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**FINAL EVALUATION REPORT**  
**FSP/NGO CONSORTIUM BUILDING PROJECT FOR**  
**SUSTAINABLE FORESTRY DEVELOPMENT**

**USAID Cooperative Agreement PDC 0158-A-00-1103-02**

**August 1, 1991-July 31, 1996**

**submitted to**

**Kathy Fry**  
**Regional Director**  
**Foundation for the Peoples of the South Pacific International**

**submitted by**

**James P. Rizer**  
**Team Leader**  
**Final Evaluation Team**

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## LIST OF ACRONYMS

AusAID	Australian Agency for International Development Assistance
British ODA	Overseas Development Assistance
CEF	Community and Environmental Forestry
CUSO	Canadian equivalent of Peace Corps
DIP	Detailed Implementation Plan
GTZ	German foreign assistance agency
FSP	Foundation for the Peoples of the South Pacific
FSPI	FSP International
FSP/PNG	FSP/Papua New Guinea
FSP/Vanuatu	
ha	hectare
ICAD	Integrated Conservation and Development
ICI	Island Conservation Initiatives
K	Kina (K1=U.S.\$0.76)
MG	Matching Grant
m <sup>3</sup>	cubic meters
m <sup>3</sup> /ha	cubic meters per hectare
NGO	nongovernmental organization
SI\$	Solomon Islands dollar (SI\$3.48=U.S.\$1.00)
SIDT	Solomon Islands Development Trust
SGS	Societe General du Surveillance (Swiss-based timber monitoring company)
TITC	Timber Industry Training College
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VANGO	Vanuatu Association of Nongovernmental Organizations
VDT	Village Development Trust
VRDTCA	Vanuatu Rural Development and Training Centres' Association
Vt	Vanuatu Vatu (Vt100=U.S.\$1.10)

Note: currency conversion rates are approximate.

## EXECUTIVE SUMMARY

The Foundation for the Peoples of the South Pacific (FSP) Consortium Building Project for Sustainable Forestry Development Matching Grant (MG), USAID Cooperative Agreement PDC 0158-A-00-1103-02, began in August 1991 and will end in July 1996. The MG application was submitted in September 1990, and approved at the funding level of US\$1.6 million which was to be matched by a similar level of funds secured from other donors. The MG has assisted with the development of nongovernmental sustainable forestry programs in Papua New Guinea, Solomon Islands, and Vanuatu, through the evolution of FSP/Papua New Guinea (FSP/PNG), the Village Development Trust (VDT), which is also based in Papua New Guinea, the Solomon Islands Development Trust (SIDT), and FSP in Vanuatu. In addition, the MG has led to the establishment of the FSP International's (FSPI) Regional Office in Vanuatu, and has assisted in the evolution of the FSP network in becoming a global organization, which is now incorporated as Counterpart Foundation, Inc.

The MG period has included the 1992 Programmatic Environmental Assessment conducted by the US Forest Service, which assessed potential impacts resulting from logging and other activities under the MG, the 1994 Midterm Evaluation of the MG, and the revised Detailed Implementation Plan, which was developed following the Midterm Evaluation, for years 4 and 5 of the MG. The Programmatic Environmental Assessment was required by USAID, and concluded that there would be minimal, if any, negative environmental impacts under MG activities. The Midterm Evaluation identified a number of programmatic problems with the MG's implementation, and recommended the immediate reallocation of funds to the various country and regional programs under a revised Detailed Implementation Plan. The evaluation team criticized the allocation to FSP Headquarters (FSPUSA) of the bulk of funds released during the 1991-94 period, although much of this amount was used to fund various country and regional program activities. The evaluation team concurred that portable sawmills were appropriate alternatives to large scale commercial logging, and that emphasis should be given to training landowners in sustainable forestry management rather than setting up the number of sawmills targeted in the original MG application. The June 1994 report by the Midterm Evaluation team also identified/recommended that partner organizations should concentrate on sustainable forestry practices and that SIDT should become FSP's partner in the Solomon Islands.

The Detailed Implementation Plan (DIP) was developed at the request of USAID to ensure that the problems and recommendations identified by the Midterm Evaluation could be successfully implemented. As a result, the DIP reformulated the original project proposal's goal and purpose to establish a more simplified project strategy: *to contribute to the overall goal of sustainable forest management in the South Pacific by increasing the capacity of FSP and partner institutions to implement expanded and more effective ecoforestry programs.* The DIP stated that the overall development goal of the MG was: *to conserve and sustain the tropical*

*rainforests as renewable resources that are profitable to the economies of Papua New Guinea, Solomon Islands, and Vanuatu. The DIP also stated that the continued foci of MG activities were: to increase the institutional capacity of FSP and its local NGO partners in Papua New Guinea, Solomon Islands and Vanuatu, to enable them to implement expanded and effective ecoforestry programs that promote and support forest utilization alternatives that are sustainable and profitable for forest resource owners.*

The DIP revised MG activities enabled specific foci to be given to establishing ecoforestry strategies for both the regional and country partner institutions, support additional managerial and forestry technical expertise to the country program partner programs in order to increase their planning, management, and implementation capacity for ecoforestry extension activities, to promote networking between country partners, to support the initiation of ecoforestry activities in each country, and, to and assist country partners to develop more professional project proposals for the on-going implementation of their ecoforestry programs.

The 1996 Matching Grant Final Evaluation has been based on the activities outlined in the 1994 Detailed Implementation Plan. Following visits to Papua New Guinea (8 working days), Solomon Islands (6 working days), Vanuatu (5 working days), the FSP Regional Office (2 working days), and the FSPUSA office in Washington, D.C. (4 working days) the MG Final Evaluation Team concludes in respect to the above revised activities, that:

- 1) country partners are successfully developing ecoforestry strategies to reflect their specific and changing situations, and are implementing appropriate ecoforestry activities;
- 2) the planning, management, and implementation capacities of the country programs as well as the FSP Regional Office and FSPUSA have been increased to the point where they are leaders in ecoforestry activities within their own countries, and collectively form the largest and most professional group of ecoforestry staff among NGOs in the Pacific islands region;
- 3) networking and the sharing of technical expertise between country partners has successfully occurred, is increasing, and needs to be further developed;
- 4) a range of ecoforestry activities have/are being implemented in each country, and that these activities are viewed as appropriate and positive by the MG Final Evaluation Team, other multilateral and bilateral donors, and by other governmental and NGOs within their respective countries; and,
- 5) the capacity of country partners to develop more professional project proposals for the on-going implementation of their ecoforestry programs has been increased as evidenced by the increased levels of funding as well as the increased diversity of funding sources for each of the countries.

The Final Evaluation Team additionally concludes that:

- 1) the country programs, FSP Regional Office, and FSPUSA have all increased the professional level of their accounting and management systems, and that documentation on the use of funds is now being comprehensively maintained;
- 2) there are considerable technical resources (e.g., training institutions, country partner staff) within the region, and that these should be further utilized; and,
- 3) the MG provided country partner organizations, FSPUSA and Regional Office with an appropriate vehicle to successfully increase the institutional capacity of the FSP member network because the MG enabled the use of funds to generate support from other donors as well as to upgrade technical levels and program activities.

The Final Evaluation Team has provided 23 recommendations (see Chapter 6.0 Summary of Conclusions and Recommendations) for the FSP network to improve the efficiency of their operations. These recommendations are based on four broad conclusions by the Final Evaluation Team. First, there is a need for the country partners to constantly review and evaluate the performance of their organization's in respect to whether objectives are being attained. This requires the development and assessment of realistic goals and objectives. Second, there is a need to institute more comprehensive and integrated statistical and costing data on a range of activities and operations. Without this data, performance cannot be fully evaluated, and this is critical to successfully operating ecotimber production and marketing. Ecotimber producers will also require this information in order to account for the amount owed them for their labor and for the use of their forest resources. In addition, these data are necessary in order to receive the "ecotimber" certification at global standards. Third, realistic marketing strategies need to be developed. The island partner organizations had not fully addressed the evolution of their marketing and, from various discussions, it is apparent that the island affiliates currently have a number of markets available to them. In the near term, the island affiliates will be able to access local markets which will provide the opportunity to increase the consistency of supply and quality of their sawntimber. As the consistency of supply and quality improve, the island affiliates will be able to sell to overseas markets such as those of eastern Australia using existing marketing arrangements. The island affiliates will be able to receive world prices for quality sawntimber on these markets. Once neighboring international markets have been acquired, then more global markets (e.g., Europe, North America, Japan) can be entered. This strategy of market evolution will require 3 to 5 years to complete. Four, the Final Evaluation Teams endorses the efforts to establish the ecotimber industry in the South Pacific through the development of microenterprises.

Taken together, these four conclusions demonstrate the need for the partner organizations to develop strategic planning capacities which reflect what they are trying to achieve and how they should get there. The lack of strategic planning is typical of many NGOs; however, it is essential that it be instituted as part of the efforts to develop microenterprises, as well as for the continued evolution of the FSP network and its island affiliates.

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**Prepared May 1996**

**1.0 INTRODUCTION**

**1.1 BACKGROUND**

The Foundation for the Peoples of the South Pacific (FSP) Consortium Building Project for Sustainable Forestry Development Matching Grant (MG), USAID Cooperative Agreement PDC 0158-A-00-1103-02, began in August 1991 and will end in July 1996. The MG application was submitted in September 1990, and approved at the funding level of US\$1.6 million which was to be matched by a similar level of funds secured from other donors. The MG has assisted with the development of nongovernmental (NGO) sustainable forestry programs in Papua New Guinea, Solomon Islands, and Vanuatu, through the evolution of FSP/Papua New Guinea (FSP/PNG), the Village Development Trust (VDT), which is also based in Papua New Guinea, the Solomon Islands Development Trust (SIDT), and FSP in Vanuatu. In addition, the MG has led to the establishment of the FSP International's (FSPI) Regional Office in Vanuatu, and has assisted in the evolution of the FSP network in becoming a global organization, which is now incorporated as Counterpart Foundation, Inc.

The MG period has included the 1992 Programmatic Environmental Assessment conducted by the US Forest Service which assessed potential impacts resulting from logging and other activities under the MG, the 1994 Midterm Evaluation of the MG, and the revised Detailed Implementation Plan, which was developed following the Midterm Evaluation, for years 4 and 5 of the MG. The Programmatic Environmental Assessment was required by USAID, and concluded that there would be minimal, if any, negative environmental impacts under MG activities. The Midterm Evaluation identified a number of programmatic problems with the MG's implementation, and recommended the immediate reallocation of funds to the various country and regional programs under a revised Detailed Implementation Plan. The evaluation team criticized the allocation to FSPUSA of the bulk of funds released during the 1991-94 period, although much of this amount was used to fund various country and regional program activities. The evaluation team concurred that portable sawmills were appropriate alternatives to large scale commercial logging, and that emphasis should be given to training landowners in

sustainable forestry management rather than setting up the number of sawmills targeted in the original MG application. The June 1994 report by the Midterm Evaluation team also identified/recommended the following:

- Papua New Guinea. Although FSP/PNG became a locally-incorporated and directed affiliate of the FSP network in 1992, there were numerous management problems during the 1992-94 period including the absence of financial records and other documentation. Partnerships (e.g., with VDT) should be emphasized rather than formal and unwieldy consortia of NGOs. Program activities should focus on training traditional landowners in sustainable forestry practices, and FSP/PNG should "spearhead" national efforts to develop and adopt sustainable timber production standards so that timber can be certified as ecologically sustainable.
- Solomon Islands. Because of problems with the management of the original partner organization, SOLTRUST, SIDT was identified as the appropriate organization to participate in MG activities.
- Vanuatu. Focus should be on forest management rather than sawmilling, and training resources should be strategically allocated to areas that have the highest value natural forests at risk.
- Regional. The March 1994 decision to turn over management of the MG to the Regional Office was endorsed by the evaluation team. Also, as noted, funds should be reallocated from FSPUSA to regional and country program activities.

The Detailed Implementation Plan (DIP) was developed at the request of USAID to ensure that the problems and recommendations identified by the Midterm Evaluation could be successfully implemented. As a result, the DIP reformulated the original project proposal's goal and purpose to establish a more simplified project strategy: *to contribute to the overall goal of sustainable forest management in the South Pacific by increasing the capacity of FSP and partner institutions to implement expanded and more effective ecoforestry programs*. The DIP stated that the overall development goal of the MG was: *to conserve and sustain the tropical rainforests as renewable resources that are profitable to the economies of Papua New Guinea, Solomon Islands, and Vanuatu*. The DIP also stated that the continued foci of MG activities were: *to increase the institutional capacity of FSP and its local NGO partners in Papua New Guinea, Solomon Islands and Vanuatu, to enable them to implement expanded and effective ecoforestry programs that promote and support forest utilization alternatives that are sustainable and profitable for forest resource owners*.

The DIP revised MG activities to include:

- 1) establish ecoforestry strategies for both the regional and country partner institutions that will define the specific needs of the country situation that each institution is able to

address through ecoforestry activities;

- 2) support additional managerial and forestry technical expertise to the country partner programs to increase their planning, management, and implementation capacity for ecoforestry extension activities;
- 3) promote networking and sharing of technical assistance and training materials between the country partners by supporting regional meetings that focus solely on ecoforestry issues;
- 4) support the initiation of ecoforestry activities in each country; and,
- 5) train and assist country partners to develop more professional project proposals for the on-going implementation of their ecoforestry programs.

Following visits to Papua New Guinea (8 working days), Solomon Islands (6 working days), Vanuatu (5 working days), the FSP Regional Office (2 working days), and FSPUSA (4 working days), the MG Final Evaluation Team concludes in respect to the above revised activities, that:

- 1) country partners are successfully developing ecoforestry strategies to reflect their specific and changing situations, and are implementing appropriate ecoforestry activities;
- 2) the planning, management, and implementation capacities of the country programs as well as the FSP Regional Office and FSPUSA have been increased to the point where they are leaders in ecoforestry activities within their own countries, and collectively form the largest and most professional group of ecoforestry staff among NGOs in the Pacific islands region;
- 3) networking and the sharing of technical expertise between country partners has successfully occurred, is increasing, and needs to be further developed;
- 4) a range of ecoforestry activities have/are being implemented in each country, and that these activities are viewed as appropriate and positive by the MG Final Evaluation Team, other multilateral and bilateral donors, and by other governmental and NGOs within their respective countries; and,
- 5) the capacity of country partners to develop more professional project proposals for the on-going implementation of their ecoforestry programs has been increased as evidenced by the increased levels of funding as well as the increased diversity of funding sources for each of the countries.

More detailed analyses of the above are presented in the sections on the various participating country partners and the Regional Office and FSPUSA. However, it is again worth mentioning that the Final Evaluation Team additionally concludes that:

- 1) the country programs, FSP Regional Office, and FSPUSA have all increased the professional level of their accounting and management systems, and that documentation on the use of funds is now being comprehensively maintained;
- 2) there are considerable technical resources (e.g., training institutions, country partner staff) within the region, and that these should be further utilized; and,
- 3) the MG provided country partner organizations, FSPUSA and Regional Office with an appropriate vehicle to successfully increase the institutional capacity of the FSP member network because the MG enabled the use of funds to generate support from other donors as well as to upgrade technical levels and program activities.

The total budget for the Matching Grant was \$1.6 million, and an additional total of \$1,924,238 was raised from other sources to support ecoforestry activities in participating countries. Thus, the requirements of the Matching Grant to raise equal amounts in order to draw down the USAID funds were exceeded.

**Matching Grant Budget, 1991-1996  
as Revised by the 1994 Detailed Implementation Plan**

	\$
FSPUSA	287,899
Regional Office	340,004
FSP/PNG	263,056
-of which, VDT	46,340
Solomon Islands	206,135
Vanuatu	193,552
Indirect	309,354
<b>Total</b>	<b>1,600,000</b>

Note: VDT was budgeted for \$41,340 plus a \$5,000 consultancy fee as part of the arrangement under the 1994 Detailed Implementation Plan for the 1994-1996 period.

## 1.2 METHODOLOGY

As indicated above, the MG Final Evaluation Team made visits to all of the participating country partners including to the rural sites where they are conducting ecoforestry programs and activities, and to the Regional Office and FSPUSA. Interviews were conducted with staff from partner organizations, Regional Office, and FSPUSA, as well as with appropriate government agencies, other nongovernmental agencies, the private sector, and the donor communities (both bilateral and multilateral agencies) in the countries of the participating partners.

In addition, a questionnaire was sent to other FSP Pacific island partners, or affiliates, as well as to the FSP metropolitan partners which are working with the ecoforestry programs of the participating country partners. The purposes of the questionnaire were to ascertain 1) whether there had been effective institution building in the participating country partners, the Regional Office, and FSPUSA during the MG period, and 2) whether the ecoforestry activities being conducted by the participating country partners were effectively addressing the key forest sector issues. The results of the questionnaires have been incorporated in the analyses.

Because of the significant revisions of the MG program activities following the 1994 Midterm Evaluation and the 1994 Detailed Implementation Plan, the focus of the Final Evaluation Team has been on the performance of the program activities during the 1994 to 1996 period of the Matching Grant. The results of the Final Evaluation Team's analyses are presented below.

A presentation of the preliminary results of the MG Final Evaluation was presented at the FSPI Regional Forestry Meeting which was held in Port Vila, Vanuatu from 20 to 24 May 1996. Representatives of all participating country partners and Regional Office staff were present. They also received copies of a working draft of the Final Evaluation Report in order to verify the accuracy of the presented information. The presentation by the Final Evaluation Team Leader, Jim Rizer, and the forester who participated in all of the country visits, Andrew Sorley, focused on several key findings. First, there is a need for the country partners to constantly review and evaluate the performance of their organization's in respect to whether objectives are being attained. This requires development and assessment of realistic goals and objectives.

Second, there is a need to institute more comprehensive and integrated statistical and costing data on a range of activities and operations. Without this data, performance cannot be fully evaluated, and this is critical to successfully operating ecotimber production and marketing. Ecotimber producers will also require this information in order to account for the amount owed them for their labor and for the use of their forest resources. In addition, these data are necessary in order to receive the "ecotimber" certification at global standards. Third, realistic marketing strategies were presented.

Third, the island partner organizations had not fully addressed the evolution of their marketing and, from the discussion, it became apparent to them that they currently have a

number of markets available to them. In the near term, they will be able to access local markets which will provide the opportunity to increase the consistency of supply and quality of their sawntimber. As the consistency of supply and quality improve, they will be able to sell to overseas markets such as those of eastern Australia using existing marketing arrangements. They will be able to receive world prices for quality sawntimber on these markets. Once neighboring international markets have been acquired, then more global markets (e.g., Europe, North America, Japan) can be entered. This strategy of market evolution will require 3 to 5 years to complete.

Taken together, these three points demonstrated the need for the partner organizations to develop strategic planning capacities which reflect what they are trying to achieve and how they should get there. The lack of strategic planning is typical of many NGOs; however, it is essential that it be instituted as part of their efforts to develop microenterprises. The presentation was well received by all of the participants, and they indicated that they would utilize the information in the development of their ecoforestry activities. Thus, there is a need for the FSP network (partners and affiliates) to institute strategic planning as a key component of their program development and monitoring processes.

The Final Evaluation Team consisted of:

Dr. James P. Rizer, Team Leader, who has approximately 20 years experience working on socioeconomic issues in the islands region, including a number of years working on timber industry issues and business development in the Pacific islands.

Mr. Andrew Sorley, who has 25 years of experience as a logging trainer, with the last 10 years in the islands region. Mr. Sorley is also employed by FSP/Fiji.

Mr. Amos Ona, a forester working with FSP/PNG, who had also worked for the timber industry.

Mr. Bill Girard, a microenterprise development specialist working for VDT.

Mr. Daniel Kuata, a microenterprise development specialist working for SIDT.

Mr. Feke Pedro, a forester working for FSP/Vanuatu.

The structure of the Final Evaluation Team enabled the inclusion of representatives of the FSP island affiliates so that they could gain experience with project evaluation. In addition, the use of representatives of the island affiliates also enabled the sharing of information on project successes and failures. Both of these were included as MG activities under the 1994 DIP.

### **1.3 ORGANIZATION OF THE FINAL EVALUATION REPORT**

Following the introduction, the evaluation report consists of separate sections on the performance of MG activities in each of the participating country partners, the Regional Office and FSPUSA. A final section summarizes the conclusions and recommendations discussed in the preceding sections. The appendices contain reports of site visits to selected training institutions and to project sites where MG activities are being conducted by the country partners and affiliates. The appendices also contain the scope of work for the Final Evaluation Team and its itinerary.

## **2.0 PAPUA NEW GUINEA**

### **2.1 INTRODUCTION/CONTEXT**

Papua New Guinea has a total land area of 46.7 million hectares (ha), of which 80 percent, or 34 million ha, are covered by forests. Papua New Guinea's forest areas are diverse and range in types from swamp and lowland tropical rainforest to montane at elevations exceeding 10,000 feet. The forest area includes the largest contiguous lowland tropical forest in Southeast Asia, comprised of 350,000 square kilometers, and includes some of the highest levels of plant diversity and endemic species found anywhere in the world.

Beset by mounting budget deficits, the national government has promoted the logging of the forests by international logging and timber companies. Logging practices have been environmentally destructive, brought few benefits (e.g., limited employment, low levels of land rents and harvesting royalties) to the traditional indigenous landowners, led to major incidents of political corruption (e.g., the conviction of the former Minister for Forests, Ted Diro), and prompted bilateral (e.g., the Australian Agency for International Development Assistance-AusAID) and multilateral (e.g., the World Bank through the terms of the current Structural Adjustment Loan) agencies to force the national government to institute reforms for the commercial exploitation of the forestry resource. The purpose of these reforms is to implement a sustainable yield formula for commercial logging as well as to increase domestic processing of the annual harvest. Log exports increased from 1.4 million cubic meters (m<sup>3</sup>) in 1991 to 2.9 million m<sup>3</sup> in 1994, and 2.5 million m<sup>3</sup> in 1995: figures well above sustainable yield. Although there is some optimism that the proposed reforms will result in lower levels of logging, some reports indicate that the national government is promoting the rapid expansion of the oil palm industry and other agricultural activities which would require land clearing and thus extensive logging. This would enable the national government to say that it is adhering to the proposed reforms while at the same time not actually reducing the levels of log exports. The national government has also responded to its budget deficit by announcing plans to decentralize the management and implementation of a range of services and activities to the 19 provincial governments (plus, there is the National Capital District). Unfortunately, the provincial governments are underfunded and lack skilled personnel, a situation which is unlikely to change with the additional responsibilities.

The incapability of the national government to effectively manage the forest sector and the growing discontent of the indigenous landowners have resulted in the formation of a number of nongovernmental organizations focusing exclusively on the forestry sector. The goals of these organizations range from stopping all logging to promoting sustainable logging conducted by landowners to training to microenterprise development. The nongovernmental organizations include national as well as international agencies, which are linked together by formal and informal agreements, alliances and networks. However, almost all are based on the inclusion of and working with the traditional indigenous landowners who control 97 percent of Papua New Guinea's land area. As found in other countries, the nongovernmental organizations (NGOs) are often underfunded, lack skilled personnel, fragmented, and tend to receive funds which are

tioned to specific projects rather than general operating support. Although there are some conflicts--generally at the political level, a number of NGOs have positive interaction with staff from certain government departments.

Thus, the nongovernmental sector is having to develop and implement plans and programs which will provide the mechanisms necessary to sustainably manage the large forest area for a nation of nearly 4 million people (and their aspirations and rising expectations), who are spread over 300 islands (there are a total of 1400 islands and atolls but not all are inhabited) and speak roughly 800 languages. This seemingly overwhelming task will require innovative solutions and considerable determination if the ecological integrity of one of the world's biologically diverse and unique areas is to be retained.

Within this context the USAID Matching Grant (MG) has provided support for two organizations, the Village Development Trust (VDT) and the Foundation of the Peoples of the South Pacific Papua New Guinea (FSP/PNG), both of which are locally registered and under the direction of Papua New Guineans. Appendix 3 includes individual reports on the Timber Industry Training College in Lae, and on the Lababia Project.

## **2.2 FINDINGS**

### **2.2.1 FSP/PNG**

FSP began operating in Papua New Guinea in the mid-1960s, and became an independent affiliate of the Counterpart/FSP network in 1992. It currently has a staff of 20, of which 10 are based in the field. Current programs include the Awareness Community Theater, the rural-based Grass Roots Opportunities for Work, Integrated Conservation and Development, Literacy Training, and Ecoforestry. Audited accounts for CY1994 show revenues of K608,000 and expenditures of K637,000 (K1.00=US\$0.76). (Note: accounts for CY1995 were nearly finalized by Ernst and Young as of 24 May 1995). Funding is expected to remain at the 1994 level for the period 1996-1997. Donors are diverse, and include the United Nations, the Global Environmental Facility, Conservation International, AusAID, British ODA, GTZ, and a number of nongovernmental sources.

FSP/PNG has a prominent role in the evolution of ecoforestry in Papua New Guinea. The Director, Mr. Yati Bun, serves on the international Forestry Stewardship Council, which sets the guidelines for national ecotimber accreditation standards, as well as numerous boards and commissions dealing with forest sector management issues in Papua New Guinea. The organization is considered to be amongst the leaders of nongovernmental organizations involved with forest sector management because of the reputation and expertise of its national staff.

FSP/PNG has conducted a survey of and developed a database on potential forest products. It has also surveyed (published in February 1995) 350 of the 1,500-2,000 portable sawmills in Papua New Guinea (which is the only study of its kind in the islands region). The

portable sawmill survey included a wide range of data on their operations, including production statistics, financing, skill levels, and problems. This survey led to a redesign of its ecoforestry program, with the result that the increased purchase of portable sawmills was deferred and more attention was given to training and developing a model project based on portable sawmills.

The current ecoforestry program plans to establish (in conjunction with local communities) 20 portable sawmills as microenterprises in the Wewak region of East Sepik Province (western part of the north coast of the island of New Guinea). Area landowners have already formed an association of portable sawmill owners/operators, Sepik Timber Producers Association. FSP/PNG plans to hold workshops involving landowners aimed at articulating/defining standards for ecotimber during 1996. FSP/PNG has advertised for a microenterprise development specialist to supervise the Wewak project, and expects to appoint someone by mid-1996. Land ownership boundary surveys and species inventories for the 20,000 ha area are also scheduled to begin in 1996. The project will consist of four main components: forest management, business management, timber marketing, and extension services.

The intent of the Wewak project is to provide a model for how a local area should organize itself into a coordinated group of independent ecotimber producers. The model could then be transferred to other areas in Papua New Guinea. FSP/PNG will provide, in addition to the microenterprise development specialist, forestry extension support, an accreditation system for ecotimber, and a timber depot/marketing mechanism. By focusing on a specific area (Wewak) rather than a national-scale program, it is felt that the chances for the successful development of ecotimber microenterprises will be greatly increased.

Plans were made for the evaluation team to visit the Wewak project but could not be completed because of the death of the father of the FSP/PNG accompanying staff member (he was called back when the team was en route). However, other persons interviewed indicated that they felt that the project's intent and design were sound and should be supported. FSP/PNG has considerable experience with community development activities in rural Papua New Guinea, so it understands the opportunities and constraints. However, the Wewak project will be the first it has undertaken with respect to ecotimber microenterprise development.

Complementing the Wewak project is the Integrated Conservation and Development (ICAD) program. ICAD program includes activities in 3 provinces: Gulf, Central, and Morobe (see VDT). Current focus is on a 20,000 ha area (Lakekamu/Kunimaipa Basin) in the Gulf Province. The national government has proposed to log out this area and establish oil palm plantations. While large scale oil palm plantations have brought foreign exchange earnings to the national government, returns to local area landowners have been more modest, with land rents and some employment the primary benefits. These are offset by the loss of the valuable indigenous forest, often increased incidence of malaria, and fluctuations in the price of palm oil (prices have recently increased but had been quite low during previous years). Local area landowners have thus requested assistance to establish a conservation area in which they will be able to earn income by making use of the existing forest resources. The national Department of Environment and Conservation, the Wau Ecology Institute, the United Nations Development

Programme, and the Global Environmental Facility are funding this programme in conjunction with Conservation International and the Biodiversity Conservation Network. The program has generated high expectations but has tended to be based on "top down" planning rather than the "bottom up" approach taken by FSP/PNG for the Wewak project. The effects of this method should be apparent over the next 12 to 18 months; however, it should be noted that failure to include local landowners in decision making has led to negative results for other projects in Papua New Guinea.

USAID MG funds have been utilized to develop the Ecoforestry program as well as for institution building. As noted, the Wewak project is based on participation by local landowners, which contrasts with the centralized planning practiced by projects funded by some other donors. Institutionally, FSP/PNG has become a locally-incorporated affiliate of FSP International during the MG period, seen its staff levels increase, and has implemented international-standard accounting systems. Funding levels for FSP/PNG have remained relatively constant over the last several years. However, the reputation of the organization as a professionally-managed and staffed group has increased. The director of FSP/PNG believes that it will be able to secure funding for future activities.

### **2.2.2 Village Development Trust (VDT)**

VDT is based in Lae, the capital of Morobe Province, which is located on the north central coast of the main island. VDT began operations in 1990, with a primary focus on forestry training for indigenous landowners. VDT was established by several other agencies involved in the forestry sector, including FSP/PNG, and the Director of FSP/PNG also serves on the VDT Board of Directors. In 1990, 117 people attended VDT training courses, 260 attended 1991 courses, 247 received training in 1992, 316 in 1993, and 232 in 1994. Beginning in 1994, VDT became more involved in the design and implementation of programs and projects aimed at enabling landowners to sustainably manage their resources, raise their standards of living, and provide alternatives to large scale logging by international companies.

VDT's revenues have fluctuated considerably since its founding. A major problem had been its absorptive capacity, with some funds having to be returned to donors because they were unspent, some projects delayed for up to two years, and there was a general absence of adequate management controls. However, audited accounts (by Coopers and Lybrand) were provided for the first time in 1995, and fund raising has stabilized. VDT revenues (grants, consulting fees, fees for products such as training manuals) were Kina (K) 40,000 in 1990 (note: currently, K1.00=US\$0.76) K143,000 in 1991, K189,000 in 1992, K55,000 in 1993, and K98,000 in 1994. With financial controls instituted in 1995 and a broadened program mandate, revenues for 1995 were K366,000. It is estimated that the budget for the next two years will exceed K600,000 per year.

The USAID Matching Grant (MG) became available to VDT at the beginning of 1995. Although only \$41,340 was budgeted for VDT (a balance of \$7221 remained as of 31 March

1996, which will be spent over the final 4 months of the grant period), the MG funds enabled VDT to develop its office, including the institution of financial controls, provided funds for travel which resulted in the increased level of funding support from a range of international donors, and paid for the salary of VDT's Director. (Note: VTD also received \$5000 for an MG consultancy). In other words, the MG allowed VDT management to concentrate on fund raising and to be able to demonstrate to the international donor community that it is an organization which can effectively manage funds. Increased funding has resulted in an increased number of professional staff and the performance and impact of the organization have increased accordingly.

VDT currently focuses on a range of ecoforestry activities. Projects include the water buffalo timber project (using water buffalo to extract logs), the construction of a new training center at Lababia Village (in conjunction with UDC Architects, an affiliate of the University of Technology at Lae), the Village Ecotimber Project (in partnership with the Timber Industry Training College, an association of village sawmill operators, and the Adventist Development and Relief Agency) that is providing sawmill operators in Morobe Province with the support and facilities needed to run a profitable timber Operation. The Village Ecotimber Project includes the establishment of a revolving loan fund which will provide for the purchase of portable sawmills and other equipment by landowners. In addition, VDT is working with Lababia landowners to establish the 69,000 ha Kamiali Wildlife Management Area (established under the Fauna Protection Control Act) as part of the Kamiali Integrated Conservation and Development (ICAD) project. The Kamiali project includes a number of activities such as commercial fishing, ecotimber production, a water supply project (in conjunction with Lutheran Development Services and the Canadian High Commission), women's microenterprise development, and a planned leatherback turtle nature preserve project. With the training center and the other facilities, plans have been made to develop Lababia and the project area into an ecotourism destination.

The ambitious list of activities indicates that VDT will have to quickly implement new programs and support systems well beyond its original focus on training. However, VDT also has considerable incentive: it will charge landowners handling fees for the assistance it provides in the processing, transport, and sale of timber products to the commercial market, and thereby secure an additional source of funds. Landowners have agreed to this arrangement. To date, neither VDT nor any other nongovernmental organization has been able to develop a consistent supply of timber from the indigenous landowners. VDT anticipates that it will have 6 portable sawmills successfully operating within 18 months, with their timber products sold on the local market. These 6 sawmills will serve as models for the establishment of additional sawmills over the next 24 to 36 months, at which time, the timber products will be sold internationally. There is a large and rapidly growing international market for "green," or ecologically conscious, timber, a market which did not exist in 1991. Thus, the development of a new market has been an important occurrence since the MG began. However, it is also clear that VDT and other nongovernmental organizations will have to develop the quality and consistency of production if they are to be able to penetrate the international "green" or "ecotimber" market because it demands high quality products.

As the above indicate, VDT has undergone a remarkable transformation. It has become a leader in Morobe Province, with strong linkages to a number of other nongovernmental organizations, a broadened funding base, and is developing activities which will provide a sustainable source for its operating funds. The MG has played an important role in this transformation because it provided the flexibility necessary to develop these activities and sources of funds. However, VDT is still faced with the considerable task of translating plans into concrete success stories.

### **2.3 MATCHING GRANT EVALUATION OF MAJOR ACTIVITIES**

The 1994 Detailed Implementation Plan included the major activities listed below to which Matching Grant funds would be applied. Following a statement of a major activity is an assessment by the Final Evaluation Team as to whether the activity was successfully implemented. The major activities were:

- 1) *Support a major portion of the FSP/PNG and VDT directors' salaries and provide some administrative costs as managerial and technical keystones fore strengthening and expanding the capacities of both institutions.*

MG funds were used to support a major portion of the directors' salaries and to provide some administrative costs. As indicated in the discussion on findings by the Final Evaluation Team, both organizations expanded their activities and their capacities to effectively implement these activities. In addition, both organizations were able to raise additional funds from other donors and seem to have secured sufficient funds to operate at or above pre-MG levels.

- 2) *Improve institutional management systems for fiscal and technical reporting on ecoforestry projects.*

The organizations have greatly improved their management and reporting systems during the MG period.

- 3) *Develop program strategies and funding proposals for implementation on ecoforestry projects.*

As discussed, the organizations have secured funding for ecoforestry projects, which are based on medium-term strategies for their ecoforestry activities.

- 4) *Raise project funding from various donors for continued implementation of ecoforestry implementation plans.*

As indicated, additional funds have been secured to enable the continued implementation of ecoforestry activities.

- 5) *Provide monitoring and supervision for the implementation of current as well as newly funded ecoforestry programs.*

Both organizations have expanded and improved their management and reporting systems. Ecoforestry activities are closely monitored and supervised.

- 6) *Provide on-going technical assistance and training to own and other institutions working in ecoforestry in Papua New Guinea and the region as may be required.*

As mentioned above, both organizations have prominent roles in ecoforestry activities in Papua New Guinea. They have the largest group of professionals conducting ecoforestry activities in the country, and they are regularly requested to provide technical assistance to the government, other NGOs, other donor agencies, and landowners. They have participated in regional activities, and are well-respected internationally for the professionalism of their technical assistance and training activities.

- 7) *Promote paid consultancies for FSP/PNG and VDT staff in order to expand technical capabilities of their institutions and promote alternative income potential for institutional sustainability.*

Although both organizations have had several paid consultancies during the MG period, this has not been a major source of income for either FSP/PNG or VDT. However, it should also be noted that because of their successful fund raising efforts with other donors, staff time was more wisely allocated to securing these funds and implementing various project activities.

- 8) *Liaise with other institutions working in ecoforestry in Papua New Guinea to promote coordination of ecoforestry activities, networking, and sharing of information, ideas, and training materials.*

As indicated, both organizations are recognized as leaders in ecoforestry activities. As such, they regularly participate in and advise a range of ecoforestry activities in Papua New Guinea. Their training manuals and technical reports are utilized by organizations in Papua New Guinea and throughout the islands region.

- 9) *Assist portable sawmill landowners with forest inventories and drawing up sustainable forest management plans and integrated development plans for communities.*

Assistance to sawmill landowners with forest management and community development plans is a major activity for both organizations. It is anticipated that this activity will increase over the next several years because more organizations, communities and landowners are seeking their assistance as a result of their successes.

- 10) *Quarterly narrative and fiscal reports to FSP.*

As indicated, this activity has been successfully implemented.

## **2.4 CONCLUSIONS AND RECOMMENDATIONS**

**The Final Evaluation Team recommends:**

**for improved management by the country partner organization that**

- 1) under the guidelines of their management systems, the country partner organization and the affiliate conduct an annual internal audit (e.g., review of programs, objectives, strategies, and achievements) of both their management and ecoforestry activities in order to ensure that program goals are being achieved;
- 2) the country partner organization and the affiliate consider utilizing staff from other partners to conduct reviews of their management and ecoforestry activities every 18 to 24 months;
- 3) the country partner organization and the affiliate consider sharing the results of the internal audits and program reviews with other partner organizations;
- 4) because of decreased levels of funding being made available to the islands region (e.g., withdrawal of USAID and the British Development Division, as well as reduced levels of UNDP and projected reductions in AusAID funding) that increased attention be given to upgrading/maintaining management and accounting systems;
- 5) because of decreased levels of funding, more attention be given to sharing and upgrading funding proposals between partner organizations and the Regional Office;
- 6) there should be more coordination on ecotimber extraction, production and marketing information between partner organizations and affiliates;

**for the production of ecotimber that**

- 7) the development of quantitative statistics on volumes of species in forest inventories, logs cut, timber produced and timber sold is a priority and needs to be established as quickly as possible;
- 8) the development of a systematized format for sustainable timber extraction plans for landowner resources is a priority and needs to be instituted as quickly as possible;
- 9) the development of cost data on timber extraction, milling, transport, marketing and administration is a priority and needs to be established as quickly as possible;

- 10) the development of strategies for microenterprise support systems and ecotimber marketing (including certification/accreditation) should be undertaken as quickly as possible, and that consideration be given to a range of marketing/processing/ownership options for country partner organizations;

**for improved coordination among country partner organizations, Regional Office and FSPUSA that**

- 11) use of regional training resources and staff (e.g., expertise on timber extraction, community development, microenterprise development, administrative/management systems) be increased whenever appropriate, and that funding for these arrangements should be included in regional grant proposals;
- 12) organizations should recognize the need to coordinate ecotimber marketing because a damaged reputation to one organization caused by poor quality ecotimber will result in a damaged reputation for all;

**for specific country partners that**

- 13) the ecoforestry activities of FSP/PNG and VDT proceed as planned with the addition of the above appropriate recommendations (e.g., forest and cost data), and that FSP/PNG and VDT consider combining into one organization or developing mechanisms to share staff/facilities in order to improve the economies of scale of their complementary operations;

**for future funding directions that**

- 14) specific attention be given to microenterprise development (including ecotimber production) and logistical support mechanisms, and that collecting fees and charges for services provided to the microentrepreneurs be considered as an additional source of revenue;
- 15) specific attention be given to planting/reforestation programs;
- 16) institution building (including regional coordination) continue as a primary objective for country partner organizations as well as FSPUSA and Regional Office.

## **2.5 PERSONS INTERVIEWED**

### **FSP/PNG**

Yati Bun, Director  
Amos Ona, Ecoforestry Programme Manager  
Emese Molnar-Bagley, Program Director

**VDT**

Sasa Zibe, Director  
Bill Girard, Administrative Director  
Benjamin Gewebing, Community Development Programme Coordinator  
Jonika Paulsen, Education and Women's Programmes Coordinator

**United States Embassy**

Richard Teare, Ambassador  
Edward Michal, Counselor  
Beatrice Soila, Economic and Commercial Officer

**Department of Environment and Conservation**

Felix Kinbag, Senior Ecologist

**National Forestry Authority**

Agatha Pokatu, Forestry Officer

**AusAID (Australia) PNG Forestry Project**

Dr. Bryant Richards, Team Leader  
Richard McCarthy, Advisor  
Phil Wallens, Advisor

**CUSO (Canadian equivalent to Peace Corps)**

Marilyn Musgrove, Field Staff Officer

**GTZ (German aid agency)**

Dr. Reinhard Moser, Project Director

**Adventist Development and Relief Agency**

Peter Gwynne, Director

**Lutheran Development Services**

Beno Kamewo, Assistant Director

**United Nations Development Programme/Global Environmental Facility**

William Asigau, National Coordinator

**United Nations-Integrated Conservation and Development Project**

Michael Hedmark, Conservation Biologist

**University of Technology**

Frank Corbin, Principal, Timber Industry Training College  
Ken Costigan, Department of Architecture and Building

### 3.0 SOLOMON ISLANDS

#### 3.1 INTRODUCTION/CONTEXT

The Solomon Islands has a population of roughly 300,000 scattered over hundreds of islands, which are administratively divided into 9 provinces. The economy is based on the exploitation of its natural resources (timber and tuna), plantation agriculture (copra, oil palm, and cocoa), and subsistence activities. The government hopes that a small gold mine will be developed over the next several years. Monetary GDP has increased at an annual real rate of 4.5 percent over the last decade. However, this figure is somewhat misleading because the rate for 1992 was 9.4 percent, 1993 was 1.9 percent, 1994 was 3.2 percent, and 7.0 percent was estimated for 1995. Moreover, there was considerably skewed growth in certain sectors, including forestry which registered a 6.7 percent annual increase over the decade, and with most of this increase occurring over the last 4 years.

Current log harvests are approaching 900,000 m<sup>3</sup>, which are well above 1991 figures (389,000 m<sup>3</sup>) as well as estimated sustainable yields (less than 270,000 m<sup>3</sup>). The national government is facing a serious budgetary crisis and has attempted to compensate by allowing increased levels of log exports in order to raise revenue, while at the same time has increased the level of tax exemptions and remissions (estimated at US\$7 million in 1995). Log exports are conducted by international, largely Malaysian, companies. Rumors of favoritism and corruption relating to logging are rampant in the capital, Honiara. As an example, the national government rejected an offer by an Australian company to purchase a timber plantation for US\$15 million, and selected a Malaysian company's bid of \$6.6 million. The unsustainable levels of logging have led the European Union and AusAID to cutoff funding for national government activities. The government has dissolved the Timber Control Unit and rejected the "interference" of outside agencies.

The national government plans to ban log exports in 1999. However, by that time, much of the commercial indigenous forest area is expected to have already been logged. In addition, logging practices have not been sufficiently monitored, with the result that there has been considerable environmental destruction/degradation. The indigenous forest resource in the Solomon Islands had been quite extensive but several islands have now been almost completely stripped of their timbers. Associated erosion and runoff threaten several of the world's most unique marine habitats. Many objective observers have viewed the destruction of the forest habitat in the Solomon Islands as a crisis situation, and among the world's worst.

The result is that NGOs have taken an advocacy position for traditional landowners against the national government. Traditional landowners control 91 percent of the nation's land, and have requested assistance because of the destruction of the forest areas. Unlike the other island nations, the national government has tried to curtail the activities of some NGOs. However, the Solomon Islands Development Trust (SIDT) has taken a leadership role in speaking out against government's logging policy. The Development Services Exchange, the national umbrella organization for NGOs, has also been unified with its outspoken criticisms of

the government's logging policies.

Under the original Matching Grant documents, SOLTRUST was to be the country partner for the Solomon Islands. However, due to a number of problems, the Midterm Evaluation recommended that SOLTRUST no longer be included in MG activities. Instead, SIDT was selected to become the country partner and, as of April 1996, become an official affiliate member of the FSP network. SOLTRUST officials were interviewed during the Final Evaluation Team's visit to the Solomon Islands. While SOLTRUST has established an impressive timber trading arm (including timber processing), a number of organizational problems were apparent, including inconsistencies relating to volume of timber sales and inventories, fragmented and undersupervised timber production, and marketing problems. The marketing problems could stem from a range of reasons but specifically include the fact that the Rainforest Information Centre had identified SOLTRUST as having shipped commercially produced timber under the ecotimber label, which is considered within the industry as being highly unethical. This has caused SOLTRUST to be virtually excluded from some international markets. SOLTRUST is going to have Societe General de la Surveillance (SGS) evaluate it during July 1996, with the ultimate aim of being able to certify ecotimber exported from the Solomon Islands.

### **3.2 FINDINGS: SOLOMON ISLANDS DEVELOPMENT TRUST (SIDT)**

SIDT was established in 1982, and currently has a staff of over 30 plus 255 mobile team members involved with community development efforts in rural areas. It's programs include Conservation in Development (ngali nut production, honey extraction, ecotourism, village crafts), Training and Outreach (community development, publications/newsletters, community theater, Women's Development, malaria and AIDS workshops), Resource Centres, and the Ecoforestry Unit. Total funds received by SIDT exceeded US\$400,000 in 1994 and over US\$500,000 in 1995.

SIDT is one of the largest NGOs in the Solomon Islands, and has earned its reputation as one of the island region's foremost community training programs. Recently (and following an internal program review in 1994), SIDT has been shifting from training to establishing model communities including income generating activities. The MG funds enabled the establishment of the Ecoforestry Unit at end 1994/beginning 1995.

The Ecoforestry Unit currently includes two staff: a forestry and a business administration graduate. An additional 2 to 3 staff are expected to join the Unit over the next 12 months. Current activities include the Ecoforestry Training School held at the Komuniboli Rural Training Centre (see Appendix 3 for a separate report), the development of village ecotimber production at a model village site (see Appendix 3 for a separate report) as well as a provincial (Santa Ysabel) ecotimber program. Unit staff and programs are coordinated with other SIDT staff and programs, including the 255 mobile team members.

Timber is currently being produced on Santa Ysabel by communities working with SIDT but mostly for its local market as well as some for Honiara. Production will not gear up until later this year. The model village program has included forest species inventories and the development of logging plans, with production anticipated to begin within the next few months. Transport logistics are difficult and expensive.

The Ecoforestry Unit has made a good start at trying to implement projects in a limited time frame (since early 1995). Although government policies run counter to SIDT's activities, a number of government personnel try to assist SIDT whenever possible. It should also be noted that approximately 40 government foresters have been laid off in the last two weeks because of the government deficit. Thus, it is anticipated that SIDT will have to play an increased role in the forestry sector of the Solomon Islands. SIDT is committed to taking on this challenge.

### 3.3 MATCHING GRANT EVALUATION OF MAJOR ACTIVITIES

The 1994 Detailed Implementation Plan included the major activities listed below to which Matching Grant funds would be applied. Following a statement of a major activity is an assessment by the Final Evaluation Team as to whether the activity was successfully implemented. The major activities were:

- 1) *Support a management advisor to work with SIDT to provide assistance in planning funding and monitoring an Ecoforestry Unit.*

MG funds were used to support a management advisor who is currently overseeing the work of the Ecoforestry Unit. The management advisor has been very active and successful in securing funds for the Unit, and his salary will be paid for the next several years because of this success.

- 2) *SIDT recruits a volunteer forester to provide technical assistance and training to the Ecoforestry Unit.*

A volunteer has not yet been recruited because the government has not approved a work permit possibly due to the advocacy role taken by SIDT against government-approved large scale commercial logging. However, other training and technical assistance vehicles have been utilized. These vehicles include local as well as regional resources. The Ecoforestry Unit is expanding the size and scope of its operations, and plans to hire additional professional staff.

- 3) *SIDT recruits a local counterpart forester for the Ecoforestry Unit.*

A local forester has been hired.

- 4) *Staff define strategies for the Ecoforestry Unit, and develop and submit funding proposals to raise matching funds for the implementation of Ecoforestry Unit activities.*

As indicated, additional funds have been secured to enable the continued implementation of ecoforestry activities.

- 5) *Network with other ecoforestry institutions to exchange information and training materials; and, staff establish network and information base.*

As discussed, SIDT plays a central role in promoting ecoforestry activities in the Solomon Islands. Staff are active in networking with other organizations both in the Solomon Islands and internationally.

- 6) *Forestry staff work with Komuniboli Rural Training Centre staff and landowners to develop pilot sustainable forest management plans utilizing chainsaw minimill technology, and train in all aspects of forest management planning, ecology, conservation, silviculture, and document possible social barriers to sustainable management of forests under customary land tenure.*

This activity is being successfully implemented.

- 7) *Work with non-formal education specialist to develop ecoforestry training curriculum appropriate for non-formal teaching in rural training centres and village based workshops.*

Training curricula and materials are being developed and utilized.

- 8) *Trial curriculum by running two pilot courses in sustainable forest management at Komuniboli Rural Training Centre for small sawmill owners and three short courses for SIDT Mobile Team Members.*

Training courses have been conducted and will be continued for the next several years.

- 9) *Produce printed training materials suitable for use as complete teaching system for sustainable forest management using chainsaw minimill technology.*

Some printed materials have been produced and those from other organizations (e.g., VDT) are also being utilized. This activity is being continued.

- 10) *Ecoforestry Unit continues work with Komuniboli Rural Training Centre staff to establish regular training program for chainsaw minimillers in sustainable forest management practices.*

As indicated, this activity has been successfully implemented.

- 11) *Ecoforestry Unit trains SIDT Mobile Team Members to conduct awareness raising*

*workshops on forest management in villages.*

This has become an on-going activity of the Ecoforestry Unit.

- 12) *Mobile Team Members continue training at the village level.*

Mobile Team Members are providing village level training.

- 13) *Ecoforestry Unit continues to provide training and technical assistance to village based sawmilling groups who want to practice sustainable forestry management for commercial or subsistence purposes.*

This activity has been implemented and will be expanded in future years.

- 14) *Quarterly narrative and fiscal reports to FSP.*

As indicated, this activity has been successfully implemented.

### **3.4 CONCLUSIONS AND RECOMMENDATIONS**

**The Final Evaluation Team recommends:**

**for improved management by the country partner organization that**

- 1) under the guidelines of their management systems, the country partner organization conduct an annual internal audit (e.g., review of programs, objectives, strategies, and achievements) of both their management and ecoforestry activities in order to ensure that program goals are being achieved;
- 2) the country partner organization consider utilizing staff from other partners to conduct reviews of their management and ecoforestry activities every 18 to 24 months;
- 3) the country partner organization consider sharing the results of the internal audits and program reviews with other partner organizations;
- 4) because of decreased levels of funding being made available to the islands region (e.g., withdrawal of USAID and the British Development Division, as well as reduced levels of UNDP and projected reductions in AusAID funding) that increased attention be given to upgrading/maintaining management and accounting systems;
- 5) because of decreased levels of funding, more attention be given to sharing and upgrading funding proposals between partner organizations and the Regional Office;

- 6) there should be more coordination on ecotimber logging, production and marketing information between partner organizations and affiliates;

**for the production of ecotimber that**

- 7) the development of quantitative statistics on volumes of species in forest inventories, logs cut, timber produced and timber sold is a priority and needs to be established as quickly as possible;
- 8) the development of a systematized format for sustainable timber extraction plans for landowner resources is a priority and needs to be instituted as quickly as possible;
- 9) the development of cost data on sustainable timber extraction, milling, transport, marketing and administration is a priority and needs to be established as quickly as possible;
- 10) the development of strategies for microenterprise support systems and ecotimber marketing (including certification/accreditation) should be undertaken as quickly as possible, and that consideration be given to a range of marketing/processing/ownership options for country partner organizations;

**for improved coordination among country partner organizations, Regional Office and FSPUSA that**

- 11) use of regional training resources and staff (e.g., expertise on logging, community development, microenterprise development, administrative/management systems) be increased whenever appropriate, and that funding for these arrangements should be included in regional grant proposals;
- 12) organizations should recognize the need to coordinate ecotimber marketing because a damaged reputation to one organization caused by poor quality ecotimber will result in a damaged reputation for all;

**for specific country partners that**

- 13) the ecoforestry activities of SIDT proceed as planned with the addition of the above appropriate recommendations (e.g., forest and cost data), and increased attention be given to developing local markets for timber;

**for future funding directions that**

- 14) specific attention be given to microenterprise development (including ecotimber production) and logistical support mechanisms, and that collection of fees and charges for services provided to the microentrepreneurs be considered as an additional source of

revenue;

- 15) specific attention be given to planting/reforestation programs;
- 16) institution building (including regional coordination) continue as a primary objective for country partner organizations as well as FSPUSA and Regional Office.

### **3.5 PERSONS INTERVIEWED**

#### **SIDT**

Abraham Baeonesia, Executive Director  
John Roughan, Advisor  
Robin Connor, Advisor Conservation in Development Programme  
Daniel Kuata, Ecoforestry Programme  
Felix Narasia, Ecoforestry Programme

#### **Komuniboli Rural Training Centre**

Sosimo Kuki, Director  
Silas Manekee, Instructor

#### **Longgu Village**

Simon Oka, head of loggers' association

#### **Development Services Exchange**

Judith Siota, General Secretary

#### **SOLTRUST**

Matthias Marau, Principal Programme Manager  
Lucien Kopei, Programme Manager

#### **Ministry of Forestry, Environment, and Conservation**

Gideon Bouro, Chief Forestry Officer-Planning  
John Horokou, Principal Environmental and Conservation Officer

## 4.0 VANUATU

### 4.1 INTRODUCTION/CONTEXT

Vanuatu has a population of approximately 170,000. Copra, cattle, and cocoa are important agricultural activities as is subsistence production. Tourism and, because Vanuatu has established itself as tax free nation, financial services are also important contributors to the economy. GDP real growth rates have remained fairly positive (3.4 to 4.8 percent) over the last several years, except for 1992 when the economy grew by only 1.0 percent.

Although Vanuatu has extensive forest cover (over 400,000 ha, or 35 percent of the nation's land area), much of it is on land which is too steep for logging or contains timber of only limited commercial value. Estimates indicate that only 50,000 ha. contain commercially valuable timbers at a relatively low (for commercial exploitation) stocking level of 15 to 25 m<sup>3</sup>/ha. Some logs were exported between 1983 and 1989 when an export on unprocessed logs was introduced. The export ban was lifted in 1993 when 4000 m<sup>3</sup> were exported, but was reinstated in 1994. There have been no further log exports, and the government has no plans to allow log exports.

Log cut volumes were 44,000 m<sup>3</sup> in 1994 and 30,000 m<sup>3</sup> in 1995. Current and projected production levels are estimated to be in the range of the 1994-1995 figures, although there is some potential (sustainable yield of roughly 50,000 m<sup>3</sup> per year) to slightly increase the volumes cut. Exports of sawntimber, plywood, veneer, and joinery items typically account for approximately 10 percent of total export earnings, and earn Vanuatu roughly US\$25 million per year. The quality of processed products has been increasing, and more exports markets are being entered.

An additional interesting aspect to the current forest industry is the recent major investment (US\$35 million) in processing plant by the large Malaysian firm, Rimbunan Hijau ("Evergreen"). The capacity of this plant exceeds Vanuatu's sustainable yield levels, which are above current log harvesting volumes. Many have questioned this investment decision, and have not been able to provide a reasonable explanation for the investment. The MG Final Evaluation Team has suggested that this plant may be used to process logs cut in Papua New Guinea or the Solomon Islands, and where Evergreen has logging operations. As a tax-free haven, there would be obvious advantages to Evergreen with this arrangement. Although there could be some disadvantages with respect to transport costs (logs are now sent to Malaysia for processing and then to East Asian markets) and additional processing costs (the Malaysian processing plants are very large and thus have greater economies of scale), the tax free status is significant. In addition, a processing plant in Vanuatu would not be subject to potential changes in government policies regarding log exports and domestic processing requirements. Under trade agreements signed by the Melanesian Spearhead Group (members: Papua New Guinea, Solomon Islands, Vanuatu; observer: Fiji), facilities have been established to allow the processing of natural resources from one country in another. This could enable the other member nations to circumvent the restrictions on log exports being imposed by the World Bank (Papua New

Guinea) or being attempted by the European Union and Australia (Solomon Islands). Although this arrangement hasn't been analyzed in detail, it is one (and currently the only one other than it was a bad investment decision) plausible explanation. It also indicates potential for the development of downstream processing in Vanuatu--which could be important to FSP/Vanuatu's Ecoforestry program because it could provide another processing options and also open new export markets.

The Forestry Department has undergone a number of staffing changes in recent years, which are primarily due to a public employees strike and the subsequent termination of a number of senior and midlevel personnel. However, the Department maintains a plantation/reforestation program and is upgrading its monitoring (of logging) and (timber) evaluation programs with a major assistance grant from Australia.

NGOs have a limited but increasing role in the forestry sector. FSP/Vanuatu is seen as the leader in the sector. Other NGOs have become involved in environment and conservation activities. Appendix 3 contains a separate report to a FSP/Vanuatu project site visit

#### **4.2 FINDINGS: FSP/VANUATU**

FSP/Vanuatu is a field office of FSPUSA but plans are to make it an independent locally-directed organization in the 1996/97 period. It has a staff of approximately 25, including 8 in the Community and Environmental Forestry program. Other activities include the Maternal/Child Extension Program, Family Health Project, the Primary School Rehabilitation Project, the Sustainable Development Network, and the recently started Land Use Planning Project. The Cocoa Improvement Project ended at the end of 1995, and was judged as being successful by the national government. In addition, the Vanuatu Rural Development and Training Centres' Association (VRDTCA) was spun off from FSP/Vanuatu in 1995, and is now an independent local NGO.

Although some local NGOs have viewed FSP/Vanuatu as "non-local," it has a good relationship with the national government and with most of the NGOs. Efforts to establish it as an independent partner with a local board or management are viewed positively throughout the community. FSP/Vanuatu is among the largest NGOs operating in Vanuatu, and the professional caliber of its staff are well-recognized.

The Community and Environmental Forestry (CEF) program was initiated in 1989, and has primarily focused on training activities for rural communities. It has been conducting a highly successful series of Chainsawmilling and Environmental workshops for the last several years. The 2 week workshop covers a range of topics including forest management, tree planting, small business bookkeeping, and tree felling. CEF also conducts 1 week workshops on Environmental Awareness, Small Business Development, Community Development, Conservation and Tree Planting, and Forest Management. It liaises with other NGOs and government agencies, with the Forestry Department often calling on the CEF to conduct

workshops as part of its own rural extension activities.

The CEF also surveyed landowners affected by logging agreements and published the results of the analysis in February 1995. The report called for a number of changes in the manner in which logging agreements have been developed in order that landowners have greater awareness of the implications of their signing the agreements. The Forestry Department has utilized the recommendations.

The CEF requested an independent review of its activities, with the report published in January 1996. The review was highly complimentary of CEF's work. It recommended certain adjustments in its training modules, which are now being undertaken in conjunction with the Department of Forestry.

The CEF is currently planning on assisting landowner chainsaw operators with the development of timber markets (see Appendix for site visit to Espiritu Santo). This change in direction has resulted because of requests by landowners. As noted elsewhere, there are considerable opportunities to utilize the existing timber markets in Vanuatu as a first stage towards the development of international ecotimber markets. However, this will require some changes in the manner in which CEF has operated in the past. Workshops have been conducted throughout Vanuatu but the development of ecotimber microenterprises will require that focus be given to specific areas (e.g., Espiritu Santo) in order that the chances of success for the microenterprises increase.

#### **4.3 MATCHING GRANT EVALUATION OF MAJOR ACTIVITIES**

The 1994 Detailed Implementation Plan included the major activities listed below to which Matching Grant funds would be applied. Following a statement of a major activity is an assessment by the Final Evaluation Team as to whether the activity was successfully implemented. The major activities were:

- 1) *Support FSP/Country Director and Assistant Country Director as key management/planning staff for ecoforestry programming and support local professional staff hired by the Community and Environmental Forestry Program (CEF).*

Although some MG funds have provided administrative and support, successful fund raising efforts have enabled the use of MG funds to implement and expand other CEF activities.

- 2) *FSP management staff to work with CEF project staff and advisory committee on localization and the development of strategic plans for sustaining CEF objectives.*

This activity has been successfully implemented. CEF has been localized and sustainability for the next several years has been assured.

- 3) *FSP and CEF staff develop next five year strategy and implementation plans for CEF program; develop funding proposals and raise funds for continuation of CEF implementation plans.*

This activity is being implemented, with funding available for the next several years.

- 4) *Select primary site to develop a community based ecoforestry model using participatory planning, develop management plan with community to trial most appropriate methods of practicing forest management using chainsaw minimills, and document results and recommendations.*

This activity has been implemented but has not been completed. CEF is working with several model communities.

- 5) *Select secondary site for development of a community ecoforestry model as above; and, document and compare results.*

As indicated above, this activity is being implemented but has not been completed. Thus, results are currently unavailable.

- 6) *Work with Department of Forests to develop sustainable forest management monitoring criteria for chainsaw minimill operations; document, trial, and modify; and, publish appropriate monitoring criteria.*

This activity is being implemented and should be completed by the end of the year. CEF and the Department of Forests are working closely together and are planning to trial modified monitoring and training materials over the next several months.

- 7) *Promote technical and managerial training opportunities for CEF staff and other institutions working with ecoforestry, particularly by supporting training exchanges with other FSP ecoforestry partners.*

This activity has been implemented and has become an on-going activity for CEF.

- 8) *Implementation of continuing ecoforestry activities as developed under strategic plan.*

As indicated, CEF activities are continuing, funding has been secured, and new initiatives are being developed to reflect revised strategic planning (note: CEF commissioned an external program review which was completed in January 1996; as a result of the review, CEF is giving more attention to assisting microenterprise development for ecoforestry activities in several communities).

- 9) *Quarterly narrative and fiscal reports to FSP.*

As indicated, this activity has been successfully implemented.

#### **4.4 CONCLUSIONS AND RECOMMENDATIONS**

**The Final Evaluation Team recommends:**

**for improved management by the country partner organization that**

- 1) under the guidelines of their management systems, the country partner organization conduct an annual internal audit (e.g., review of programs, objectives, strategies, and achievements) of both their management and ecoforestry activities in order to ensure that program goals are being achieved;
- 2) the country partner organization consider utilizing staff from other partners to conduct reviews of their management and ecoforestry activities every 18 to 24 months;
- 3) the country partner organization consider sharing the results of the internal audits and program reviews with other partner organizations;
- 4) because of decreased levels of funding being made available to the islands region (e.g., withdrawal of USAID and the British Development Division, as well as reduced levels of UNDP and projected reductions in AusAID funding) that increased attention be given to upgrading/maintaining management and accounting systems;
- 5) because of decreased levels of funding, more attention be given to sharing and upgrading funding proposals between partner organizations and the Regional Office;
- 6) there should be coordination on sustainable timber extraction, production and marketing information between partner organizations and affiliates;

**for the production of ecotimber that**

- 7) the development of quantitative statistics on volumes of species in forest inventories, logs cut, timber produced and timber sold is a priority and needs to be established as quickly as possible;
- 8) the development of a systematized format for sustainable timber extraction plans for landowner resources is a priority and needs to be instituted as quickly as possible;
- 9) the development of cost data on sustainable timber extraction, milling, transport, marketing and administration is a priority and needs to be established as quickly as possible;

- 10) the development of strategies for microenterprise support systems and ecotimber marketing (including certification/accreditation) should be undertaken as quickly as possible, and that consideration be given to a range of marketing/processing/ownership options for country partner organizations;

**for improved coordination among country partner organizations, Regional Office and FSPUSA that**

- 11) use of regional training resources and staff (e.g., expertise on logging, community development, microenterprise development, administrative/management systems) be increased whenever appropriate, and that funding for these arrangements should be included in regional grant proposals;
- 12) organizations should recognize the need to coordinate ecotimber marketing because a damaged reputation to one organization caused by poor quality ecotimber will result in a damaged reputation for all;

**for specific country partners that**

- 13) the ecoforestry activities of FSP/Vanuatu proceed as planned with the addition of the above appropriate recommendations (e.g., forest and cost data) and increased attention be given to utilizing local markets for timber;

**for future funding directions that**

- 14) specific attention be given to microenterprise development (including ecotimber production) and logistical support mechanisms, and that the collection of fees and charges for services provided to the microentrepreneurs be considered as an additional source of revenue;
- 15) specific attention be given to planting/reforestation programs;
- 16) institution building (including regional coordination) continue as a primary objective for country partner organizations as well as FSPUSA and Regional Office.

#### **4.5 PERSONS INTERVIEWED**

**FSP/Vanuatu**

Karen Preston, Director

Feke Pedro, Community and Environmental Forestry (CEF) Programme Manager

Stanley Womack, CEF Environmental Coordinator

Hanson Kalo, CEF Women's Forestry/Business Officer

Jacques Yakan, CEF Training Coordinator

**National Planning Office**

**James Toa, Senior Planning Officer**

**Department of Forestry/AusAID Sustainable Forestry Project**

**Ross Andrewartha, Training Advisor**

**Department of Provincial Affairs/Rural Skills Training Program**

**Bob Loughman, National Coordinator**

**Vanuatu Association of Nongovernmental Organizations (VANGO)**

**Neil Netaf, Acting Director**

**Edward Malial, National Coordinator**

**Port Olry Sawmillers Association**

**Lui Tome, Chief Sawmiller**

**Santo Joinery**

**Bradley Wood, Owner**

**Melcoffee Sawmill**

**Neil Croucher, Owner**

## **5.0 FSPUSA AND REGIONAL PROGRAM MANAGEMENT**

### **5.1 INTRODUCTION/CONTEXT**

The Regional Office was established in Vanuatu in March 1994 as a branch office of FSPUSA to manage three regional USAID grants. In addition to the USAID MG grant funds which have been used to develop the Regional Ecoforestry Program (see below), the other regional programs included Child Survival (a USAID-funded program for Kiribati and Vanuatu for which funding will end in September, 1996), and the Profitable Environmental Program (again, USAID-funded which ended in September, 1995 but established the Island Conservation Initiatives--see below). The Regional Office shares office space with FSP/Vanuatu although the programs maintain separate administration and management. The Regional office consists of a fulltime Regional Director, a fulltime Regional Health Coordinator, and a parttime (1/3) Regional Forestry Coordinator.

In 1991, FSPUSA and several of its affiliated organizations and former field offices (now localized with independent boards) formed a registered Pacific Regional nongovernment organization called FSP/International (FSPI). The purpose of FSPI was to maintain the coordination and networking links among independent members that was formerly provided by FSPUSA to its field offices. Since July 1995, the FSPUSA regional office was approved by FSPI to act its official networking office in terms of providing coordinated program development and technical assistance.

FSPUSA was first incorporated in New York in 1965. In 1992, because of its expanding global activities, Counterpart Foundation, Inc. was established to include the FSP network and all of its activities. FSP currently has affiliates in 7 island nations (Fiji, Kiribati, Papua New Guinea, Solomon Islands, Tonga, Vanuatu, and Western Samoa). It also has affiliates in 9 nations of the former Soviet Union, in Vietnam (for Southeast Asia), in 3 metropolitan nations (Australia, Germany, and the United Kingdom), and support offices in France and 3 U.S. states. It is headquartered in Washington, D.C. Revenues were \$16.6 million in 1995, which was a substantial increase over 1994 revenues of \$5.1 million. This marked increase was largely due to the \$10 million received in donated services and facilities which were made available because of the closure of U.S. Department of Defense installations and then redistributed to schools, hospitals, and community organizations in nations of the former Soviet Union.

### **5.2 FINDINGS: FSPUSA AND REGIONAL PROGRAM MANAGEMENT**

The Regional Ecoforestry Program has been operating for 5 years, with its management being transferred to the Regional Office in March 1994, and a Regional Forestry Coordinator appointed in April 1995. It provides coordination as well as support for country partners with respect to training, microenterprise development, and forest management. There are currently several Ecoforestry Program funding proposals being considered by donors, with it likely that some of the proposals will be approved during 1996. However, it should also be noted that as

a result of the hiring of a Regional Forestry Coordinator, much has been accomplished over the last year and that future funding has still not been received: continuing the regional program is seen as a key to continued institution building in the country partners.

Complementing the Regional Ecoforestry Program is the Island Conservation Initiatives (ICI). ICI is part of FSPUSA (Counterpart Foundation, Inc.) but based at the regional office in Vanuatu. The objective of ICI is to promote the establishment of profitable enterprises which encourage conservation and biodiversity objectives. The ICI general manager position was filled in May 1996, so there have been no promotions or sales to date. While there may be considerable scope to facilitate the sales of island products, several country partners indicated that they would prefer to see ICI established as an independent partner organization or made part of FSPI. These views are based on the notion that income earned from regional activities should remain in the region. Although it could be argued that it is necessary for FSPUSA to retain control over ICI activities during its early stages, there should be some recognition that there are alternatives and the country partners have voiced several. However, it should also be noted that FSPUSA has used its resources to establish the ICI, and that the FSP island affiliates should recognize this contribution.

FSPUSA was evaluated by consultants (including a retired USAID Foreign Service Officer) for the USAID Regional Development Office for the South Pacific, in terms of whether it could maintain the USAID development effort in the South Pacific in January 1994. The consultants recommended that USAID should consider using the FSP network to maintain its development effort in the islands, and further stated that FSP "is well respected and highly regarded by donors and host country officials." The consultants identified the major shortcoming of FSPUSA as "...a lack of properly empowered middle management," and recommended the establishment of the Regional Office. The consultants also recommended that "affiliates, country partners, and FSPUSA need to develop systems that institutionalized the ways in which they work." This recommendation was based on the lack of management systems, its accompanying documentation, and weak communication flows.

As noted above, the establishment of a Regional Office has been a very positive step towards improving the efficiency and effectiveness of program management. A metropolitan affiliate responded to the final evaluation team's questionnaire by noting that some project proposals from some country affiliates still lack appropriate detail and supporting documentation. FSPUSA may want to consider the development of a set of guidelines for funding proposals, and the Regional Office could play a more active role in facilitating the completeness of funding proposals--funds would have to be made available for this component of institution building.

Another aspect of "empowering middle management" became apparent during the course of the final evaluation team's visits. A consultant was hired by FSPUSA to develop a funding proposal for the island affiliates without their input as to the timing of the consultant's visits to the islands as well as input to the consultant's scope of work. Some of the island affiliates did not agree with the timing, nor were they in agreement with the objectives of the consultancy. This is evidence that there needs to be more communication and dialogue between FSPUSA and

its affiliates. The island affiliates are best aware of their situations including capacities, to develop and implement programs and projects, and their input and cooperation are essential to the long term success of the FSP network of organizations.

As was the case with all of the island affiliates, or country partners, the management systems of FSPUSA have greatly improved during the MG period. This evolution is to be commended. However, there appears to be a need to increase the two-way flow of management system information. Several island affiliates were unfamiliar with the classification of accounting items and amounts shown in FSPUSA budgets. While there were no objections to the quality of FSPUSA's work, the fact is that some of the island affiliates were unclear as to the terminology of the management and management reports.

The lack of an adequate "paper trail" was identified as a problem by the Midterm Evaluation. While documentation now exists, the confusion during the period prior to the Midterm Evaluation coupled with a lack of two-way information flows resulted in some misunderstandings and mistrust between FSPUSA and the island affiliates. Some of these feelings have taken a long time to dissipate. Although the management and direction of MG activities have been very positive since then, FSPUSA needs to ensure that any problems arising during the 1991-1994 period have been resolved by increasing contact and communication with island affiliates. The Regional Office is now able to address the majority of issues but increasing two-way communication flows from FSPUSA would facilitate the continued evolution of the FSP network.

### **5.3 MATCHING GRANT EVALUATION OF MAJOR ACTIVITIES**

The 1994 Detailed Implementation Plan included the major activities listed below to which Matching Grant funds would be applied. Following a statement of a major activity is an assessment by the Final Evaluation Team as to whether the activity was successfully implemented. The major activities were:

**for the Regional Office:**

- 1) *Support some of the costs of the Regional Office's management and administration, and specifically the development of the capacity of the Regional Ecoforestry Program to raise funds.*

This activity has been successfully implemented, although future funding as not yet been secured. However, as noted, additional funding is anticipated.

- 2) *Provide consultancy fees for additional technical assistance in program development and fund raising.*

This activity has been implemented.

- 3) *Develop regional ecoforestry strategies to support country partner programs, and develop funding proposals which support regional and country partner ecoforestry programs.*

This has become an on-going activity of the Regional Ecoforestry Program.

- 4) *Network with other institutions (regional and country specific) to exchange ideas and promote the coordination of ecoforestry activities.*

Since the establishment of the Regional Ecoforestry Program and especially since the appointment of the Regional Forestry Coordinator, this activity has been successfully implemented.

- 5) *Attend conferences and meetings relevant to ecoforestry to promote FSP institutional capacity in the sector and to meet with potential donors.*

This has become an on-going activity of the Regional Ecoforestry Program.

- 6) *Monitor country program activities relevant to the MG, and provide management and technical assistance to country programs as may be required.*

This activity has been implemented, especially since the development of the Detailed Implementation Plan.

- 7) *Monitoring visits to country programs.*

This activity has been completed.

- 8) *Coordinate quarterly narrative reports to USAID.*

This activity has been successfully implemented.

- 9) *Liaison visits to FSPUSA and USAID/Washington, D.C.*

This activity has been completed.

- 10) *Coordinate annual country meetings.*

This activity has been successfully implemented.

- 11) *Coordinate the final evaluation with the independent consultant.*

This activity has been implemented.

## for FSPUSA

- 1) *Support cost of fiscal staff to provide financial monitoring and preparation of reports to USAID.*

As noted above, this activity has been successfully implemented, and the quality of monitoring and reports have been greatly strengthened.

- 2) *Support cost of program staff to assist country and regional offices with USA based donor liaison for fund raising to support ecoforestry activities.*

This activity has been implemented and will be continued.

- 3) *Quarterly and final financial reports to USAID.*

All reports are current.

## 5.4 CONCLUSIONS AND RECOMMENDATIONS

**The Final Evaluation Team recommends:**

**for improved coordination among country partner organizations, Regional Office and FSPUSA that**

- 1) use of regional training resources and staff (e.g., expertise on logging, community development, microenterprise development, administrative/management systems) be increased whenever appropriate, and that funding for these arrangements should be included in regional grant proposals;
- 2) organizations should recognize the need to coordinate ecotimber marketing because a damaged reputation to one organization caused by poor quality ecotimber will result in a damaged reputation for all;
- 3) FSPUSA has established the Island Conservation Initiatives (ICI) project and attached it to the Regional Office. FSPUSA should consider making it an independent partner in the FSP family but the island affiliates also have to recognize the use of FSPUSA's resources to establish the ICI;
- 4) more authority for decision making (e.g., for consultancies) be transferred from FSPUSA to the Regional Office and country partners;
- 5) communication between FSPUSA and country partners be increased;

- 6) the Regional Office continue to be supported through multicounty funding proposals;
- 7) country partner organizations recognize the value of coordinating regionally as well as with FSPUSA and its international affiliates;

**for future funding directions that**

- 8) specific attention be given to microenterprise development (including ecotimber production) and logistical support mechanisms, and, if requested, assist affiliate organizations with developing mechanisms to collect fees for services provided to the microentrepreneurs;
- 9) specific attention be given to planting/reforestation programs;
- 10) institution building (including regional coordination) continue as a primary objective for country partner organizations as well as FSPUSA and Regional Office.

**5.5 PERSONS INTERVIEWED**

**Regional Office**

Kathy Fry, Director  
Stephen Wyatt, Regional Forestry Coordinator

**FSPUSA/Counterpart**

Stan Hosie, Chief Executive Officer  
Helen Benz, Director of Finance and Administration  
David Vosseler, Director of Program Development

**USAID**

Sally Jones, Chief of Matching Grant Division  
Mary Herbert, Program Officer for Office of Private and Voluntary  
Cooperation/Matching Grant Division

## **6.0 SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

The 1994 Detailed Implementation Plan revised Matching Grant activities to include:

- 1) establish ecoforestry strategies for both the regional and country partner institutions that will define the specific needs of the country situation that each institution is able to address through ecoforestry activities;
- 2) support additional managerial and forestry technical expertise to the country program partner programs to increase their planning, management, and implementation capacity for ecoforestry extension activities;
- 3) promote networking and sharing of technical assistance and training materials between the country partners by supporting regional meetings that focus solely on ecoforestry issues;
- 4) support the initiation of ecoforestry activities in each country; and,
- 5) train and assist country partners to develop more professional project proposals for the on-going implementation of their ecoforestry programs.

Following visits to Papua New Guinea (8 working days), Solomon Islands (6 working days), Vanuatu (5 working days), the FSP Regional Office (2 working days), and FSPUSA (4 working days), the MG Final Evaluation Team concludes in respect to the above revised activities, that:

- 1) country partners are successfully developing ecoforestry strategies to reflect their specific and changing situations, and are implementing appropriate ecoforestry activities;
- 2) the planning, management, and implementation capacities of the country programs as well as the FSP Regional Office and FSPUSA have been increased to the point where they are leaders in ecoforestry activities within their own countries, and collectively form the largest and most professional group of ecoforestry staff among NGOs in the Pacific islands region;
- 3) that networking and the sharing of technical expertise between country partners has successfully occurred, is increasing, and needs to be further developed;
- 4) a range of ecoforestry activities have/are being implemented in each country, and that these activities are viewed as appropriate and positive by the MG Final Evaluation Team, other multilateral and bilateral donors, and by other governmental and NGOs within their respective countries; and,

- 5) the capacity of country partners to develop more professional project proposals for the on-going implementation of their ecoforestry programs has been increased as evidenced by the increased levels of funding as well as the increased diversity of funding sources for each of the countries.

The Final Evaluation Team additionally concludes that:

- 1) the country programs, FSP Regional Office, and FSPUSA have all increased the professional level of their accounting and management systems, and that documentation on the use of funds is now being comprehensively maintained;
- 2) there are considerable technical resources (e.g., training institutions, country partner staff) within the region, and that these should be further utilized;
- 3) the MG provided country partner organizations, FSPUSA and Regional Office with an appropriate vehicle to successfully increase the institutional capacity of the FSP member network because the MG enabled the use of funds to generate support from other donors as well as to upgrade technical levels and program activities; and,
- 4) there is a need for the FSP network of partners and affiliates to institute strategic planning as a key component of their program development and monitoring efforts.

The total budget for the Matching Grant was \$1.6 million (see table, next page), and an additional total of \$1,924,238 was raised from other sources to support ecoforestry activities in participating countries. Thus, the requirements of the Matching Grant to raise equal amounts in order to draw down the USAID funds were exceeded.

**Matching Grant Budget, 1991-1996,  
as Revised by the 1994 Detailed Implementation Plan**

	\$
FSPUSA	287,899
Regional Office	340,004
FSP/PNG	263,056
-of which, VDT	46,340
Solomon Islands	206,135
Vanuatu	193,552
Indirect	309,354
<b>Total</b>	<b>1,600,000</b>

Note: VDT was budgeted for \$41,340 plus a \$5,000 consultancy fee as part of the arrangement under the 1994 Detailed Implementation Plan for the 1994-1996 period.

**The Final Evaluation Team recommends:**

**for improved management by the country partner organization that**

- 1) under the guidelines of their management systems, the country partner organization conduct an annual internal audit (e.g., review of programs, objectives, strategies, and achievements) of both their management and ecoforestry activities in order to ensure that program goals are being achieved;
- 2) the country partner organization consider utilizing staff from other partners to conduct reviews of their management and ecoforestry activities every 18 to 24 months;
- 3) the country partner organization consider sharing the results of the internal audits and program reviews with other partner organizations;
- 4) because of decreased levels of funding being made available to the islands region (e.g., withdrawal of USAID and the British Development Division, as well as reduced levels of UNDP and projected reductions in AusAID funding) that increased attention be given to upgrading/maintaining management and accounting systems;
- 5) because of decreased levels of funding, more attention be given to sharing and upgrading funding proposals between partner organizations and the Regional Office, as well as

developing non-traditional mechanisms to raise funds (e.g., administrative/handling charges for assistance given to microenterprises);

- 6) there should be more coordination on sustainable timber extraction, production and marketing information between partner organizations and affiliates;

**for the production of ecotimber that**

- 7) the development of quantitative statistics on volumes of species in forest inventories, logs cut, timber produced and timber sold is a priority and needs to be established as quickly as possible;
- 8) the development of a systematized format for sustainable timber extraction plans for landowner resources is a priority and needs to be instituted as quickly as possible;
- 9) the development of cost data on sustainable timber extraction, milling, transport, marketing and administration is a priority and needs to be established as quickly as possible;
- 10) the development of strategies for microenterprise support systems and ecotimber marketing (including certification/accreditation) should be undertaken as quickly as possible, and that consideration be given to a range of marketing/processing/ownership options for country partner organizations;

**for improved coordination among country partner organizations, Regional Office and FSPUSA that**

- 11) use of regional training resources and staff (e.g., expertise on logging, community development, microenterprise development, administrative/management systems) be increased whenever appropriate, and that funding for these arrangements should be included in regional grant proposals;
- 12) organizations should recognize the need to coordinate ecotimber marketing because a damaged reputation to one organization caused by poor quality ecotimber will result in a damaged reputation for all;
- 13) FSPUSA has established the Island Conservation Initiatives (ICI) project and attached it to the Regional Office. FSPUSA should consider making it an independent partner in the FSP family but the FSP island affiliates should also recognize the use of FSPUSA's resources to establish the ICI;
- 14) more authority for decision making (e.g., for consultancies) be transferred from FSPUSA to the Regional Office and country partners;

15) communication between FSPUSA and country partners be increased;

**for specific country partners that**

16) the ecoforestry activities of FSP/PNG and VDT proceed as planned with the addition of the above appropriate recommendations (e.g., forest and cost data), and that FSP/PNG and VDT consider combining into one organization or developing mechanisms to share staff/facilities in order to improve the economies of scale of their complementary operations;

17) the ecoforestry activities of SIDT proceed as planned with the addition of the above appropriate recommendations (e.g., forest and cost data), and increased attention be given to developing local markets for timber;

18) the ecoforestry activities of FSP/Vanuatu proceed as planned with the addition of the above appropriate recommendations (e.g., forest and cost data) and increased attention be given to utilizing local markets for timber;

19) the Regional Office continue to be supported through multicounty funding proposals;

20) country partner organizations recognize the value of coordinating regionally as well as with FSPUSA and its international affiliates;

**for future funding directions that**

21) specific attention be given to microenterprise development (including ecotimber production) and logistical support mechanisms, and that consideration be given to the collection of fees and charges for services provided to the microentrepreneurs because a) these are typical expenses for a business, and b) these additional revenues could become a sustainable source of income;

22) specific attention be given to planting/reforestation programs;

23) institution building (including regional coordination) continue as a primary objective for country partner organizations as well as FSPUSA and Regional Office.

## **APPENDIX 1: SCOPE OF WORK**

The three most important documents from which evaluation questions will be drawn will be the original project proposal (September 1990), the Environment Action Plan (February 1993), and, most importantly, the revised Detailed Implementation Plan (November 1994) which includes a revised log frame. The revision and clarification of the project log frame in response to the Midterm Evaluation will make this project a bit difficult to evaluate for the overall grant period as activities and indicators were somewhat modified in the Detailed Implementation Plan (DIP).

Details of forestry extension activities were not listed in the project proposal since it was the intention of the project to build the capacity to define, plan and implement such programs with specific results. Questions related, therefore, to the forestry/technical capacity of grant partners should be focused on whether the sustained activity plans of the institutions strengthened will effectively contribute to the intended Development Goal.

As the focus of the USAID grant was institution building, questions should be formulated to determine the degree of results produced by FSP and partners as listed in the revised DIP log frame. Sources of information include national and local government forestry departments and staff, other NGOs, communities and entrepreneurs who have had some contact with the project activities.

### **A. Development Goal Level:**

- Is there evidence of an increase over the past five years of resource owners who are successfully engaged in the sustainable management of their forest resources?
- Has there been an increase in local involvement in local and value added sawmilling industries in the country?
- What evidence is there of an increased understanding and awareness of forest conservation among rural communities?
- Has there been a decrease in large scale logging over the past five years? If no, is there any that there has been some positive impact in curtailing destructive logging practices?
- Is there any evidence that resource owners who have a choice will reject immediate, short term profit from large scale logging for a smaller and sustained management enterprise?

### **B. Immediate Objective or Project Purpose Level**

- Describe and document the ecoforestry program strategy of each grant partner. What

are their specific goals and objectives? Are these realistic? Are they well defined? Are they being achieved?

- Qualitatively speaking, are these programs able to contribute to the goal of engaging forest resource owners in profitable and sustainable forest management? Why or why not?
- Document the size of their programs, showing a comparison to their status in 1990 (five years previous). Include such measurements as: number of staff, number of qualified foresters (break out local:expatriate), number of individuals reached by training and by type of training, number of community projects initiated, number of enterprises assisted, kinds of extension services (technical assistance capability).
- Provide evidence as to how much matching funding that each partner and FSPUSA has been able to secure from other sources to support the intended ecoforestry activities. Show the ration of USAID matching funds both for individual field components and for the overall program.
- Assess the impact this grant has had on the development of the FSPI institution.
- Have USAID reporting requirements been met successfully over the life of the project? If not, why?

**C. Output Level:**

- Have all the activities listed in the Timeline/Schedule of Activities in the DIP been completed successfully and if not, why?
- What other additional and unplanned activities were implemented under grant support? Did they contribute to or distract from the achievement of the objective or purpose?
- Were the expected log frame outputs produced from the completion of the planned activities? If not, what reasons inhibited this?

**D. Input Level:**

- Were there any problems obtaining inputs as listed in the log frame? If so, explain.

## APPENDIX 2: TRAVEL ITINERARY

<u>Team Members</u>	<u>Home Base</u>
Jim Rizer	Honolulu, Hawaii
Andrew Sorley	Lautoka, Fiji
Daniel Kuata	Honiara, Solomon Islands
Amos Ona	Port Moresby, Papua New Guinea
Feke Pedro	Port Vila, Vanuatu
Bill Girard	Lae, Papua New Guinea

### Schedule

- 13 April 1996  
Rizer to Washington, D.C. (FSPUSA and USAID meetings)
- 19 April 1996  
Rizer departs Washington, D.C.
- 26 April 1996 (1:50 a.m.)  
Rizer leaves for Fiji
- 28 April 1996  
Rizer, Sorley and Kuata leave for Papua New Guinea
- 28-30 April 1996  
Rizer, Sorley, Kuata, and Ona in Port Moresby, Papua New Guinea
- 30 April-6 May 1996  
Rizer, Sorley, Kuata, and Ona in Lae, Papua New Guinea
- 2-3 May 1996  
Sorley, Kuata and Ona visit Lababia project site
- 6-8 May 1996  
Rizer, Sorley, Kuata, and Ona in Port Moresby, Papua New Guinea
- 7 May 1996  
Pedro leaves for Solomon Islands
- 8 May 1996  
Rizer, Sorley and Kuata leave for Solomon Islands

- 8-14 May 1996  
Rizer, Sorley, Pedro, and Kuata in Solomon Islands
- 9 May 1996  
Sorley, Pedro and Kuata visit Komuniboli Rural Training Centre
- 10-11 May 1996  
Rizer and Pedro visit Longgu village project site
- 12 May 1996  
Girard leaves for Solomon Islands
- 14 May 1996  
Rizer, Sorley, Pedro and Girard leave for Vanuatu
- 14-26 May 1996  
Vanuatu
- 15-16 May 1996  
Rizer, Sorley, Pedro and Girard on island of Espiritu Santo, to visit Port Olry project site, Department of Forestry operations, and local sawmillers
- 17-26 May 1996  
Rizer, Sorley, Pedro and Girard in Port Vila, island of Efate
- 21 May 1996  
Ona and Kuata arrive in Port Vila
- 22-24 May 1996  
FSPI Regional Forestry Meeting
- 23 May 1996  
Sorley leaves for Fiji
- 25 May 1996  
Rizer leaves for Fiji
- 26 May 1996  
Ona, Kuata and Girard leave Vanuatu
- 27 May 1996  
Rizer leaves Fiji

### APPENDIX 3: SITE VISITS

Presented below are reports on site visits. The following were visited:

Timber Industry Training College (Lae, Papua New Guinea)  
Lababia project site (village out from Lae)  
Komuniboli Rural Training Centre (Guadalcanal, Solomon Islands)  
Longgu project site (village on Guadalcanal)  
Port Olry (village) project site and local sawmillers (Espiritu Santo, Vanuatu)

#### A.3.1 TIMBER INDUSTRY TRAINING COLLEGE (5 May 1996), prepared by Andrew Sorley

The Timber Industry Training College (TITC) is located in Lae under the direction of Frank Corin. TITC provides training in a wide range of timber industry related subjects including chainsaw repair and maintenance, chainsaw operations, sawdoctoring, and wood machining (see attached course list). The college provides a country wide service, bringing people in for training for the modest fee of K120 per week (including room and board). The college also provides limited on site training programs, and charges the same fees provided sufficient students attend (15-18 are required to make it financially viable).

The college is well-equipped, with a wide range of facilities and equipment. Although some of the equipment is 10-15 years old, it is generally in good working order. Financial constraints have prevented the college from replacing or updating some of their equipment. The college is locally funded and operates on a semi-commercial basis providing various services (for fees) to the timber industry. Services include sawmaking, sawdoctoring, timber treating, and timber machining. These services are widely recognized by the timber industry, and consider it a very competent institution.

In addition to the services provided to the timber industry, the college purchases sawn timber from the small landowner development projects and turns this timber into value added products. The price per cubic meter paid to landowners greatly varies and is dependent on the quality of timber received (K150 to K300 per m<sup>3</sup>). The purchased timber is then processed and sold at a profit to local buyers. This aspect of TITC's operation is considered very useful to the continued viability of small sawmill operations as it ensures that landowners who at this time cannot produce a quality product, receive some income for their efforts.

While the sawmill training and wood processing operation of TITC is considered to be of high quality, the logging training side of the operation is not. A visit to the Lababia site of the Village Development Trust (V.D.T.) showed that the logging training requires upgrading and instructors require thorough (and additional) training in chainsaw operations and maintenance.

The visiting team observed trees being felled into water courses, trees being cut at 5 feet above ground level, and chainsaws in a poor state of operation, with some in an unsafe condition. No evidence of training in directional felling was present nor was the use of wedges, an essential tool in correct felling techniques. The instructor(s) present indicated that they were training trainees in the art of not doing things correctly; however, it is felt that trainees will slip into bad habits easily enough without being shown. All in all this operation is considered a very negative side of TITC's otherwise first class operations and this is borne out in the discussions held with the PNG Human Resources Project staff who have declined to certify or accredit TITC staff as Logging Trainers.

**Recommendations:**

- (a) VDT should continue their relationship with TITC and, if possible, assist in upgrading TITC's capacity with respect to marketing, production of quality timber, and sawmill operation and maintenance;
- (b) Logging training should be upgraded in conjunction with TITC. This should involve the PNG Human Resources Project staff who will be looking at the whole range of logging training from chainsaws to machinery to logging planning. The last area -- logging planning, which is an essential part of the process, will be more competently carried out by either Bulolo College or specialized training by the Human Resources Project staff or consultants.

**TIMBER INDUSTRY TRAINING COLLEGE (TITC)**  
**1996 PROGRAM**  
(K 120 per week all inclusive)

**Apprenticeship Training Courses**

29 January	PETT Course	40 weeks
12 February	Sawdoctoring Stage 1	8 weeks
12 February	Woodmachining Stage 1	8 weeks
27 May	Advanced Woodmachinist Course	4 weeks
08 July	Advanced Sawdoctoring Course	4 weeks
07 October	Sawdoctoring Stage 2	8 weeks
07 October	Woodmachinist Stage 2	8 weeks

**General Trade Courses**

29 January	Chainsaw Maintenance and Operation	2 weeks
12 February	Small Sawmills Operations	3 weeks
19 February	Log Scaling - Certificate Course	2 weeks
04 March	Timber Treatment for Village Projects	2 weeks
18 March	Timber Grading	2 weeks
15 April	Bandsaw Maintenance	2 weeks
15 April	Timber Drying - Kiln Operation	2 weeks
29 April	Cutter Grinding and Profile Cutters	2 weeks
29 April	Small Sawmills Operation	3 weeks
29 April	Chainsaw Mechanics	1 week
13 May	Carbide Tipping of Saws	1 week
13 May	Pressure Treatment Operators Course	2 weeks
20 May	Circular Sawdoctoring	2 weeks
20 May	Felling & Preparation of Logs for Small Sawmills	2 weeks
20 May	Log Scaling - Certificate Course	2 weeks
27 May	Advanced Woodmachinist Course	4 weeks
03 June	Wood Identification	2 weeks
10 June	Mill Alignment and Installation	2 weeks
08 July	Advanced Sawdoctoring Course	4 weeks
08 July	Joinery Production	2 weeks
08 July	Timber Yard Management	2 weeks
08 July	Chainsaw Maintenance and Operation	2 weeks
22 July	Timber Treatment - Dip Diffusion	1 week
22 July	Small Sawmill Operation	3 weeks
29 July	Log Scaling - Certificate Course	2 weeks
12 August	Wood Identification	2 weeks
12 August	Preservation for Village Projects	2 weeks
26 August	Basic Woodmachining	3 weeks
26 August	Small Sawmills Management	3 weeks
23 September	Chainsaw Maintenance and Operation	2 weeks
23 September	Timber Grading	2 weeks
07 October	Small Sawmill Operation	3 weeks
28 October	Timber Industry Management	2 weeks
18 November	Log Scaling - Certificate Course	2 weeks

### **A.3.2 VISIT TO LABABIA PROJECT SITE (5-6 May 1996), prepared by Andrew Sorley, Daniel Kuata and Amos Ona**

The project is situated at Lababia village which is part of the Kamiali Integrated Conservation and Development (ICAD) Project which comprises 69,000 hectares of land set aside for conservation developments by local landowners and is accessible only by sea. Within this area 10,000 hectares have been identified as being suitable for ecoforestry operations. VDT is in the process of building a training center complete with accommodation for around 20 people in order to encourage and facilitate visitors both local and overseas to visit the conservation area. The training center is being built totally with materials produced from the forest area with the exception of imported cement. These buildings which are still at a very early stage of development are being constructed using all local labor following a design produced by UDC Architects based at the PNG University of Technology (Unitech) in Lae.

In addition to the ecoforestry programme VDT is also running a fisheries project. This is done in conjunction with the Lababia villagers who catch a wide variety of fish through more than 50 individual family canoes. The fish are put on ice and transported to Lae where it is sold to the Government fisheries operation which pays the villagers per kilo dependent on the species caught. This project is seen as having tremendous potential as it gives the villagers a cash income with an original capital expenditure of less than K10,000 (for a boat, motor, ice boxes, and scale).

The visit to the sustainable timber extraction site by the team comprised of Amos Ona (FSP/PNG), Daniel Kuata (SIDT), Benjamin Gewebing (VDT), and Andrew Sorely (Forestry Consultant FSP/Fiji). The team met with Sasa Zibe (VDT Director) and the trainer/instructor from TITC, both of whom were carrying out training in the area. The training comprised of chainsaw operation and maintenance plus the operation of the portable sawmill. In addition to Lababia villagers, there were trainees from all parts of Morobe Province. There were 15 trainees in the course.

The sustainable timber extraction area is situated on the southernmost end of the project site, some 1/2 kilometer up the river which forms the southern boundary. The team saw silviculture operations and logging/sawmilling in progress.

The silviculture operations comprised of line cutting 5 meters wide strips 200 meters apart with cross lines being cut every 100 meters. The aim of this is to encourage the natural regeneration of the dominant species. Where little or no natural regeneration is present, seedlings (wildlings) are transplanted to improve the stocking. After two years the lines are re-cut to get rid of weeds and other plants to enable the seedlings to progress. The main purpose of this exercise is to increase the volume of timber produced per hectare from around 20-30 M3 to over 80 M3.

The results of this exercise will not be known for some years; however, it will almost certainly change the composition of the forest and could lead to a plantation type forest.

After reviewing the silvicultural aspects of the operation, the team focused on sustainable timber extraction. The sustainable timber extraction was being carried out close to the river's edge (15 meters) and trees had been felled into the water course. The quality of felling was generally poor with trees being felled leaving stumps up to 5 feet in height and sink cuts and felling cuts not made properly. The chainsaw being used was in need of maintenance, especially good chain and bar maintenance. Sawmilling was ongoing and although reasonable quality timber was being produced, there was a considerable amount of waste evident. When asked what the recovery rate was, the sawmilling team estimated about 45 percent. However, it is probably closer to 30 percent (at maximum).

### **Recommendations:**

- (a) Develop the fisheries project and if possible seek advice from JICA, the Japanese agency based in Port Moresby, who are considered experts in the field.
- (b) More research and/or advice should be sought on the silviculture aspects of the operation. This should be done through locally based forestry personnel.
- (c) Logging standards must be improved through the following:
  - (i) A logging plan should be drawn up for the area showing clearly demarcated buffer strips, taboo sites, etc. This must be strictly adhered to. Considering the size of the water course involved, a buffer strip of a minimum of 75 meters is considered appropriate.
  - (ii) The training in chainsaw operation and maintenance requires considerable upgrading to ensure directional felling is carried out and felling damage reduced to a minimum.
  - (iii) Improvements to sawmilling techniques could be made to reduce wastage.
  - (iv) Accurate data on the whole operation should be kept. This should include: preharvest inventory, post harvest inventory, accurate figures on recovery rates showing total volumes felled, log volume cut and timber volume produced.

### **A.3.3 VISIT TO KOMUNIBOLI TRAINING CENTRE (9 May 1996), prepared by Andrew Sorley**

The team comprised of Daniel Kuata, Feke Pedro and Andrew Sorely visited the centre which is run by Mr. Sosimo Kuki and assisted by Mr. Silas Manekee. A chainsaw course was being run for 7 participants from various areas of Solomon Islands.

The centre, which is situated some 70 km from Honiara, consists of an accommodation

block for up to 20 trainees, workshop, classroom, and village nursery. It caters to a wide range of training including chainsaw operations and maintenance, chainsaw milling and nursery operations. It is a very well run operation and the training which was observed by the team was first class.

At the time the trainees were being taught how to maintain and repair chainsaws by Silas Manekee. This included stripping the chainsaw down to its basic components including the removal of barrel, piston and crankshaft. This is a job most chainsaw instructors leave to specialized repair people with well equipped workshops. However, it was being carried out very professionally by Silas. In Solomon Islands, where good repair facilities are few and far between, this type of training is of tremendous value to people in outlying villages and should be utilized to the fullest. Indeed the skills available at the centre could possibly be made use of throughout the region.

#### **A.3.4 THE LONGGU VILLAGE ECOFORESTRY PROJECT (9-10 May 1996), prepared by Feke Pedro**

##### **A.3.4.1 Background**

The Longgu Ecoforestry Project is situated on the island of Guadalcanal in the Solomon Islands. It is one of the few places in the country where large scale logging has not yet occurred. A logging license has been issued to a Malaysian logging company for an area adjoining the Longgu Ecoforestry project boundary, which is clearly defined by the Simu River. Ground works for the project were begun in 1995 and the first draft management plan was completed in April 1996.

The project was jointly initiated by the Ecoforestry Unit of the Solomon Islands Development Trust (SIDT) and the office of the international environmental organization, Green Peace, which also has an officer with SIDT. The Ecoforestry Unit of SIDT has already established a similar project on the island of Santa Ysabel (a northern island in the Solomon's group), and with its current program, it plans to establish similar community projects in other parts of the Solomon Islands. Because it will serve as development model the Longgu Ecoforestry Project was identified as appropriate for a site visit.

The Longgu Ecoforestry Project is owned by the Zongo sub-clan (or, the Head Water sub-clan) which is comprised of about 33 closely related men, women and children--essentially an extended family. In 1995, the Ecoforestry Unit identified that the Longgu land had never been logged and could be used to develop a community-owned ecoforestry project similar to that on Santa Ysabel. Initial contact was made with the Zongo sub-clan which generated some interest resulting in the nomination of Simon Oka to attend a 6 week training workshop on chainsaw and chainsawmill at the Komuniboli Rural Training Center.

#### **A.3.4.2 Current Project Status**

With help from the Forestry Department and the Zongo sub-clan; Green Peace and SIDT carried out a 100 percent inventory on the first two plots to be felled. The size of each plot is 1 ha. All the other information on the inventory were presented in the forestry management plan. The total area that is included in the management plan is over 4,000 ha, and inventory results show an average merchantable volume per ha of 30 to 40 cubic meters dominated by Rosewood (*Pterocarpus indicus*), Taun (*Pometia pinnata*) and Vitex (*Vitex cofassus*). Through aerial photo interpretation and ground work survey, different landuse types were identified which are contained in a landuse plan attached to the management plan. Boundary demarcation will be permanent from now on, and the community has been made aware of this through several meetings. Important areas such as garden areas will be restricted to where the people are currently planting, while other areas such as reserves have also been identified. Some of the garden areas included in the forest area will have to be abandoned.

Under Solomon Islands Government forestry regulations it is a requirement to acquire a milling license at an initial cost of SI\$150.00, which has to be annually renewed at a cost of SI\$100.00 per year. The Zongo sub-clan has already made arrangements to obtain a license.

#### **A.3.4.3 Project Implementation**

The Longgu Ecoforestry project is solely owned by the Zongo sub-clan and will be managed by a board of directors comprised of Simon Oak and two other close relatives. The type of sawmill identified for the project will be two 090 size Stihl chains, a minimill and an Alaskan Frame costing around SI\$17,000. ITTG had already established in the Solomon Island Development Bank a fund of SI\$9,000, and the community has to raise the remainder (during the next several months). Through of Green Peace and the Ecoforestry Unit of SIDT, the money will be used as a revolving fund for other similar projects in other parts of the country.

Initial sustainable timber extraction will commence on the first two plots already established on a selective basis. The random type selective harvesting design by Green Peace will be carried out as such that not more than 1 tree is to be felled in the same plot at anyone time. Felling will rotate around the established plots until all trees selected for harvest have been extracted. Also, felling directions have also been restricted to the same direction where there are 2 or more tree which are to be felled, and are located only a few metres apart or opposite each other. The system is designed so as to avoid large openings in the remaining forest canopy and the forest floor. The method of rotating around the two plots is designed to allow the disturbed area to recover. Tree planting will be an essential operation to enrich the residual forest stand.

When the two established plots are harvested, other plots will be demarcated with 100 percent inventory and harvesting will be carried out using the same random selective method. The overall objective for the system of harvesting is basically to keep the damage to the forest

as minimal as possible and to keep the forest ecosystem intact.

Simon and the members of his sub-clan are hoping to produce 10 cubic metres of timber per month throughout the year. This will mean some work input from every member of the sub-clan to members of the board of directors who will be more or less fulltime employees of the project. Because of the objective of the project to keep to a minimum the disturbance to the natural habitat, most transportation will be done manually. Timbers will be carried by shoulder from the forest to the village. The first plots are about 45 minutes walk to the village. It is anticipated that the Simu River could be used to float the timber on rafts to the anchorage but even then, timber will have to be moved manually to the river bank.

Community groups, such as church and youth groups could also be contracted cheaply to move the timber from each sawmill site to the village or the river bank.

The only current means of getting the timber from Longgu to Honiara is by boat which is once a week and costs S\$100 per cubic metre. An alternative means of transporting the timber to Honiara is by speed boat to the nearest village accessible by road and then by truck to Honiara. However, the cost would be 3 or 4 times that of the shipping direct to Honiara.

While the project is aimed at Honiara as the main market, the funding for the project from ITTG provides some clear possibilities for future exports. For the main species that the project will be cutting, the prices in Honiara are as follows:

Rosewood	-S\$1,400
Taun	-S\$ 760
Vitex	-S\$ 750

#### **A.3.4.4 Conclusion and Recommendations**

Members of the Zongo sub-clan will directly benefit from the project by receiving an income for the amount of work they contribute. In the future, it is hoped that each and every member of the Zongo sub-clan who wishes to work in the sawmills will be able to receive a daily wage. Furthermore each and every member of the sub-clan will receive at the end of each year a portion of the profits, while the rest of the profits will be managed by the project in order to ensure that the project be ongoing.

The Longgu Ecoforestry Project is a very interesting project which could serve as a model for other areas in the Solomon Islands and possibly for others in the islands region. The design of operations is such that it could be used in other countries such as Vanuatu or Papua New Guinea. However it will depend on how successfully the management plan is implemented. It is recommended that there be best for other follow-up visits in order to see the actual operations. While the community has yet to raise the rest of the funds, Simon and the other members of his sub-clan seems fully committed to showing the rest of the Solomon Islands an

alternative to large scale logging.

### **A.3.5 TRIP REPORT FOR ESPIRITU SANTO (15-16 May 1996), prepared by Bill Girard**

#### **A.3.5.1 Port Olry Village**

The evaluation team traveled to Port Olry, 60 km north of Luganville, on Espiritu Santo, and met with sawmill operator Lui Tiome. In 1994 FSP held a workshop with the villagers at Port Olry that included environmental awareness, logging and chainsaw mill operation skills. Now, two (2) years later, there are 12 chainsaw mills operating in the village and the operators have formed an association to help facilitate the sale of their timber into the markets of Luganville and Port Vila. Lui and 4 other operators, through the meeting, communicated that the following issues were hindering the profitable sale of their timber:

- 1) The high cost of transporting the sawn timber from the bush to the market. Lui said that the cost of hiring a truck to come up from Luganville and pickup the timber has been 12,000 vt (approximately \$120 USD).
- 2) The cost and availability of spare parts for the chainsaws. Lui said they have been having a major problem with pistons burning out frequently (as often as once a month). He reported that these cost almost \$300 each.
- 3) The relatively low price that they are currently able to get for their rough sawn timber. Their current price is \$300 to \$350 USD per cubic meter; although he said the price in the past had been higher.

It is impressive how the villagers have taken the initiative to organize themselves into an association of chainsaw operators. The FSP workshop appears to have made a difference in transferring fundamental skills such that the number of operators has increased from 5 to 12 over the last two (2) years. Also, Lui is now assisting FSP in delivering workshops to other village communities indicating that some continuing skills transfer is possible without FSP involvement. In short, some basic but important capacity building has been achieved at the village level. This sets the scene for empowering and supporting this group of operators in achieving the first level of commercial viability. However, achieving this will probably require some further involvement on the part of FSP. More will be said about this under the heading Conclusions and Recommendations.

#### **A.3.5.2 Santo Joinery**

This is a basic but impressive operation with its own kiln and resaw. Owner Bradley

Wood, said they used to purchase timber from village chainsaw operators, including those from Port Orly. He said pricing generally was good, meaning that it was normally cheaper than the prices charged by the conventional timber suppliers. He, also said they originally liked the idea of supporting the village operators. However, they eventually ran into several problems in dealing with the villagers. The quality of the timber was often so poor that it needed to be recut even before they could get timber that was comparable to that available from the conventional suppliers. This resulted in increased costs and substantial wastage. In addition, they occasionally experienced problems with village landowners coming into their yard demanding payment for timber that they (Santo Joinery) had already purchased in good faith. The story often given was that the original sellers were not the rightful landowners of the land from where the timber had been harvested. Wood also said that some of the village harvesting practices, that they had witnessed, were poor. These, he said, resulted in environmental damage and considerable wastage. These problems were further amplified by a bidding war that developed because villagers began claiming that the local lumber yard would pay more for the timber than Santo Joinery was willing to pay. It was for these reasons that the company acquired a portable bandsaw mill and took the steps to guarantee its own supply of timber for its joinery needs. They often now have a surplus of timber that they resell, including to Australian markets.

Despite the problems experienced, Bradley Wood indicated that they would be prepared to once again purchase timber from the villagers. He is particularly interested in rosewood and now that he has recently installed a resaw he thought there was a possibility of doing business with the sawmill operators. However, he stated the terms on which such purchasing would have to be based. These are:

- 1) He would only be prepared to pay based upon the quantity of marketable/useable timber that he obtains after resawing. If villagers were to provide baulks he would then cut them into smaller sizes and pay the villagers "on the other side of the saw". He said the villagers could participate in the resawing to witness the process and they would also be free to take back whatever he could not use and sell it to someone else or take it back to their village for their own use.
- 2) He would want to work with an established price that both parties could agreed to for a set period of time, thereby avoiding any of the unexpected price bidding that took place in the past.
- 3) He would need to have assurance that the logging practices being used by the villagers were environmentally sound and that sales were being made by the rightful owners of the timber.

Bradley Wood also indicated that he might be prepared to purchase some other species that could be treated in a pressure treatment plant that he is considering installing.

### **A.3.5.3 Melcoffee Sawmill**

Owner operator Neil Croucher gave us a thorough tour of his operation which included a 50 cubic meter dry kiln and an impressive nursery. He is currently building another two kilns and will eventually have the ability to dry 300 cubic meters a month. Croucher produces moldings, paneling and other value added products, much of it for the Japanese market. The mill has its own timber supply and they carry out their own logging. Croucher is a very experienced individual and could be a good resource for FSP's continuing work in the area. There may be some commercial possibilities for the village operators such as using the mills excess kiln capacity.

### **A.3.5.4 Conclusions and Recommendations**

The Santo area has sufficient elements in place to warrant FSP working with the village community of Port Olry to develop a commercially viable timber operation. It is obvious from our conversations that the work of Feke and the FSP team in the area is well respected. Efforts to further expand this network of support from all sectors of the industry should be continued. Without any sizable expenditures the villagers could be working at a financially feasible level fairly quickly. However, it will require the direct involvement of FSP, or someone else, to coordinate the different elements such as transportation, monitoring of logging operations, availability of spare parts, and marketing. This involvement could be paid for through the charging of a fee (say 10 percent) based upon the volume of timber that is sold. One scenario is to take the following steps:

- 1) Establish an agreement with Santo Joinery based upon the proposal put forward by owner Bradley Wood: an agreed price per cubic meter after resawing. Although the idea of a fixed price is not unreasonable, the agreement should make allowances for authentic price increases (using indexing) over time to ensure that the villagers continue to receive an appropriate share of the market value of the end product.
- 2) Quantities to be supplied should be clarified and agreed to by both the villagers and the joinery. Transportation of this should be coordinated with a local truck operator (probably a 3-4 ton size) to maximize efficiency and to minimize cost. Also, it is important to point out to the villagers that what will make this operation successful is their ability to produce and deliver consistently over time. As the projected profit presentation below shows, the scheme could produce sizable cash flow into the village.
- 3) The spare parts and equipment maintenance requirements must be adequately addressed. It may be necessary for FSP to establish an inventory of parts as well as a regular maintenance service. The cost of these and the other extension services provided by FSP could be covered out of the sale of the parts, as well as the proposed fee (10 percent of the value of the timber sold) to be paid by the villagers to FSP.

Projected Profit

Revenue from timber sales	12 x 5 x \$ 300 1. =	\$ 18,000
Based on 12 chainsaw mills each producing an average of 5 cubic meters per month of salable timber (after resawing process).		
Less fee to FSP (10%)		-1,800
Less transport costs		
Estimated at \$ 40 per cubic meter	60 cu meters x \$40 =	-2,400
Less mill operating costs		
Estimated at \$120 per cubic meter excluding labor cost	60 cu meters x \$ 120 =	-7,200
Monthly Profit before cost of labor (i.e. cashflow into the village)		\$ 6,600

Note: a selling price of \$300 per cubic meter is used for this analysis; however, the actual price needs to be negotiated (probably by FSP) with Santo Joinery on behalf of the villagers to best reflect the market value of the re-sawn timber. To ensure the best negotiating position for the villagers while still ensuring the full cooperation of Santo Joinery an objective survey of the market prices in the area should be carried out by FSP.