality and the forecasted supplies of different timber species. Such a table would assist in identifying the species that are worth promoting (ie: where there are sufficient supplies) and gaps in technical data. The CSIRO could be contracted to develop technical papers for these LKS. This is an essential first step to promoting LKS.

### **3.4 Price Premium**

FSC Australia envisages no problem in the short to medium term with regard to FORCERT being able to charge a premium for FSC timber. It will be a long time before the supply of FSC certified tropical hardwood reaches the point where it matches demand and reduces the price that can be charged. (However until the premium is passed on by The Woodage it will be impossible to know the market reaction.)

## **4 NETWORKING WITH OTHERS**

FORCERT was highly commended by most of the stakeholders for establishing the Group Certification System which enables resource owners to participate in a sustainable forestry development and benefit fairly from their resources.



While supporting this important initiative a number of stakeholders shared the following sentiments.

- FORCERT's seems to work in isolation and as such not many people know about it. Even some of FORCERT's NGO shareholders are not well informed. FORCERT should communicate with NGOs and expand its network with NGOs who are working with communities. This will help to spread the concept and gain support from more people. Not only that, but through this network
- FORCERT can also increase the number of resource owners participating in FSC.
- FORCERT needs a communication strategy targeting communities, NGOs, government (provincial, national).
- FORCERT should consider producing a promotional video or a power point showing the whole CoC to make the network real and relevant to all current members and potential new members. Such a video would have multiple uses – for gaining new members, for exchanging information, for donor accountability, and for learning and strengthening from the analysis of scenarios.
- It would be useful to have regular (monthly) updates on progress with volumes FSC exported. This would build program visibility and solicit interest. Quarterly updates could be provided in the EFF newsletter.
- The group certification system requires a range of expertise, so FORCERT should be proactive and know more about what other NGOs are doing so they can easily access them if there is a need.
- FORCERT needs support from partner NGOs. There is a need for more coordination, and a collaborative effort to identify how each one (partner NGOs) can play a role or how FORCERT's work can be extended through the network.
- EFF members should work together to establish and achieve targets - what is the proportion of total available forest resources that we want under FSC. Currently there is no coordinated planning & monitoring system. EFF is setting up a corporate plan to bring together the strategic plans of organisations & to establish common reporting framework.

#### **4.1 Lobbying and Advocacy**

Three NGO stakeholders suggested that FORCERT with support from partner NGOs should influence the government to support FSC and make it mandatory for companies involved in the forestry industry to comply with the certification system. They believe that if the government supports the system then it can subcontract FORCERT to do the certification. However, FSC is designed as a voluntary system and it would be more appropriate to lobby the government to encourage its uptake by companies through a system of incentives. In addition, FORCERT is not a certifier and cannot conduct certification on contract to the government.

The above suggestion indicates a lack of understanding about the nature of FSC and FORCERT.

#### **4.2 Potential Partnerships**

The following opportunities for FSC certification came to the attention of the Team through the course of conducting the evaluation.

- WWF would like to promote FSC in high conservation value forests (HCVF) in Milne Bay, Oro Province, Gulf and Western Province. WWF has facilitated the development of a voluntary tool kit for the management of HCVF by resource owners and companies as part of the national FSC standards.
- FPCD would like to maintain a relationship with FORCERT. For example FPCD would like to ask FORCERT to certify their producers in Lake Murray. If things work out well in this project for both organizations then they may do the same for other project areas of FPCD and share resources.
- VDT is working with the Sogi resource owners Association in Madang.
- Greenpeace are working with the Amanap community near Vanimo.

## **5 ORGANISATIONAL ISSUES**

### **5.1 FORCERT Governance**

#### 5.1.1 Board Commitment

Board members are heavily committed within their own NGOs and are sitting on other boards. Sometimes the quarterly board meetings have been cancelled due to lack of a quorum – after the manager and the chair have already travelled to PoM, (can a business waste such significant resources?). The fact that not one of the PoM based members of the BoD attended the scheduled evaluation meeting in PoM questions their level of commitment to FORCERT.

#### 5.1.2 Board Composition

Board members engage in constructive discussion at meetings about legal and technical (forestry issues) but the economic/business aspects of FORCERT's work are not debated sufficiently. This is because of the NGO backgrounds of the members. Although FORCERT is a business, there is a lack of business expertise on the board. The chair is the only member with business background but he finds it difficult to chair meetings and to actively participate in them also. The management approach required for a business is very different to that of NGOs.

#### 5.1.3 Shareholder – Board Relationship

The board of a business should represent the interests of shareholders. Similarly shareholders should be pushing FORCERT (and the board) to get results. It is not clear whether either party understands this role. FORCERT plans to hold provincial and national level meetings prior to the AGM this year that are aimed providing shareholders with an opportunity to raise their concerns so that they can be addressed by FORCERT and the board.

### **5.2 Staff Conditions**

Due to the Team's tight schedule, we did not have time to formally interview staff. The section below is based on informal conversations and our own observations.

The team observed and heard that some of the staff lack the following:

- a) Accommodation

- b) Electricity
- c) Transport
- d) Leave entitlements
- e) Adequate travel allowance

It was expressed that the lack of the above affects staff work and morale. Having no accommodation separates staff and their families or means that they are living together in other people's homes. This is stressful and impacts on staff work performance. Living without electricity means that work cannot be done after hours. This is frustrating for staff when they are pressured to complete reports to meet deadlines.

Staff salaries are high by NGO standards and none of the staff expressed concern over their salary levels. However, the Team would question whether casual staff wages could be improved. The team met one casual forester who spends K6.00 for transport every time he calls into FORCERT's office to check if there is work for him. He lives far from the office base without phone communication and can make several trips to the office before he gets an engagement. We are informed that casual foresters are paid a fee of K 40 /day which seems very low when you take such costs into account and the irregularity of the work offered by FORCERT.

There appears to be a very uneven distribution of entitlements and also resources available for work. Head office staff do not have leave travel entitlements.

The team recognises that the manager is trying to balance a limited budget. However, the fact that staff raised these issues with the team does indicate a level of dissatisfaction. Unhappy or stressed staff will not be working at their best. Thus the Team suggests that FORCERT as a team should discuss whether it is possible to achieve more equitable and consistent terms and conditions for contract and casual staff.

### **5.3 Monitoring and reporting**

The evaluation team found that stakeholders want Forcert to:

- provide a clear picture of the funds spent and impact/progress over time
- set targets for volume of FSC timber exports and provide regular reports on progress ie: that compare volumes from this year to last year and set targets for next year (ie: a corporate annual report for shareholders).
- Produce reports that include case studies, clearly describing each community – the social dynamics, the key players, evidence that the community supports the project, the changes that have occurred and lessons learned.

The FORCERT annual report contains such information but is currently only provided to those NGOs that request it. This indicates a need to distribute the annual report more widely.

One stakeholder commented, “donors will be starting to ask hard questions and reconsider their funding if there is no clear impact”. In addition, ICCO is expecting all of its partners to focus more on monitoring impact in communities and to think about how to do this.

It is the Evaluation Team's observations that FORCERT currently does not monitor impact. FORCERT's objectives and indicators are task /activity oriented. Impact oriented objectives and indicators will be needed to monitor changes in communities. It will be important to monitor empowerment. Some indicators for this may be the quality of participation in community decision-making processes eg: who is actively participating, how their input is appreciated, who feels ownership of the decisions, how equitable is the distribution of benefits.. The questions and footnotes developed for the ToR (section 2.2) will assist FORCERT in thinking about what to look for.

#### **5.4 Capacity Gaps**

Stakeholders have identified several activities that may require extra capacity. These are:

- developing market strategy
- facilitating downstream processing
- communications
- NGO liaison
- Advocacy
- Community development
- Training

Are these functions important for FORCERT and if so can they be fulfilled with current staff capacity? If not, how will the gaps be addressed?

## **6 RECOMMENDATIONS**

### **6.1 Stori bilong Australia and CMUs**

1. FORCERT, CMUs and Buyers continuously facilitate timber quality training to CMUs and producers including a field visit once a year by the buyer to the CMUs and producers and continuous extension visits to producers until timber quality meets buyer's requirement.
2. FORCERT should ensure that CMUs are transparent in their financial reporting to producers by providing cost break-up details with supporting documents to show fair price and to be checked during 6 monthly and annual monitoring of CMU by FORCERT.
3. FORCERT should encourage CMU to explore the economic feasibility of B grade timber market and to establish these timber markets (if feasible) immediately.
4. FORCERT must facilitate frequent dialogue with the buyer (The Woodage) to:
  - be tough on CMUs and deduct from the 20% kept from the advance payment (as security) when quality and other problems associated with timber export occur.
  - provide incentives such as a price increase when supplies increase.
5. FORCERT should immediately encourage the well organized producers (Mareka and Pomio Producers) to go into air drying timber for full container load system. FORCERT should also work with RFR CMU to trial kiln drying by end of 2007, depending on a sufficient timber supply.
6. FORCERT must facilitate frequent dialogue with CMU to ensure that they adhere to the FORCERT agreement and monitor them to make sure they remain focused on timber from Producer members.

### **6.2 Stori Bilong Producers: Factors Affecting Production and Sales to CMUs**

1. FORCERT to look at all possible ways to improve accessibility of the producers forest resources:
  - 1.1. Arrange buffalo training course with Department of Agriculture and Livestock - Erap, and Keravat (check Lutheran Development service);
  - 1.2. Make producers aware of the possibility of Rural Development Bank (RDB) loans for road construction
  - 1.3. Oversee fair contract for construction where producers pay for road construction with trees from the roadside clearance
  - 1.4. Make producers aware of the possibility of a RDB loan for buffalo and trailer or tractor and trailer and mon (dugout canoe) and outboard.
2. FORCERT to finalize RDB/ICCO loan facility and prepare eligible Producers:

- 2.1. Finalize contracts with RDB/ICCO and launch facility before end 1<sup>st</sup> quarter 2007.
- 2.2. Encourage producers to raise 10% equity
- 2.3. FORCERT to assist producers to meet loan requirements eg: the preparation of a business plan.
3. FORCERT to promote business culture and good business practices with producers:
  - 3.1 Organize SIYTB (start and improve your timber business) training course
  - 3.2 Follow up extension visits concentrating on business organization, management and costings, roles and responsibilities of directors/management committee.
4. FORCERT staff to broker relationship between transport provider and CMUs and ensure continuous good relationship to facilitate transport of timber between producer and CMU.
5. FORCERT staff to conduct awareness on the roles of the different parties (FORCERT, CMUs and Producers) in the group certification service network with all existing and new producers. Two important points are:
  - transparency of transactions between CMUs and producers
  - to ensure that producers are aware of and meet their sales target (60 cubic meters minimum per year) to the CMUs and understand the impact on CMUs of meeting the target.
6. FORCERT to ensure good and safe sawmilling operations:
  - 6.1 FORCERT to organize chain saw and sawmilling courses & refresher courses every 2 years
  - 6.2 FORCERT to organize First Aid Training courses and annual renewal First Aid
  - 6.3 FORCERT to ensure that producers have in place and enforce operational health and safety guidelines.
7. FORCERT to assist producers to identify 2 resource personnel to be trained in all aspects of implementation of the GCSN requirements. FORCERT will encourage communities to nominate one woman and one man for these positions.
8. FORCERT to help organize sawmills for Producers:
  - 8.1. FORCERT to identify continuous contract sawmills for Matawat and Maya and others in future and ensure a fair agreement between both parties
  - 8.2. FORCERT to identify temporary contract sawmills to assist producers raise 10% equity for RDB loans.
  - 8.3. FORCERT to assist CMUs to make available start up chainsaws and frames for Producers before end of 1<sup>st</sup> quarter 2007 (Avecof and RFR).

### **6.3 Strengthening Business Practice**

1. FORCERT should employ a Business Development Officer, and Technical Trainers on a short term (temporary) basis until production increases to the point where FORCERT can develop a financially self supporting business extension service, and have producers and CMU's take over the technical support.
2. FORCERT should identify potential Downstream Processing Units (DPUs) and fit them into the GCSN for additional markets and income purposes, by end of 2008:
  - 2.1 Conduct feasibility study into DPUs
  - 2.2 Fit into the GCSN
  - 2.3 Linking DPU to selected CMUs and match timber requirements with available resources.
  - 2.4 Assist DPUs to establish export and local markets for finished products.
3. FORCERT should encourage CMU's to value add by exporting air dried and kiln dried timber.
4. FORCERT to continue focus on working in the most cost effective manner.
  - 4.1 FORCERT should engage a Business Consultant to restructure the accounting system so that it will clearly separate the business from the subsidised services.
  - 4.2 Educate staff on how the system works and what type of information and documentation is required from them.
5. Follow up with The Woodage to collect suitable samples of finished products and ship them to PNG for promotional purposes:
  - 5.1 Wide range of product samples to be held at FORCERT offices together with photos
  - 5.2 Few examples with CMUs.
  - 5.3 One specific sample product with all producers.

### **6.4 Organisational Issues**

1. FORCERT to improve the BOD composition by having more business orientated directors that do not sit on (many) other Boards.
2. FORCERT manager to give presentation to the BOD annually at the first meeting of the year to present results of previous year and plans for new year and to refresh BOD on FORCERT functioning.
3. FORCERT team to discuss staff conditions including those for casuals during the annual planning meeting 2007 and incorporate results into work plan and budget 2007-2011.

### **6.5 Market Trends**

1. FORCERT should explore options for the overseas buyer making 1 – 2 sawmills available to high potential producers:

- 1.1 FORCERT to identify highest potential producers in need of a sawmill in the target areas and assess available resource production and practical capacity.
  - 1.2 FORCERT to liaise closely with The Woodage to purchase 1 -2 sawmills for highest potential producers.
2. FORCERT should continuously explore European FSC markets:
    - 2.1 FORCERT to continue the relationship with the potential European buyer (already identified);
    - 2.2 FORCERT to trial a container of mixed species to the potential buyer and start developing the European FSC marketing by end of 2007.
3. FORCERT should immediately start introducing and promoting LKS to the FSC markets:
    - 3.1 FORCERT to identify and provide LKS resource information to buyers, FSC contact persons and marketing experts
    - 3.2 FORCERT to select the LKS with the highest potential and work with buyers and experts on trialling and promoting them.
    - 3.3 FORCERT to continuously liaise with buyers and FSC contact persons and marketing experts to explore market options for LKS
4. FORCERT to encourage members to pursue local downstream processing and sale of finished products:
    - 4.1 FORCERT to identify potential GCSN members to go into downstream processing
    - 4.2 FORCERT to facilitate feasibility study for downstream processing markets
    - 4.3 FORCERT to ensure GCSN members establish local markets for finished products.
5. FORCERT should continue keep the expectations of the Australian market low due to factors involved in production and supply:
    - 5.1 FORCERT to regularly inform contact persons (buyer and FSC representative) on status of production and supply in PNG
    - 5.2 Continuation of marketing collaboration with VETE, SI.

## **6.6 Networking with Others**

1. FORCERT to re-assess existing and potential partners:
  - 1.1 Conduct a needs analysis
  - 1.2 Identify relevant services from existing and potential partners
  - 1.3 Assess the capacity and the focus of identified partners
  - 1.4 Negotiate a written agreement on specific tasks and areas of collaboration
2. FORCERT to explore working with provincial and LL Government
  - 2.1 At least annual awareness/update of FORCERT with Provincial Administration
  - 2.2 Where possible collaborate with provincial forestry branch



- 2.3 Be mindful of possibilities to work with LLGs who are supportive of FORCERT's work
3. FORCERT to continue to liaise with (acting) Eco-Forestry branch coordinator and start collaboration as soon as the branch is established
4. FORCERT to strategize communication:
  - 4.1 Identify who needs to receive what kind of information
  - 4.2 Determine appropriate means of communication for each target group
  - 4.3 Include communication activities into work plan and budget 2007-2011.

## **6.7 Working with Communities**

1. Identifying community needs and Monitoring
  - 1.1 Community mapping and needs analysis should be done in each community before FORCERT starts work in that community.
  - 1.2 The community needs analysis should be done as part of the community entry process and should become a requirement of the socio-economic baseline survey conducted as part of the certification process.
  - 1.3 FORCERT should ensure that the community understands the purpose of their business and includes their community needs in their business plan.
  - 1.4 FORCERT should monitor the communities progress on achieving the business plan and whether the business has contributed to empowerment. This would involve checking the quality of participation and how equitably benefits are distributed. (The Evaluation Team recommends reviewing the questions and footnotes for section 2.2 of the ToR [social aspects] in developing a monitoring checklist for the empowerment of women and men.)
2. Community Development Capacity
  - 2.1 FORCERT should identify areas in which it lacks capacity and outsource to partners who demonstrate competency in specific areas of community development.
  - 2.2 FORCERT should now look at developing staff capacity in community development.

## **APPENDIX 1: TERMS OF REFERENCE**

### **(Excerpt of Key Elements)**

#### **PURPOSE OF THE EVALUATION**

FORCERT started operating in January 2004 and now, close to the end of its third year of operation, would like to conduct an external review of its program. FORCERT has already conducted an internal review and planning process and has developed a new five year plan (2007-11). Thus, this review will focus on specific questions relating to FORCERT's environmental, social and economic performance. The emphasis of this review will be on identifying lessons learned to assist FORCERT in developing organisational and management arrangements that best support the implementation of its plan and the achievement of its mission and goal. In conducting the review, the evaluation team will specifically address the following questions:

#### **Environmentally Responsible Management and Conservation of Forest Resources**

- a) How does FORCERT work with communities in a way that encourages sustainable forest management and conservation of resources? How successful has this approach been and how can it be improved?
- b) How does FORCERT work with CMU's in a way that encourages sustainable forest management and conservation of resources? How successful has this approach been and how can it be improved?
- c) How does FORCERT work with other stakeholders in the forest industry in a way that encourages sustainable forest management and conservation of resources? How successful has this approach been and how can it be improved?

#### **Socially beneficial forest management that recognises the important role of local landholders and provides a model for sustainable community forestry**

- a) Does FORCERT engage with communities in a way that empowers them?<sup>1</sup>
- b) Who participates in FORCERTS's program and in what ways?
- c) Are women empowered through participation in FORCERT's program?<sup>2</sup>
- d) How effective has knowledge transfer been regarding forest management practice and certification standards?

---

<sup>1</sup> Some underlying questions would be: Who is driving certification - FORCERT or the communities themselves? To what extent do communities feel ownership over the management of their forest? To what extent is existing/traditional knowledge and practice built upon by the certification process? Who in the community feels ownership over forest management? Who makes the resource management decisions? Are women's concerns and knowledge taken into account? What can FORCERT do to encourage this?

<sup>2</sup> Is the participation of women encouraged from the point of FORCERT's entry into the community onwards? If so, how is their participation encouraged and how effective has this approach been? Have there been any changes in the level of women's confidence and the roles they play regarding forest management? What barriers exist to the increased participation of women and how might these be overcome? What changes do women see in the community since FORCERT's work and how do these changes affect them?

- e) Have communities benefited to date – in what ways and who in the community has benefitted? (ie: how equitably are benefits shared among community members?)
- f) Has FSC certification assisted communities to meet their own goals?
- g) Is FORCERT's export orientation compatible with community ownership and control? Ie: would supplying the local market offer communities greater autonomy and flexibility?

### **Economically Viable Forest Management**

- a) To what extent are the costs of certification (both excluding and including capacity building costs) covered by income from FSC timber for FORCERT, CMUs and producers.
  - what are the financial or other benefits for CMUs and communities of the FSC certification system? (Why do they participate?)
- b) Is FORCERT's performance on track with its business plan (financially, timber quality, timber quantity)? If not what are the causes of this?
- c) Are the small forestry enterprises's performance on track with their business plans? What management assistance have they received from FORCERT?
- d) What are the likely market trends for FSC labelled timber, particularly with regard to the ability of producers and CMUs to charge a premium to buyers? What impact are these likely to have on viability of the group certification network?
- e) Is FORCERT's not-for-profit structure economically viable, given likely market trends? Are other structures more appropriate?
- f) Is the Group certificate network functioning? Are communities and CMUs happy with the current marketing arrangements?
- g) What assessment can be made about the quality of timber provided to the market by FORCERT? How can FORCERT improve on the quality and the quantity of timber supplied? What organisational changes might be required to support this?
- h) How effective is FORCERT's training to CMUs and communities regarding quality?
- i) What can FORCERT learn from its trade relationships including with clients with whom trading relationships have ended or were unable to start as planned

### **Documenting Lessons Learned**

- a) To what extent is FORCERT active in documenting lessons learned about sustainable community forestry and in building on these lessons to develop its own program and to influence other forestry stakeholders?

## APPENDIX 2: WHO DID THE TEAM TALK TO?

The team visited 5 producers, 4 CMUs, 1 potential downstream processor, 5 NGO partners, the Board Chairperson and 3 Australian and 1 Netherlands based stakeholders.

Producers included the following:

- 1) Maya business, Madang
- 2) Ditib business, Madang (not available)
- 3) Konzorong business group, Morobe
- 4) Matawat business group, West New Britain
- 5) Kait business group, New Ireland
- 6) Nasko business group, New Ireland

The Central Marketing Units interviewed were:

- 1) KCL, Madang: Bert Scherchel
- 2) Romcko Forest Resources, Kimbe: Rose and Ben Michael and Jimmy
- 3) AVecof Timbers, Kokopo: Alosius and Sonia Malori
- 4) Narapela Wei, Lae: Mark Hanu, Tony Teboro, Harry
- 5) AES Timbers, Kokopo (furniture maker): Joanne and Dominique Avenell

NGO stakeholders

- 1) BRG            Barry Lalley
- 2) TNC            Francis Hurahura
- 3) FPCD          Basekie Baput
- 4) VDT            Aung Kumal, Steven Yandima, Kentis
- 5) EFF            Thomas Paka
- 6) WWF          Michael Avosa
- 7) TFTC          not available

FORCERT

- 1) Abraham Kangku      Board Chairperson
- 2) other board members    not available

International Stakeholders

- 1) The Woodage, NSW Australia      Peter Mussett
- 2) Trainer, NSW Australia            Shane Ritchie
- 3) FSC Australia, Melbourne        Michael Spencer
- 4) ICCO, The Netherlands            Simon Runia

Evaluation Business Resource Person: Lukis Romaso