

EXTERNAL EVALUATION



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May 2010

ABBREVIATIONS

ATCB	Awareness, Training and Capacity Building
BOD	Board of Directors
BDO	Business Development Officer
CAR	Corrective Action Request
CBFT	Community Based Fair Trade
CELCOR	Centre for Environmental Law and Community Rights
CoC	Chain of Custody
CMU	Central Marketing Unit
DPU	Downstream Processing Unit
EFP	Eco Forestry Programme
ENB	East New Britain Province
ESP	East Sepik Province
EF	Extension Forester
EFF	Eco-Forestry Forum
FORCERT	Forest Management & Product Certification Service
FPCD	Foundation for People & Community Development
FSC	Forest Stewardship Council
GCSN	Group Certification Service Network
ICCO	Inter Church Organisation for Development Coordination
LKS	Lesser Known Species
LLG	Local Level Government
NGO	Non-Government Organisation
PES	Payment for Environmental Services
PME	Planning Monitoring and Evaluation
PNG	Papua New Guinea
PNGFA	Papua New Guinea Forest Authority
REDD	Reducing Emissions from Deforestation and Degradation
SEEB	Socio-Economic and Environmental Baseline Survey
SFM	Sustainable Forest Management
SI	Solomon Islands
SYTB	Start Your Timber Business
TA	Timber Authority
WNBP	West New Britain Province
WWF	World-Wide Fund for Nature

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EXECUTIVE SUMMARY

FORCERT was established in 2003 as a not-for-profit company to provide access to Forest Stewardship Council (FSC) certification for small and medium scale eco-forestry enterprises (producers) and timber yards (central marketing units – CMUs). It does this via a Group Certification Service Network (GCSN).

The focus of this evaluation is on identifying problems, possible solutions and lessons learned to assist FORCERT to improve the management and effectiveness of its GCSN, in particular with regard to:

- timber production and supply to CMUs at consistent and sufficient levels and
- community capacity and motivation.

The Evaluation Team interviewed eight producers from five different target areas, three CMUs, the Australia buyer and 11 other stakeholders. The Team found that after six years of operation, FORCERT still faces the key challenge of achieving consistent and sufficient supply of timber.

The GCSN Model provides a logical and well thought out framework but the Evaluation Team found that it is not functioning in practice. Only half of FORCERT's 36 producers own saw mills and very few of these are in active service. None of the producers are supplying their CMUs with the minimum annual volume of 60m³ required by the service and production agreements. It also appears that most of the CMUs are not living up to their side of the agreement in terms of face to face, technical and other support to the producers. Until recently production was delayed for 5 months due to the lack of a cutting list from the Australian buyer, who was waiting on information from FORCERT (and still is).

FORCERT has a high level of technical expertise and has experimented with different strategies to resolve some of the constraints facing producers and CMUs. However, the Evaluation Team believes that the key to getting the GCSN to work lies in FORCERT changing the **way it works** with producers and their communities, the CMUs and the overseas buyer.

In particular it is essential that FORCERT develops:

- An effective approach to working with communities. The evaluation team strongly suggests that unless FORCERT now prioritises building its capacity in community development there is little point in it continuing with its work.
- A proactive and responsive business approach so as to “head off” any potential blockages to the smooth flow of timber from producer to overseas buyer. This would also involve hands-on business mentoring for both producers and CMUs in order for them to effectively play their roles within the GCSN.
- An organizational and management structure that supports this new way of working. Key to this is to seriously consider whether FORCERT's two services (the GCSN and ATCB) should function as separate but linked entities.

FORCERT staff developed a comprehensive set of recommendations in response to the evaluation's findings during a participatory workshop. These are attached to this report as Appendix 1. In addition the Evaluation Team makes some further observations about the recommendations in Section 5.

1 INTRODUCTION

1.1 Background Information about FORCERT

FORCERT was established in 2003 as a not-for-profit company to provide access to Forest Stewardship Council (FSC) certification for small and medium scale eco-forestry enterprises (producers) and timber yards (central marketing units – CMUs). It does this via a Group Certification Service Network (GCSN) using two FSC group certificates - Forest Management and Chain of Custody (CoC). Together with Fair Trade certification from the World Fair Trade Organisation, these are used as management and marketing tools. The producers, the CMUs, FORCERT, its partners, and the overseas buyer make up the GCSN (see Figure 1, Section 3.1).

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 social and economic benefits for local resources owners through a viable GCSN.

1.2 Purpose of the Evaluation

FORCERT started operating in January 2004 and held its first external evaluation in 2007. The emphasis of that evaluation was on identifying lessons learned to assist FORCERT in developing organisational and management arrangements to support:

- 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 focus of this evaluation is on identifying problem areas, possible solutions and generally lessons learned to assist FORCERT to improve the management and effectiveness of its Group Certification Service Network to achieve its mission and goal. The Evaluation Team was asked to pay particular attention to:

- timber production and supply to CMUs at consistent and sufficient levels and
- community capacity and motivation.

The Team was also requested to obtain feedback from GCSN members, FORCERT partners and stakeholders on the viability and operation of the GCSN model, including options for ensuring FORCERT's organizational and financial sustainability.

1.3 The Approach Taken in this Evaluation

The Evaluation Team conducted semi-structured¹ interviews with 8 producers, 3 CMUs, and 11 other stakeholders. The full list of stakeholders consulted is presented in Appendix 2.

The visits to producers have been documented as case studies and are attached as a separate report.

The Evaluation Team worked with FORCERT in an open and participatory manner. An opening meeting was held with the Manager and Technical Advisor over 1.5 days during which the Team was briefed on the outcomes of FORCERT's internal review process held two weeks earlier.

The Team facilitated a two day feedback and recommendations workshop with all staff at the conclusion of the evaluation. Participants were provided with an opportunity to discuss, verify and prioritise findings. FORCERT staff then developed strategies (framed as recommendations) to address the issues that were prioritized. The recommendations are attached to this report as Appendix 1.

2 ACHIEVING CONSISTENT AND SUFFICIENT TIMBER PRODUCTION, SUPPLY AND EXPORT

The Evaluation Team met with eight producers from five different target areas to allow us to explore the lessons that can be learned from a range of circumstances and stages of certification. Case studies were documented for each producer and are attached as a separate report.

All of the producers whom the Team met with were enthusiastic about working with FORCERT and were appreciative of the assistance that FORCERT has provided to them. Apart from one producer all were experiencing challenges of different kinds that meant that timber production had been on hold for at least some months. Only one of the producers visited is actively producing timber at present - the Ainbul Tetewe Business Group. However, this group is yet to export its first container.

Table 1 below summarises the business status (active, inactive or ceased) and the situation for each producer visited. The analysis that follows provides insights into the difficulties experienced in achieving consistent and sufficient timber production and supply. FORCERT is already familiar with many of these from its own reflections and the recent Socio-Economic Impact Survey². However we hope that the analysis of lessons learned provided in this report may bring FORCERT one step closer to addressing some of these challenges.

¹ Semi-structured interviews are guided by prepared questions but allow for flexibility in discussing additional issues raised by the interviewee.

² Forest Management and Product Certification Service, PNG: Socio-Economic Impact Survey. Henry Scheyvens, May 2009, IGES

TABLE 1: Situational Snapshots of Producers Visited During the Evaluation

Producer and FSC Status	Business Status and Situation
Kait Sawmill Business Group Kait Village, NIP FSC certified – suspended	Business INACTIVE for more than one year; sawmill failure and still waiting for parts; would like a loan for a new mill but community’s priority is to raise money for church building not for 10% equity for a loan; have applied to the LLG for funds; 3 major CARS still pending; Chairman away in Lihir with a contract job; Do not trust the CMU; Some timber in yard but not cared for indicating lack of interest.
Rapki Investments, Arabam Village, ENB FSC certified (Yet to export timber)	Business INACTIVE: haven’t produced timber for past 2 years; have been waiting over 1 year for loan approval for sawmill, paid 10% equity loan; Producer hasn’t met with CMU but has heard that CMU is dishonest and have no trust in the relationship; have addressed 2 of 7 CARs issued; requesting further trainings; yet to experience how to operate and manage the business
Lamo Auru Development Corporation, Baikakea Village FSC certified – Suspended (Yet to export timber)	Business INACTIVE for past 6 months: Saw mill repossessed due to failure to repay loan; unrealistic community expectations regarding provision of free timber; labourers demanding very high wages; timber stolen; failure to address CARs; BoD lacking business skills and understanding about FSC /GCSN requirements; community divisions; BoD requesting material assistance (high expectations/dependency on FORCERT)
Ainbul Tetewe Business Group, Ainbul Village, WNB Pre-certified (Yet to export timber)	Business ACTIVE: producing for local market from garden plots; waiting for cutting list; no relationship with CMU as CMU is new; community is supportive but potential division lurking within community; preparing for full certification; further training in business is required; technical support is required; risk factors like road and transport cost remain high; relationship with FORCERT held in high esteem; only few people have some understanding of the GCSN.
Ditib Business Group, Ditib Village, Madang Pre-certified (Yet to export timber)	Business ACTIVE: no timber production from their own mill for last 2 years due to mill breaking down however they hire another mill. Bad road conditions, high transport costs, no cutting orders, bad weather conditions, customary demands is a risk to business operation, have CARs to address, state they have no funds to continue production.
Tore Brothers, Mansep, ESP CBFT (Have exported)	Business INACTIVE: timber production on hold for 4 months due to CMU suspension; loss of trust in CMU due to lack of transparency, delays in payments and producer’s own lack of knowledge of FSC/GCSN system and requirements; BoD requesting capacity building (see themselves as an independent business)
Havo Timbers, Tuonmbe Village, ESP CBFT (Have exported)	Business INACTIVE: timber production on hold for 4 months due to CMU suspension and timber stockpiled in village; clan is well organised and managed; good understanding of basic business principles; lack of transparency by CMU; delays in payments; community support for business under threat; requesting capacity building (see themselves as an independent business); some knowledge of FSC/GCSN/CoC but needs refresher.

Veram Kanom Cooperative, Forok Village ESP FSC - Expelled (Have exported)	Business CEASED: corrupt business manager – income not put back into business or used to cover operational costs and loan repayments; FORCERT staff actively supported manager’s practices; FORCERT management slow to respond; producer expelled and saw mill repossessed; community requests opportunity to repay loan and the investment of private individuals via return of saw mill and restarting business; new cooperative established with highly capable and committed management; will require technical training.
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2.1 Factors Affecting Timber Production

As summarised in Table 1, timber production by the producer’s visited (apart from the Ainbul Tetewe Business Group) has been on hold for at least several months. The reasons for this vary from case to case. The following describes common scenarios found by the Evaluation Team. While these do not describe the exact situation for each of the producers, they contain many elements experienced across the eight communities.

Producer and Community Motivation and Participation

- Community is united at start of the project but divisions set in over benefits from the business. These can be due to a lack of understanding of business principles, and also a lack of transparency and accountability by the manager and BoD. The community has not been “brought along” and involved in how the business should run and why certain decisions are made.
- Many producers are trying to be inclusive of women and youth but culture is getting in the way. It seems they are appointing women and youth to the BoD to fulfil requirements for certification. Thus these may only be token appointments. In some of the communities visited, women are happy to participate in ways they are familiar with and were uncomfortable in sitting on boards even though the men encouraged them to do so. It may be better to slowly coax this over time and eventually women will take their place and be able to participate meaningfully.
- Problems between clans and families are unavoidable and can sometimes result in the saw mill business being disrupted or even ceasing.

Producer and Community Capacity

- The BoD is highly dependant on the manager and is not fulfilling its responsibilities in ensuring accountability and governance. The members lack capacity, skills and information to do their job but there can also be a lack of drive or motivation to take responsibility.
- The community does not know how the business is operating. This creates an environment where corruption can easily occur. Not everyone needs to know how to run a business but community members should know enough to raise questions and hold the manager and BoD accountable.
- The manager and the BoD lack basic understanding of business management and do not have a business attitude. Their motivation in running the business is not to make a profit but to improve the community’s living standards. FORCERT recognises the importance of this and encourages producers to factor community contributions into their business plans. However, community expectations about benefits are often greater and can lead to no income being set aside to maintain the business.

- The producer and the community have a poor understanding of FSC requirements, FSC guidelines for SFM, the step-wise process, and how the GCSN and CoC works. The producer is also not aware of the requirements they will be expected to meet as they move through the FSC steps.

Effectiveness of the GCSN

- Cutting orders from the Australia buyer were delayed for many months, holding up harvesting. The Producer has not been provided with clear information about the delay in cutting orders. They have been kept wondering about what is happening for months and if this continues it could undermine community support for the business.
- The repair and maintenance of the saw mills is an ongoing problem due to lack of technical expertise and spare parts. Broken machines can hold up production for many months.
- The producer's business plan sets unachievable goals. This raises very high expectations. Community confidence, support and morale will be negatively affected if the business goals are not realised.³
- The Producer is FSC certified but is yet to meet with their CMU to discuss how they can work as a team, and their concerns, expectations and ideas for improving the business. Even though there has been no initial meeting some producers are already suspicious of their CMU.
- The producer moved quickly through the step-wise process to full FSC certification and is expected to start producing for the overseas market without business management experience. Their technical skills are also untested.

Business Enabling Environment

- The Producer is struggling to export timber due to very difficult transport logistics and high transport costs. Transporting timber from the forest back to the village or to a road is physically demanding especially in mountainous terrain. Transport to the CMU is constrained by weather conditions, poor roads, and limited sea transport options. Due to these difficulties if income/benefits do not meet expectations it is unlikely that the community will continue to support the business. (Thus it is important for FORCERT to assist the producer in managing community expectations of the business by raising awareness of how the business operates and by ensuring realistic business goals are set.)
- The Producer has waited for more than a year to obtain a loan from the bank for a saw mill so that they can begin production. It appears to them that there has been no follow-up from FORCERT and the CMU in support of their application. This has already raised doubts about FORCERT's and the CMU's commitment to working with them and is starting to affect their own level of commitment to the business.

³ This comment is based on the visit to one producer only. The Evaluation Team lacked the time to scan the business plans of other producers. However it indicates a gap in FORCERT's management system and we suspect there will be other similar cases.

- Other organizations have been working with some of the producer communities for several years. It is important that baseline surveys capture this information as such communities are likely to be better organised and the businesses may be more likely to succeed. This should be taken into consideration in selecting communities to work with.

2.2 Key Lessons Relating to Timber Production

2.2.1 *FORCERT Foresters are Community Foresters*

After six years of operation, FORCERT still faces the key challenge of achieving consistent and sufficient supply of timber. FORCERT has a high level of technical expertise and has experimented with different strategies to support producers. However the above findings suggest that FORCERT's weak point is the lack of an effective approach to working with communities.

FORCERT Extension Foresters (EFs) are first and foremost community foresters. They are not only working with trees– they are working with people and communities. While technical expertise is essential to ensure SFM, it is people (with the support of their community) who will drive the business and lead to its success or failure. The above findings and the producer case studies demonstrate that “make or break” factors for the producer's businesses relate to motivation, ownership and participation, capacity, expectations, the community's own aspirations, power dynamics, local culture, literacy and education levels.

Real engagement with the producer communities is vital for the success of the saw mill enterprises. This would include joint planning of the work to be undertaken; agreements on the roles and responsibilities of FORCERT, the producer and the community as a whole; and clear plans about when and how FORCERT scales down its support in the longer term.

FORCERT has female staff whose contribution would add value to FORCERT's community work and also encourage women's participation in the community forestry businesses.

The evaluation conducted three years ago highlighted the importance of working well with communities. At the 2007 evaluation workshop FORCERT agreed on a recommendation to develop staff capacity in community development. This is still just as relevant today. **The evaluation team strongly suggests that unless FORCERT now prioritises building its capacity in community development there is little point in it continuing with its work.**

This view is shared by FORCERT's major donor, ICCO.

One way in which to achieve this is for FORCERT to identify and provide appropriate Community Development Training for staff. After the training, FORCERT will then be in a position to develop a standardised approach to working with communities. FORCERT may also like to consider whether it requires additional staff with specific expertise.

2.2.2 *Information Gaps*

The evaluation's findings indicate that there are significant gaps in the knowledge of the managers, the BoDs of producers and of communities about information that is vital for them to participate as effective members of the GCSN ie: they do not have an understanding of business management, the FSC standards, CoC, GCSN and the step-wise approach.

Members of BoDs would not be expected to know the technical detail if they had not attended specific training. However, it is important that they understand the key principles in order to develop goals for the business that are compatible with SFM under FSC. The whole community should also be familiar with the general principles relating to all of these areas.

It is important that producers are well aware of the CBFT, pre-certified and FSC steps and their requirements at the outset of FORCERT's work with them. Only in that way can they make an informed decision about whether they want to be part of GCSN. It will be a loss of FORCERT's investment in working with the producer through the CBFT step, if they later decide that the pre-certified or fully certified steps are too difficult.

These gaps in knowledge call for a review of the way in which FORCERT communicates and works with producers and their communities. It also raises the question of whether there may be some gaps in the knowledge of staff members who work with the communities or a lack in their confidence to deliver the information.

Some suggestions are:

- Each visit to a community by FORCERT staff should be used as an opportunity to refresh the knowledge of the manager, BoD and the community about these fundamental aspects. The whole community should be invited to meetings between FORCERT, the manager and the BoD.
- FORCERT should ensure that its own staff are 100% confident in their understanding of the systems that underpin their work and are comfortable about explaining these to villagers who may be semi-literate.
- FORCERT needs materials that readily communicate information about FSC, CoC, GCSN the step-wise approach to semi-literate villagers. These materials should use simple language and many graphics. Producers could be encouraged to display the information in a public place in the community. The development of such materials is a specialised skill and it is suggested that FORCERT consider outsourcing this task to some-one with the appropriate expertise.
- The use of simpler resource materials for business management is a priority. Current materials are geared for people who have grade 10 schooling or higher.

2.2.3 Promoting a Business Culture

The findings as highlighted in the case studies and in Section 2.1 above indicate that it is important to:

- Educate producers early in the CBFT step (using appropriate resource materials) about business management and assist them to develop a business plan to ensure they are operating according to the right framework and principles right from the start.
- Involve the whole community in the process of planning the business. The process of planning is just as important as the plan itself.
- Educate the manager and the entire BoD in business management
- Raise the awareness of the community supporting the producer about general principles of business management so as to influence expectations about benefits and increase understanding about budgeting for operational costs etc. The management and community at large need to sit down together in a public meeting and agree on how they will spend the profits after operating costs. Everyone needs to know about what is happening to their money.
- The development of a business culture is hindered by allowing the producer to set unrealistic business goals. FORCERT should ensure that all business plans developed by producers are immediately checked for achievability.

2.3 Factors Affecting Timber Supply to the CMU

2.3.1 Will the Producers sell to the CMU?

The survival of FORCERT and the GCSN depends on producers choosing to sell their A grade CBFT, pre-certified or certified timber to the CMU for export. Through the service and production agreements between CMUs and producers, the producers agree to supply a minimum annual volume of timber (60 m³) per year to the CMU. In turn the CMU commits to providing support such as transport, spare parts, technical back-up, and facilitating loans.

Producers consider three main uses of their timber: sale to the CMU for export, sale to the local market; and contribution of timber for community purposes. The evaluation's findings suggest that the following factors influence the fate of sawn timber.

Trust: Producers must trust the CMU in order to want to deal with them. As highlighted in the producer case studies, none of the producers we met trusted their CMU. Even those who had not yet worked with or even met the CMU were suspicious of them due to a negative experience with the previous CMU or the stories they had heard from other producers.

Cost –Benefit Analysis: producers will weigh the profits and the effort involved in selling to the CMU against that of selling timber locally. For many producers the cost and difficulty of transport to the CMU is not compensated for - the profit being only little slightly higher than if they were to sell locally without the transport complications.

Cash Flow: The immediate payment received for local sales is seen as a significant advantage by producers. This is in contrast to the delays of several months they experience for payments for timber sold via the GCSN.

Profit Share Arrangements: Several of the producers the evaluation team met were unhappy with the profit share arrangement with the CMU, feeling that it did not fairly reflect costs borne and the effort contributed by each party.

Support from the CMU: The evaluation team found that support from the CMUs to the producers visited was “patchy” and inadequate to address the obstacles to production that they face.

The findings of the evaluation would suggest that if FORCERT continues a business-as-usual hands-off approach, the combination of these factors will mean that few producers will ever meet the required minimum annual sales to the CMUs – effectively killing the GCSN. As suggested below FORCERT needs to adopt a pro-active facilitation role.

2.3.2 The CMU's Perspective

In addition to the eight producers the evaluation team interviewed directors of three CMUs – Avecof Timbers in Kokopo, ENB, PANDI Holdings based in Angoram, ESP and Narapela Wei in Lae, Morobe province⁴. The former two are small businesses that were established specifically to work with FORCERT to export FSC timber, whereas Narapela Wei is a medium scale enterprise employing 64 staff that has been well established for some years. Its focus is on encouraging environmentally and economically sustainable village businesses through the sale of saw mill packages that include spare parts, tools and

⁴ Two of the directors interviewed are also managers of their businesses.

technical back up. It has sold about 400 sawmills to village enterprises. This CMU's high level of business capacity and organisation is especially relevant in view of the comments made below.

All three CMUs have made significant investments in meeting FSC and GCSN requirements in terms of money, time and energy. However, being a member of the GCSN has not returned a profit and none of these CMUs are currently viable business entities.

All three CMUs noted that timber supply to them was hampered by insufficient support from FORCERT to the producers. For example, it was suggested that FORCERT should be more active in building producer capacity and in monitoring problems at village level to prevent blocks to timber production; in fast tracking loans for producers to purchase mills; and in assisting with machine maintenance and the provision of spare parts. As summarized by one CMU director, "FORCERT has great ideas but no follow through."

The Morobe CMU noted that their business has suffered from a lack of support to themselves. In particular:

- FORCERT's partner organization in that province was undermining the CMU's ability to export to the Australian Buyer by taking the timber that producers had already agreed to sell to the CMU. FORCERT's failure to intervene and to rectify this situation meant that the CMU was unable to recoup the investment it has made in liaising with the producers (including site visits to check the timber) and in meeting FSC requirements.
- This CMU was pro-active in promoting FSC to its own clients but due to a lack of follow-up by FORCERT, prospective producers were lost to the GCSN. This means the CMU also lost potential profits.
- Lack of guidance from FORCERT
- FORCERT passing on to the CMU responsibilities for monitoring the producers and providing business education. The CMU felt that these activities were FORCERT's job.

Both Narapela Wei and Pandi Holdings are currently suspended from the GCSN. Narapela Wei feels that it has provided a high level of support to FORCERT and has made considerable efforts to comply with FSC requirements. According to Narapela Wei, this has "cost them dearly" as a business and in return they are yet to see reliable FSC timber supplies. Thus, Narapela Wei questions how they can be expected to continue to invest in meeting FSC requirements when FORCERT has not delivered on the supply of timber. They would like to rejoin the network but are not prepared to address the CARs unless timber supplies can be assured.

The Chairman of PANDI Holdings on the other hand expressed a desire to address the CAR's and to get the business operating according to FORCERT's expectations. However, this requires significant changes to the CMU's management and no clear timeframe was suggested. (As described in the producer case studies, the suspension of this CMU has already blocked timber production and producer income for 5 months with negative impacts on community confidence in the business.)

2.4 Lessons Learned About Timber Supply to the CMU

FORCERT's approach to working with producers and CMUs has been intentionally "hands off" – meaning that FORCERT facilitates arrangements and provides the technical training but then allows these key actors in the GCSN to work out their own relationships internally and with each other. There also appears to have been an assumption that the CMUs do not require FORCERT's support and guidance.

This approach of limited intervention was developed from a desire to promote the independency of producers and CMUs as stand alone businesses. While the Team respects this motivation, our findings suggest that this approach can disadvantage producers and CMUs if not accompanied by more active capacity building (training and mentoring) and the facilitation of relationships of trust between producer and CMU.

The lack of transparency between CMUs and producers is an ongoing and major problem undermining sales to CMUs. Whilst dishonesty may be a factor, it is also likely to be caused by lack of understanding of the FSC and CoC requirements, and lack of business management and documentation skills. On the producers' side, lack of understanding of the FSC /GCSN systems also appears to contribute to their distrust of the CMU.

It is very much in FORCERT's own business interests to support CMUs, address gaps in knowledge for producers and CMUs, and identify problems in the relationship between producers and CMUs early to avoid suspensions and expulsions and blockages to timber production and export.

Depending on their location, the CMUs may be able to achieve good prices for local sales of non-FSC timber. For example, in Lae a cubic meter of mixed hardwoods can be sold for K1400 providing a higher profit than the export of FSC timber. FORCERT should be aware that there is a risk that CMUs will leave the GCSN if appropriate supports, follow-through and guidance are not provided. It does not appear that FORCERT appreciates the commitment and the personal and financial costs that the CMUs are bearing in order to participate in the Network.

FORCERT must become a responsive and pro-active service provider so as to "head off" any potential blockages to the smooth flow of timber from producer to overseas buyer. This would demonstrate that FORCERT itself has adopted a business attitude.

It is an interesting contrast to note that while FORCERT staff receive regular salaries, all of the other key actors in the GCSN are experiencing financial strain. FORCERT could consider tying staff payments to performance so as to provide a direct incentive for adopting a responsive and proactive approach. The way in which this would be done would need to be well thought out with performance indicators based on what pro-active and responsive work practices *look like* in practice.

2.5 Timber Exports to Australia

FORCERT has been receiving signals from its Australian buyer, The Woodage, that the market for FSC timber is dramatically changing in Australia. The timber yard is now facing competition from other yards holding FSC CoC and other sources of FSC timber are becoming available. For example, fully certified timber is now available from South America and within 12 months The Woodage is anticipating regular supplies of Australian FSC hardwoods.

In addition, due to the work of FSC Australia there is now a significant demand for FSC timber and finished products especially for commercial uses. Green Building Australia has revised the timber credits for its voluntary Green Start Rating to incorporate FSC timber. This is supported by FSC Australia's recently published guide to FSC certified timber and timber based products.

With the higher demand comes high expectations about quality and reliability of supply. The Woodage is no longer able to accept containers of timber of variable and unknown quality and species mix - as it has in the past to support FORCERT's work. In order to maintain its competitiveness and business viability,

it requires certainty about the standing stock of FSC timber and the supplies it can expect to receive. It is also reluctant to continue to handle CBFT and pre-certified timbers as there are no markets for them in Australia.

The strong message from The Woodage is that the GCSN must adapt to the changed market or it will fail as a business venture. The key changes advised by The Woodage are:

- FORCERT must provide clarity and certainty about the quantity of FSC certified timber available and when it will be available so that The Woodage can build a market. It is no longer able to provide cutting orders without first having this information. The delay in cutting orders which blocked producer activity for several months was caused by The Woodage waiting for FORCERT to provide this information (which is yet to be provided).
- Value adding through downstream processing should occur in PNG to provide a better return for less timber and to enable lesser known species to be used profitably. The Woodage is willing to assist by finding markets for more finished products. In the near future, the export of raw FSC timber will not provide producers and CMUs with a profit that can compete with sales to the PNG domestic market⁵.

3 THE MANAGEMENT AND EFFECTIVENESS OF THE GCSN

In addition to producers, CMUs and the Australian buyer, the Evaluation Team met with 11 stakeholders comprising FORCERT shareholders, representatives of other NGOs and the PNGFA. The following section draws on these interviews and builds on the lessons learned in the previous section.

3.1 The GCSN Model

FORCERT has developed a Group Certification Service Network to provide access to Forest Stewardship Council (FSC) certification for small-scale producers and small timber yards. FORCERT manages the network's FSC forest management group certificate and chain-of-custody certificate. As the "group entity" it is responsible for ensuring that the forest management of its producer members and chain-of-custody meet both the FSC standards and the network's additional requirements. It also certifies timber yards (known as central marketing units – CMUs) against FSC and the network's requirements. Together, the certified producers, the CMUs, FORCERT, its partners, and buyers make up the network (Figure 1)⁶.

The Model provides a logical and well thought out framework but the Evaluation Team found that it is not functioning in practice. For example, only half of FORCERT's 36 producers own saw mills and very few of these are in active service. None of the producers are supplying their CMUs with the minimum annual volume of 60m³ required by the service and production agreements. It also appears that most of the CMUs are not living up to their side of the agreement in terms of face to face, technical and other support to the producers. Until recently production was delayed for 5 months due to the lack of a cutting list from the Australian buyer, who was waiting on information from FORCERT (and still was at the time of preparing this report).

FORCERT has experimented with different strategies to resolve some of the constraints facing producers and CMUs. However, the Evaluation Team believes that the key to getting the GCSN to work lies in

⁵ This is already an obstacle to timber sales to the CMUs as identified in Section 2.3.1

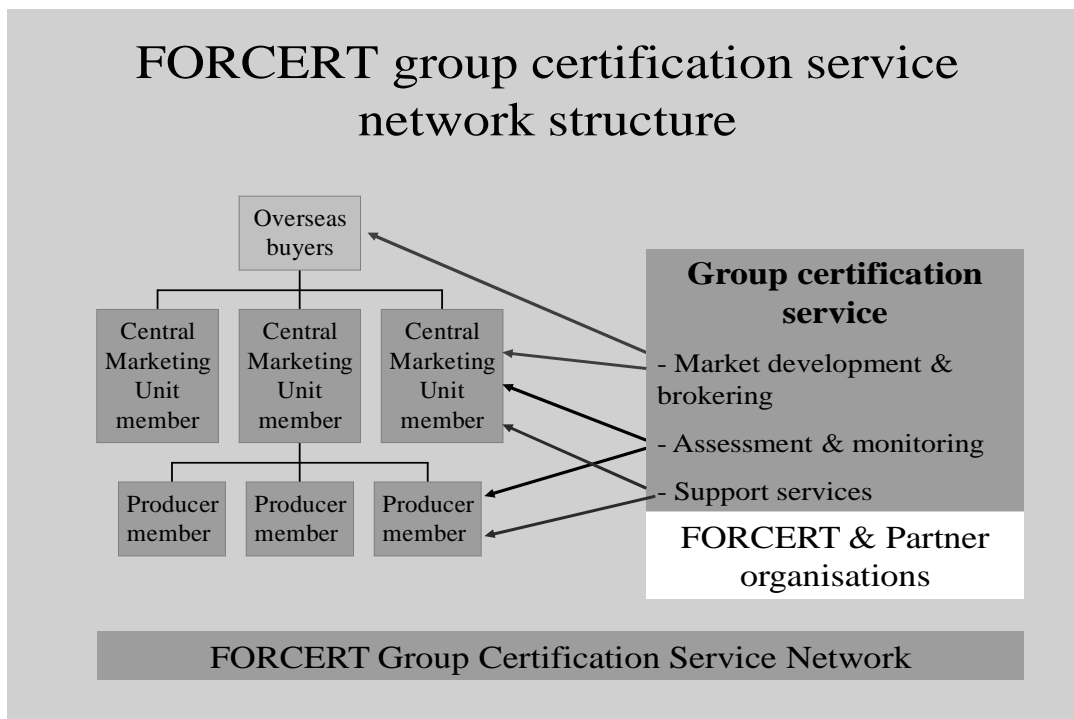
⁶ This useful summary was extracted from Forest Management and Product Certification Service, PNG: Socio-Economic Impact Survey. Henry Scheyvens, May 2009, IGES

FORCERT changing the **way it works** with producers and their communities, the CMUs and the overseas buyer.

The Evaluation Team does not believe that that the model itself needs to be changed at this point in time. However some of the stakeholders interviewed do have some opinions on this matter – largely relating to whether FORCERT should continue to work with CMUs. The sections below discuss these issues in more detail.

All of the stakeholders interviewed also expressed the view that FORCERT’s projections of annual production volumes are unrealistic and should be based on actual experience to 2009. None of the stakeholders were alarmed at the dip in timber exports during 2009 but several did emphasise that FORCERT must understand what caused it.

Figure 1: FORCERT’S GROUP CERTIFICATION SERVICE NETWORK



3.2 FORCERT’S Role as Facilitator and Service Provider

3.2.1 FORCERT as a proactive troubleshooter

As highlighted in earlier sections, FORCERT must play a much stronger facilitating role at all points in the CoC to ensure the smooth production and supply of timber. As suggested by the Australian buyer, this would also extend to investigating and facilitating opportunities to value-add in PNG.

This would see FORCERT actively seeking out potential problems and encouraging members of the GCSN to address them early and also providing necessary information to the Australian buyer in a timely

fashion. While FORCERT should be careful to not directly solve problems for members, staff should play a critical role in moving and shaking the process forward, assisting with conflict resolution, clarifications, capacity building, and linking to other organizations.

By playing this role thoughtfully and with a strong understanding of community development, producers, their communities and CMUs will be empowered by FORCERT to take up their roles in the GCSN. A key to assisting the development of independent and self directed business will be to not deliver material goods (including buffalos) but to focus on building skills and capacities and on facilitating relationships, processes and agreements (including service and production agreements and profit share arrangements).

This would be a new role for staff. They may need training or additional staff with particular skills may be required. It would be helpful if this new approach was reinforced in job descriptions and reflected in performance appraisals. When next reviewed, the business plan should also reflect this new organizational approach.

3.2.2 Hands-on Mentoring for Business Management

The evaluation findings indicate that in addition to FSC technical support, hands-on business mentoring is required for both producers and CMUs in order for them to effectively play their roles within the GCSN. This will be particularly critical at the time that timber production begins and money starts to flow.

For producers, the real test of their business viability will be how they and their communities manage the income earned from timber sales to the CMU. Likewise, for the CMU the real test will be how well they can meet documentation and transparency requirements, and manage their cash flow and budget.

Once producers and CMUs are operating as fully functional businesses it would be appropriate for FORCERT to draw back from a high level of support. However it would be expected that FORCERT may need to provide ongoing back-up support for some years.

By adopting a hands-off attitude FORCERT has inadvertently slipped into what looks like a “no-care” attitude towards producers and CMUs. A more nurturing approach is required to assist them to develop profitable businesses. Many stakeholders suggested that FORCERT should concentrate on working with a fewer number of very committed producers across a smaller geographic range.

3.3 The CMUs - do they add value?

Due to their distrust of CMUs, several producers would like to “cut out the middleman” and export their timber directly to the overseas buyer. Several other stakeholders also suggested eliminating the CMU layer from the GCSN model and that FORCERT could take on the function of coordinating exports. The FPCD is a particularly strong advocate of this approach and has adopted it itself.

This raises questions about the role that FORCERT would need to play, the resources it would require to this and the work that would be required to build the capacity of producers. However weighed against these factors is the work that is required to get the current arrangements between CMUs and producers to work smoothly.

It is the Evaluation Team’s view that the CMU’s have not yet been provided with sufficient support by FORCERT and therefore it would be premature to eliminate them from the GCSN. Despite being a well established and experienced business, even the Morobe CMU identified the need for greater support and guidance from FORCERT.

3.4 The Certification Steps

It appears that producers are progressing too quickly through the stepwise system – resulting in suspensions soon after they achieve certification eg: Kait sawmilling business. The Evaluation Team questions the wisdom of certifying producers before they actually start timber production. As stated above, the real test for their business skills and for their commitment to accountable and transparent management will come once production and cash flow begins. Until that point their FSC certification status is theoretical rather than real.

The Team suggests it would be wiser to provide producers with FSC certification only once they have had an opportunity to actually manage their business and address their gaps in capacity.

FORCERT could also consider an approach where the producer and FORCERT together decide when the business is ready to move to the next step according to a broader set of management and community support criteria than just the FSC checklist.

3.5 Risk Assessment and Monitoring

3.5.1 Formal Risk Assessment

The whole GCSN is based on business principles. Therefore risk assessment is a necessary first step to assist FORCERT to select communities to work with. Producers face many challenges as highlighted in earlier sections of this report and in the case studies. All of these are risk factors that could singly or collectively stop a saw milling operation. The Team suggests that FORCERT apply a more formal approach to risk assessment to each prospective producer at the CBFT assessment step. This would guide the selection of communities to work with (those with low risk ratings), and also alert FORCERT to issues that require monitoring once work with a low risk producer begins.

Several risk assessment tools are available that could be applied or adapted for FORCERT's purposes. These use a risk rating matrix and process of analysis by which risks are identified and weighted, the tolerable risk threshold is determined, and tolerable risks are managed on an ongoing basis. Potential producers associated with risks greater than the threshold would be rejected.

This would make risk assessment less subjective and more scientific than it currently is. Based on our own observations, the Evaluation Team is concerned that the current process of risk assessment is not rigorous and that FORCERT is investing time and resources in working with several communities that face almost certain business failure. This could result in individuals in communities losing their own personal savings which they invested into the saw mill business – as has occurred for at least one of the producers interviewed. It could also leave communities worse off from their contact with FORCERT than they were before – in terms of morale and divisions.

3.5.2 Planning Monitoring and Evaluation (PME)

FORCERT's monitoring system for producers consists of a socio-economic environmental baseline survey (SEEBs), regular monitoring to check if FSC requirements are being met and two-yearly impact monitoring. FORCERT is currently struggling with processing and analyzing the data it has collected from the SEEBs and the impact monitoring.

The Evaluation Team observes that these difficulties result from the lack of a framework and of processes for impact oriented PME. In particular, neither the SEEBs nor the monitoring forms include indicators that have been developed specifically to monitor progress towards FORCERT's goal. This means that

despite FORCERT carrying out many activities it is not clear about what changes it is trying to achieve and what impact those activities are really having.

As a result the SEEBS do not provide a strong baseline from which to assess impact. In addition, the routine monitoring looks at FSC criteria but does not check on progress towards the achievement of desired impacts or allow for the early detection and management of problems. FORCERT's key donor, ICCO, notes the lack of monitoring and reporting on community level impacts.

Developing impact indicators would best be conducted via a participatory workshop involving all staff and would involve a process of "unpacking" how FORCERT's goal looks in practice. Developing "Early Warning" indicators would likewise involve a discussion by which the risk factors affecting timber production and supply to the CMUs would be teased out. This evaluation found that "make or break" factors for the producer's businesses relate to motivation, ownership and participation, capacity, expectations, the community's own aspirations, power dynamics, local culture, literacy and education levels.

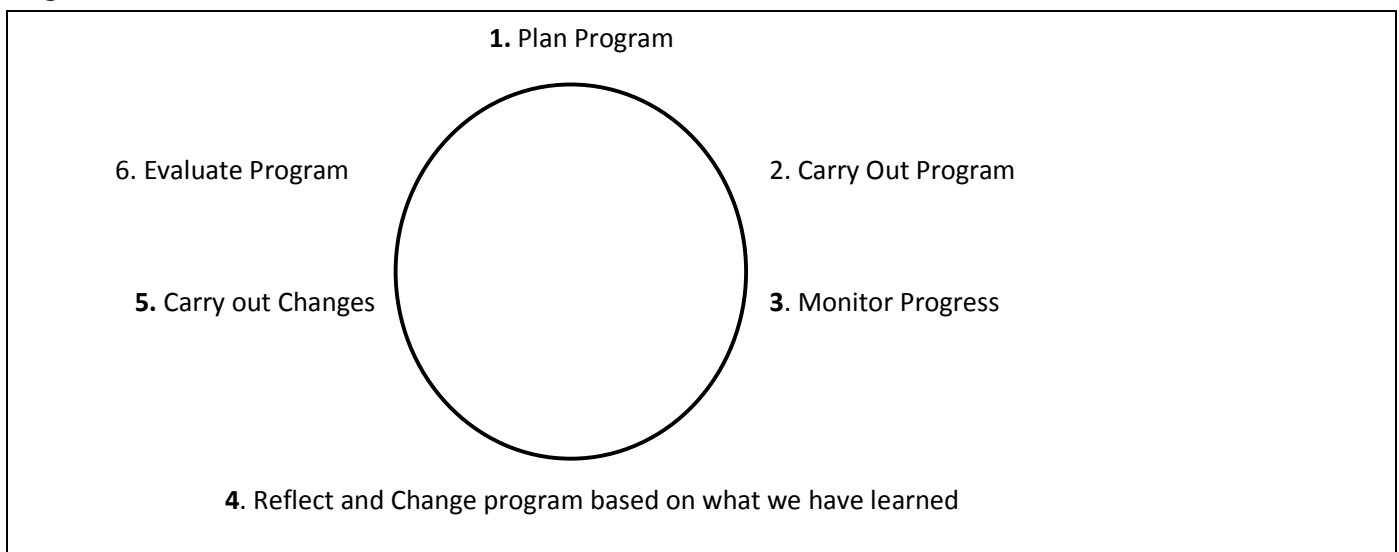
Establishing meaningful indicators is an essential first step, but effective PME requires a continuous cycle of planning, implementation, reflection and learning (often depicted as in figure 2). FORCERT already has some elements of this cycle in place via its term and annual planning meetings but would need to link these to analysing and reflecting on the information gained from monitoring.

Impact data is often qualitative in nature and its collection requires a set of skills and approaches very different to those currently used by FORCERT foresters. Staff would require training and mentoring in order to develop these skills.

FORCERT's key donor also encourages FORCERT to spend more time on internal learning and capacity building, and on reflection on results and processes.

As this is a significant departure from the more technical style of thinking that FORCERT is familiar with, the Evaluation Team recommends that FORCERT contract a resource person with appropriate expertise to assist in establishing a framework for PME.

Figure 2: PM&E IS A CONTINUOUS CYCLE



3.6 Women's Participation

FORCERT needs to be aiming for meaningful participation by women in all aspects of the saw mill businesses. Meaningful participation should not only be limited to cooking and carrying timber but should include participating in board meetings and other decision making forums. The way to achieve meaningful participation and how quickly this can happen will vary between different cultures in PNG. FORCERT must develop the skills and sensitivity to decide how to work with each community on a case by case basis.

In strongly patrilineal cultures, the traditional power dynamics leaves little space for women to take up leadership roles. In communities such as this, FORCERT should try to encourage participation of women more gradually. This might mean that women (and other community members) are encouraged to attend all meetings between FORCERT and the producer and are encouraged to attend all trainings. Enforcing women's membership on BoDs by issuing CARs is unlikely, in such communities, to result in meaningful participation. FORCERT may need to review the way in which it encourages participation of women to not just achieve token appointments but to result in meaningful participation over time.

The evaluation team also supports the findings and recommendations of Henry Sheyvens (referenced in footnote 6):

“The direct participation of women in the eco-forestry work is mostly restricted to the laborious and monotonous work of carrying timber, but there are a few examples of new spaces opening for women that could be used to encourage other producers to consider new roles for women. A striking example is the milling of timber by women in Mauna. Photos of women involved in the timber milling, and of new roles for women in other producer communities, could be used as visual aids when discussing gender issues with producers.

Another option to provide encouragement to village women is to employ a confident female forester to assist with the provision of support services and to participate in the monitoring. ... Another option would be to have female sawmill trainers/mechanics working with the existing casual trainers FORCERT uses. There is a pool of female sawmill trainers/mechanics available, as NZAID sponsored them to be trained by the Timber and Forestry Training College in Lae. “

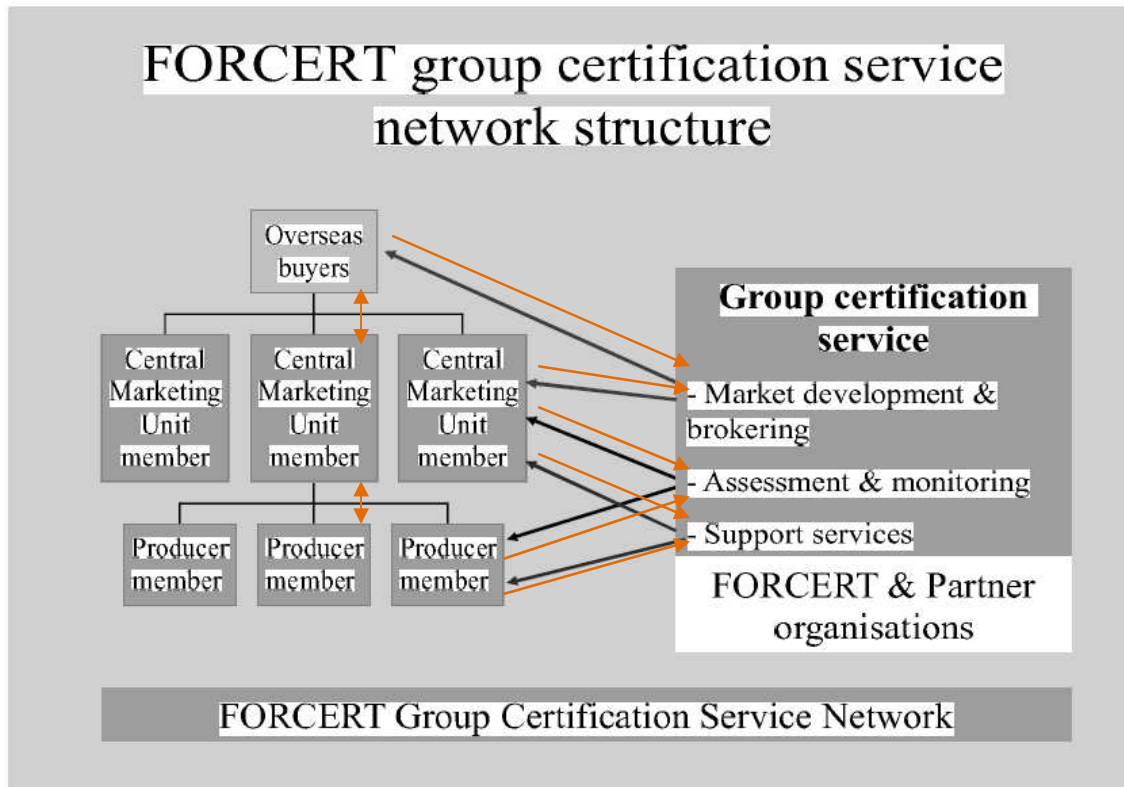
3.7 Conducting a Network Analysis

It is not clear to the Evaluation Team whether FORCERT has analysed in depth the linkages and relationships that make up the Group Certification Service Network (GCSN). For example, one stakeholder interviewed noted that the arrows in diagram representing the GCSN were only pointing one way. A more detailed understanding of these relationships (or FORCERT's expectations of them) would allow FORCERT to see how it could strengthen the network.

For example, if we insert the brown arrows in Figure 3 below then we might be able to more clearly define the relationships between members, partners and FORCERT.

Currently it is not clear who is driving the GCSN as it is described as a cooperative or collaborative arrangement. As previously emphasised, FORCERT is required to play a pro-active role so as to coordinate and facilitate the smooth functioning of the GCSN.

Figure 3: INTER-RELATIONSHIPS IN THE GCSN



4 WHAT THE FUTURE HOLDS

The following sections draw on the views of all the stakeholders interviewed for this evaluation.

4.1 The Future for Eco-Forestry and FSC in PNG

Eco-forestry and community forestry is seen as becoming increasingly important in PNG as the forestry stock is depleted.

The carbon trading facility to mitigate climate change will also become more prominent. Most stakeholders did not view carbon trading as a threat to eco-forestry but as a complimentary activity that will provide an additional income. However, some did express the concern that when offered “money for nothing” few communities would undertake the difficult exercise of operating a saw mill business. All of the stakeholders thought that FORCERT will have an important role to play as this future situation unfolds.

A common perception amongst the stakeholders interviewed is that PNG and the world will continue to need timber and therefore FSC will gain more support. In addition, carbon trading will require stringent management practices particularly in the REDD+ areas. Several stakeholders suggested that FSC might become the tool to monitor and support REDD+ or carbon trading. In that regard stakeholders encourage FORCERT to continue its work on the Payment for Ecological Services (PES) and to develop a sound system that can be sold to other government and non-government agencies.

The interest of large logging companies in FSC was not seen as a threat but as being potentially positive for developing and maintaining markets for FSC timber sourced from PNG. Several stakeholders pointed out that the GCSN has not been able to export timber in a reliable manner and that the switch of large companies to FSC could fill this gap. Market saturation was seen as being many years away and thus these companies were not viewed as a threat to FORCERT in the short to medium term. Stakeholders also believe that the GCSN could differentiate its own niche market on the basis of timber being community sourced. However, as ICCO pointed out, an increase in supply of FSC timber is likely to drive down prices and FORCERT will need to operate in a more competitive, cost effective manner.

The interest of large companies in FSC was also seen by one stakeholder to provide some momentum for the development of PNG national standards, which are likely to take many years to be agreed by Government and industry.

Major threats to Eco-forestry and FSC were seen as being:

- The Directive on Timber Authorities (TA). It was advised that FORCERT via EFF and other NGOs (eg: WWF) should conduct advocacy on this issue. In particular, it was advised that EFF should mount a legal challenge on the basis that the Directive is unconstitutional. This would involve seeking a Supreme Court interpretation. FORCERT should prepare a paper for the EFF board to consider.
- Government corruption and the lack of government policy and practice supporting eco-forestry. Several stakeholders raised the importance of creating an enabling business and policy environment for eco-forestry. For example, it was suggested that FORCERT, EFF and FPCD should collaborate to lobby parliamentarians to pass the EU community forestry policy that is currently under consideration. If this policy has already been in place then the directive on TAs would not have been able to occur.

4.2 Domestic FSC Market

One idea proposed by stakeholders is for FORCERT to develop a domestic certified timber market so that producers have an incentive to sustainably manage their forests whilst avoiding the difficulties associated with timber exports. The Australian buyer also agreed that this may be an effective strategy for the sale of PNG FSC timber.

It was suggested that there is much potential for a domestic market FSC timber but that it would take time and resources in the form of a marketing officer to sell the social and environmental benefits of FSC. Potential customers are the Catholic and other churches (noting that Caritas PNG have campaigned against logging and oil palm); donors (via procurement policies for projects), universities, businesses especially those who have demonstrated an interest in good corporate citizenship eg: Steamships (construction interests); Stop and Shop (hardware). One of FORCERT's shareholders urges FORCERT to "think out of the box".

4.3 Strategic Relationships

To further its cause and services, it is in the interest of FORCERT to establish strategic relationships with key stakeholders within and outside of PNG. FORCERT needs to actively engage with PNG Forestry Authority and the Forestry Research Institute (FRI). It was suggested that FORCERT should make a presentation to the PNGFA on FSC and develop relationships in particular with the PNGFA Field Services Directorate, Planning Directorate, and Marketing branch. The general view seems to be that the PNGFA are not really aware of FORCERT's work.

It was also suggested that FORCERT should be seeking out new partners outside of the EFF network eg: In the Sepik provinces, FORCERT could talk to OXFAM, HELP Resources (especially regarding gender expertise), and the Tree Kangaroo Alliance. Active relationships with LLGs were also encouraged.

ICCO encourages FORCERT to explore working with The Pacific Trade and Investment Commission (<http://www.pitic.org.au/>), which is the international trade and investment promotion arm of the Pacific Islands Forum Secretariat. Their vision is for:

Greater international success for businesses in the 14 Forum Island Countries to build a better future through more sustainable communities and greater prosperity.

They aim to achieve this by facilitating connections for exporters, investors and stakeholder organizations by:

- Actively promoting and connecting export-ready Pacific Island businesses and their products to overseas markets;
- Supporting exporters and tourism businesses to connect with international buyers for their products and services;
- introducing potential investors to businesses in the Pacific Islands;
- Providing export promotion support, business advice and technical expertise

ICCO met with the manager of export services at their Sydney office in March 2010, and found them willing to discuss the possibility of assisting FORCERT with the Timber Authority problems. This is an opportunity that FORCERT could explore further.

4.4 How Should FORCERT Position Itself for the Future?

Looking at actual and expected timber production and exports, stakeholders generally expressed the view that the projections were not feasible and must be revised downwards so as to reflect reality. Thus, it was generally accepted that it was not feasible for FORCERT to become self financing from levies in the near future. One of FORCERT's shareholders suggested that in light of this, FORCERT should raise funds in other ways and remove the levy as a disincentive to producers. The goal of being self financing, however, was universally supported. Another shareholder recommended that FORCERT could explore establishing a consultancy arm.

One shareholder urges FORCERT to grow as an organization so that it can increase its influence and impact at a national level. This stakeholder believes that the GCSN is a good model but that FORCERT lacks the staff capacity and the resources to implement it.

FORCERT's key funder expressed concern at the lack of business orientation and would encourage FORCERT to develop greater internal capacity in this regard as a priority. This stakeholder also questions why FORCERT is structured as a *not for profit* company and believes that operating as a *for profit* business may assist in developing a business mentality. Likewise, producers could also be encouraged to function as *for-profit* businesses.

One shareholder commented that FORCERT's governance seemed to follow an NGO rather than a corporate model. It was noted that Directors should be voted in, consideration should be given to shareholder liabilities, more discussion is required with shareholders about FORCERT's operations (eg: the micro-finance loans) and greater consideration should be given to shareholders views and ideas (it was felt that ideas raised at AGMs were sometimes blocked and not discussed).

Two changes to FORCERT's focus were recommended:

- A stronger focus on conservation is required - as indicated by the CAR received by FORCERT for insufficient emphasis on High Conservation Value Forests. WWF has offered to assist with training to enhance the ecological understanding of the foresters.
- For FORCERT to re-examine the feasibility of downstream processing to enable higher returns for producers in response to the changing international market (as discussed in section 2.5).

4.5 Separating FORCERT's Two Services

FORCERT is faced with what appears to be a dilemma. On the one hand, the findings of this evaluation demand from FORCERT that it invests in developing staff skills in community development and in allocating more time for staff to work with communities and CMUs. On the other hand, FORCERT operates according to the aim of becoming self financing. On the surface, these appear to be taking the organization in opposite directions regarding cost effectiveness.

However, as described in its business plan, FORCERT provides two separate services: The GCSN and Awareness, Training and Capacity Building (ATCB). FORCERT's business plan describes that "the GCSN is the income earning, commercial part of FORCERT and the ATCB forms the essential support service to be able to build both the membership as well as the internal system and the service network to arrive at a viable long term financially sustainable GCSN."

One way to handle the cost-effectiveness dilemma may be to establish two separate but coordinated services. This strategy would also fit with the very different skills sets required to provide these two services. Thus, the ATCB could be funded and managed more along the lines of an NGO, while the GCSN could operate as a business. (FORCERT's key funder expressed support for this approach during this evaluation.)

This dilemma is not new to FORCERT. The tension between the ways in which FORCERT's two services should operate was clearly identified in the 2007 evaluation report (Section 2: FORCERT'S Economic Viability and Mode of Operation). The report highlighted that the lack of separation between the two services was confusing for staff (who work in both roles) and also sent mixed messages to stakeholders. The business resource person to the 2007 evaluation recommended that FORCERT establish a separate business entity for the GCSN that 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 ATCB service. The resource person further suggested that the financial management system for the business should clearly show 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.

The Evaluation Team believes these recommendations are just as relevant to the organisation today as they were three years ago.

5 RECOMMENDATIONS

The Recommendations attached (as Appendix 1) to this report were developed by FORCERT staff during a participatory workshop facilitated by the Evaluation Team. They provide a comprehensive set of strategies and include some findings from FORCERT's internal reflection workshop. However the Evaluation Team would like to make the following observations.

Community Development

We are concerned that FORCERT does not recognise the urgency with which staff must be equipped with community development skills. The need for community development training is a priority and in our opinion does not require a training needs assessment to be conducted first. Training should be provided as soon as possible with staff given the opportunity to express a need for more support (through performance appraisals and monitoring of field performance), once they have had an opportunity to apply the training.

The Evaluation Team would also recommend developing a standardised approach to working with communities which is linked to staff performance appraisals and included in FORCERT's manuals. Due to the lack of community development expertise within FORCERT it will be important that FORCERT sources outside expertise to work with them on this task.

The development of appropriate resource materials for semi-literate communities is essential to communicate key principles relating to FSC, CoC, and GCSN. Again, this is a specialized area of expertise and FORCERT will need to source an external resource person to ensure an effective outcome.

Risk Assessment

The Recommendations do not address the Evaluation Team's concerns about the high risk nature of several of FORCERT's producers – as described in section 3.5.1

Good Manager

The Evaluation Team is concerned that recommendation 5.13 to establish two year terms for managers of saw mill business may be de-stabilising for producers. It may also result in the loss of capacity and expertise as it is likely that a manager is just finding their feet in their job by this time. A more effective approach to avoiding corruption may be for FORCERT to boost its own monitoring of problems at producer level.

Change in Orientation

FORCERT's NGO style of operation threatens the survival of the GCSN. The set of recommendations developed by FORCERT does not clearly show how FORCERT will transform into a pro-active and responsive business partner to the other members of the GCSN – the producers, CMUs and Australian buyer. To achieve this will require a review of the way FORCERT is managed and structured. A key consideration would be whether FORCERT continues to operate as one entity or separate its two services in line with the different demands placed upon them (as described in section 4.5).

It would be timely for FORCERT to now bring in business expertise to help it to develop a more effective organisational structure and policies and practices to enable coordinated, responsive and pro-active operations.

In order to meet new expectations, staff may need training or additional staff with particular skills may be required. It would be helpful if this new approach was reinforced in job descriptions and reflected in performance

appraisals. Appropriate management and monitoring of staff performance will be critical. As suggested earlier in this report, FORCERT may like to consider linking remuneration to proactive and responsive performance.

When next reviewed, the business plan should also reflect this new organisational approach.

Tracking Implementation of Recommendations

During the internal reflection workshop in March, FORCERT reviewed its progress in implementing the recommendations developed after the 2007 evaluation. Several of the recommendations had not been followed through. The Evaluation Team suggests that FORCERT conduct such a review annually to monitor the implementation of this set of recommendations.

APPENDIX 1 FORCERT'S Recommendations

	Recommendation	Who	When	Where	Resource
1 INCREASE TIMBER PRODUCTION					
1.1	Male+female carry out yearly GCSN awareness to community & assess training needs + assess effectiveness	FORCERT staff	annually; start after in-house training 3rd term planning meeting	peles	GCSN awareness materials (visual aids)
1.2	A financial penalty to producers who breach the S&P agreement (support received and no supply to CMU)	CMU, PRODUCER	start now	place of work	S&P Agreement, Local Court, Wanbel Court, membership agreement
1.3	Producer should spend less time operating outside the management area (LUP)	Producers	As soon as appropriate	place of work	
1.4	Loan issue to be signed at village with bank rep & FORCERT EF to give awareness to whole community	BDO & CM, Bank rep & community	After the loan has been approved	As soon as appropriate	Bank requirements/agreement
1.5	BDO to make check up visit within 3 months after loan issue	BDO/Producer	After loan issue	Place of work	
1.6	Sawmill training for 1 month with regular (3 months?) follow-up visits	EF/Trainer/Producer	After loan issue	place of work	Training equipment
Potential producers					
1.7	FORCERT assess potential producer through CBFT checklist in consultation with other stakeholders	FORCERT staff + networking partners	At awareness visit	peles	NB: use time line at 1st visit
Active & productive members					
1.8	Make critical assessment to identify active & (potential) productive active members + assist with whatever back-up/support needed	FORCERT staff	2nd Term planning meeting		NB: check performance mon reports
Own sawmill					

1.9	FORCERT to assist CMU to control at least 1 sawmill working at producer site to guarantee timber supply	Forcert, CMU, Producer, sawmill owner	Start after 2nd Term planning meeting	selected producers	At least 1 sawmill per CMU available
Good and sufficient equipment					
1.10	Identify other ways/avenues of acquiring equipments	Forcert management	Nau yet	All provincial office	Joint planning meetings
Good FSC market with good price					
1.11	Re-establish standard order sheet with price list from buyer ASAP	CM&PD and Woodage	Nau yet	Next CMU meeting	Inventory database, overview local timber prices, Shane Ritchie
2 NETWORK ANALYSIS					
	Maintain existing network partners and potential stakeholders				
2.1	Strengthen networking with existing network and other potential partners	All Forcert staff	Nau yet	Thru seminars, meetings, workshops etc.	MoU or MoA if necessary
Promote FSC Certification					
2.2	Promoting FSC Certification nationally	Partners, stakeholders, Forcert staff	Nau yet na igo moa yet	Website, meetings, seminars, workshops.	Updated website
Interdependency and emphasize roles					
2.3	Regularly update producers & CMUs on their roles and responsibilities in the GCSN	All Forcert staff	After internal training at 3rd planning meeting	Monitoring visits and annual stakeholders meetings.	Monitoring reports

3 CONSISTENT & SUFFICIENT TIMBER SUPPLY TO CMU (Section 1.3 & 1.4)					
3.1	FORCERT to facilitate relations between CMU & producer from start with regular CMU visits	FORCERT staff, CMU	Continuous	peles	signing of new/revised S&P agreement
3.2	FORCERT will facilitate CMU-Prod. percentage break up agreement and develop standard financial reporting format -CMU on producer payment	FORCERT manager/Technical Adviser/BDO	Percent break-before S&P signing for new producers or any change for existing producers. Financial reporting standard (CMU-Prod) 2nd term	PELES	Check: S&P Agreements
3.3	FORCERT will strengthen relationships between all parties through 2-yearly Prov. Stakeholders meeting with presence of manager & BDO	EFs/Manager/ BDO Prod participants: male+female	2-yearly	Cost effective prov. Producer sites	NB: if no female participant, check on dissemination results meeting
3.4	FORCERT to change share issue at time of Pre-cert (FSC CW) membership & provincial stakeholder reps to be highest m3 Pre-cert/FSC cert producer	PD	System doc change nau tasol	Office	System docs
3.5	Annual CMU meeting with presence of buyers plus opportunity for prod. to meet with buyer	Manager/Technical Adviser/BDO / CMU / Buyer	Annually	Rotate between CMUs	Product samples / Photo' / Videos
3.6	FORCERT will negotiate with buyer and CMU to provide bonus to CMU and prod. based on set m3 marks supplied	Manager/Technical Adviser/BDO	Next CMU meeting		Sales and Purchase docs.
3.7	CMU document folder to include set up report & CMU to create a file for setup reports in their filing system	PD & CMU	PD Now yet, CMU after document completed	Office	Setup reports, electronic system document

3.8	Deliver copies of updated membership lists	CM/Efs	After planning meetings	Office	Updated memberships lists
3.9	Assess other local markets & prices in & around the community	BDO,EF,CMU,PROD	target areas	start now	Local Market Survey form
4 CERTIFICATION STEPS (Section 2.4)					
4.1	FORCERT to review FSC certified producer requirements to include production and income handling and financial reporting to board and community	Technical Adviser (document change) EFs implementation through assessments	2nd term planning meeting	Producers yet to obtain FSC status	System docs
4.2	FORCERT to provide onsite training/guidance on financial reporting which can be easily understood by board and community	BDO & Liklik pis	Sept/Oct-Develop training materials Dec-train all FORCERT staff. 2011 Implement training	Peles	Training materials & visual tools
4.3	FORCERT will ensure that whole community understand GCSN and the development steps. FORCERT to assist manager to explain GCSN to community on site yearly.	FORCERT staff	3rd Term Planning meeting/Train FORCERT staff then implement	peles	Visual tools
4.4	FORCERT will include check on community knowledge of GCSN in impact monitoring & asessment including percentage break up and S&P Agreements.	Technical Adviser (document change)	2nd Term planning meeting		Check: impact mon. forms
5 FORCERTs role in the GCSN					
5.1	FORCERT to identify training needs of GCSN members with regular follow up	FORCERT Staff	during member monitoring visits	peles	training needs analysis FORCERT staff first.
5.2	FORCERT providing/facilitate adequate & effective training & capacity building to GCSN members based on training needs assessed	FORCERT Staff	during member monitoring visits	peles	Training materials

5.3	FORCERT identifies relevant skills needed by each staff needed to be able to transfer the knowledge at appropriate levels	FORCERT Staff	at 3rd term planning meeting	Planning meeting - Motupore	Completed Staff appraisal forms
5.4	FORCERT will draft a new business plan incorporating long term financial viability of GCSN, FORCERT & PES by the end of the year	PD to draft, all staff to comment	Annual planning meeting Dec-10	Office	Old business plan, business plans from IMAFLORA (others). Recommendations from current evaluation. Peer review
5.5	FORCERT will identify community development skills through staff training needs assessment at the next planning meeting	FORCERT Staff	at 3rd term planning meeting	Planning meeting - Loloata??	
5.6	FORCERT to identify appropriate training providers in community development workers skills	CM & PD	After FORCERT staff training needs analysis	Office	training needs assessment report. Training providers
Who exports?					
5.7	FORCERT will discuss a new export timber payment procedure to the CMUs (that would be more transparent and accountable) at the CMU meeting	PD, CM	During	Madang	The idea. External evaluation report
Community/clan has clear vision & goals					
5.8	FORCERT will facilitate a participatory process that involves community to focus on their agreed vision & goals related to their forest product enterprise	FORCERT staff + community	Initial visits & other key points (e.g status change/ suspension)	Peles	Time line, facilitation & Community Development skills
5.9	FORCERT to facilitate training on internal conflict resolution	FORCERT & Community	Peles	After Conflict Resolution Training for FORCERT staff	Trainers or Resource Person

Good cash flow					
5.10	FORCERT will facilitate a simple cash flow plan for producers	bdo, management + community	At business planning	peles	business plan format, visual aids
Good management structure					
5.11	FORCERT to facilitate community meeting where management positions are appointed after the roles & responsibilities are clearly explained (come with criteria)	BDO, EF, community	At business planning	peles	roles & responsibilities manual
5.12	Re-look at the management structure of all present CMUs & identify problem areas for improvement	BDO, EF, CM	Next CMU monitoring	CMUs	Management structure documents, monitoring reports
Good manager					
5.13	Implement the 2 yearly voting system. Assess community at start for other resource person to work with manager, etc.	Producers & FORCERT to ensure	On going	Peles	Management structures & Membership agreement, monitoring reports
No land disputes					
5.14	FORCERT will ensure that apart from all clans involved also other key leaders (neighbouring villages/councillors) are involved in the process of developing the LUP	EF, Community	At LUP meeting, ILG meeting	peles	SEEBs, maps, HCV Toolkit, pictures,
5.15	Forcert staff to undergo training in ILG facilitation (Barefoot) in order to identify land disputed at an early stage. Training to familiarise with amendment of ILG (legal sides)	FORCERT staff	Asap	Motupore?	Barefoot or equivalent
Good transport to CMU					
5.16	FORCERT/CMU arrange proper transportation with necessary transport provider	CMU & EFs	Asap	Regional sites	MOU with Transport agent ??
Good transparent financial management & financial reporting					
5.17	Producers must elect signatories and have the bank account in place at an early stage. Bank account details must be supplied to CMU and Forcert	FORCERT to monitor	Asap	Peles	Bank Account, Bank search report, Business plan

5.18	Check option to use fast Business name registration by more than one person (3 persons, same who sign for account, with at least 1 female)	BDO	Asap	Office	Phone, email,
5.19	Producers should allocate membership fee in their cashflow	Producer	During business planning	Peles	Business plan
Good and sufficient equipment					
5.20	FORCERT will look outside the current arrangement for purchasing equipment eg LLGs	FORCERT staff	ongoing	Anywhere	Negotiation skills, network
5.21	All producers to have OHS policy in place and should implement them	Efs	Monitoring Visit	Peles	Monitoring Forms & CARs
Good relationship with buyer(s)					
5.22	FORCERT to facilitate improved communication/links between CMUs and buyer. When - nau yet and at CMU meeting. Where - office/madang. Risos - contacts/information, email addresses	CM/PD	ASAP & at CMU meeting	Office & madang CMU meeting	Contacts, information, email addresses
Good cooperation & communication with FORCERT					
5.23	FORCERT staff to be aware of CMU membership fee & levy system	FORCERT Staff	Nau yet	Office	Phone, emails, FAX
5.24	EF's to contact & visit CMU's regularly / FORCERT Manager also to communicate regularly with CMU	Efs, CM	Nau yet	CMUs, Office	pHone, emails, FAX
Good cooperation between manager & BoD/management committee					
5.25	Members learn from each other through sharing of work force on systemic basis (poor with the best producers)	Producers	Asap	Peles	Workforce
5.26	Strict monitoring on OHS safety equipments.Safety equipment to be standard part of loan package	OHS policy guidelines	Asap	Peles	Workplan
5.27	Producers to have workplans for meetings/activities.	Producer & Efs	Asap	Peles	Facilitator
Well functioning CMU					

5.28	If re-engagement of NAR does not work out: New CMU to be established in Lae / Have all legal documents & understands the requirement/roles. Transparent, secured yard.	FORCERT & CMU	Asap	LAE	Ext Evaluation Report & Legal Doc with other Cmu
Good cooperation with FORCERT					
5.29	Look into technical trainer traveling between all producers FORCERT awareness to come straight from FORCERT not from partner organisation	FORCERT & Potential Trainers	Provincial Offices	Asap	Technical Trainer Contact, Technical trainer training , Short term contract
Committed & energetic & well trained workforce					
5.30	MOR producers: All workers should attend trainings such as sawmill and chainaw training etc . Attend trainings where required	Producers	On going	Peles	Workforce, Trainings
Viable self-supporting business					
5.31	FORCERT will not provide direct financial support to any CMUs	FORCERT Finance	Nau yet	Office	Funds
5.32	FORCERT to negotiate with the Woodage to provide a fund for upfront timber payment to be managed by FORCERT	CM/PD	At CMU meeting	Madang	The idea
FORCERT Internal					
5.33	FORCERT to ensure all staff conditions are complied with under PNG Labour laws.	CM/PD	ASAP	Office	Labour Act, internet
6 BASELINE SURVEY & MONITORING					
6.1	Review SEEBs Monitoring forms for Impact Indicators and develop system to fit evaluation results into PME cycle (per evaluators comments on us not capturing our Focus or Mission)	FORCERT staff	annually GCSN review and start after in-house training 3rd term planning meeting	Meeting to review and implement lo peles	Copy of Final External Evaluation Report
6.2	Review Performance Monitoring Forms to include indicators of problems affecting Producers	FORCERT staff	at Term planning meetings and start after in-house training 3rd term planning meeting	Meeting to review and implement lo peles	Copy of Final External Evaluation Report

7 WOMEN'S PARTICIPATION					
7.1	Continue to promote equal participation	FORCERT staff & Management	Key visits (SEEBS, Impact Mon, GCSN awareness) to producer sites to include female staff	Peles	Visual Aids promoting women in business/didimeri. Place newspaper articles, posters in community notice boards /church/aidposts
7.2	Employ female staff at all levels (casual/permanent)	Forcert Management	Upon identified needs by EF/BDO officers	Peles	Network partners/savepes
7.3	Conduct meetings in a communal place eg, community hall, church and encourage women to attend and participate. (No Hausboi/Hausman meetings)	Forcert Staff	All visits to producer sites	Peles	Make it a Requirement in GCSN
7.4	Inform Network Partners+Producer Supporting Organisations to use our Model when conducting meetings	Forcert Management to inform, other staff to follow-up	Any visits to producer sites	Peles	Copy of GCSN Document
7.5	Obtain Visual Aids from Partner Organizations promoting gender participation	Forcert Management to inform, other staff to follow-up	As of next term	Within PNG and abroad	Contacts of Partners / internet

APPENDIX 2: Who Did The Team Talk To?

The Team interviewed 8 producers, 3 CMUs, and 11 other stakeholders.

Producers included the following (their FSC certification status at the time of the evaluation is noted in brackets):

- 1) Kait Sawmill Business Group, Kait Village, NIP, (FSC certified, Suspended)
- 2) Ditib Business Group, Ditib Village, Madang (Pre-certified)
- 3) Rapki Investments, Arabam Village, ENB (FSC certified)
- 4) Lamo Auru Development Corporation, Baikakea Village (FSC certified, Suspended)
- 5) Ainbul Tetewe Business Group, Ainbul Village, WNBP (Pre-certified)
- 6) Tore Brothers, Mansep, ESP (CBFT)
- 7) Havo Timbers, Tuonmbe Vilage, ESP (CBFT)
- 8) Veram Kanom Cooperative, Forok Village ESP (FSC, Expelled)

The Central Marketing Units interviewed were (including 2 suspended CMUs):

- 1) Avecof Timbers, Kokopo, ENB: Alosius Malori, Owner/Manager
- 2) Pandi Holdings, Angau, ESP (Suspended): Steve Tupa, Chairman
- 3) Narapela Wei, Lae, Morobe (Suspended): Arthur and Jocelyn Perri, Owners and Company Directors

NGO stakeholders (including 3 FORCERT shareholders):

- 1) Bismarck Ramu Group (BRG) John Chittoa and Rosa Koian
- 2) The Ecoforestry Forum (EFF) Thomas Paka, National Coordinator
- 3) FPCD Carolyne Imun, National FSC Coordinator Yati Bun, Executive Director
- 4) GREENPEACE (shareholder) Sam Moko, Dorothy Tekwei, Forests Campaigner.
- 5) CELCOR (shareholder) Damien Ase, Executive Director
- 6) WWF (shareholder) Zola Sangga, Community Forestry Officer

PNG Forest Authority

Forest Policy and Planning Directorate: Goodwill Amos, Manager, Climate Change and REDD Branch

Field Services Directorate: Benjamin Taupa, Director

Others

Vitus Ambia, former FORCERT chairman (Not currently on the board. No current board members were available for interview.)

Australian Buyer, The Woodage, Mittagong NSW: Peter and Will Musset

Former Staff member, Wesley Watt