Forest Certification in Papua New Guinea

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ABSTRACT

Forests are not just money, but are the most important asset that sustains human life in Papua New Guinea (PNG) where the people have a direct relationship with the forests.

With the introduction of logging in PNG, landowners have been marginalized in almost all decision-making processes regarding their forest resources, which were once their provider and on which they depend for a living. Forest resource owners have always been left with the consequences of decisions made by others. The community groups show some interest in certification because they think it can be a solution to the ongoing problem of corruption. However, they do not have the economic, technical or resource capacity to pursue forest certification. The high initial cost of certification cannot be sustained without donor support or at least premium markets that meet the cost of forest certification and give the producer profits to do normal business. The two donor-funded group certificates in PNG have expired for this reason: because economically viable, socially beneficial and economically viable forestry cannot be achieved.

The National Forest Authority and large scale logging companies show no interest in certification. Attitudes toward forest certification are in a "wait and see" position, but could be improved through tangible benefits such as certified market demand. Awareness campaigns about certification would be useful, but these alone will not cause significant change in the absence of economic benefits or incentives. Forest certification in PNG and other tropical, less developed countries needs to be assisted and directed to all the country to recover from unscrupulous forest management practices. The non-monetary costs of certification include intensive labour. The monetary and non-monetary costs of certification can be discouraging to forest resource owners, who sometimes venture into other unsustainable options. PNG is a Melanesian, socially-oriented, giving and receiving society, where people need demonstrated long-term model certification projects. Only then will forest certification be a reality. Currently with the help of NGOs and their funders, there are some examples of good forest management that is socially beneficial and environmentally less destructive. Certification can have an impact in PNG if it is practiced in a way that is self-sustaining, and is competitive in both local and export markets.

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ACRONYMS

AAC	annual allowable cut
CSP	Certification Support Program
DEC	Department of Environment and Conservation
EED	Evangelischer Entwicklungsdienst (A Church Development Service-an Association of Protestant Churches in Germany)
EFF	Eco-Forestry Forum
EFP	Eco-Forestry Programme
ELC	Environmental Law Centre
ENBSEK	East New Britain Eksen Komiti.
ESCOW	East Sepik Council of Women
EU	European Union
FMA	Forest Management Agreement
FORCERT	Forest Management and Product Certification Service Ltd
FPCD	Foundation For People and Community Development Inc.
FRI	Forest Research Institute.
FSC	Forest Stewardship Council
FSP	Foundation for People of South Pacific.
ICCO	InterChurch Organization for Development Cooperation
IRECDP	Islands Region Environmental & Community Development Programme
ITTO	International Tropical Timber Organization
JANT	Japan, Australia and New Guinea Timbers
LFA	Local Forest Area
MFROA	Madang Forest Resource Owners Association
NFA	National Forest Authority
NFB	National Forest Board
NFS	National Forest Service
NGO	Non government Organization
PFDs	Proposed Forestry Developments
PFMC	Provincial forest management committee
PHF	Pacific Heritage Foundation
PNG	Papua New Guinea
PNGCC	PNG Council of Churches.
PNGFA	PNG Forest Authority
PNGLCOP	Papua New Guinea Logging Code of Practice.
RH	Ribunan Hijau
SGS	Société Généralé de Surveillance
SBLC	Stetin Bay Lumber. Company
TRP	Timber Purchase Rights
VDT	Village Development Trust
WWF	World Wide Fund for Nature

I. INTRODUCTION

A country assessment on forest certification commissioned by the interim group behind the formation of the Forest Stewardship Council (FSC) was undertaken in Papua New Guinea (PNG) in 1993. The study was coordinated by Jamie Ervin and undertaken by Yati Bun and the findings were presented at the FSC Founding assembly in Toronto, Canada in late 1993.

Forest certification started in PNG in the early 1990s but became a subject of discussion when the Bainings Community Forestry Programme based in East New Britain was certified by Société Généralé de Surveillance (SGS) in July 1994. The certificate was for five years with an annual review. Even then, there was little or no interest in forest certification matters by stakeholders (Bun 1993). In the mid 1990s, SGS conducted a few training workshop for forest industry and government officials on certification but there was no further interest.

Although there was no actual public announcement, a good number of logging company representatives attended the SGS trainings on forest certification, indicating some interests or at least the need to be informed on certification requirements.

A break came in 1999 when a large logging company, Innovision (PNG) Ltd, decided to take the FSC route under the SGS Certification Support Program (CSP). There had been visits by other certifiers to some companies in PNG in the 90's but thus far no one had taken certification seriously. There obviously are reasons for it, one of which is the cost of certification (Thornber 2000). There is a premium that one hopes to get from certified product – however many timber producers claim it is not attainable (Bass 2001).

From the PNG perspective, forest certification is necessary for important reasons. First, forestry in PNG is more like a mining operation. The trend for forest developers is to acquire as many timber areas as possible and move on. Timber permits are given for about 10 years with no professional basis. Hence timber companies are usually gone long before the timber permit expires. It is rare that one find a company in a concession area that serves its full term.

Secondly, forests in PNG are customarily owned by the traditional owners. government acquires rights from the landowners and then tenders it out to the logging company who does the logging. Under current Forestry Act of 1993 (as amended), forest development can be undertaken in three different ways: timber permit, timber authority and timber licences. A brief description of each is outline under section II (Background).

Corruption is also experienced in the process and during the projects phases. Disputes, jealousy, and dishonesty results in many landowners missing out on many benefits. Landowners are supposed to be the biggest beneficiaries of logging that takes place in their forests. Unfortunately and since logging begun seriously in the late 70's in PNG, landowners have always been sidelined and have little or no say on how their forests are being destroyed. There is no respect at all for the traditional way of life and usually all is lost when the bulldozer goes into the forests. When landowners raise a protest, they are often threatened with legal action and or are thrown into jail (Greenpeace 2004).

Landowners own the forests and thus must have a voice. They are not obstacles. Owning the forest does not necessarily mean one has the know-how and the resources to develop the forests. In PNG there is a need to shift the whole forest policy where landowners are taught and should be taught on how to manage their forest resources and not be sidelined. Landowners feel it is an insult to their intelligence to think that the government knows what is good for them and will make decisions for them.

The Forest Industry Association of PNG is dominated by a group from Asia and has been biased in its approach to industry whose markets do not support certification. While there is no practical certification experiences by its members in PNG (FSC or the certification scheme they promote), yet they are vocally opposed to proven certification systems like the FSC (Timber Talk 2004; Ecoforestry Policy Seminar 2003). PNG had two group certificates under the FSC system by two community forestry groups which are now expired because the local community groups could not afford the high costs of certification review visits. These high costs often outweigh the good side of forest certification.

The PNG government seems to be neutral about forest certification (Avosa 2002) at the moment. This is true, even after:

- two community forestry group have received certificates issued under the FSC certification system since 1994;
- the first draft of the PNG standards following the FSC global principles and criteria have been presented to them; and
- the EU funded a PNG eco-forestry program promoting certification.

The main reason for the government not supporting certification is that most of logging companies are supplying logs to non-certified markets. Only when buyers want to pay for PNG timber at a higher premium will the government be convinced. It is apparent that the big logging companies are not interested in forest certification with the exception of one or two. Despite the unfairness and the seemingly raw deal landowners have been receiving to date in forestry matters, it is more advantages for the logging companies to carry on business as usual. The government is of little or no help either. Landowners will have to do it themselves. Forest certification has already given much hope in a few communities and already many groups are seeking to develop their forest resources themselves rather than through the current conventional practices (Bun 2003).

II. BACKGROUND

Ownership and Tenure

Ninety-seven percent of land in PNG is customarily owned. The state owns the other 3% which is mainly in urban areas. For any developmental purposes of land based resources, consent has to be sought from the landowners. The agreements on how to use the resources are made between the three main parties: customary owners, state and the developer.

PNG has by far the largest area of tropical rainforest in the Oceania region. The forests of the Island of New Guinea (PNG and Irian Jaya together) account for the third largest remaining block of tropical rainforest on the planet after the Amazon and Congo forests (Chatterton *et al* 2000). Total land area of PNG is 46 million hectares. Of this, about 77 percent is covered in some kind of forests, ranging from mangroves on the coast to high altitude alpine forest at about 3,000 meters above sea level (the highest point in PNG is Mt. Wilhelm at 4,509 meters). The forests that are constantly harvested are found in the lowland rainforest and other mid-montane forests but most other forest types are located in the higher inaccessible areas. Presently some of these forests are under threat from major developments like oil palm, mining activities and large scale logging.

Of the total forest area of Papua New Guinea (26.5 million hectares) 7.1 million hectares (27%) had been allocated to forestry operations by 1996. By the year 2002, 11.2 million hectares (42%) were either allocated to working concessions or earmarked for forestry in unallocated concessions. While 14.9 million hectares remains unallocated, of the total forest resources available in 1996 only 11.7 million hectares were suitable for forestry operations. Of this area of unconstrained forest (assessable or operable), 6.7 million hectares (57%) has been allocated to the forestry sector. When these figures are adjusted to equate to log volumes per hectare, approximately 70% of the total timber resources have already been allocated to the timber industry. This is because of the most attractive areas in terms of access and timber volumes have already been logged. It is unclear what portion of the land has been set as protected or reserved for parks and most of it is located in the constrained forests. The annual allowable cut for small to medium scale will be determined by the resources to be harvested. It is evident that most of accessible production forests are almost completely logged.

Table 1. Natural forest area by geographic region

Province	Area of Province (sq km)	Gross Forest Area 1996 (sq km) (a)	Area with no constraints (b)
Western	98,452	36,963	30,689
West Sepik	36,054	29,313	14,872
Gulf	34,801	23,508	13,755
East Sepik	43,813	20,269	6,474
Morobe	33,933	19,810	4,451
Southern Highlands	25,748	18,695	6,477
Madang	29,095	18,682	7,483
Central	29,872	17,549	7,065
Oro	22,772	14,899	5,523
West New Britain	20,456	10,609	3,305

East New Britain	15,344	10,082	2,673
Milne Bay	14,264	8,501	3,615
Enga	11,824	7,149	400
North Solomons	9,433	6,321	3,284
Eastern Highlands	11,205	5,352	1,331
New Ireland	9,610	4,739	2,450
Western Highlands	9,141	4,118	614
Chimbu	6,134	3,548	1,445
Manus	2,150	972	927
Total	**46,4101**	**26,1079**	**11,6833**

Source: PNGRIS 2000

With a few exceptions, the vast majority of accessible and high volume forest has already been allocated and harvested. The remainder, which forms the bulk of the unallocated estate, consists of largely remote, inaccessible and, often highly constrained, forest. Much of the area currently in concessions may not be suitable for industrial logging on the basis of sustainability or environmental protection and a high proportion of the remaining forest areas are probably unsuitable for logging.

As in Table 2, the majority of forest area unallocated in 2002 has been captured in areas defined as Proposed Forestry Developments (PFDs)[1]. Many of these areas are in reality probably not feasible for timber harvesting due to physical restrictions to access. The discrepancies in some provinces where there exists a greater area of PFDs than actual unallocated forest is due to several of the PFDs containing non-merchantable vegetation types.

Table 2. Natural forest area under production by geographic region

Province	**Gross Forest Area 1996 (sq km) (a)**	**Total allocated to forestry in 2002**	**Unallocated in 2002**	**Area of PDFs**
Western	36,963	20,593	16,370	15,385
West Sepik	29,313	7,008	22,305	30,478
Gulf	23,508	17,095	6413	2,075
East Sepik	20,269	7,462	12,807	9,883
Morobe	19,810	3,972	15,838	1,976
Southern Highlands	18,695	1,624	17,071	9,348
Madang	18,682	5,463	13,219	1,297
Central	17,549	5,848	11,701	6,508
Oro	14,899	5,815	9084	7,658
West New Britain	10,609	19,724	0	1,334
East New Britain	10,082	6,735	3,347	3,924
Milne Bay	8,501	3,116	5,385	1,977
Enga	7,149	416	6,733	1,643
North Solomons	6,321	948	5,373	0
Eastern Highlands	5,352	0	5,352	0

[1] National Forest Authority, 2000.

New Ireland	4,739	4,742	0	1,987
Western Highlands	4,118	1,303	2,815	,0
Chimbu	3,548	0	3,548	0
Manus	972	527	445	1,479
Total	**261,079**	**112,390**	**148,689**	**96,952**

Source: PNGRIS 2000

To date, for the entire country, a total of 217 TRPs, LFAs or FMAs have been allocated covering some 10,501,605 hectares. Such a rate of utilization of PNG's forest resources cannot be sustained.

The Forest Authority has developed a resource development and allocation process as outlined below. All forest development must comply with the National Forest Plan of 1996, which is overdue for review.

- Forest Land to be developed for Long Term Production Forestry
- Landowner Awareness Programme
- Development Options Study
- Forest Management Agreement
- Call for Project Proposal
- Selection of Preferred Developer
- Developer Feasibility Study
- Project Agreement
- Approval of Project Agreement under Environment Planning Act
- Timber Permit
- Performance Bond and Operational Planning Approvals
- Harvest Authorization

Basically there are three avenues where forestry activities can take place: timber permit, timber authority and timber licence. There used to be Local Forest Areas (LFA) where landowners deal directly with the logging company but this was changed with the 1991 Forestry Amended Act. There are agreements in the LFA that have not yet expired and are still current. The local land and community groups are marginalised, mistreated, and fought in court on this matter. Justice Mark Sevua, a National court judge, commented that national government turns a blind eye to the cries of the resource owners of PNG. He stated that government ignores the interest of the resource owners and that the Minister for Forest was not concerned in the interest of the village people who own the forest resources. His view was that their interest couldn't be ignored and brushed aside. The above statements were made in court when Frontier Holdings, a subsidiary of the giant Malaysian logging company Rimbunan Hijau, was taken to court by Vailala Purari investment a landowner company (Post Courier 2003).

Timber Permit

Timber permits are issued by the National Forest Minister to logging companies and cover Forest Management Areas (FMA) with big volumes for periods over 10 years.

Timber Permits are the major avenues for forest development in the country. When all is agreed the projects take place after necessary documents are signed between the government, land owners and the company.

According to PNG National Forest Policy of 1991, the following steps are followed:

- PNG FA enters into a FMA with land owners where resource owners guarantee rights to doing all forestry operations required by timber permit conditions, including benefits to be received by land owners for the rights granted.
- All FMAs are to specify volume and quantity of merchantable timber. The term of FMA should be in sufficient duration for proper forestry management to be applied, complete with a map of forest area, tenure made certain by legal land title, or written assent to the agreement, provincial forest management committee (PFMC), satisfied to authenticity of land tenure claims of resource owners, with willingness of land owner to enter into agreement and specified portion allocated by land owners for reforestation or agro-forestry in the working plan areas.
- Tenure over forested land and forestry operations are permitted: on state land approved by the National Forest Board (NFB); on state lease hold where the lessee consents and subject to lease condition, and on customary land where an FMA has been entered into customary owners and PNGFA.
- Where PNGFA enters into FMA, the NFB consults with concerned resource owners and provincial governments about its intentions in the allocation of timber permit over the forest area covered by the FMA.

Despite the legal procedures, PNG's forest resources are mismanaged and unsustainable. The resource owners are deprived from having maximum benefit from their resources. PNG's land tenure laws and traditions serve as an outstanding example of a world where the government and commercial interests have trampled indigenous peoples land rights.

One example is the Kiunga-Aiambak Deed of Settlement, where there is wide spread mismanagement in resource allocation and monitoring of logging operations, and underlying corruption confirmed by independent review of three major logging concessions granted in 2002. Chief Secretary Joshua Kalinoe described it as an international embarrassment. He also describes the logging company as an unscrupulous operator (Iko Forestri Nius, 2003). The Simbali story is another example of a logging permit granted in total breach of the requirements of the Forestry Act. These examples illustrate the lack of governance in the logging sector.

The National Forest Board has given approval for what was presented as a small agriculture clearance operation. In fact the intended project is a large scale logging operation that will involve the export of logs over US$10million and thus, is required to obtain a timber permit. The project is sponsored by the same logging company that was found to be illegally logging at Pondo, West New Britain Province (Masalai 2002).

The following is another summary report taken from the chairman (Taksey Dobon) of a local resource owners association called Gogol / Naru Resource Owners' Association Inc, of Madang Province, one of the longest (over 32 years) mistreated landowner groups in PNG:

> "In 1971, the then self government of PNG together with Australia negotiated the TRP arrangement of a clear felling of the Gogol/Naru and eventually in 1972 the operation commenced with felling down of trees and hauling with bulldozers and log trucks to the mill in town to produce chips when Japan, Australia and New Guinea Timber (JANT) was granted the TRP. The forest which was once a natural wealth to the then fathers, was quickly changed to bare land. In this effect the landowners have been affected in the environmental, social and economical livelihood. Huge natural environment (forest, terrestrial organisms) was disturbed and destroyed, social fabric broken down, and very low economical return from a lousy royalty of K5.00/M3 (U$ 1.47/M3) was paid to the local resource owners.
> After the natural forest have gone and as there is no adequate material for the production of chips. Acacia mangium plantations were established to replace the resource base. Still low developmental profile is being established and we the landowners are extremely working hard to negotiate to get better benefit from the resource. We are now in the half term project review and our demands are very high with the National Forest Authority (NFA) as the state and JANT as the developer. In the project agreement review wants to take part in the project and benefit from our participation apart from our other entitlements. We will still demand for Environmental damage claim and to be the major shareholder in the reforestation project". (Taksey Dobon May 26 2002)

Timber Authority

Timber authorities are issued to the forest developer by provincial forest minister and done at the provincial level. The authority is issued for purpose where the annual harvest is not more than 5,000 cubic meters and for local consumption only. Timber authorities are normally used for agricultural clearance and/or road line alignments clearing.

Timber License

Timber licenses are issued when cases occur that do not fall under the timber permit and/or the timber authorities. The National Forest Minister issues the license and period of the license is usually 12 months.

Markets

The main forest product in PNG is round log exports.

Table 3. Volume of annual log productions 2000-2002

Year	**2000**	**2001**	**2002**	**Average**
Quantity (m3)	2,241,000	1,877,000	N/A	2,060,000

Source: SGS

Table 4. Volume of annual log exports 2000-2002

Year	**2000**	**2001**	**2002**	**Average**
Quantity (m3)	1,993,000	1,566,000	1,840,000	1,800,000

Source: SGS

Table 5. Volume of processed timber exports 1999-2002

Products	**1999**	**2000**	**2001**	**2002**
Veneer	8,500	20,000	68,000	Not available
Plywood	700	500	900	1,700
Woodchips*	90,000	120,000	97,000	Not available
Lumber	19,500	40,000	40,000	42,000
Balsa	3,500	1,000	2,050	2,700
Totals	126,700	184,000	209,200	Not available

Note: all volumes in cubic meters
Source: PNG Forest Authority
* the source of these figures is the PNG Forest Industries Association. The records of the PNG Forest Authority give a much lower annual export volume for woodchips (20,000, 10,000, and 0 respectively)

The major players in the forest industry are large-scale, usually foreign-owned, logging companies. These companies opened up primary forest areas. The main products are round logs, which are directly exported abroad. There is very little downstream processing.

The forestry sector annual allowable cut (AAC) is 3.3 million cubic meters. If managed properly, the forestry sector can contribute to about US$270 million to PNGs GDP annually, with some US$85 million paid in export taxes/levies and with landowners receiving some US$20 million in direct payments. The AAC is initially set depending on size and economics of the operations, the annual allowable cuts are prescribed in timber permits and are subject to review as specified in the specified permit (Ministry of Forests 1991). It is calculated from the total operable forest area by volume per hectare over the number of years allocated to each developer (total area by volume per hectare over time).

Table 6. Ownership of timber production

Name	**Logging company**	**Ownership**	**Origin**
Alimbit Andru	Island Forest Resources	Rimbunan Hijau	Malaysia
Ania Kapiura	Grand Alliance/SBLC	Nissho Iwai	Japan
Bakada Mededua	Hugo Sawmilling	Kerawara	Malaysia
Buhem Mongi Busega	Willis Kent	Private	Malaysia
Cape Orford	Niugini Lumber	Rimbunan Hijau	Malaysia
Central Arowe	Cakara Alam	Overseas and General	Malaysia

East Kikori	Rimbunan Hijau	Rimbunan Hijau	Malaysia
Kumil	Bismarck Industries	Samling	Malaysia
Iva Inika	Hugo Sawmilling	Kerawara	Malaysia
Jaha (south Coast)	Monarch Investments	Rimbunan Hijau	Malaysia
Kali Bay	Rivergoi No.6	Rimbunan Hijau	Malaysia
Kapuluk	Bismarck Industries	Samling	Malaysia
Kiunga-Aiambak	Concord Pacific	Samling	Malaysia
Kula Dagi	Grand Alliance/SBLC	Nissho Iwai	Japan
Makapa	Innovision	Innoprise	Malaysia
Manus West Coast	Seal (Manus)	Rimbunan Hijau	Malaysia
Ome Ome	Hugo Sawmilling	Kerawara	Malaysia
Open Bay	Open Bay Timbers	Kowa Lumber	Japan
Sagarai Gadaisu	Saban Enterprises	Rimbunan Hijau	Malaysia
Seraji and Extension	SSG Services	Kerawara	Malaysia
Simbali	Hugo Sawmilling	Kerawara	Malaysia
Tokoi Matong	Niugini Lumber	Rimbunan Hijau	Malaysia
Turama Extension	Turama Forest Industries	Rimbunan Hijau	Malaysia
Vailala Block 1	Niugini International	Rimbunan Hijau	Malaysia
Vailala Blocks 2&3	Frontier Holdings	Rimbunan Hijau	Malaysia
Vanimo	Vanimo Forest Products	WTK	Malaysia
Wawoi Guavi	Wawoi Guavi Timber	Rimbunan Hijau	Malaysia
West Arowe	Cakara Alam	Overseas and General	Malaysia
West Kaut	Tutuman Development	Private	PNG

Source: SGS, 2000

PNG timber industry is dominated by Malaysian Timber Companies. Ribunan Hijau is the dominant company, and is responsible for loss of most of PNG's production forests. The logging companies show no or little interest in forest certification because their management views forest certification as something that NGOs support and is for small industries.

With the community forestry operations that had been certified, the products are mainly rough sawn timber. Their markets are already guaranteed and they sell to the local buyers who exports. The timber is bought at a price that is better than what one gets from niche or local markets.

Table 7. Community forestry operations already certified

Timber area	Area	Year	Status
Rabaul, ENBP	12,500	1994	expired
Kimbe, WNBP	4,000	1999	Up for review

Source: Chatterton, 2000

Table 8. Community forestry support groups

Organisation	No of groups	Ave pop/group.	Total Area
Aitape, Sandaun	15	30	30,000
FPCD, Madang	120	35	50,000
VDT, Lae	10	100	15,000
EFP, Kimbe	6	50	10,000

Source: Chatterton, 2000

The Bainings (Rabaul) project comprising 12,500 hectares was managed by the Pacific Heritage Foundation (PHF), a local not for profit non-governmental organisation based in Rabaul, East New Britain Province[2]. PHF was supported by B&Q of Britain to improve forest management and apply for certification. B&Q supports certification and good forestry and wants to see certified products on its shelves (Thornber 2000).

With funding support of the European Union, 10,000 hectares of forest area were also certified by October 1st 2000. These were community eco-forestry projects managed by the landowners in West New Britain Province under Islands Region Environmental & Community Development Programme (IRECDP) and using FSC international Standards by SGS (Damien 2002). The total are of certified land in PNG is of 22,500 hectares (PHF& IRECDP managed). Unfortunately both certificates have expired and were not able to be renewed due to lack of annual review visits. This is because accredited certifiers (SGS) are not hired to do follow up review visits because they cannot meet the costs or cannot be subsidised.

Currently European Union's funded a K 22.5 million (U$ 6.63million) five-year Eco-Forestry project aimed at assisting landowners with small-scale sawmilling projects and export of certified timber (World report 2004). The money is being used by the Eco-Forestry Programme (EFP) of Forest Authority in trying to develop community eco-forestry services that assist land and resource owners in PNG. They also fund the FSC PNG National Working Group meetings that develop the National Standards.

As can be noted in Table 7 and 8 on the previous page, the community forestry programmes, whether certified or not, currently does not contribute much directly into the national coffers compared with conventional logging. There is still much work to be done in the community forestry sector.

III. THE EMERGENCE OF FOREST CERTIFICATION

[2] Pacific Heritage Foundation folded up in December 2003 due to bad management

Initial Support

The 1993 certification country assessment in PNG interviewed individual and organisations from social, environmental and economic sectors, which were used to form chambers for the development of national FSC working group. However, the response for the FSC certification proposal from all stakeholders, particularly large scale logging companies, was poor. Major forest industries were of the view that forest certification was only for the smaller industries and excludes the large scale logging industry. The following five recommendations were made from the assessment:

(a) FSC should be a general umbrella body, with the need to strongly define the Terms of Reference and legality of such a body.
(b) PNG needs help in establishment of a national FSC working group, selection criteria and other criteria, when developing a certification scheme.
(c) Where there is a conflict country-governing rules will overrule.
(d) Allowances are made for periodic review to change, alter, etc. as the process evolves.
(e) Fair representation must be made to the board to ensure equal voting rights. One group or groups should not dominate the board.

In the same year a delegation was invited to Toronto for the international FSC Founding Assembly, PNG was represented by Foundation for the Peoples of South Pacific (FSP) Mr. Yati Bun, Mr. David Vosseler and Mr. Kalit Kelly (Current Director of WWF South Pacific PNG Program) and Mr. Sasa Zibe (Village Development Trust - VDT).

By 1994 the major players that introduced forest certification in PNG were NGOs. Pacific Heritage Foundation (PHF) in Rabaul, East New Britain Province, is the pioneer NGO in PNG that spearheaded certification. PHF managed the Bainings community forestry programme that covers an area of 12,500 hectares and B&Q of UK subsidized it. This was one of the first community forestry projects in the world that has been certified by SGS under the auspices of the FSC.

In 1996 PNG with other pioneer certification countries, introduced certification. Yati Bun was voted the first contact person for PNG and has been co-ordinating the PNG-FSC National standards development process.

Organizational structure of PNG FSC was not developed until February 2004 and approved by the PNG National Working Group. It outlines (see below) the structure of PNG FSC NI and its working group and committees. It is open to changes over time; its function, documents, guidelines and procedures will be annually audited and reviewed.

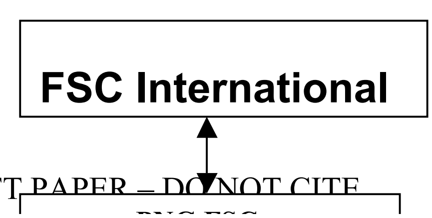


Fig 1. Organizational Chart For PNG FSC-National Working Group
(Source: PNG FSC Initiative Inc.2004)

The PNG-FSC national working group does its very best to do everything under direction from the FSC International.

Attempts were being made to get the government to realise that community forestry also had a role in society. More importantly there was need to demonstrate that community forestry is the way to go forward in PNG where land and forest resources are customarily owned. There was little or no government support in this exercise and there was little interest from the logging industry.

At that time, there was a lot of news about bad logging practices and logging deals that had created dispute with landowners. Almost every week newspapers had stories of forestry operations that has been stopped by landowners or brought to court for non-compliance of contractual obligations, among other problems. There was a need to look for solutions and or an alternative way of doing things.

Landowners have always been marginalized in conventional logging practices. This has been a cause of concern by mainly national NGOs, who know what is happening. Some of these national NGOs are staffed by landowners themselves and have been victims of these corrupt practices.

Despite certification being around for more than a decade, there appears to be no incentive at all for companies, forest producers and communities to get certified. There is a need to point out why certification is important. Forest resource owners need to be aware of what forest certification is all about and its costs and benefits must be spelt out.

In our initial study we have found that there is an indifferent attitude towards certification. People are either interested or not interested and it comes down to whether it is useful for them or not. At this moment, more awareness is needed amongst the different stakeholders including government, landowners, NGOs and different others. The market situation in PNG does not support certification because most major players in forest industry do not supply the certified market. government and industry will support certification in PNG if there is a good market.

There must be far more benefits in doing things differently than going the forest certification route. Innovision is operating in the Makapa Timber area of Western Province, decided to go on the FSC route because the major buyers at that time demanded certified products under the FSC certification system. There have been a few visits already and it may be a matter of months before Makapa seeks full certification.

Community forestry groups who are landowners have reason for going down the FSC route for certification: so far they are getting a better price for their export products. Most importantly they are taught that by going the FSC certification route, they will be having a sustainable source of income from their forest resource. They are being taught the value of forest being an asset rather than utilizing their forests from one product only.

Statements put out by the government give a picture that they are not sure what is going on and how to get involved. The stand by the government needs to be changed, as legal custodians of the forestry resources sector. They should be taking the lead in a more proactive role so that they are in control. Right now it would seem that other people are running the show and the government is a spectator.

Institutional Design

The National Forest Authority serves under a Forest Minister and has a National Forest Board (NFB) which has a board secretariat that advises the director on matters are brought to the board for consideration. The advisory committee's and Provincial Forest Management Committees (PFMC) serves under the NFB. Advisory Committee's role is to do research, training and education, marketing and industry development, resource assessment policy and planning, while PFMC role covers individual provinces, provides planning advice to province, makes recommendation to NFB on acquisition, allocation enforcement, and supervision extension, oversees rental payments and provide a consultative forum. The NFB also has specialists and advisory staff and field staff who carry out the roles listed above. The PNG Forest Authority has the mandate to manage the forest resources of the country. It sets the rules and policies in place to ensure things are done right.

However since the 70s and 80s corruption has become rife. This led to a major commission of inquiry in the late 80s in the forestry sector to clean up the corrupt practices. There have been major legislative and policy changes that came into effect in 1991 as a result of the inquiry.

It seems things have still not changed since the commission of enquiry. The reality is that past practices are being repeated but in a smarter and more dangerous way. The victims are the traditional landowners as well as the country as a whole.

The customary landowners are marginalised in decision-making process. They do not decide what is good for them but are seen by authorities as impediments to forestry development. They do not get a fair benefit or return from the destruction of their forests, which in many cases are their livelihoods. Many are now turning to developing their forest resources themselves, which are usually away from the government system. NGOs are usually a source of help for the landowners. Unfortunately NGOs do not have the kind of resources that the government and industry have and this has led to many frustrations from all quarters.

The Forest Authority who has the mandate does not necessary mean it has the technical know how or the all the professional knowledge to manage the resource of the country. Wrong decisions have been made due to lack of professional competence.

Today there are many stakeholders who care about how the forests are being managed and or the environment degradation that is going on. Many initiatives are being done and taken outside of the government system that has help to achieve the overall goal of good forest management in the country. One such case is the initiative of NGOs taking the lead in developing national standards for forest management based on the FSC ten principles and criteria for forest management. The working group has always involved government people making this one good example of cooperation.

NGOs oversee the FSC certification program. A body has been established following the FSC requirements of setting up national initiatives, under the laws of PNG, which is expected to oversee forest certification work in the country.

Standards

The process of developing PNG FSC National Standards for Forest management began in March 1996 with a national workshop organized for education and awareness on certification, which was attended by representatives from government, industry and NGOs. Yati Bun was appointed the National FSC Co-ordinator by the PNG FSC-National Initiative. In that same meeting broad terms of references (TOR) were dedicated by the National Working Group. With each chamber giving three names of their respective chambers (Social, Economic and Environment) to the National Co-ordinator, gender balance being an important criterion.

Working group members met in March 1997 and the process of developing national standards began. The organizations that represent the economics chamber are VDT, Tavilo Timbers, National Forest Authority (NFA). In the environment chamber are Forest Research Institute (FRI), WWF and PHF (since PHF ceased a replacement is being sought). In the social chamber are East Sepik Council of Women (ESCOW), PNG Council of Churches (PNGCC) and East New Britain Eksen Komiti (ENBSEK).

The National Standards are developed by the PNG-FSC National Working Group Members under co-ordination from Yati Bun and technical assistance by Peter Dam who used to be a private consultant and is currently the FORCERT Manager. The PNG-FSC Working Group was not a registered until May 2003 when PNG-FSC was registered under Investment Promotion Authority (IPA), with the help of ELC lawyers. After constitutional amendments are completed it will elect a Board of Directors. The important tasks are the formulation of the national standards, establishment of a National FSC body and field-test those standards.

Funding for the National Standards Working Group comes from ICCO, International FSC and the government's European Union funded Eco-forestry Programme (EFP). This working group is voluntary and there is very little financial support for FSC-PNG.

Due to lack of funding and a full-time worker in PNG-FSC matters, the Working Group developed the standards over several years and completed it in September 2000. During the standards development process international FSC working group procedures were followed, with fair decision making procedures maintaining transparency and accountability, adequate participation and representation from the government and forest industry and a clear mechanism for the future revision. Harmonization with international standards was closely monitored.

The FSC certification standards appear to be the only one that has been going for some time now. In April 2001 PNG, FSC standards were submitted to FSC International Secretariat for endorsement. It did not meet all the formal requirements so standards were returned with comments after being reviewed by a number of international experts. Some of the major flaws included removal of text from the original wording, standards not endorsed by a legally registered FSC National Working Group, replacement of terms from the original text, and no formal record of minutes of the meeting that endorsed the standards.

When the standards were resubmitted in 2003, one of the major comments was that the documentation submitted to FSC did not fully reflect the consultation process that led to the development of the PNG standards. The FSC Accreditation Business Unit recommended that the PNG Working Group keep more formal records relating to the management and future development of the PNG National Standard again. The PNG standards were resubmitted in early 2004 with improvements as recommended and are now with the FSC Board for endorsement. All stakeholders were given opportunity to make comments on all draft of the standards before they were submitted.

Despite these delays, PNG is still one of the pioneer countries in FSC in the Asia Pacific Region. By 1998 three projects were certified using international FSC standards and one of the large scale logging companies, Makapa Innovission PNG Limited, is showing interest and pursuing it. Stetin Bay Lumber. Company (SBLC) and JANT have shown some interest too.

There is still much to be done with the PNG standards. There is a need to field-test them and make necessary improvements. This has to be tested at both the large-scale logging and also community-based forestry activities. The standards will only be viewed by the public after it is endorsed by the international FSC Secretariat and made available on their website. The field test will be done with companies that are willing to move into forest certification and are willing to pay for certification.

The other standards that are in development are those initiated by the International Tropical Timber Organisations (ITTO). As PNG is the member of ITTO, it is obliged to comply with what is proposed by ITTO. There is a PNG-ITTO committee in place whose tasks was to be a conduit for work coming into the country and work going out. The PNG ITTO working group does not seem to be active although it was formed some two years ago. There was a workshop on National Criteria and Indicators for Sustainable Management of Natural Tropical Forests in August 2002, which was attended by various stakeholders including the industry, NGOs and the government. In it, the Criteria and Indicators for forest management on national level and forest management unit were discussed. The workshop was aiming to develop a set of ITTO compatible standards that that can then constitute a PNG national standard that could be accredited with the PEFC, however not much progress has been made so far.

The PNG Forest Authority has developed a Logging Code of Practice (LCOP) that is supposed to be used by all logging companies in their logging operations. PNGLCOP is designed to be used in association with other regulations, and offers guidance to reduce the adverse impact of logging on the forests and communities living in them, to protect the environment and maintain forest productivity through economically viable operations within acceptable safety standards (PNG FA, DEC, 1996). It outlines basic rules and puts out standards whereby logging companies will need to comply with to help in good forestry practices. PNGLCOP contains technical operational guidelines that give how logging will be done in a less environmentally destructive way and does not deal with tenure social and economic issues.

The PNGLCOP aim is to reduce the impact on the environment by promoting Selective Logging Extraction System in the natural forests. However, plantation clear felling is done especially in JANT owned Acacia Plantations in Madang. The PNGLCOP is unable to address operations in silvicultural systems like plantation forests. There are many plantations developed in PNG including, Bulolo pine plantations, Balsa wood in East New Britain Province and various other initiatives by companies including the Brown River Teak Plantations in Central province that were illegally being logged (Iko Forestri 2002).

Forestry Problems

Illegal logging

Logging companies do not comply with permit conditions creating many problems. government officers responsible for monitoring such operations do not have capacity to monitor effectively or deliberately do not do their job properly. The logging companies are able to get away from this without anybody holding them accountable to unfulfilled obligations.

The current forestry practice is more like mining the forests. There are no good forest management practices being carried out to ensure long-term forestry is being practiced. Logging companies appear to do what they like, the main role of the forest authority is to acquire the forest resources and allocate to logging companies, acquire and allocate - there is no strategies in place to sustainably manage the forest resources. government procedures in acquiring of forest resource and tendering out are not being followed. There have been many instances of irregularities in issuing of a permit to a timber company.

Holistic forestry

Current forestry trends do not appear to see that forestry is a holistic operation. Timber is not the only source of product derived from the forests. Forest is an asset and has many uses and benefits. Many stakeholders are affected or involved one way or another in the use of the forest resources hence there is a need to manage the forest resources in a holistic way, taking on board the varying interest groups and uses. There must be a management regime which includes all the varying uses and benefits.

Benefits from logging

It appears that benefits received from the logging operation are not fairly distributed. There are concerns that most of the benefits are going back to the logging company and the state. The landowners get very little benefit. Besides landowners lives are displaced due to the destruction of their forests and many are still feeling desolate and disillusion even today.

Timber Permit obligations are not complete or done at all. Landowners are left with 6 month roads, lower standard buildings, and many unfilled and unfinished projects. No one in authority appears to take seriously the fact that permit obligations are not honored.

Landowner participation

Land and forest resources are customarily owned and recognised by the constitution of Papua New Guinea. The land and forest resources are whole livelihood, spiritual, economical, medicinal, and the most important asset that sustains the human lives according to Melanesian context. Forests are not just trees for wood. Loss of the forests could mean permanent damage to social breakdown of the societies which is why landowner consent is very important. No logging should take place without consent from the landowners. Instead, they are taken as token participants as in almost all cases and marginalized in all forestry decisions and practices, once the government takes the timber rights away from them. They are denied every form of participation, on benefits, forest development and everything else that goes on with their forests. All they are left with area pittance in royalties, unfinished and unfulfilled obligations and consequences of decision made by others regarding their forest, which are their livelihoods.

The NFA negotiates Forest Management Agreement (FMA) (formerly Timber Purchase Right Agreements) with the landowners and acquires rights and pays relevant royalties. The procedures for such acquisitions are provided for in the Forestry Act of 1991 as amended (Power 1999). When a feasible forestry project is identified, the company and government officers meet with the land owners to explain the steps involved in development of the project including incorporation of correct land owners to the project and explanation of the legally binding agreements and benefits like stumpage payment so that the government can act as a surrogate of the forest resources (Power 1999).

Community based forestry practices

The government machinery is established to serve large scale logging operations. This is the trend from training right into the political and administrative system. Already there appears to be some changes happening but there is a need for a major shift by the authorities to seriously look at community based forestry operations. Landowners wanting to develop their own forestry resources have little or no support from the government system in order to develop their own forestry resources. Field government forestry officers are usually at a loss as to how to help landowners coming in to seek help, as there is nothing in the system to help the local person.

Currently there are changes in the language of government forestry officers to attend to this matter but unless some major shift happens in the legislation and policy side of things, there will be very little changes in the field.

Roadblocks and Challenges

The main roadblocks to forest certification are the lack of education and awareness on these issues. There is a need for a major campaign to ensure the public, especially the stakeholders, are aware of what the issue is.

The next obvious question is who is going to do it? A lot of resources are needed; a clear strategy needs to be in place and what the outcome of the whole situation will be like. Therefore it is important that proper planning and consideration is given to the situation so that the road is cleared.

The government needs to make its position clear. Conflicting positions have made by the government, creating confusion as to what the government position is. It is important that the government is clear on what it wants to achieve so that the public is clear on what the position of the government is.

The question is whether the government is serious enough about the way forests are being managed to do anything about it. To date there is little or nothing to show that forests are managed sustainably under the current forest policies. The result has been disastrous and many stakeholders are casualties along the way. The most affected are the property owners or the forest resource owners. Apart from the pittance they are getting for the loss of their forests, their lives have been very much affected by the logging operations.

The challenge is to educate the landowners to manage the forest resources. Many of the NGO's are working to meet this challenge. Already there are success stories of communities taking charge of their forest resources and doing things on their own after getting the proper training and advice. There needs to be a major shift in government policies so that landowner can become real partners in development and not just spectators.

IV. THE REACTION TO CERTIFICATION

Forest Policy Community and Stakeholders

The main supporters of certification are national and international NGOs like the FPCD, PHF, WWF, EFF, and FORCERT and legal NGOs like Environmental Law Centre (ELC). The governments Eco-forestry Programme is also supportive it was one of the earlier groups that supported FSC certification in PNG and successfully obtained a FSC group. The donors that support certification supporting NGOs (though some do not support directly) include Evangelischer Entwicklungsdienst (EED) a Church Development Service-an Association of Protestant Churches in Germany, John D. and Catherine T. MacArthur Foundation, InterChurch Organization for Development Cooperation (ICCO) of the Netherlands, FSC International Secretariat, DOEN Foundation of the Netherlands, B&Q of UK with the European Union.

There are also one or two logging companies that took on forest certification as part of their work but are not consistent and not following up. NGOs are more consistent and are clear on what they want. They have established groups like the Eco-forestry forum (EFF) through which they contribute efficiently towards awareness and promotion of certification ideas. PHF is one of the NGOs that success fully obtained a group certification. The main challenge is to actually get the landowners to go into forest certification and convince them that it is more beneficial for them in the long run to have certification compared to the current practice. With the current economic situation in PNG it is not easy to convince producers to easily accept and go through a lengthy and expensive process before having his or her products marketed. With the difficult situations in PNG business is unpredictable.

The government appears to be in a different mood. Judging from the latest international statement by the Minister of Forest at the recent ITTO meeting in Yokohama Japan, they have left everything to the industry and interested parties to pursue. In other words, their position is still unclear and they do not want to get involved as to direct where forest certification should go in PNG (ITTO 2003, Post Courier, 2004). They want to be neutral and do not want to support any particular type of certification. There are comments from very senior staff that a study into different forest certification schemes may help the NFA to choose the best system for PNG (Libitino, pers.com, 2003). They are worried that FSC Forest Certification might not be good for the economic growth of the forest industry. Certification of forestry operations, including certifier visits, are very expensive (Kimpton pers.com, 2004). Therefore information is not disseminated from the top down to the provincial offices, amongst government's National Forest Service. For instance when a senior officer Madang Province was asked, what the government position was on forest certification she responded saying she had no idea. Therefore the government needs a research into different forest certification systems so that it can choose the best cost effective suitable scheme that can improve and enhance its operations sustainably.

The logging industry has shown they are interested only after they have heard from their buyers. A classic example is the Makapa Forest Concession operators who had to go into FSC certification specifically as the buyers demanded it (IKEA 2000). Those that are moving into certification are those that have been forced to take that route because the buyers have instructed them to go by that route. Innovision Company in Makapa believes that forest resource sustainability is very important and when all requirements are met the market can be very rewarding (Mamalai, pers.com 2004). They are also supported by Greenpeace and have access to premium markets in Australia and New Zealand under a Certificate of Origin. They are still undergoing preparation with advice from SGS Malaysia. Many logging companies have yet to assess the benefits of forest certification, especially in actual forest management practices.

Currently a lot of timber buyers have called to ask for certified wood. In the region, buyers from New Zealand and Australia have shown a lot of interest. According to Greenpeace specialist Grant Rosoman the Bunnings, Australia's largest hardware retailer pledged to buy from legally operated timber projects in Asia pacific region. The timber needs to come through a Chain of Custody process to verify that it was coming from the well managed and legally operating forests, preferably certified under FSC. The logging industry and governments needed to respond to this markets (Post Courier, Iko-Forestri Nius 2003). WOODAGE, Mittagong, NSW, Australia, which supplies FSC Certified timber, furniture and joinery timber, flooring and other manufactured timber products, also indicated that they wished to work with PNG to develop trade in eco-timber products, in a manner that satisfies the long term needs of all parties (Iko-Forestri Nius 2002). The ITTG market in New Zealand is also undersupplied. Supplying the current markets could lead to opening other markets in Europe and elsewhere. governments and industry need to consider these markets and co-operate for maximum benefit to both parties.

Forest Owners

Forest owners that are certified have been very supportive, but they did not pay for certification; it was paid for by a third party (in one case it was B&Q of UK whilst in another case it was the European Union).

Landowners need to be educated. However, there is no educational policy in place to ensure they are educated. 80 % of the population are rural based and illiteracy is about the same percent. Many of these illiterate landowners do not make informed decisions when it comes to dealing with their forest resources. They sign away their rights to the government for logging to take place.

NGOs are very limited in their resources. Currently they cover 10- 20% of the country. The rest of the country and resource owners are left to their own devices. The current government systems are geared towards round log exports and to large scale logging companies leaving hardly any resources or energy to put into certification.

The certified product consumers buy from landowners who want a certificate of eco label. Their advice is to get the producers organised since landowners are the people that have complied with the standards required for forest management.

The FSC certification process enables landowners to have equal representation and rights to the development of their forest. More importantly landowners realise that they will have a sustainable source of income if they comply with the FSC rules.

FORCERT

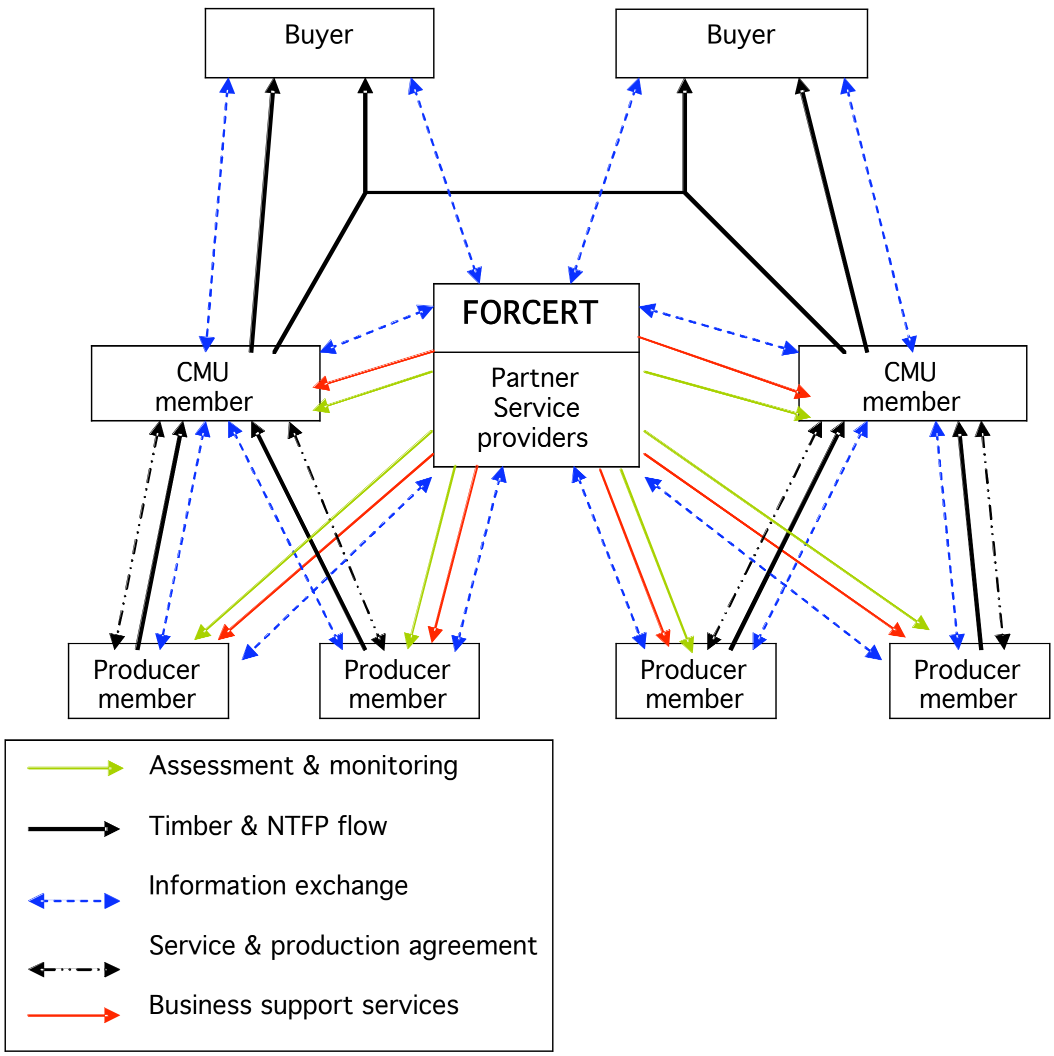
A process has already begun in PNG under the FSC system whereby attempts are being made to make certification more accessible to communities seeking forest certification. The process is called Forest Management and Product Certification Service Ltd (FORCERT). It being established after a National Forest Certification Service (NFCS) Feasibility study that took place from August 2001 to June 2002 and the results were that there was a clear interest from small scale producers and timber yards (Dam 2002). It is a partnership non-government not-for-profit organization, to assist producers which are either community-based small-scale milling operation(s) working on their own land, or contractors working on customary land under an agreement recognized by FORCERT as certifiable according to FSC National Standards' Principles and Criteria (Dam 2004). Roles of FORCERT are to guide the partner organizations in a collaborative manner based on a working agreement between partner organization and FORCERT so that they can have access to certification. The idea of FORCERT came about as a result of experience from PNG that it is almost impossible for producers to get into certification.

It is intended to assist producers with access to certification because it is hard for individual organizations companies or producers to have access to the very high costs of forest certification. At the same time it will help identify premium timber markets that want to buy certified timber from PNG and trade directly with them. The trend in PNG was that certification was a donor-funded activity and once the money from the donor finishes certification cannot move forward. FORCERT is a self-funding entity that can sustain itself when established and will not depend one external funding. The partner organizations are service providers, like NGOs and research institutions, forest resource owner organizations, timber producers and company owners. FORCERT will use just one forest management system that is certifiable and easily understood by all stakeholders and it will have one FSC-Group Certificate which will be managed by FORCERT. Its generic check lists for assisting producers to prepare for certification is derived from PNG FSC National standards. It helps the forest managers to prepare their forests for certification. FORCERT will manage a group FSC-certificate when obtained and the other producers sell their products through it. FORCERT is a group entity, which will manage a FSC forest management group certificate. The producers that meet the set group certificate standards become group members.

FORCERT currently has four members of staff who take care of the management of the organization. Peter Dam is the Manager and is the key consultant who drafted and directed the PNG FSC National Standards under coordination and assistance from the authors. He works with other three foresters located in different regions MOMASE ISLANDS. FORCERT is seen as a major breakthrough in solving problems of forest certification faced by producers in PNG.

The figure below shows how FORCERT will operate its service with the networking stakeholders.

Fig 2: PNG Group Certification Service Network organogram (FORCERT)



Source; FORCERT Organizational Profile 2004.

Current Status of Forest Certification

Table 7 and Table 8 pointed out the certified areas and community forestry programmes that are ready to be certified under the FSC system. The total area to date is less than one percent of production forest areas. The areas were certified under the FSC group certificate program of SGS. If Makapa Timber area or any one of the logging companies takes seriously forest certification, it could be a big milestone. What is being talked about now is really very small and does not feature very much in the overall government economy.

The main product is sawn timber produced based upon the proper and controlled use of portable sawmills and or mobile sawmills.

The EU group certificate in Kimbe WNBP is currently in the process of being transferred to FORCERT, which is a local initiative in making certification accessible to communities wanting to get certified under the FSC system. There is still much groundwork to cover before FORCERT is functional but it is currently the real alternative in getting communities certified.

Makapa Timber area operated by Innovision of Malaysia has been undergoing a CSP, an SGS initiative for the past 2 years. Makapa Timber area has about 60,000 hectares. It is ready to be certified fully. However the latest change is that Innovision has contracted a logging company to do its logging and the fear is the end is not in sight yet.

There have been other discussions and talks about forest certification by other stakeholders but none is serous to take things forward.

A lot of buyers of timber from communities are now asking for certification for their products. There is a flurry of activities but so far no one has actually moved in a big way to get certified.

The real challenge is how to ensure certified areas continue to keep their certificates, and more importantly how to ensure FORCERT picks up from SGS and plays the role that it is suppose to play.

Current Status of the Certified Marketplace

A community forestry operation cuts about an average of one cubic meter a day. They only cut as and when they need money. It is not a fulltime business. The current market of the certified communities in Kimbe is the Walindi Timber Yard in Kimbewho exports the timber products.

With Makapa, the main product is round log exports. So far no certified product is marketed.

There are other community groups that have worked towards certification route and have exported and marketed timber that had some kind of “ecolabel” on it. The Madang Forest Resource Owners Association (MFROA) group exports sawn timber to New Zealand under an “ecolabel” to buyers in New Zealand. The buyers group in New Zealand has developed basic guidelines as to where they could source timber. Through assistance from Greenpeace New Zealand, FPCD was able to link MFROA with New Zealand based International Timber Trading Group (ITTG). ITTG has strict guidelines for environmentally appropriate less destructive practices for good forest management and ensuring that the timber must be produced by the local people with minimum environmental impact and that the resource owners get the maximum benefit from the product (Elliot 2002). It is not an alternative to forest certification but a way forward towards certification. Currently in PNG, the local resource owners do not have the financial capacity to meet the very high costs of certification which would mean that certification will not help those it was intended to help and will favour those with financial wealth, who can meet the costs of certification. This group is trying to build their financial capacity and future so that they can have access to the certified premium markets. They are given a very high premium prices compared to what they would earn from selling their product locally. The ITTG group prefers certified timber and expects the local groups to improve their forest management practises and get them certified and they offer the local groups a better price to do that.

In return the sawn timber producers have complied with the local FSC standards and are managing their forest resources base complying with the set guidelines. Their product has not reached full FSC requirements as yet but in the interim these “ecolabel” standards are being used. Eco label products still do not meet markets demands and are only cut-to-order. These groups are exporting about 20 cubic meters of premium-sawn timber every three months and are insignificant when you look at the total forest industry sector.

There are buyers in Australia who have shown interest in buying certified timber from PNG. Even to date the demand far outweighs the supply. There is no market for certified timber in Papua New Guinea, but rumours are widely spread that there are existing premium markets in Europe and America, which cannot be verified by the data so it is one of the contributing factors that discourages certification in PNG.

V. EFFECTS OF CERTIFICATION

Forest Certification has not made much impact in PNG mainly because the major players in the sector are not pursuing certification. What is being discussed are less than one percent of commercial production forest and impacting directly population of less than 1000. If however, Makapa does get certified and or another logging company decides to get serious then perhaps the story could be different. There have been some interests in the early 1990s but no serious development has taken place by key players.

Certification is another route to forest management; a route that enables landowners and all stakeholders to become meaningful and equitable partners in forest development and management. Forest certification enables all to see the forest as a whole, acknowledging the many and varied benefits the forest offers.

The returns that one gets from forestry are not restricted to timber alone and are not properly enumerated. Equity is fundamental and all stakeholders must decide how best to manage the forest so that all benefit. There are allowances to ensure where there are disputes that this get sorted out as well.

The overall goal is good forest management practices and therefore forest certification is a tool that is worth pursuing especially in PNG where there has hardly been any forest area that has been managed properly in the past 30 or so year of logging in the country.

Power

The main impact is that those communities participating in the projects seem to be getting a better deal with timber exports other than these not participating at all in large scale conventional logging. This has caused others to join the queue however they are limited by way of access to portable sawmills that they could use to cut timber.

Many communities do not want to sell their timber resources to the government and industry but are already seeking the road for developing their forest resource themselves. They feel it is a better route and for many would like to go all the way with it but are always hindered by lack of resources to develop their forest themselves.
After getting the raw end of the deal and hearing from others who have gone before them, and have more knowledge of options in forestry developments, many landowners have decide enough is enough and now would like to be given the opportunity to go alone.
The biggest problem is that the government machinery is set up to serve large scale logging and not these community forestry initiatives; therefore they are having difficulty with it. NGOs are the people the local people look to for help and in many respects NGOs do not have the resources to attend to landowner needs and aspirations.
There is strong tendency that if landowners continue to do things themselves, the table may turn and the government and the industry may find themselves being marginalised in forestry development.

Large-scale logging has a lot of influence in the way things should be done in the country. There is no question about their financial muscle nor its political influence. However there is also a growing local voice in the sector as well to ensure that things are done right.

The government's Forest Authority is now taking charge of the European Union funded PNG Ecoforestry Programme whereby four communities have been certified under the FSC certification system. There is no formal position of the government in relation to certification but by default they are already supporting the FSC group certification in community forestry where they have inherited from the EU Ecoforestry programme. It remains to be seen whether the Forest Authority will continue to support those certified community groups after the EU funded programme ends in about two years time.

Social

The current certified community appears to benefit more from certification than those not certified. They are getting better prices for their timber and as well getting more attention in so far as forest management is concerned.

In many respects the communities do not fully understand what certification is about mainly because others like this case of the EU Ecoforestry programme manage the whole operation. It should be pointed out that we are taking about a very small niche in the forestry sector – less than 1% of production forest areas. The whole country is still very much into large scale logging and carrying on with business as usual.

The certification of community forestry has also made a significant dent in conventional forestry business and is making the industry as well as the government taking serious notice of forest certification. The certification experience under the FSC system that PNG has gone through was able to attend to issues not done by conventional logging practices. More importantly forest certification has shown tangible ways of managing the forests unlike conventional forestry practice. There is considerable interest and in many respect has opened the eyes of traditional forestry practices to look at forest certification.

The Melanesian societies throughout PNG learn from models or demonstration from which one can benefit and earn a living, that is how certification or any good forestry model that brings in benefits (short term and long term) can be easily accepted and supported by local communities. Positive impact and benefits of forest certification on the livelihoods of the people of PNG are unclear at the moment and need to be carefully demonstrated to have landowners' participation and commitment. Right now the commitment is just words and needs to be carefully demonstrated and sustained. The two certificates currently obtained are not sustained. Certification must be in the interest of the local communities and the people develop interested through amount of effort put into and benefit that one can get.

Economic

There is definitely an economic benefit by communities that had their forest certified. These communities get a better price for their timber products and generally have a better lifestyle in the communities than those that are not certified.

The biggest challenge is for the communities to maintain their group certificate since up until now the whole certification work has been funded and managed by outsiders. The EU ecoforestry program will be ending a year or two and the test will come thereafter.

There is not much impact in the whole country, as the certified communities constitute a total of less than 250000 hectares and volume produced is less than 200 cubic meters annually.

Environmental

The 20,000 hectares of forests should be the model of how things should be done if that is maintained. However because the current certified donors subsidize communities heavily, there are still many questions raised as to whether the communities can maintain their certificate after the funding support stops.

However and in general all community forestry/ecoforestry practitioners that had undergone forestry training manage their forest resources properly taking on board the three aspects of the FSC mission: social, environmental and economic factors. Environmental management is captured well under the FSC forest certification system. An added value is that because landowners own the forests, it is in their interests to ensure proper practices are being done so that communities can continue to benefit from the many resources they can get from the forests apart from sawn timber, for many more years to come.

VI. CONCLUSION

Forest certification first came into the country by way of a national study commissioned by the interim group of the Forest Stewardship Council on eco-labelling that was to be presented in Toronto at the FSC founding assembly in 1993. Actual forest certification work took place in PNG in 1994 where a community forestry group based in East New Britain was certified. The work was certified by SGS (a certifier accredited by the FSC) under its group certification scheme.

Certification appears to be in a stalemate – it is not moving forward nor is it moving backward. Only community groups like Madang Forest Resource Owners Association, and similar community groups around the country seems to be interested in certification, however they do not have the financial, technical and resource capacity to move forward. Most of these groups are supported by NGOs who need to manage their own organizations as well as those of these target community groups that they serve with the minimum budget they have from the donors. However because they are a small player in the forestry industry their operations are insignificant. Certification is marginalised under a business as usual traditional forestry paradigm in which foreign owned collaborates with indifferent government. What will make a significant difference is when a logging company decides to go into full certification in the real way. This will make a major impact and will turn the tide.

International bodies need to continue to make the consumers aware of need for purchasing timber from credible sources and especially from sources where communities are managing it. This is important for tropical countries and especially important for countries like PNG where 97% of the land and forest resources are customarily owned. For the international countries buying timber from PNG, special consideration needs to be taken as well on the uniqueness of PNG's situation and to be able to give incentives and/or special attention so that it stands apart from the conventional way of doing things.

Landowners who own 97% of the forest and land are the reason why certification is needed in the country, especially where recognition and respect is given to landowners to enable them to become equal partners in forestry development and management. To date, and since logging began in PNG, landowners had always been sidelined and or being marginalized in any decision making processes concerning their forest resources. They have always been left with the consequences of decisions made by others.

There is a need to show the benefits of forest certification in the few established project areas, albeit small. Proper documentation needed to be done and made public so that all can see the merits (and demerits) of forest certification. The government should be serious about the way forestry has been practiced to date and to be able to make some decisions as to its position on certification. The government has the mandate to make the right policy that is supposed to be good for the country.

The most prominent impacts are the positive benefits the producers are getting which does not include monetary benefits alone. Their forests are managed in such a way that they will continue to be able to use their forests for other uses as well and for the long term.

The down side is that the certified operations including most of those community forestry programmes are the heavily subsidized by donor funding. The challenge will be whether work will continue after funding has stopped. The other issue is whether additional prices and or premiums are being received from the sale of certified forest products. Currently in the community forestry operations the landowners are getting a better price for their products (EFF 2001). If things developed and if a logging company gets certified, will they get premiums for the certified products? This question remains unanswered.

The accessibility of forest certification by local communities needs to be improved. The value of the timber produced and its uniqueness needs to be factored into the price, the need for government to make its position clear is important so timber operators can start getting organised on whether to go the certification route or not.

Forest certification advocates are unable to address the extra money needed for getting certified. There is a need for national awareness camping to get the people to understand forest certification.

Other areas for future research would be in the area of better prices, simple forest management standards for villagers and translation from international jargon to local level. One other aspect that needs addressing is how to link up with international bodies so that pressure can be mounted to ensure the right things are done so that corruption and other illegal activities are weeded out. The need to ensure forests are not mined is a crucial area that needs immediate attention and any help to address that issue is important.

If forest certification in PNG, other tropical and less developed countries fails, then it has failed in the world, because it was originally designed to improve unscrupulous forest management practices in there. All responsible, including buyers, funders, NGO’s and community groups, the government and international organizations, should assist in promoting certification in PNG and not be seen another NGO activity.

FORCERT system that is currently taking shape in PNG and can be a tool that will help address problems that cannot be handled by individual producers and community groups.

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APPENDIX A. Map of Papua New Guinea.