

**Forest Management and Stump-to-Forest Gate Chain-of-Custody
Certification Evaluation Report for the:
Indigenous Community Forestry Program (ICF)**

A Group Certification Program Administered by the:

Foundation for People and Community Development (FPCD)

**Conducted under auspices of the SCS Forest Conservation Program
SCS is an FSC Accredited Certification Body**

**GROUP CERTIFICATION REGISTRATION NUMBER
SCS-FM/COC-00097G**

Submitted to:

**Mr. Yati A. Bun, Executive Director
Foundation for People and Community Development
Port Moresby, Papua New Guinea**

**Lead Author:
Robert J. Hrubes, Ph.D.**

**Date of Field Audit:
June 20-24, 2006**

**Date of Report:
February 2007
(Updated May 2008, See Section 6.1)
(Updated May 2009, See Section 6.2)**

Certified: May 4, 2007

By:

**SCIENTIFIC CERTIFICATION SYSTEMS
2200 Powell St. Suite Number 725
Emeryville, CA 94608, USA
www.scscertified.com**

**SCS Contact: Dave Wager dwager@scscertified.com
Client Contact: Yati A. Bun yabun@datec.net.pg**

Organization of the Report

This report of the results of our evaluation is divided into two sections. Section A provides the public summary and background information that is required by the Forest Stewardship Council. This section is made available to the general public and is intended to provide an overview of the evaluation process, the management programs and policies applied to the forest, and the results of the evaluation. Section A will be posted on the SCS website (www.scsertified.com) no less than 30 days after issue of the certificate. Section B contains more detailed results and information for the use of the certification applicant, FPCD.

FOREWORD

Scientific Certification Systems, a certification body accredited by the Forest Stewardship Council (FSC), was retained by Foundation for People and Community Development (FPCD) to conduct a certification evaluation of its group forest management program¹ in Madang Province, Papua New Guinea. This group program is known as the Indigenous Community Forest (ICF) program. The mission of the FPCD and the programmatic purpose of the ICF is to empower indigenous clans to actively steward their natural resources, particularly forest resources, so as to enhance the economic and social benefits that accrue to local communities and their representative organizations.

This contract to complete a full certification evaluation follows the fulfillment of a prior scoping contract that was executed between FPCD and SCS in June 2005, with the report submitted in October, 2005.

This contract to complete a full certification evaluation follows upon the prior scoping visit contract that was executed between FPCD and SCS in 2005, culmination in the submission to FPCD of a Scoping Visit Report in October, 2005.

Upon notice from FPCD that it wished to proceed with a full assessment sometime during the middle part of 2006, an interdisciplinary team of natural resource specialists was empanelled by SCS to conduct the evaluation. Given the size of the candidate forest management operation, the appropriate size for an audit team was determined to be two: a SCS lead auditor and a local (PNG) expert team member. The team collected and analyzed written materials, conducted interviews and completed a 3-day field and office audit of the subject property as part of the certification evaluation. Upon completion of the fact-finding phase of the evaluation, the team determined conformance to the 56 FSC Criteria in order to determine whether award of certification was warranted. Additionally, conformance was assessed relative to the SCS Group Certification Criteria, as the operation fits the construct of a FSC Group Certificate.

This report is issued in support of a recommendation to award FSC-endorsed certification to FPCD, for the management of its ICF group forest management program. As detailed below, one pre-condition (more formally known as a Major Corrective Action Request) was stipulated by the audit team upon completion of the field audit. This Major CAR must be cleared by FPCD prior to finalization of this report. In the event that a certificate is awarded, Scientific Certification Systems will post this public summary of the report on its web site (www.scscertified.com).

¹ A “group certification *program*” in the FSC vernacular.

Foreword.....	4
Section A- Public Summary and Background Information.....	6
1.0 GENERAL INFORMATION.....	6
1.1 FSC Data Request.....	6
1.2 Management Context.....	9
1.2.1 Environmental Context.....	9
1.2.2 Socioeconomic Context.....	9
1.3 Forest Management Enterprise.....	10
1.3.1 Land Use.....	10
1.3.2 Land Outside Scope of Certification.....	10
1.4 Management Plan.....	10
1.4.1 Management Objectives.....	11
1.4.2 Forest Composition.....	11
1.4.3 Silvicultural Systems.....	11
1.4.4 Management Systems.....	11
1.4.5 Monitoring System.....	11
1.4.6 Estimate of Maximum Sustainable Yield.....	11
1.4.7 Chemical Pesticide Use.....	11
1.5 SLIMF Qualifications.....	12
2.0 Guidelines/Standards Employed.....	12
3.0 THE CERTIFICATION ASSESSMENT PROCESS.....	12
3.1 Assessment Dates.....	12
3.2 Assessment Team.....	13
3.3 Assessment Process.....	13
3.3.1 Itinerary.....	13
3.3.2 Evaluation of the Management System.....	14
3.3.3 Sites Visited.....	14
3.3.4 Stakeholder Consultation.....	15
3.3.6 Other Assessment Techniques.....	17
3.4 Total Time Spent on the Main Assessment (Audit).....	17
3.5 Process of Determining Conformance.....	17
4.0 Results of the Evaluation.....	18
Table 4.1 Notable strengths and weaknesses of the forest management enterprise relative to the P&C.....	18
4.2 Preconditions (Major CARs).....	22
5.0 Certification Decision.....	22
5.1 Certification Recommendation.....	22
5.2 Initial Corrective Action Requests.....	22
6.0 Surveillance Audits.....	27
7.0 Summary of SCS Complaint and appeal Investigation Procedures.....	30

SECTION A- PUBLIC SUMMARY AND BACKGROUND INFORMATION

1.0 GENERAL INFORMATION

1.1 FSC Data Request

Applicant entity	Foundation for People and Community Development			
Contact person	Mr. Yati A. Bun			
Address	P.O. Box 1119, Boroko NCD, Papua New Guinea			
Telephone	(675) 323 1516 / 325 8470			
Fax	(675) 325 2670			
E-mail	yabun@datec.net.pg			
Certificate Number	SCS-FM/COC-00097G			
Certificate/Expiration Date	May 4, 2007-May 4, 2012			
Certificate Type	Group FM			
SLIMF	Group SLIMF certificate			
Group Members	# of Group Members at the time of the initial audit: 4			
Number of FMU's	4			
Number of FMUs in scope that are				
less than 100 ha in area	1			
100 - 1000 ha in area	2			
1000 - 10 000 ha in area	1			
more than 10 000 ha in area	N/A			
Location of certified forest areas	Madang Province, Papua New Guinea			
Latitude Longitude	Uya	Aronis	Jobtor	Urinite
	145°39'29" E 05°25'42" S	145°45' E 04°45' S	145°30'35" E 05°14'33" S	145°38'07" E 05°37'02" S
Forest zone	Tropical			
Total forest area in scope of certificate which is included in FMUs that:				
are less than 100 ha in area	75ha (Aronis / Dawen)			
are between 100 ha and 1000 ha in area	606.2ha (Jobtor and Urinite)			
meet the eligibility criteria as <i>low intensity</i> SLIMF FMUs	1293 ha (Uya / Awane)			
Total forest area in scope of certificate which is:				
privately managed ²	N/A			
state managed	N/A			
community managed ³	2111.55 ha (Aronis, Jobtor, Urinite and Awane)			
Number of forest workers (including contractors) working in forest within scope of certificate	Approximately 20			
Area of forest and non-forest land protected from commercial harvesting of timber and managed primarily for	Awane / Uya:573 ha Aronis and Jobtor: N/A Urinite: 20ha			

² The category of 'private management' includes state owned forests that are leased to private companies for management, e.g. through a concession system.

³ A community managed forest management unit is one in which the management and use of the forest and tree resources is controlled by local communities.

conservation objectives																																															
Area of forest protected from commercial harvesting of timber and managed primarily for the production of NTFPs or services	No commercial use of NTPF or other services within the group as yet...																																														
Area of forest classified as 'high conservation value forest'	To be identified by WWF																																														
List of high conservation values present ⁴	To be identified by WWF																																														
Chemical pesticides used	No chemical pesticides are used within the Group																																														
Total area of production forest (i.e. forest from which timber may be harvested)	SFMAs: Uya: 416 ha Aronis: 65 ha Jobtor: 200 ha Urinite:77.7 ha																																														
Area of production forest classified as 'plantation' for the purpose of calculating the Annual Accreditation Fee (AAF)	0 ha																																														
Area of production forest regenerated primarily by replanting ⁵	0 ha																																														
Area of production forest regenerated primarily by natural regeneration	758.7 ha																																														
List of main commercial timber and non-timber species included in scope of certificate (botanical name and common trade name)	<p>Timber Species: (Top Ten Dominant Species of each of the four sites)</p> <table border="1"> <thead> <tr> <th>Scientific Name</th> <th>Common Trade Name</th> </tr> </thead> <tbody> <tr><td><i>Albizia sp.</i></td><td>"Albizia"</td></tr> <tr><td><i>Alstonia Scholaris</i></td><td>"White Cheesewood"</td></tr> <tr><td><i>Bombax Ceiba</i></td><td>"Bombax"</td></tr> <tr><td><i>Callophylum sp.</i></td><td></td></tr> <tr><td><i>Celtis</i></td><td>"Celtis"</td></tr> <tr><td><i>Chisocheton sp.</i></td><td>"Kiso"</td></tr> <tr><td><i>Cryptocarya sp.</i></td><td>"Massoia"</td></tr> <tr><td><i>Dracondomelon Dao</i></td><td>"PNG Walnut"</td></tr> <tr><td><i>Garuga Floribunda</i></td><td>"Garuga"</td></tr> <tr><td><i>Homalium Foetidum</i></td><td>"Malas"</td></tr> <tr><td><i>Instia Bijuga</i></td><td>"Kwila"</td></tr> <tr><td><i>Litsea sp.</i></td><td>"Litsea"</td></tr> <tr><td><i>Maniltoa Psylogin</i></td><td>"Maniltoa"</td></tr> <tr><td><i>Myristicia sp.</i></td><td>"Myristicia"</td></tr> <tr><td><i>Nauclea sp.</i></td><td>"Cheesewood"</td></tr> <tr><td><i>Octomeles sp.</i></td><td>"Erima"</td></tr> <tr><td><i>Pimeleodendron amboinicum</i></td><td></td></tr> <tr><td><i>Planchonella sp.</i></td><td>"Planchonella"</td></tr> <tr><td><i>Pometia Pinnata</i></td><td>"Taun"</td></tr> <tr><td><i>Pterocarpus Indicus</i></td><td>"Rosewood"</td></tr> <tr><td><i>Pterocymbium Beccarii</i></td><td>"Amberoi"</td></tr> <tr><td><i>Spondias dulcis</i></td><td></td></tr> </tbody> </table>	Scientific Name	Common Trade Name	<i>Albizia sp.</i>	"Albizia"	<i>Alstonia Scholaris</i>	"White Cheesewood"	<i>Bombax Ceiba</i>	"Bombax"	<i>Callophylum sp.</i>		<i>Celtis</i>	"Celtis"	<i>Chisocheton sp.</i>	"Kiso"	<i>Cryptocarya sp.</i>	"Massoia"	<i>Dracondomelon Dao</i>	"PNG Walnut"	<i>Garuga Floribunda</i>	"Garuga"	<i>Homalium Foetidum</i>	"Malas"	<i>Instia Bijuga</i>	"Kwila"	<i>Litsea sp.</i>	"Litsea"	<i>Maniltoa Psylogin</i>	"Maniltoa"	<i>Myristicia sp.</i>	"Myristicia"	<i>Nauclea sp.</i>	"Cheesewood"	<i>Octomeles sp.</i>	"Erima"	<i>Pimeleodendron amboinicum</i>		<i>Planchonella sp.</i>	"Planchonella"	<i>Pometia Pinnata</i>	"Taun"	<i>Pterocarpus Indicus</i>	"Rosewood"	<i>Pterocymbium Beccarii</i>	"Amberoi"	<i>Spondias dulcis</i>	
Scientific Name	Common Trade Name																																														
<i>Albizia sp.</i>	"Albizia"																																														
<i>Alstonia Scholaris</i>	"White Cheesewood"																																														
<i>Bombax Ceiba</i>	"Bombax"																																														
<i>Callophylum sp.</i>																																															
<i>Celtis</i>	"Celtis"																																														
<i>Chisocheton sp.</i>	"Kiso"																																														
<i>Cryptocarya sp.</i>	"Massoia"																																														
<i>Dracondomelon Dao</i>	"PNG Walnut"																																														
<i>Garuga Floribunda</i>	"Garuga"																																														
<i>Homalium Foetidum</i>	"Malas"																																														
<i>Instia Bijuga</i>	"Kwila"																																														
<i>Litsea sp.</i>	"Litsea"																																														
<i>Maniltoa Psylogin</i>	"Maniltoa"																																														
<i>Myristicia sp.</i>	"Myristicia"																																														
<i>Nauclea sp.</i>	"Cheesewood"																																														
<i>Octomeles sp.</i>	"Erima"																																														
<i>Pimeleodendron amboinicum</i>																																															
<i>Planchonella sp.</i>	"Planchonella"																																														
<i>Pometia Pinnata</i>	"Taun"																																														
<i>Pterocarpus Indicus</i>	"Rosewood"																																														
<i>Pterocymbium Beccarii</i>	"Amberoi"																																														
<i>Spondias dulcis</i>																																															

⁴ High conservation values should be classified following the numbering system given in the ProForest High Conservation Value Forest Toolkit (2003) available at www.ProForest.net

⁵ The area is the *total* area being regenerated primarily by planting, *not* the area which is replanted annually. NB this area may be different to the area defined as a 'plantation' for the purpose of calculating the Annual Accreditation Fee (AAF) or for other purposes.

	<i>Sterculia sp.</i> <i>Syzygium sp.</i> <i>Terminalia sp.</i> <i>Toona sureni</i> <i>Vitex Coffassus</i>	"Sterculia" "Watergum" "Terminalia" Toon, surian "PNG Vitex"		
	<p><u>Non Timber Species:</u></p> <table border="1"> <tr> <td>Common Trade Name</td> </tr> <tr> <td>Orchids, Ferns, Rattan Canes, Palms, Seed Collection ("Kwila" and "Albizia") High potential also for other services e.g: Crafting, Eco Tourism, Remnant Sights</td> </tr> </table>		Common Trade Name	Orchids, Ferns, Rattan Canes, Palms, Seed Collection ("Kwila" and "Albizia") High potential also for other services e.g: Crafting, Eco Tourism, Remnant Sights
Common Trade Name				
Orchids, Ferns, Rattan Canes, Palms, Seed Collection ("Kwila" and "Albizia") High potential also for other services e.g: Crafting, Eco Tourism, Remnant Sights				
Approximate annual allowable cut (AAC) of commercial timber	<u>Uya</u> <u>Aronis</u> <u>Jobtor</u> <u>Urinite</u> 355.474 m ³ 353.47 m ³ 13.98 m ³ 154.677 m ³			
Approximate annual commercial production of non-timber forest products included in the scope of the certificate, by product type	No commercial use of NTFP or other services within the Group			
List of product categories included in scope of joint FM/COC certificate and therefore available for sale as FSC-certified products (include basic description of product - e.g. round wood, pulp wood, sawn timber, kiln-dried sawn timber, chips, resin, non-timber forest products, etc.)	Rough sawn timbers			

Conversion Table English Units to Metric Units

Length Conversion Factors

<u>To convert from</u>	<u>to</u>	<u>multiply by</u>
mile (US Statute)	kilometer (km)	1.609347
foot (ft)	meter (m)	0.3048
yard (yd)	meter (m)	0.9144

Area Conversion Factors

<u>To convert from</u>	<u>to</u>	<u>multiply by</u>
square foot (sq ft)	square meter (sq m)	0.09290304
acre (ac)	hectare (ha)	0.4047

Volume Conversion Factors

Volume

<u>To convert from</u>	<u>to</u>	<u>multiply by</u>
cubic foot (cu ft)	cubic meter (cu m)	0.02831685
gallon (gal)	liter	4.546

1 acre	= 0.404686 hectares
1,000 acres	= 404.686 hectares
1 board foot	= 0.00348 cubic meters
1,000 board feet	= 3.48 cubic meters
1 cubic foot	= 0.028317 cubic meters
1,000 cubic feet	= 28.317 cubic meters
Breast height	= 1.4 meters, or 4 1/2 feet, above ground level

Although 1,000 board feet is theoretically equivalent to 2.36 cubic meters, this is true only when a board foot is actually a piece of wood with a volume 1/12 of cubic foot. The conversion given here, 3.48 cubic meters, is based on the cubic volume of a log 16 feet long and 15 inches in diameter inside bark at the small end.

1.2 Management Context

The FPCD/ICF management context can be summarized with the following bullet points:

- FPCD is the “group entity” that is responsible for administering the Indigenous Community Forestry (ICF) group program in Madang Province, PNG. FPCD will administer the ICF in collaboration with the Madang Forest Resource Owners Association (MFROA) Board of Directors
- As institutional capacity in MFROA grows over time, MFROA will assume greater responsibility in its support to FPCD for the execution of the “group entity” tasks and, as such, will assume greater responsibility for assuring that ICF group members manage their forests in conformance with the applicable FSC Forest Stewardship Standard. It should be noted, however, that FPCD will remain the officially certified group entity.
- To be a member in good standing in the ICF group program, forest resource owners must be active members of MFROA; all such FROs must hold customary rights to defined forest areas within Madang Province; an FRO cannot be a member in good standing until all conflicting land-ownership/land-use claims have been satisfactorily resolved
- All ICF group members must manage their forest resources in accordance with the FPCD/ICF eco-forestry guidelines
- FPCD staff will focus on capacity building of both MFROA and individual member FROs
- FPCD staff, through their day-to-day administration of the ICF, will assure active and adequate monitoring of ICF group-member activities, thereby assuring conformance with the FSC and SCS standards of forest stewardship and group certification.

Pertinent Regulations

See Annex 1 to the draft *FSC National Forest Management Standards for Papua New Guinea* for a complete list of applicable statutes and regulations.

1.2.1 Environmental Context

The ICF group program is comprised of a set of community based organization (CBO) members with customary tenure rights to own and control small, non-industrial forest areas on the north coast of Papua New Guinea, in Madang Province. These forest areas are comprised of partly secondary but mostly primary, low-elevation tropical forests in which indigenous clans living within the forest and deriving their sustenance in large part from the forest are a longstanding and natural component of the ecosystem.

1.2.2 Socioeconomic Context

PNG is notable for its very high level of cultural diversity with over 800 languages being spoken. Ninety-seven percent of the land area of PNG is held in customary ownership by the many clans that form the population base of this country. Less than ten percent of the PNG population is engaged in salaried employment; the remainder rely on largely subsistence lifestyles.

The ICF program is aimed at providing training, empowerment, and economic self-sufficiency for the rural clans of Madang Province; clans that hold customary land-tenure rights to relatively small forest estates throughout the province. These clans rely almost exclusively on subsistence agriculture and, to a limited extent, domestic trade of products. The aim of the ICF program is to provide opportunities for international trade of forest products, particularly to New Zealand and Australia and, more particularly, the trade of FSC-certified timbers. Prices fetched in international markets for green-certified wood can be as much as 2-3 times greater per cubic meter than can be realized in domestic PNG markets.

1.3 Forest Management Enterprise

1.3.1 Land Use

A major threat and land-use trend is industrial-scale commercial logging under questionable tenure rights by off-shore companies, mainly from Asian origin. These operations entail large-scale operations that “mining” forests with little or no regard of future harvests nor the local population of indigenous peoples. In most large-scale industrial operations, unprocessed logs are exported out of PNG. Generally, local clans with customary rights to these lands receive very limited economic and social benefit from these large off-shore forestry operations and are left with highly degraded forests that will be unable to generate an economic benefit for many years.

Land use on the ICF group member properties is almost exclusively rural residential (small villages) and subsistence agriculture.

1.3.2 Land Outside Scope of Certification

The concept of “partial estate certification” does not apply to a group certification circumstance such as the case with FPCD/ICF. That is, FPCD does not own any forestland itself. Furthermore, it is FPCD’s intent that all of the forested communities it is working with in Madang Province will become members of the ICF group program, as their capacities to operate in conformance with the certification standard justify their inclusion.

1.4 Management Plan

See the ICF program documents for a detailed understanding of the management planning process and the umbrella management plan that has been developed for this group program.

1.4.1 Management Objectives

See the ICF program documents for a full recitation of the underlying management objectives for the ICF program. In short, the objective is to help participating clans to understand and practice eco-forestry so as to empower the participating clans towards greater self-reliance and a higher quality of life.

1.4.2 Forest Composition

The forests of Papua New Guinea are considered a mega-diversity hotspot with 762 known species of birds, of which 405 are endemic. One bird species is critically endangered, two are classed as endangered, and 28 are classed as vulnerable; all being on the IUCN redlist.

The forests are remarkably diverse and constitute the largest remaining intact block of tropical forests in the Asia-Pacific region. The forests of PNG harbor more than 11,000 plant species of which 60% are found only in PNG. Fifty-six mammal species are known to inhabit the forests of PNG.

1.4.3 Silvicultural Systems

Single-tree silviculture is exclusively employed on ICF member properties.

1.4.4 Management Systems

Management systems employed on ICF group member properties are fully detailed in ICF program documents, available from FPCD.

1.4.5 Monitoring System

FPCD forestry staff members regularly and actively engage in on-site activities on each ICF group-member property. On-site activities include training, resource inventory work, and monitoring/oversight of site-disturbing activities (principally, intermittent timber harvesting).

1.4.6 Estimate of Maximum Sustainable Yield

Allowable harvests are established for each “set-up,” which is typically a 40-meter square plot in which all trees are measured and harvest plans developed. Harvests are set at very conservative levels with appropriately conservative re-entry frequencies, collectively assuring that standing inventories are allowed to fully recover between harvest entries.

There are no allowable harvests established at the property-wide level and harvest levels are well below total periodic increment volume for each group-member property.

1.4.7 Chemical Pesticide Use

No chemical pesticides are employed on ICF group-member properties.

1.5 SLIMF Qualifications

All group members meet the FSC's definition of small and low intensity⁶. These group members are unambiguously indigenous operations that are the classic candidates for SLIMF classification.

2.0 GUIDELINES/STANDARDS EMPLOYED

As there is not yet a formally-accredited FSC national standard for Papua New Guinea, it falls upon SCS to employ the interim-standards protocols set forth in our accreditation contract with FSC. These protocols require SCS to develop, adapt and employ a standard of our own construction but which incorporates active stakeholder consultation within the region in which the certification audit is to take place.

While there is not a formally accredited FSC national standard for PNG, there in fact has been an active PNG Working Group, and there is a draft FSC National Standard for PNG that has been developed on the basis of many person weeks of deliberations and drafting by the Working Group members, since 1997. At the time of the June 2006 main assessment, this standard was still being evaluated by FSC IC, but it is SCS' understanding that its content is not likely to undergo substantial revisions in the process of achieving formal accreditation from FSC. As such, SCS elected to employ the Draft Standard in this certification evaluation. *The resulting standard is available upon request from SCS (www.scscertified.com).*

3.0 THE CERTIFICATION ASSESSMENT PROCESS

3.1 Assessment Dates

Preliminary Evaluation (Scoping Visit):

The scoping visit occurred in June 2005.

Main Evaluation:

The field component of the main evaluation took place from June 20 through June 24, 2006. Prior to the field visit, the following activities took place :

- Advance communication with Yati Bun
- Identification and contracting with a local expert team member
- Public notice of the field audit
- Finalization of the Interim Standard
- Document review and audit planning

⁶ Per FSC guidelines, "small" means less than 10,000 hectares and "low intensity" means harvest levels less than half of periodic volume increment (growth).

Subsequent to the field visit, the following activities took place :

- Formulation of the draft *Corrective Action Requests* (CARs) and transmittal of the CARs to the client
- Additional document review
- Preparation of this audit report.

3.2 Assessment Team

Dr. Robert J. Hrubes, Team Leader

Dr. Hrubes is a California registered professional forester (#2228) and forest economist with over 30 years of professional experience in both private and public forest management issues. He is presently Senior Vice-President of Scientific Certification Systems. In addition to serving as team leader for the Michigan state forestlands evaluation, Dr. Hrubes worked in collaboration with other SCS personnel to develop the programmatic protocol that guides all SCS Forest Conservation Program evaluations. Dr. Hrubes has previously led numerous audits under the SCS Forest Conservation Program of North American public forest, industrial forest ownerships and non-industrial forests, as well as operations in Scandinavia, Chile, Japan, Malaysia, Australia and New Zealand. As the Michigan State Forests evaluation team leader, Dr. Hrubes is the principal author of this report, in collaboration with co-authors, Dr. Capen, Jodi Kaiser and Mike Ferrucci. Dr. Hrubes holds graduate degrees in forest economics (Ph.D.), economics (M.A.) and resource systems management (M.S.) from the University of California-Berkeley and the University of Michigan. His professional forestry degree (B.S.F. with double major in Outdoor Recreation) was awarded from Iowa State University. He was employed for 14 years, in a variety of positions ranging from research forester to operations research analyst to planning team leader, by the USDA Forest Service. Upon leaving federal service, he entered private consulting from 1988 to 2000. He has been Senior V.P. at SCS since February, 2000.

Mr. George Damien, PNG Forester/Local Expert

Mr. Damien is a PNG based forester with a wealth of local knowledge and pertinent certification experience. His full C.V. is attached in appendix II.

3.3 Assessment Process

The assessment undertaken on the FPCD/ICF program followed the SCS Forest Conservation Program protocols, as detailed in the SCS FCP Operations Manual, available upon request from SCS.

3.3.1 Itinerary

June 20th:

- Transit to Madang
- Final audit planning and audit team instructions

- Meeting with Yati Bun

June 21st:

- Opening meeting in the FPCD office (A.M.)
 - Opening Prayer and Welcoming Comments by Yati Bun
 - Introductions
 - Overview of FSC and the main assessment process
 - Overview of FPCD and the ICF program
 - Audit team question and answer session
- Field trip to Uya Site (group member; Awane Clan) (P.M.)

June 22nd:

- Stakeholder interviews (A.M.)
- Meeting with the FPCD Board of Directors (P.M.)
- Field trip to the Jobtor Site (group member) (P.M.)

June 23rd:

- Field trips to Aronis and Malas Sites (group members (all day)
- Additional stakeholder interviews (late afternoon)

June 24th:

- Audit team deliberations: conformity assessment and scoring
- Exit meeting with FPCD staff to provide oral summary of audit results
- Transit to Port Moresby

3.3.2 Evaluation of the Management System

The evaluation of the ICF management system was completed through a thorough review of the ICF management plan, interviews with FPCD staff engaged in the ICF program, review of field operations, and interviews with group member representatives and interviews with stakeholders. The audit team spent substantial portions of the budgeted audit time in the FPCD offices and in the field, visiting four group-member land holdings.

3.3.3 Sites Visited

The lead auditor determined that site visits to 4 group members would constitute a fully adequate sample considering the overall size of the ICF group program as well as the degree of homogeneity across the participating group members.

The selected group members represented a good range of circumstances in terms of geographic dispersion from Madang town and with respect to their respective track records of engagement in the ICF program.

The group members visited during the main assessment were different from those visited

during the scoping visit, thus increasing the overall number of group members that were visited by the SCS Lead Auditor in the deliberations leading up to the final conformity assessment and certification decision.

3.3.4 Stakeholder Consultation

Principal stakeholder groups of relevance to this evaluation were identified based upon results from the 2005 scoping visit, lists of stakeholders provided by FPCD, and additional stakeholder contacts from other sources.

Prior to, during, and following the site evaluation, a cross-section of stakeholders from the Madang Provincial area were consulted in regard to their relationship with and perspectives on FPCD and the ICF program. Consulted stakeholders included government and non-government organizations involved in forest management, local citizens and groups (particularly members of MFROA), employees, contractors, and others. Stakeholders were initially contacted either by FPCD staff on behalf of the audit team or via telephone to arrange for face-to-face interviews, wherever possible.

Name	Affiliation	Consultation
Paul Chatterton	WWF	In-person interview
Eileen Kolokol	National Forest Service	In-person interview
Francis Hurahura	The Nature Conservancy	In-person interview
Steven Yandima	Village Development Trust	Phone message; no response
Robin Nangoi	Madang Forest Administration	In-person interview
Peter Dam	ForCert	Phone Interview
Terry Kunning	EFP	In-person interview

3.3.5 Summary of Stakeholder Concerns and Perspectives and Responses from the Team, where Applicable

Economic Comments

Comment/Concern	Response
<ul style="list-style-type: none"> Lack of adequate road access to some of the group member forests is a bottleneck 	Duly noted and discussed with FPCD personnel; they both recognize

	the problem and are seeking ways, including funding, to address it.
<ul style="list-style-type: none"> Funding is an issue 	This topic was the focus of extensive discussions between the audit team and Yati Bun; we are assured that he fully and realistically understands the fiscal situation and that additional fund raising is a high priority
<ul style="list-style-type: none"> Greater levels of timber export sales would be helpful 	FPCD shares this desire; the problem or bottleneck is insufficient numbers of portable sawmills to provide to all of the forest owners
<ul style="list-style-type: none"> FPCD must move to the next level of programmatic activity—beyond training to more active commercial marketing of timbers from community forest properties 	This matter was the focus of discussions with Yati Bun during and after the field visit; FPCD staff recognize and share the desire to move to the next level
<ul style="list-style-type: none"> FPCD and the ICF program constitute healthy competition vis-à-vis ForCert 	Duly noted
<ul style="list-style-type: none"> FPCD/ICF constitutes a good frame of comparison relative to ForCert because ICF does not have a “middle man” structure that captures most of the “green premium.” 	Duly noted

Social Comments

Comment/Concern	Response
<ul style="list-style-type: none"> FPCD is very supportive of community forestry 	Duly noted
<ul style="list-style-type: none"> FPCD should focus on resource owner concerns, first and foremost 	We believe that FPCD shares this perspective
<ul style="list-style-type: none"> In recent years, there has been better coordination between community forestry NGOs in PNG, in 	Duly noted

<ul style="list-style-type: none"> There is some frustration in the delays and slow pace in program implementation 	Duly noted

Environmental Comments

Comment/Concern	Response
<ul style="list-style-type: none"> The HCVF Toolkit is not yet finalized 	Noted (Finally endorsed at March 2007 PNG FSC NI Meeting)

3.3.6 Other Assessment Techniques

As the subject operation is a small-scale group program comprised of low intensity indigenous community forestry operations, the SCS Lead Auditor determined that the standard assessment techniques (interviews, field reconnaissance, document review) were fully adequate.

3.4 Total Time Spent on the Main Assessment (Audit)

Prior to the field component of the main assessment, it is estimated that approximately 4 auditor days were spent in advance communications with the client, document review, and audit planning.

The field component of the main assessment (excluding travel time) entailed 10 auditor days on document review, client meetings and interviews, stakeholder interviews, document review, site visits, synthesis and deliberations, and the exit interview/presentation.

Subsequent to the field component, a total of approximately 5 auditor days was spent on additional document review, formulation of the draft CARs, client communications and preparation of the audit report.

3.5 Process of Determining Conformance

FSC accredited forest stewardship standards consist of a four-level hierarchy: a Principle, then the Criteria that make up the Principle, followed by the Indicators that comprise each Criterion, and finally the Verifiers that elaborate upon each Indicator. Consistent with SCS Forest Conservation Program evaluation protocols, the team collectively determines whether a given forest-management operation is in conformance with every applicable Indicator of the relevant forest stewardship standard. Each non-conformance must be evaluated to determine whether it constitutes a major or minor non-conformance at the level of the associated Criterion. Not all Indicators are equally important, and there is no simple numerical formula to determine whether an operation is in non-conformance. The team must use their collective judgment to assess each Criterion and determine if it is in conformance. If the forest management operation is determined to be in non-conformance at the Criterion

level, then at least one of the observed non-conformities at the Indicator level must be classified as a major non-conformance.

Corrective Action Requests (CAR's) are issued for every instance of non-conformance. Major non-conformances trigger Major CAR's and minor non-conformances trigger Minor CAR's

Interpretations of Major CAR's (Preconditions), Minor CARs, and Recommendations

Major CARs/Preconditions: Major non-conformances, either alone or in combination with non-conformances of other indicators, result (or are likely to result) in a fundamental failure to achieve the objectives of the relevant FSC Criterion, given the uniqueness and fragility of each forest resource. These are corrective actions that must be resolved or closed out prior to award of the certificate. If Major CAR's arise after an operation is certified, the timeframe for correcting these non-conformances is typically shorter than for Minor CAR's. Certification is contingent on the certified operations response to the CAR within the stipulated time frame.

Minor CARs: These are corrective action requests in response to minor non-conformances, which are typically limited in scale or can be characterized as an unusual lapse in the system. Corrective actions must be closed out within a specified time period of award of the certificate.

Recommendations: These are suggestions that the audit team concludes would help the company move even further towards exemplary status in its forestry practices. Action on the Recommendations is voluntary and does not affect the maintenance of the certificate. Recommendations can be changed to CARs if performance with respect to the Criterion triggering the Recommendation falls into non-conformance.

3.6 Peer Review

Per FSC protocol, prior to finalization of the Certification Evaluation Report it is submitted to an independent peer reviewer to assess clarity of writing and the appropriateness of the evaluation team's scientific methodologies and conclusions. The peer reviewer's comments are shown in Appendix III.

4.0 RESULTS OF THE EVALUATION

Table 4.1 below, contains the Evaluation Team's findings as to the strengths and weaknesses of the subject forest management operation relative to the FSC Principles of Forest Stewardship. The table also presents the Corrective Action Request (CAR) numbers related to each Principle.

Table 4.1 Notable strengths and weaknesses of the forest management enterprise relative to the P&C

Principle/Subject Area	Strengths Relative to the Standard	Weaknesses Relative to the Standard	CAR/REC #s
P1: FSC Commitment and Legal Compliance	<ul style="list-style-type: none"> ▪ FPCD, through its Executive Director, has been the leading voice and organization of support for FSC in PNG ▪ The ICF program demonstrates a high level of compliance with legal requirements and the program is highly compatible with the PNG national policy of integrated conservation and resource development, standing in clear and positive contrast with the typical logging operations conducted by foreign logging companies 	<ul style="list-style-type: none"> ▪ There is not presently a written policy that commits the ICF group entity to consult with SCS and/or FSC when it is faced with conflicts between legal requirements and the FSC certification standards ▪ There is not presently a written and publicly available commitment to manage the ICF group program in conformance with the FSC/SCS certification standards 	<ul style="list-style-type: none"> ▪ CAR 2006.1 (re C1.4) ▪ CAR 2006.2 (re C1.6)
P2: Tenure & Use Rights & Responsibilities	<ul style="list-style-type: none"> ▪ Rules for group membership require that all tenure or use-rights conflicts are sorted out prior to a resource owner (clan) becoming a member of the ICF group program ▪ The very purpose of the ICF group program is to empower clans to exercise their tenure and use rights through their own forest management plans and actions, rather than relying upon and being short changed by foreign logging companies 	<ul style="list-style-type: none"> ▪ No observed weaknesses 	
P3: Indigenous Peoples' Rights	<ul style="list-style-type: none"> ▪ FPCD and the ICF exist precisely to empower and enable the exercise of indigenous rights 	<ul style="list-style-type: none"> ▪ No observed weaknesses 	

P4: Community Relations & Workers' Rights	<ul style="list-style-type: none"> ▪ FPCD is intrinsically committed to forging positive community relations; given the mission and purpose of the FPCD and of its ICF, SCS cannot cite another certified forestry operation that can demonstrate such superlative conformance with the thrust and specific requirements of this Principle 	<ul style="list-style-type: none"> ▪ FPCD officers and managers need to complete/finalize the ICF operational guideline documents ▪ A policy confirming support to women's rights and benefits needs to be drafted and translated into Tok Pisin 	<ul style="list-style-type: none"> ▪ CAR 2006.3 (re C4.1) ▪ CAR 2006.4 (re C4.4) ▪ CAR 2006.5 (re C4.6)
P5: Benefits from the Forest	<ul style="list-style-type: none"> ▪ The very mission and purpose of both FPCD and the ICF group program that it has created is to generate direct economic and social benefits for customary resource owners of Madang Province, standing in very clear and positive contrast with the profile of limited benefits associated with industrial-scale logging by foreign companies 	<ul style="list-style-type: none"> ▪ FPCD should consider developing a formal protocol and field form/checklist for monitoring the level of wastage associated with timber felling and on-site harvesting in balance with the ecological requirements of the soil for organic materials that constitute a reinvestment of biological capital in the long-term, productive sustainability of the site 	
P6: Environmental Impact	<ul style="list-style-type: none"> ▪ Due to the very low intensity and small scale type of eco-forestry practiced on ICF group-member lands, there is very little risk that forestry activities will result in adverse environmental or socio-economic impacts; much to the contrary, in fact 	<ul style="list-style-type: none"> ▪ Endangered species management could be more fully incorporated into the management planning process 	<ul style="list-style-type: none"> ▪ CAR 2006.6 (re C6.2)

P7: Management Plan	<ul style="list-style-type: none"> ▪ FPCD officers are properly educated in management planning techniques ▪ An umbrella management plan for the ICF group program has been developed and is under active revision ▪ Management planning is undertaken on each group member property 	<ul style="list-style-type: none"> ▪ FPCD officers need to complete Work Plan Action Plan #7 (plan revision protocols and a public summary) 	<ul style="list-style-type: none"> ▪ CAR 2006.6 (re C7.1) ▪ CAR 2006.7 (re C7.2 and C7.4)
P8: Monitoring & Assessment	<ul style="list-style-type: none"> ▪ FPCD maintains a very hands-on relationship with every group member; FPCD officers are on-site whenever forestry activities are taking place ▪ ICF program documents including monitoring protocols 	<ul style="list-style-type: none"> ▪ The ICF CoC documented control system (DCS) needs to be revised to require that the ICF certificate number is included on all invoices and bills of lading for the sale of certified timbers ▪ FPCD officers need to complete Work Plan Action Item #9 (monitoring feed-back loop) ▪ FPCD officers need to complete Work Plan Action Item #10 (public summary of monitoring results) 	<ul style="list-style-type: none"> ▪ CAR 2006.8 (re C8.3) ▪ CAR 2006.9 (re C8.4) ▪ CAR 2006.10 (re C8.4)
P9: Maintenance of High Conservation Value Forest	<ul style="list-style-type: none"> ▪ Due to the very low intensity and small scale type of eco-forestry practiced on ICF group-member lands, there is very little risk that forestry activities will threaten high conservation values 	<ul style="list-style-type: none"> ▪ HCVF appendices need to be develop for each group member (Work Plan Action Items 11-13) 	<ul style="list-style-type: none"> ▪ CAR 2006.11 (re P9)

4.2 Preconditions (Major CARs)

Preconditions are Major Corrective Action Requests that are placed on a forest management operation after the initial evaluation and before the operation is certified. Certification cannot be awarded if open Preconditions/Major CARs exist.

One **Major CAR** was stipulated as a result of the conformity assessment of the FPCD/ICF program against the SCS Interim Standard for Papua New Guinea:

CAR 2006.12: FPCD must provide written clarification to the FORCERT program representatives as to the status of the signed agreement of October 2004, in light of FPCD's decision to directly and independently seek FSC-endorsed certification of the ICF program.

As the requested action was completed prior to finalization of this report, the CAR has been closed out and it does not serve as an impediment to the award of certification.

5.0 CERTIFICATION DECISION

5.1 Certification Recommendation

As determined by the full and proper execution of the SCS *Forest Conservation Program* evaluation protocols, the evaluation team hereby recommends that the FPCD be awarded FSC certification for its ICF Group Program as a "Well-Managed Forest Operation," subject to the Corrective Action Requests stated in Section 5.2. FPCD has demonstrated that their system of management is capable of ensuring that all of the requirements of the SCS Final Interim Standard for Papua New Guinea are met over the forest area covered by the scope of the evaluation. FPCD has also demonstrated that the described system of management is being implemented consistently over the forest area covered by the scope of the certificate.

5.2 Initial Corrective Action Requests

Note: Most of the observed non-conformities will be adequately addressed when FPCD staff complete the ICF Work Plan (containing 13 action times) that was submitted to the audit team during the June 20-25, 2006 main assessment. Accordingly, it is very important that each of the action items in that Work Plan are completed at the earliest practicable time and, in several cases, by the time frames established in the following Corrective Action Requests.

Observation: FSC IC guidance to accredited certifiers is that certificate holders should have a written policy that if conflicts arise between legal requirements and the expectations contained in the FSC certification standard, that the certificate holder will bring such conflicts to the attention of their certification body. No such written policy presently exists for the FPCD ICF program.	
CAR 2006.1	FPCD must develop and convey to SCS a written policy statement that if conflicts arise between legal requirements and the expectations contained in the FSC certification standard that FPCD will bring such conflicts to the attention of SCS for review and consultation.
Deadline	Within 30 days after award of certification, but preferably prior to award of certification.

Reference	<i>FSC Criterion 1.4</i>
------------------	--------------------------

Observation: There does not presently exist a public statement and written policy endorsed by FPCD senior management that management of the ICF program will be premised on a commitment to the FSC National Forest Management Standards for Papua New Guinea.

CAR 2006.2	FPCD must develop a written policy of commitment to managing the ICF program in adherence to the FSC National Forest Management Standards for Papua New Guinea. This policy must be endorsed by the FPCD E.D. and posted on the FPCD web site. As well, it must be translated into Tok Pisin and made available to each Group Member.
Deadline	Within 30 days after award of certification, but preferably prior to award of certification.
Reference	<i>FSC Criterion/Indicator 1.6.1</i>

Observation: Funding is ultimately the limiting factor that constrains the benefits that the ICF program can generate for the customary rights holders and for the forested environment of PNG. More funding directly generates greater benefits and reduced funding commensurately reduces benefits. Unfortunately, the Dutch funder, ICCO, withdrew its support of FCPF earlier this year, thereby forcing reductions in FPCD staff salaries and reduced levels of program activity, to the detriment of the indigenous peoples of Madang Province. Although the landowners involved in the ICF remain strongly committed to the program and even the reduced level of ICF programmatic support clearly constitutes adequate conformance to the FSC certification standards, the local communities desire a higher level of support than what can presently be provided due to the ICCO withdrawal.

CAR 2006.3	The FPCD E.D. is to develop a focused fundraising strategy, in written form, that is aimed to not only offset the losses associated with ICCO's withdrawal of support but to also expand the FPCD funding base. This strategy should take consciously incorporate the newly certified status of the ICF program as well as the non-financial support that SCS can lend to the effort. The strategy should also include a component that expressly focuses on targeted funding to support infrastructure of Madang Province, most particularly improved and new roads designed to provide access to the resource areas owned by the ICF and MFROA member communities.
Deadline	Submittal of the written strategy to SCS within 3months after award of certification.
Reference	<i>FSC Criterion/Indicator 4.1.5</i>

Observation: In response to the findings contained in the 2005 Scoping Report, FPCD staff prepared a Work Plan containing 13 action items, each of which addressed a potential gap/non-conformity. At the time of the main assessment (June 2006), the action items were partially completed and many of the programmatic documents developed in response to the action items remained in draft form. To fully close the gaps, the action items from the Work Plan need to be completed, including the finalization of the draft programmatic documents.

CAR 2006.4	FPCD staff, led by the certification coordinator, must undertake the necessary work to finalize the draft operational guidelines. Additionally, a social impact assessment focusing on the current ICF program activities on the 4 Group Members must be completed, using the SIA operational
-------------------	---

	guideline document, which has recently been added to the ICF body of program documents.
Deadline	By the time of the first annual surveillance audit after award of certification.
Reference	<i>FSC Criteria/Indicators 1.1.4, 4.4.1 and 6.5.1</i>

Observation: While there is ample evidence suggesting that FPCD and MFROA both afford opportunities for women, and the perspectives they bring, to be involved in the administration of and operations under the ICF group program, conformance to FSC Criterion 4.6 will be strengthened if FPCD develops a more formal and written policy assuring that women will be provided opportunities for involvement in forest-resource-management decision making.	
CAR 2006.5	Develop, translate into Tok Pisin, and make available a formal written policy assuring that women will be provided opportunities for involvement in forest resource management decision making.
Deadline	Within 3 months after award of certification.
Reference	<i>FSC Criterion/Indicator 4.6</i>

Observation: The planning protocols for guiding management activities on group-member resource areas does not, at present, sufficiently incorporate an explicit consideration of endangered species.	
CAR 2006.6	Incorporate within the Forest Management Plan standardized Table of Contents a section that explicitly addresses endangered species. As necessary and appropriate, incorporate endangered species identification and protection within the training programs designed for group/community members.
Deadline	By the time of the first annual surveillance audit after award of certification
Reference	<i>FSC Criteria/Indicators 6.2 and 7.1</i>

Observation: All certified forest management operations must have a summary of their management plan that is publicly available upon request. While FPCD is willing to share most of the current planning and administrative documents associated with the ICF program, there remains a need to create and make available and concise summary that describes both the ICF program itself plus the, at present, 4 group members. Additionally, FPCD needs to complete the ICF programmatic guidance on the frequency and manner in which group member management plans will be updated/revised.	
CAR 2006.7	Complete action item #7 from the ICF Work Plan. This action item states: “draw up a field guide for forest management plan revision and develop a publicly available summary of the management plan.” This publicly available summary can be a single document that makes available key ICF information (e.g., mission and objectives, relationship of ICF to FPCD and MFROA, key staff and their responsibilities, monitoring protocols, etc.) and programmatic documents plus a set of appendices that provide brief summaries of each group member.
Deadline	Prior to award of certification
Reference	<i>FSC Criteria/Indicators 7.2 and 7.4</i>
Company Action	<i>Auditor Comments: FCPD submitted the required documentation to close this CAR in August 2006.</i>

Status	<i>Closed</i>
---------------	---------------

Observation: While the FPCD/MFROA/METCorp chain-of-custody procedures have been developed such that the risk of contamination of the certified supply is extremely low, there remains a need to finalize the written CoC “documented control system” and, specifically, to modify invoicing and bills of lading procedures to assure that the FPCD/MFROA/METCorp FM/CoC certificate number is included for any sales of timbers from certified group member resource areas.	
CAR 2006.8	Complete and submit to SCS a revised CoC documented control system that incorporates the need to include the certificate number on all invoices and bills of lading for the delivery of timbers from certified group-member resource areas.
Deadline	Prior to award of certification.
Company Action	<i>Auditor Comments:</i> FPCD submitted a written description of its company DCS in August 2006.
Reference	<i>FSC Criterion/Indicator 8.3</i>
Status	<i>Closed</i>

Observation: While there is now in place an operational guidance document and checklist for monitoring activities on group-member resource areas, there remains the need to formulate guidance for how the results of monitoring will be used in the process of revising/updating the management plans.	
CAR 2006.9	Complete action item #9 of the ICF Work Plan. This action item states: “develop guidelines describing how monitoring results are used in plan revisions.”
Deadline	By the time of the first annual surveillance audit after award of certification.
Reference	<i>FSC Criterion/Indicator 8.4.2</i>

Observation: FPCD has not yet fully articulated a policy and procedure for preparing an annual summary update of monitoring results that can be shared with both the group members and the general public.	
CAR 2006.10	Complete action item #10 of the ICF Work Plan. This action item states: “develop a protocol for annual updating of the public summary of monitoring results and translate into Tok Pisin.”
Deadline	By the time of the first annual surveillance audit after award of certification.
Reference	<i>FSC Criterion/Indicator 8.4</i>

Observation: While: a) the land-use planning and harvest set-up protocols employed in the ICF program and the type of silviculture/ecoforestry required on ICF group-member lands are both highly unlikely to threaten any areas possessing high conservation values, and	
--	--

<p>b) FPCD staff have now amended the forest management plan Table of Contents (structure/content of plan) to include a section focusing on HCVF, none of the four extant forest management plans for the four current Group Members explicitly addresses the topic of HCVFs. As such, it is appropriate that, over the first year of certified operation, these four FMPs be augmented with HCVF appendices.</p>	
CAR 2006.11	No later than the time of the first annual surveillance audit after award of certification, HCVF appendices must be developed for each of the 4 extant group-member Forest Management Plans. These appendices must demonstrate closure of Action Items 11-13 from the ICF Work Plan that was provided to the SCS audit team during the main assessment (this should include consultation with outside experts). Additionally, FPCD staff must be able to provide evidence to the SCS surveillance auditor that an effort has been made to employ the HCVF Toolkit developed by WWF for use in PNG.
Deadline	At the time of the first annual surveillance audit after award of certification.
Reference	<i>FSC Principle 9</i>

<p>Observation: The status of FPCD's relationship with the FORCERT program remains uncertain and needs to be clarified and resolved, preferably prior to issuance of FSC-endorsed certification to the ICF group program. This lack of clarity has the potential for causing confusion and future conflict.</p>	
Major CAR 2006.12	FPCD must provide written clarification to the FORCERT program representatives as to the status of the signed agreement of October 2004, in light of FPCD's decision to directly and independently seek FSC-endorsed certification of the ICF program.
Deadline	Prior to issuance of certification.
Reference	<i>SCS Group Certification Criterion G.1.</i>
Company Action	<i>Auditor Comments:</i> FPCD forwarded a letter to SCS that was sent to FORCERT on June 6, 2006 that clarified the intention of FPCD to terminate its agreement with FORCERT.
Status	<i>Closed</i>

RECOMMENDATIONS:

<p>Background/Justification: While wastage during timber felling and on-site milling operations does not appear to be a significant issue, on the basis of the field visits conducted by the SCS auditors, we nonetheless believe that more express monitoring would be helpful to assure that wastage is kept to a minimum, while safeguarding the reinvestment of adequate biological capital in the long-term fertility of the soil.</p>	
REC 2006.1	FPCD should consider developing a formal protocol and field form/checklist for monitoring the level of wastage—in balance with the reinvestment of biological capital—associated with timber felling and on-site harvesting.
Reference	<i>FSC Criterion 5.3</i>

Background/Justification: FPCD officers and clan members involved in on-site milling are aware of the need to properly dispose of waste oils, etc., but this particular issue is not expressly incorporated into the ICF program documents.	
REC 2006.2	The ICF monitoring protocols should be revised so as to incorporate a section on monitoring of waste disposal.
Reference	<i>FSC Criterion 6.7</i>

Background/Justification: Only marked trees are harvested; marking guidelines are primarily driven by grade for log recovery	
REC 2006.3	Care should be taken to assure that phenotypic diversity in the forest is maintained; harvest marking guidelines should assure both crooked trees and straight trees are left.
Reference	<i>FSC Criterion 6.3</i>

Background/Justification: Monitoring checklists have been developed but they are rather generic and lacking in detail.	
REC 2006.4	FPCD staff should consider investing time and effort in revising the monitoring checklists in order to add more detail as to the types of metrics/measures that ought to be periodically monitored on ICF group-member properties.
Reference	<i>FSC Criterion 8.1</i>

6.0 SURVEILLANCE AUDITS

6.1 2008 ANNUAL AUDIT

Date of Audit: May 26th – 27th 2008

Auditor: Scientific Certification Systems (SCS)
 Local Consultant: Mr. George Damien
 FPCD Staff: Ms Caroline Imun (Forest Certification Officer)
 Mr. Kafuri Yaro (Forest Management Supervisor)

Audit Activities:

1. Documentation review (CARs review)
2. Site (Field) Visit
3. Timber yard visit

Sites Visited:

1. Aronis, Dawen Forest Management Area
2. Jobtor, Waim Forest Management Area
3. Uya, Awane Forest Management Area
4. Timber yard, Niat Forest Management Area Export (New member)

6.1.1 Document Review

The SCS local consultant, Mr. George Damien, arrived in Madang from Port Moresby on the 25th of May 2008. The annual audited began on the Monday 26th of May in FPCD office and documents, especially, the answered corrective actions requests (CARs 4, 6, 9, 10, and 11) were handed to him for reviewing. The documents handed to him were:

1. CAR 4 – Socio economic impact assessment report
2. CAR 6 – Forest Management Plan (FMP) Format
 - ICF Form # 038: Forest Resource Owner Statement of Commitment
 - ICF Form # 039: Forest Resource Owner (FRO) Community Law
 - HCVF Management Guideline
3. CAR 9 – FPCD / ICF Policy on Updating of Public Summary of monitoring results
4. CAR10 – FPCD / ICF Policy on Revising of Forest Management Plan
5. CAR11 – Preliminary Report of HCVF Assessment of Indigenous Community Forestry Management Areas, Madang Province, Papua New Guinea
6. Tally sheets of harvesting at Awane and Waim FMA (*for the purpose of CoC*)

6.1.2 Field Visit

The later part of the day was spent in site visits. Mr. Damien was however, unable to see an operation due to accessibility (weather condition) and no operations happening. He also visited the timber yard, where ICF's newest member, Mr. Job Sailas of the Niat Clan in the Bogia District of Madang Province. Mr. Sailas will export 17m³ of FSC certified timber (kwila (*Instia bijuga*) and taun (*Pometia piñata*)) to The Woodage in Australia.

Mr. Damien also visited Waim Forest Management Area, this ICF group member has not been complying with corrective actions issued to them and they will be suspended from being ICF members, they will however be under the Ecoforestry Program until they fully answer the corrective action issued to them.

6.1.3 Exit Meeting

The exit meeting was done on Tuesday 27th of May 2008, at the FPCD office with FPCD acting Ecoforestry Coordinator, Mr. Israel Bewang, Mr. Kafuri Yaro and myself (Caroline Imun). Mr. Damien informed the FPCD team that all the corrective actions were closed. He however issued two recommendations:

1. Insert date and number on all newly developed and revised documents
2. Ensure that copies of Forest Management Plans, Harvesting plans, harvesting records and all other necessary documents are at the Forest Management Area and the Office

Another recommendation was for FPCD to encourage non timber forest products and add value to them under the FSC label.

In concluding, Mr. Damien said the ICF system was OK, he said the documents were done according to the National Standard; he however, needs to check them against an operation to verify if these documents are being implemented. Because of the shortness of visit, we were not able to show him the field activities.

6.1.4 APPENDIX

Appendix 1: Corrective Action Requests

Observation: In response to the findings contained in the 2005 Scoping Report, FPCD staff prepared a Work Plan containing 13 action items, each of which addressed a potential gap/non-conformity. At the time of the main assessment (June 2006), the action items were partially completed and many of the programmatic documents developed in response to the action items remained in draft form. To fully close the gaps, the action items from the Work Plan need to be completed, including the finalization of the draft programmatic documents.

CAR 2006.4	FPCD staff, led by the certification coordinator, must undertake the necessary work to finalize the draft operational guidelines. Additionally, a social impact assessment focusing on the current ICF program activities on the 4 Group Members must be completed, using the SIA operational guideline document that has recently been added to the ICF body of program documents.
Deadline	By the time of the first annual surveillance audit after award of certification.
Reference	<i>FSC Criteria/Indicators 1.1.4, 4.4.1 and 6.5.1</i>

Observation: The planning protocols for guiding management activities on Group Member resource areas does not, at present, sufficiently incorporate an explicit consideration of endangered species.

CAR 2006.6	Incorporate within the Forest Management Plan standardized Table of Contents a section that explicitly addresses endangered species. As necessary and appropriate, incorporate endangered species identification and protection within the training programs designed for group/community members.
Deadline	By the time of the first annual surveillance audit after award of certification
Reference	<i>FSC Criteria/Indicators 6.2 and 7.1</i>

Observation: While there is now in place an operational guidance document and checklist for monitoring activities on Group Member resource areas, there remains the need to formulate guidance for how the results of monitoring will be used in the process of revising/updating the management plans.

CAR 2006.9	Complete action item #9 of the ICF Work Plan. This action item states: “develop guidelines describing how monitoring results are used in plan revisions.”
Deadline	By the time of the first annual surveillance audit after award of certification.
Reference	<i>FSC Criterion/Indicator 8.4.2</i>

Observation: FPCD has not yet fully articulated a policy and procedure for preparing an annual summary update of monitoring results that can be shared with both the Group Members and the general public.

CAR 2006.10	Complete action item #10 of the ICF Work Plan. This action item states: “develop a protocol for annual updating of the public summary of monitoring results and translate into Tok Pisin.”
Deadline	By the time of the first annual surveillance audit after award of certification.
Reference	<i>FSC Criterion/Indicator 8.4</i>

Observation:
While:

- c) the land use planning and harvest set-up protocols employed in the ICF program and the type of silviculture/ecoforestry required on ICF group member lands are both highly unlikely to threaten any areas possessing high conservation values, and
- d) PFCD staff have now amended the forest management plan Table of Contents (structure/content of plan) to include a section focusing on HCVF,

none of the four extant forest management plans for the four current Group Members explicitly addresses the HCVF topic. As such, it is appropriate that over the first year of certified operation these four FMPs be augmented with HCVF appendices.

CAR 2006.11	No later than the time of the first annual surveillance audit after award of certification, HCVF appendices must be developed for each of the 4 extant Group
--------------------	--

	Member Forest Management Plans. These appendices must demonstrate closure of Action Items 11-13 from the ICF Work Plan that was provided to the SCS audit team during the main assessment (this should include consultation with outside experts). Additionally, PFCF staff should be able to provide evidence to the SCS surveillance auditor that there has been an effort to employ the HCVF Toolkit developed by WWF for use in PNG.
Deadline	At the time of the first annual surveillance audit after award of certification.
Reference	<i>FSC Principle 9</i>

6.2 2009 ANNUAL AUDIT

Audit was conducted April 20-23, 2009 by George Damien. Results are pending finalization of the 2009 report.

7.0 SUMMARY OF SCS COMPLAINT AND APPEAL INVESTIGATION PROCEDURES

The following is a summary of the SCS Complaint and Appeal Investigation Procedures; the full versions of the procedures are available from SCS upon request. The SCS Complaint and Appeal Investigation Procedures are designed for and available to any individual or organization that perceives a stake in the affairs of the SCS Forest Conservation Program and that/who has reason to question either the actions of SCS itself or the actions of a SCS certificate holder.

A **complaint** is a written expression of dissatisfaction, other than **appeal**, by any person or organization, to a certification body, relating to the activities of staff of the SCS Forest Conservation Program and/or representatives of a company or entity holding either a forest management (FM) or chain-of-custody (CoC) certificate issued by SCS and duly endorsed by FSC, where a response is expected (ISO/IEC 17011:2004 (E)). The SCS Complaint Investigation Procedure functions as a first-stage mechanism for resolving complaints and avoiding the need to involve FSC.

An “**appeal**” is a request by a certificate holder or a certification applicant for formal reconsideration of a perceived adverse decision made by the certification body related to its desired certification status. A certificate holder or applicant may formally lodge an appeal with SCS against a perceived adverse certification decision taken by SCS, within thirty (30) days after notification of the decision.

The written Complaint or Appeal must:

- Identify and provide contact information for the complainant or appellant
- Clearly identify the basis of the aggrieved action (date, place, nature of action) and which parties or individuals are associated with the action
- Explain how the action is alleged to violate an SCS or FSC requirement, being as specific as possible with respect to the applicable SCS or FSC requirement
- In the case of complaints against the actions of a certificate holder, rather than SCS itself, the complainant must also describe efforts taken to resolve the matter directly with the certificate holder
- Propose what actions would, in the opinion of the complainant or appellant, rectify the matter.

Written complaints and appeals should be submitted to:

Dr. Robert J. Hrubes
Senior Vice-President

Scientific Certification Systems
2200 Powell Street, Suite 725
Emeryville, California, USA94608
Email: rhrubes@scscertified.com

As detailed in the *SCS-FCP Certification Manual*, investigation of the complaint or appeal will be confidentially conducted in a timely manner. As appropriate, corrective and preventive action and resolution of any deficiencies found in products or services shall be taken and documented.