



**GLOBAL
FOREST
& TRADE
NETWORK**

Programme Evaluation of the Global Forest & Trade Network for Business Plan Period FY2008-2011

Summary

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Background and Methodology

The Global Forest & Trade Network (GFTN) is WWF's initiative to eliminate illegal logging and drive improvements in forest management, while transforming the global marketplace into a force for saving the world's most valuable and threatened forests. First established in 1991, it is the world's longest-running and largest forest and trade programme of its kind with over 300 participating companies. GFTN maintains a global network of national or regional GFTN managers based in WWF offices, which provide technical assistance and support in 33 producing and consuming countries.

The GFTN is a performance-based programme that aims to focus participating companies' efforts on a continuous and measurable progression in achieving environmentally and socially sound business practices with respect to forest management and trade in forest products.

GFTN has the full time equivalent of 28 GFTN managers and 31 GFTN operational/support staff working in 33 different countries. The overall governance of the GFTN programme is led by its Shareholders' Group (SHG), located within WWF country offices, while programme implementation is managed by the Head of GFTN with support from the GFTN Support Unit (SU).

The FY2008-2011 GFTN Global Business Plan states the Programme Strategies and Objectives as follows:

<p>GFTN Vision: "To transform the global market place into a force for saving the world's valuable and threatened forests, while providing economic and social benefits for the businesses and people that depend on them"</p>
<p>GFTN Goal: "To mainstream responsible forest management and trade so it is the standard practice in the global forest products industry by 2020"</p>
<p>GFTN Strategies and Objectives (Targets):</p> <p>Strategy 1: <i>To promote responsible trade in forest products:</i></p> <ul style="list-style-type: none"> • <i>By 2011, the share of the value of globally traded forest products traded by participants within GFTN doubles to 25 %</i> • <i>By 2011, the absolute volume of credibly certified product traded by GFTN participants doubles to 200 million cubic metres and the % shows continuous growth</i> <p>Strategy 2: <i>To increase the area of credibly certified forest, particularly in WWF Priority Places:</i></p> <ul style="list-style-type: none"> • <i>By 2011, the area of forest managed by GFTN participants increases by 100% to 50 million ha, with 60% in priority forest ecoregions</i> • <i>By 2011, the area of credibly certified forest managed by GFTN participants increases to 30 million ha</i> <p>Strategy 3: <i>To promote responsible finance that supports the responsible forest management and trade:</i></p> <ul style="list-style-type: none"> • <i>By 2010, the GFTN defines and implements its strategies and programme framework to engage with finance sector</i> <p>Strategy 4: <i>To build the value and recognition of the GFTN brand within the forest products market:</i></p> <ul style="list-style-type: none"> • <i>Continually improve the levels of satisfaction for GFTN participants and partners (Participation Satisfaction Index (PSI))</i> • <i>By 2011, there is 100% retention of companies that are strategically chosen and achieving their targets</i> • <i>By 2011, there is increased earned media within trade journals</i> <p>Strategy 5: <i>To ensure the financial viability of the GFTN</i></p> <ul style="list-style-type: none"> • <i>By 2011, the GFTN covers 100% of their operational cost</i> • <i>By 2011, the GFTN covers its cost at least 50% from corporate sources and at least 30% from WWF network sources</i> • <i>By 2011, the GFTN cost per ha of forest managed by Forest Participants has decreased over time</i> • <i>By 2009, all participants pay participation fee or equivalent, or make in-kind contributions</i> <p>Strategy 6: <i>To deliver GFTN services to Participants in an efficient, coherent and transparent manner whilst contributing to wider WWF objectives</i></p> <ul style="list-style-type: none"> • <i>By 2011, all GFTN country offices score 80% or above on the Performance Monitoring Index (PMI)</i> • <i>By 2011, summary reports on progress of all participants, as prepared by GFTN managers, are made publically available and posted on website</i> • <i>By 2009, report annually on GFTN performance both internally and externally</i> • <i>By 2009, GFTN obtains consensus about its respective roles and responsibilities with other WWF units working on forest and trade issues</i>

The purpose of the evaluation was to review overall progress towards the objectives of the FY2008-2011 Global Business Plan and to make recommendations that can inform the completion of the FY2012-2020 Global Strategy. The primary audience for the evaluation is internal WWF / GFTN staff and decision makers.

The specific objectives of the evaluation were to:

1. Assess the performance of the GFTN programme during the FY2008-2011 Business Plan period in delivering on its goals and objectives;
2. Review the adequacy and effectiveness of GFTN's governance and management systems and their application in practice;
3. Identify and compare possible scenarios with respect to the future development of the GFTN programme; and
4. Formulate recommendations to WWF to improve the future impact, governance and management of the GFTN programme.

The evaluation was not intended as a field-level verification of programme impact, nor as an assessment of the performance of all programme participants. Findings are based on the evaluators' review of internal data and documentation, and responses from stakeholders consulted through online surveys and one-on-one interviews (by telephone and in-person), with focus group consultation in sample countries.

In July 2011, Global Witness produced a report, "*Pandering to the Loggers*"¹, which criticised several aspects of the GFTN programme, highlighting certain activities and making specific allegations against some programme participants. The report made a series of recommendations for improvements to GFTN, including the need for a programme-wide evaluation. However, it was not within the scope of this evaluation to examine in detail each of the allegations made in the Global Witness report, but the report did help to inform the analysis as the evaluation team examined the implementation and working of GFTN programme systems and structures, and their associated risks.

In addition, the evaluation Terms of Reference state the following: "While the GFTN's effectiveness and results highly rely on a series of enabling conditions which are sometimes beyond the program's control, this evaluation will exclude the following conditions that may have bearing as to the GFTN's effectiveness: (1) Lack of scientific data that verifies the quantifiable impact of FSC on biodiversity; and (2) Lack of political will and governance that enables markets to act rationally."

Together with GFTN and WWF personnel, the evaluation team developed an agreed upon framework to guide the evaluation process, and articulated the evaluation questions cited below.

¹ Global Witness '*Pandering to the Loggers*' released 25 July 2011 (<http://www.globalwitness.org/panderingtothelogs>)

Evaluation Questions

Assess the performance of the GFTN programme during the FY2008-2011 Business Plan period in delivering on its goals and objectives

1. How well has the programme performed globally and locally with regards to progress towards stated goals and objectives from the FY2008-2011 Business Plan?
2. How well have GFTN participants performed with regards to progress towards their stated goals, and compliance with programme agreements? What are the benefits to participants for being in GFTN?
3. Does the programme at both global and local level appear to contribute towards meeting WWF's wider conservation goals?
4. How accurate and effective are WWF communications regarding GFTN programme achievements, internally and externally?

Review the adequacy and effectiveness of GFTN's governance and management systems and their application in practice

5. How well are governance and management frameworks and support mechanisms for staff at country, regional and global levels defined, understood and implemented? Are they effective?
6. Does the GFTN programme have sufficient capacity in staff and other resources to deliver on its Business Plan?
7. Do programme systems enable effective monitoring of member participation and progress towards goals? Do systems include sufficient risk management? How are systems being implemented across programme?
8. Are current funding mechanisms sufficient and appropriate?

Identify and compare possible scenarios with respect to the future development of the GFTN programme

9. What are the key considerations for the programme as it develops over the next 3 years? What are the new opportunities and new challenges?
10. What are the potential risks for GFTN to expand into new areas impacting forest management and trade?

Stakeholders for the evaluation were selected with the aim of ensuring input from key experts and relevant individuals with direct interest in and experience with the GFTN programme, international and national forest management issues and forest product markets. Stakeholders were identified in the following groups: **Internal** (GFTN staff and Shareholders, as well as other WWF staff); **External** (subject experts and donor representatives); and **Participants** (companies currently or formerly engaged with the GFTN programme).

The evaluation took place over a four month period, November 2011 - February 2012. It entailed an analysis of documentation and data surrounding implementation of the programme, and stakeholder consultation through three methods:

- Indirect, web-based survey (questionnaire) – Step 1
- Direct Interviews (by phone and in-person) – Step 2
- Focus Group meetings (workshops in selected countries²) – Step 3

Quantitative information was captured through the web-based surveys and from data made available through GFTN. Interviews and focus group workshops were used to validate the information from the surveys, to supplement the information and to develop a richer understanding of its meaning. Interviewers all used the same interview guidelines and qualitative information was coded to correlate it back to the evaluation

² Five countries were selected for sampling through Focus Group Workshops using local consultants: Cameroon, China, Indonesia, Peru and UK. The countries were selected through a collaborative process to identify countries with a representative range of challenges and experiences.

questions. Information gathered through interviews was cross-checked with the individuals consulted as needed to clarify key points immediately following the interviews.

Online Surveys TOTAL = 113. Targeted Response Rate = 10-15%.

	Contacted	Responses	Percentage
Internal	149	33	22%
External	147	32	22%
Participants	350	48	14%

Interviewees (including in-country) TOTAL = 138. Targeted Response = 100.

	Europe	Asia-Pacific	N. America	L. America	Africa
Internal	19	18	5	5	5
External	12	11	6	5	8
Participants	10	23	1	6	3

Focus group workshops TOTAL = 61 participants

Country	Workshop Participants (Govt; NGO; private sector inc. GFTN participants)
Cameroon	12
China	18
Indonesia	11
Peru	13
UK	9

Summary of Key Findings

An overwhelming majority of respondents agreed that the GFTN programme remains relevant to the forestry sector worldwide. The programme offers a stepwise approach to improving responsible sourcing and gaining certification in conjunction with provision of technical support from GFTN. This approach continues to provide willing companies - including those who start from a low baseline - with the opportunity to address challenges in their supply chains, implement changes in their practices and increase transparency. Forest management companies gain vital access to technical assistance and support throughout the process of achieving credible certification. GFTN's strengths include the creation of a strong push for responsible forest management and trade in challenging environments, a network of high quality technical people in the field with local knowledge, the ability to engage with companies with a large market presence, and the development of tools to enable understanding of the issues.

However, the evaluation identified areas in need of revitalisation and renewed focus within the programme, and a need for greater technical capacity in business skills and market linkages throughout the network. In addition there were challenges of inconsistent distribution of skills and resources between regions, and variable implementation of programme systems.

GFTN needs to ensure that it remains focussed on contributing to core conservation objectives and can demonstrate impact in Priority Places³ in alignment with WWF objectives. In interviews with key internal stakeholder groups, GFTN is seen as highly relevant to WWF's forest strategy, with the application of FSC certification as the primary tool for achieving its conservation objectives with respect to responsible forest management and trade. Effective measurement and recording of performance indicator change is needed to understand GFTN's impact in the field. Current performance indicators require supplementing with additional indicators if the programme is to effectively monitor and evaluate progress towards conservation objectives.

At the global level, GFTN has had variable success in meeting the targets of the FY2008-2011 business plan. The greatest progress, with over 70% of the target met, was seen in the following areas: total hectares of forest managed by participants achieving certification; increasing the share of globally traded products by participant companies; recovery of operational costs particularly in consumer countries; integrating annual performance reporting as a standard practice for the programme, and signing Programme Implementation Agreements (PIAs) with WWF country offices.

On the basis of one-to-one interviews, GFTN is perceived as successful in driving changes in market behaviour in a number of consumer countries where many trade participants have significantly increased purchases from certified and progressing sources. In the UK for example, trade participants exceeded targets of 5% annual increase of credibly certified sourcing, and a 20% reduction in sources of unknown origin. In China, an emerging market country, between 2006 and 2011, 10 trade participants moved 100% of their sourcing up to "known licensed source" with five companies sourcing FSC certified wood, from a baseline of 100% of participants sourcing from "unknown" origin. GFTN has been less successful overall in facilitating new trade links for or between participant companies, particularly regarding trade links for forest participants in producer countries.

Progress towards local GFTN business plan targets, in the producer countries sampled, was variable but positive overall, with the greatest progress seen in increasing the total hectares of forest managed by GFTN participants that achieve credible certification. The consumer country (UK) where detailed information was made available showed excellent performance on the demand side by exceeding the target for increasing the volume of FSC certified products traded by participants.

Feedback during focus group workshops suggests some targets, including absolute value of certified products traded, appear to be particularly challenging to meet. It is recognised that the period under review coincided with the most significant global recession in the past 50 years, which likely impacts several areas of performance as GFTN is a market based programme.

In general, stakeholders perceived that the most common limiting factors in influencing forest management practices and trade are lack of government policy (enabling environment), lack of demand for certified

³ Defined by WWF as regions which have been scientifically identified as: being home to irreplaceable and threatened biodiversity, or representing an opportunity to conserve the largest and most intact representative of their ecosystem. http://wwf.panda.org/what_we_do/where_we_work/

products (market demand), and lack of effective local GFTN strategy (local applicability of programme model). Continued lack of awareness of FSC in consumer countries and demand for FSC certified products was cited as a concern particularly among stakeholders in producer countries.

The GFTN programme does not appear to be well understood within WWF and often lacks clear messaging, both within WWF and toward external audiences, particularly with regards to its core objectives and activities and to the progress and status of participants engaging with the programme. Internally within WWF, there is a great opportunity and need for increased awareness of GFTN to help the programme contribute towards WWF's core conservation objectives and to generate support to the programme from WWF country offices. This includes increased guidance and oversight by the Shareholders Group. Externally, GFTN needs to give clear and consistent messages regarding programme objectives and operations, and needs to make information publically available regarding changes in sourcing profiles for trade participants, progress towards goals, and participant entry and exit from the programme.

Responses and interviews with internal stakeholder groups indicate that programme governance, through the Shareholder Group (SHG), has been inconsistently implemented. The role and responsibility of the SHG needs to be better understood. Country offices report multiple demands on the GFTN manager's time and expertise needed. Evaluation findings suggest that the programme's resources and technical capacity may be spread too thinly across the network, to ensure adequate implementation of the business plan in all regions.

The GFTN programme has a well-defined system for participation management and progress monitoring, with numerous tools and written procedures which are available through the internal GFTN Participants Database⁴. Each step in the process has clearly identified and dated templates for information gathering, and is accompanied by written instructions. In practice, however, those systems and tools were found to be unevenly applied, which reduces their effectiveness. Good performance in participant monitoring and support was demonstrated in the country offices sampled, including examples where targets were exceeded and information on participant progress made publically available. Information regarding participant progress, however, was often lacking or incomplete at the central level, with an average across the programme of only 55% of required documents currently available through the Participants Database. This means that while country offices may be tracking participant progress well, this information is not directly flowing to the Support Unit.

With the current level of implementation of systems, and distribution and level of resources available, the GFTN programme may not be able to provide adequate assurance to support all publicly announced engagements with participants and associated claims. This may be putting the integrity of the programme at undue risk. The main sources of risk include:

- The model of improving the entire supply chain of a purchasing company is very ambitious and is unique to GFTN. This approach, however, requires deep understanding of the supply chains by both the participant company and by GFTN. Considerable dedication of resources is necessary to achieve this understanding. GFTN participants must continually demonstrate that they are able and committed to make the necessary investments.
- Lack of gradation within the GFTN model means that once accepted into the programme, all participants receive public recognition as collaborating with GFTN / WWF, including companies which may be considered "high-risk". There is no policy to regulate participation based on the applicant company's parent or subsidiary relationships, i.e. a "policy for association."

⁴ The Participants Database is an internal system used by the GFTN Support Unit to gather, analyse and monitor the progress of companies within the programme.

- Public promotion of a company when accepted into the programme is based primarily on commitments the company makes to improve its sourcing profile. Increased regulation in many purchasing countries will result in a minimum requirement of known and legal sources. GFTN will need to align the programme with regulations where these apply before any public announcement.
- Accessibility of monitoring and reporting data is not consistent enough in the internal database, resulting in a lack of available information centrally.
- Lack of a communication strategy and resources to implement consistent messaging about the programme both internally and externally, reducing awareness of the programme. GFTN requires greater buy-in by the WWF network and greater understanding of actual goals, activities, and achievements by external stakeholders.

The allegations and specific cases cited in the Global Witness report '*Pandering to the Loggers*', as they relate to inconsistent implementation of internal systems within GFTN, appear to be reasonable criticism. Some of the interpretations and assumptions in the Global Witness report, however, appear to be due to a lack of information in the public arena regarding the GFTN programme, in particular, changes in company practices and participant progress.

From the participant stakeholder group, 87.5% of respondents stated that GFTN participation had influenced company policy and practice, with a greater proportion of trade participants than forest management participants citing this as "major" changes. Most participants cite association with WWF, access to technical support and supply chain advice as the main benefits of GFTN participation, with technical support for FSC certification playing an important role for forest participants. The majority of respondents from all stakeholder groups considered it appropriate for GFTN to request a financial contribution from participating companies.

Overall, the GFTN programme is seen as relevant, useful, and necessary. There is demand for the programme to maintain focus on its core objectives, build on the achievements to date and to further concentrate on efforts to increase impact in the forest management, trade and conservation of Priority Places. Stakeholders perceive future opportunities for the programme to influence trade in domestic markets and new and emerging markets such as China and Russia. Expanding into new products and activities such as promoting responsible forest finance, should be addressed cautiously, with the biggest risk to the programme being a shortage of resources, in both financial and technical capacity.

The recent and scheduled introduction of timber trade regulations in the US and EU (Lacey Act and the EU Timber Regulation respectively), combined with similar initiatives in development in other consumer countries, raises new challenges and new opportunities for the GFTN programme. WWF and GFTN have been proactive and supportive of these initiatives. The programme will now need to further explore how its model of increased transparency and step-wise progression to improved sourcing can align with and enhance the trade regulations in countries where they apply.

Key Recommendations for Improvement

In the full report we have identified areas where changes will improve programme performance. Key recommendations for positive improvement are summarised below. Some of them may be more applicable to the wider WWF network and not GFTN alone; however as they impact the effectiveness of GFTN, the evaluation team considers it important to include them here.

Overall Strategy, Increasing Impact, and Conservation Implications:

- Re-assess how GFTN/WWF operate in Priority Places, identifying the challenges in each Priority Place and opportunities to collaborate with other organisations to maximise effectiveness of interventions.
- Re-examine performance indicators to ensure that they effectively measure GFTN progress towards stated objectives, adequately balancing both conservation and economic related impacts.
- Invest more in strengthening FSC globally and locally, including increasing demand for certified products, as FSC certification is the main conservation tool of the GFTN programme.
- Determine if GFTN is the most appropriate mechanism for influencing responsible sourcing and improving forest management practices in all situations where it is currently operating. Consider if options for a relationship through other WWF initiatives for corporate engagement may be more effective in certain cases.
- Re-assess the overall size of the GFTN programme in relation to capacity needs for adequate supply chain assurance, particularly with regards to large trade participants.
- Evaluate the geographic distribution of human and financial resources within GFTN programme to ensure these are adequate to implement programme strategy in all countries where it is operating. Consider the distribution of resources which will have the greatest impact on meeting GFTN objectives, including fast-growing economies such as China, Russia, Brazil and India.
- Evaluate priorities for future GFTN development to ensure they are realistic and appropriate given the level of resources available for programme implementation. New activities should be piloted in a limited number of country offices or regions only where there is demand and capacity, prior to consideration as a global strategy.
- Assess how the GFTN programme aligns with current and future timber importing regulations (Lacey Act, EUTR, etc.) in order to identify challenges and opportunities in each case. Minimum requirements for public engagement with trade participants in these regions will need to be known legal source.

Strengthening Governance, Management and Systems:

- Address the need for improving understanding of the roles and responsibilities of the Shareholder Group (SHG), expectations of the relationship between SHG and others in GFTN, and for improving the relationships between GFTN managers and the SU.
- Review current levels of integration of GFTN within wider WWF network and assess ways to strengthen GFTN relationships with local WWF offices, thus increasing understanding of the GFTN programme across the WWF network.
- Improve the consistency of implementation of management systems and tools across the programme. In particular, improve the level of completion of participant information entered into the central GFTN database across the entire programme, fill gaps in current information available and ensure regular uploading of required documents. Ensure database is accessible and efficient, and identify barriers to its use across the network.

- Revise selected tools for participant monitoring and reporting to strengthen their effectiveness, including increasing use of 2nd and 3rd party audits to demonstrate trade participant progress.
- Consider developing specific protocols for addressing applicant companies and situations which may be “high risk” to the integrity of the programme.
- Consider restricting GFTN participation through a “policy for association”, limiting acceptance only to companies which demonstrate ability to meet minimum requirements throughout all divisions and all subsidiaries/ parent companies. Such a “policy for association” should also include protocols for assessing allegations of unethical practices by the applicant or subsidiaries/ parent companies and identifying appropriate action.

Participant Relationships:

- Encourage realistic expectations among new participants when discussing the potential economic incentives associated with joining the programme, particularly in producer countries.
- Build on GFTN strengths and position in the field to develop pro-active partnerships with other NGOs and service providers doing comparable work, to fill gaps in its own capabilities and complete the support available to participants as needed.
- Re-consider GFTN’s current graduation process for trade participants to make the goal of graduation an incentive to meet requirements for demonstrable change within the company.

Communications:

- Create a global communications strategy, to include a clearer framing of programme objectives; proactive promotion of the work of GFTN within the WWF network; an external communications plan; public communication on participant progress and movement through the programme; and strategies to manage risks to programme integrity.
- Recruit and integrate a specialised communications manager into the Support Unit, reporting to the Head of GFTN. This person should be supported by the WWF-International Press Office in a manner that encourages pro-active decision-making and enables fast reaction (through a global communication strategy if possible).

Global Witness Recommendations:

The Global Witness report from July 2011, *“Pandering to the Loggers”*, made a series of recommendations for improvements to GFTN, and highlighted the need for a programme-wide evaluation. The evaluation team was asked to analyse concerns raised in this report and to consider the applicability of Global Witness’ recommendations for GFTN.

As noted in the Background and Methodology section above, it was not within the scope of this evaluation to examine in detail each of the allegations made in the Global Witness report, or conduct field-level analysis. As such the evaluation team focussed on concerns which the evaluation was best-placed to verify or reject, and provided a detailed response in the full report.

In the table below, the evaluation team provides a response to the specific recommendations made by Global Witness.

Global Witness Recommendations	Evaluation Team Response
1. GFTN must undergo an independent, comprehensive evaluation.	1. This independent evaluation has aimed to be as comprehensive as possible within the scope identified.
2. GFTN must adopt vastly improved transparency, performance and monitoring procedures.	2. Evaluation findings show various areas for improvement in terms of transparency, performance and monitoring procedures, including better communication of existing performance and monitoring results.
3. GFTN must introduce strict minimum standards for all companies entering and continuing participation in GFTN.	3. GFTN needs to communicate and consistently implement current participation rules and procedures. GFTN needs to review alignment of participation rules with new trade regulations (i.e. EUTR, Lacey Act, etc).
4. GFTN must rigorously strengthen its policies to avoid being abused by those companies not genuinely committed to performance improvement.	4. We found that on the whole, internal policies for managing participation are adequate but strongly agree that GFTN needs to improve implementation of management systems and work closely with other parts of WWF to reduce potential for abuse.
5. Donor government aid agencies providing GFTN with public funds must require conditions for additional support.	5. This recommendation is not addressed to GFTN and was not part of the evaluation.