



Training manual

Sustainable forest management and legal trade of forest products: Pathways towards certification

With funding and technical support from

UN-REDD
P R O G R A M M E



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environment
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Norad

**Sustainable forest management and legal trade of forest products:
Pathways towards certification**

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Training manual



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Abbreviations

ASEAN	Association of Southeast Asian Nations
COVID-19	coronavirus disease 2019
CoC	chain of custody certification (associated with the Programme for the Endorsement of Forest Certification, or PEFC)
DAFO	District Agriculture and Forest Office
FAO	Food and Agriculture Organization of the United Nations
FLEGT	Forest Law Enforcement, Governance and Trade
FLOURISH	Forest Landscape Restoration for Improved Livelihoods and Climate Resilience project
FPIC	free, prior and informed consent
FSC™	Forest Stewardship Council
MFCC	Myanmar Forest Certification Committee
MRBEA	Myanmar Rattan and Bamboo Enterprise Association
MNRE	Ministry of Natural Resources and Environment
NGO	non-governmental organization
NTFPs	non-timber forest products
PAFO	Provincial Agriculture and Forest Office
PEFC™	Programme for the Endorsement of Forest Certification
REDD+	Reducing Emissions from Deforestation and Forest Degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks
RAOT	Rubber Authority of Thailand
RFD	Royal Forest Department
SFT-LMR	Sustainable Forest Trade in the Lower Mekong Region initiative
SLIMF	small or low-intensity managed forests (group certification standard associated with FSC)
SPK	agricultural land; a type of land classification used in Thailand
TFCC	Thailand Forest Certification Council
UN-REDD	United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation
VPA	voluntary partnership agreement
VFCS	Vietnam Forest Certification System
WWF	World Wide Fund for Nature



Foreword

Across Cambodia, Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam, the surging global and regional demand for timber and forest and agricultural products is escalating pressure on forests and land resources.

Fighting illegal logging and trade calls for governance systems that will improve law enforcement and support transparent tracking and proof of legal and sustainable timber production, processing and trade.

Countries and businesses that rely on forest wood products for export increasingly recognize that their supply chains must use only legal and sustainable sources of wood. Countries that import wood now ask for proof of legality and sustainability. This means that wood export hubs depend more and more on meeting standards of legal and sustainable forest use.

Those who invest in wood-related products and industries must abide by the law and support sustainable trade. Understanding regional cooperation and trade and investments in raw wood and forest products are important to stopping illegal forest exploitation and to boosting financial support for sustainable projects.

RECOFTC is a partner in the UN-REDD Initiative on Sustainable Forest Trade in the Lower Mekong Region (SFT-LMR). The Food and Agriculture Organization of the United Nations leads the implementation of the initiative in coordination with the United Nations Environment Programme and with funding from the Government of Norway. Together, partners of the initiative aim to increase national commitments to fostering legal and sustainable trade and investment in wood products in the Lower Mekong region, to strengthen forest and land governance and to reduce illegal logging. The UN-REDD SFT-LMR initiative supports countries in the Lower Mekong Basin and China to strengthen their forest governance and to ensure that the trading of wood products is legal and sustainable.

Ultimately, the work will contribute to reducing forest degradation and deforestation and to improving the sustainable management of forests across the region. It is intended to promote dialogue, policy alignment and intercompatibility among the Lower Mekong Basin countries. It will also boost cooperation between those countries and China and confront the challenges of forest crime.

This training manual will help smallholders and local communities better understand the legal and sustainable trade of forest products and enable them to more effectively engage in and benefit from that trade. The manual provides information about how supply or value chain governance can be improved and describes specific skills needed to operationalize the information.

The purpose of many training sessions in the manual is to bring together different value chain stakeholders to stimulate conversation and interaction. This will improve collaboration, resulting in sustainable forest management and the trade of forest products and increasing options towards certification.

RECOFTC works to build up the capacity of communities, governments, civil society organizations and companies to contribute to achieving the Sustainable Development Goals of the United Nations 2030 Agenda and the climate change goals of the Paris Agreement. Our entry point to sustainable development and climate change solutions is community forestry.

At RECOFTC, we have more than 30 years of experience working with people and forests and have built trusting relationships with partners at all levels. Our experts have trained more than 60,000 people across the Asia-Pacific region. These experiences and partnerships have formed a training program that is issue-based, collaborative and reflective and continues to shape how community forestry is developed and implemented today.

This manual reflects that experience. I hope it will be used widely and contribute to building a future in which people live equitably and sustainably in and near healthy, resilient forests.

David Ganz

Executive Director, RECOFTC

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Introduction

This manual is for trainers from organizations that provide support to forest sector smallholders, communities, the private sector and national stakeholders in timber and other forest products production. It is a detailed, step-by-step instructional course they can deliver on sustainable forest management and the legal trade of forest products in support of national and international certification mechanisms.

The manual includes exercises, handouts, case studies and suggested training materials that trainers can use. It lists supplementary resources. The purpose is to help trainers conduct training to a wide range of local and national stakeholders, including:

- Forest-based communities
- People or groups who want to develop forest-based community enterprises
- Local government authorities
- Local and national private sector actors
- National forest product associations
- National government agencies
- Civil society organizations

The manual can help strengthen the capacities of these groups. It can also improve their organizational performance in sustainable forest management and trade while addressing the impacts of illegal logging.

This is a basic course. It provides participants with awareness about the concepts of sustainable forest management and trade and forest product certification.

Participants who complete the course will better understand how different certification mechanisms can help them manage their forests and to trade timber and non-timber forest products legally and sustainably.

The course does not offer detailed training on any particular national or international certification standards. It does, however, introduce specific concepts and case studies related to these standards for the purposes of education. It does not aim to make the trainers and targeted groups experts on these topics.

The manual builds on a situational analysis and capacity-development needs assessment conducted in the five Lower Mekong countries: Cambodia, Lao People's Democratic Republic (PDR), Myanmar, Thailand and Viet Nam. The assessment was conducted by RECOFTC in partnership with the UN-REDD Programme under the Sustainable Forest Trade in the Lower Mekong Region (SFT-LMR) initiative. The training materials were tested in Lao PDR and Thailand at local and national training events and in Myanmar at the local level.

Scope of the manual

The overarching objective of the manual is to raise awareness among smallholders and other stakeholders about certification mechanisms. This knowledge will equip smallholders with the skills and knowledge they need to consider producing certified forest products. The manual will specifically:

- Offer smallholders information that will help them understand certification as an opportunity that can resolve certain issues, such as legality, recognition by government and roles that smallholders can have in the forest sector and forest product value chains. At the same time, certification can deliver benefits, such as improved access to markets. The introduction module of the manual will outline different pathways smallholders can choose from.
- Explain key concepts related to the certification process and to engage in legal and sustainable value chains. Key concepts include: certification, controlled wood and controversial sources, due diligence, chain of custody and existing mechanisms developed by international certification bodies to meet smallholders' needs.
- Introduce a set of skills that will help smallholders produce and trade forest products and enable them to enter different pathways. These skills include: group formation, enterprise development, business or financial planning, negotiation strategies and conducting and responding to due diligence requirements.

There is a spectrum of choices for engaging in certification as a means to access legal and sustainable value chains. The manual covers three of these pathways:

1. Communities interested in obtaining a forest management (FM) certificate. This requires knowledge about smallholder certification approaches like those deployed by the Programme for the Endorsement of Forest Certification (PEFC) and the Forest Stewardship Council (FSC) and notions of chain of custody (CoC) certification.
2. Communities that are not ready to become FM-certified but are interested in supplying their timber to CoC-certified buyers. They need to know about CoC standards and approaches like those deployed by the FSC and the PEFC, as well as PEFC's due diligence system requirements.
3. Communities that are not ready to engage in certification but want to comply with national legal requirements. They need to know about national laws that apply to access to land, land tenure, forest management, forest products, harvesting and trade.



Target audience

This manual is meant to be used by trainers from organizations that provide support to forest sector smallholders and communities in timber production. Target groups and participants who can benefit from the manual can come from local and national organizations. They can be involved in policymaking, implementation, forest management and forest product processing and trade.

A mixture of participants at the local level ideally includes community leaders, smallholders, private sector actors and government officials. A mixed-participant group promotes interaction, cross-learning collaboration and co-creation of knowledge and experiences.

This type of learning environment can help shift deep-rooted negative perceptions and assumptions that exist among government, the private sector, civil society and communities. The manual uses a variety of interactive and participatory training methods, including case studies, role play, simulation and scenario-building.

Participants will learn to consider the issues, challenges and solutions from various angles and from different perspectives. This will enhance their understanding and provide a more holistic view of the context in which they operate. “Business-as-usual” interventions are challenged. Participants are encouraged to step out of their comfort zones and consider out-of-the-box and innovative solutions and interventions to age-old challenges and constraints.

A similar setting for a mixture of participants should also apply to national training events, including government agencies, civil society organizations and the private sector.

The following table suggests stakeholder groups and selection criteria for participating in local and national trainings.

Stakeholder groups	Selection criteria
Local communities or smallholders	Growing trees, producing timber on both public and private lands and having a role in forest product value chains
Local community-based enterprises, local sawmills and processing manufacturers, including local small and medium-sized enterprises	Taking on advanced roles, such as buying and processing, in forest product value chains
Local government agencies	Enforcing laws, approving and monitoring forest management plans, legal forest product trade and/or national certification mechanisms at district and provincial levels
National government agencies	Facilitating and overseeing the development, implementation and monitoring of laws and policies with regards to sustainable forest management, legal forest product trade and national certification mechanisms
Civil society and non-state actors	Supporting and facilitating local community organizations, implementing projects and initiatives related to sustainable and legal forest product trade, engaging in policy dialogue or stakeholder platforms
Local and national wood-based associations	Representing different actors in the forest sector (growers, traders, processors) and engaging in policy dialogue or stakeholder platforms representing the interests of its members

Objectives of the manual

The manual improves the competencies of national stakeholders in the following areas:

- **Policy**
Skills to design, operationalize, communicate about and monitor programs to support sustainable forest management and the legal trade of timber and other forest products, guided by international and national certification mechanisms
- **Technical**
Capacity to engage effectively in and support smallholders to effectively engage in sustainable forest management and the legal trade of timber and other forest products, guided by international and national certification mechanisms
- **Inclusion**
Ability to effectively perform mandated roles and responsibilities to increase inclusion and promote equitable benefits for those involved in forest management and the legal trade of timber and other forest products, as prescribed in international and national certification mechanisms

The manual will develop the competencies of community-based entrepreneurs and smallholders groups in the following areas:

- **Policy**
Understanding legal frameworks for sustainable forest management and legal trade of timber and other forest products; ability to participate in national and international certification mechanisms or accessing certified value chains for certified forest products
- **Technical**
Capacity to effectively engage in sustainable forest management and the legal trade of timber and other forest products; capacity to access legal and sustainable forest products value chains, guided by relevant international and national certification mechanisms
- **Inclusion**
Ability to effectively represent their interests when networking with other actors; ability to advocate for policy reform to create a more enabling and equitable environment for local stakeholders involved in forest management and the legal trade of timber and other forest products, as prescribed in relevant international and national certification mechanisms

These competencies are built into four modules.

Module 1: Introduction to certification mechanisms and initiatives

This module sets the context of the topic. It provides participants with foundational knowledge and an understanding of the existing initiatives, guidelines and frameworks for international and national certification standards. The foundational frameworks introduced in this module will be the basis for the training process in all subsequent modules. The main focus of the module will be the implications and challenges of different certification pathways for various stakeholders.

Module 2: Strengthening entrepreneurship and business development

This module provides participants with a range of skills, approaches and tools to ensure inclusive and equitable processes to strengthen the functioning of smallholders and community-based enterprises. Specifically, it will improve their knowledge on how to trade products in legal and sustainable value chains through pathways towards the production of certified forest products.

Module 3: Strengthening effective engagement and partnerships in value chains

This module provides participants with a set of skills to help them engage with value chain stakeholders and support groups from communities, the private sector and government agencies. They will learn to reduce costs and attract resources, which will increase the chances of successful business partnerships and accessing different pathways for certified products.

Module 4: Skills for better engagement in sustainable forest trade

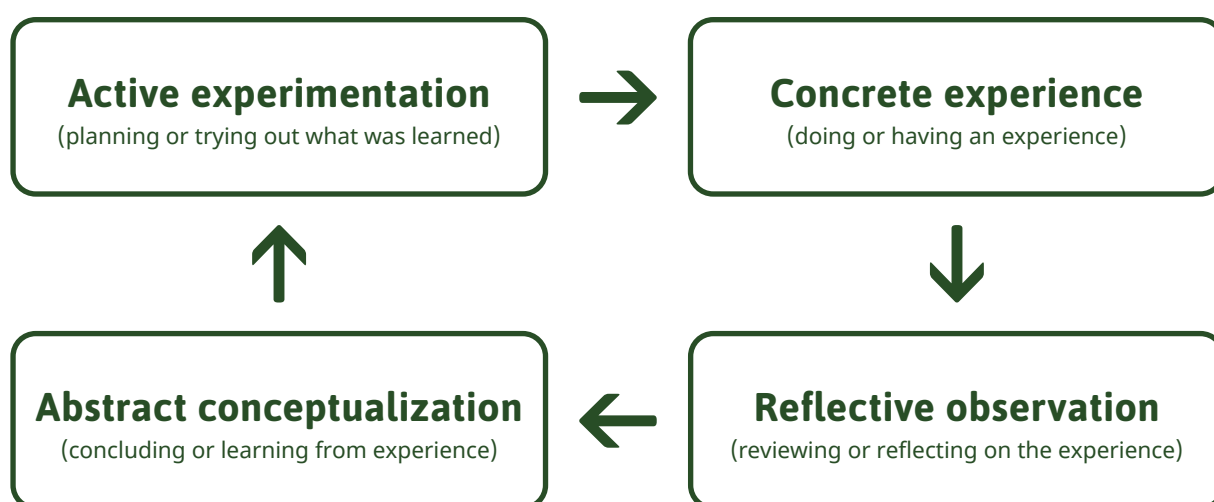
This final module encourages participants to integrate learned knowledge and skills, including legal, sustainable forest management, trade and certification, into their current mandate. It also covers how to address capacity gaps and challenges at individual and institutional levels and evaluate functionality. Continuous monitoring, self-reflection and adapting programs ensures sustainability and addresses topical challenges and concerns.

Learning approach

The manual provides a range of techniques and tools in support of adult learning. To enhance the knowledge and skills needed for effective engagement in legal, sustainable forest management and trade and potential certification pathways, learning has to bring about changes in behaviour, understanding and attitudes.

To facilitate these changes in adult learners, training activities are underpinned by participatory, learning-centred and adult education principles. These principles establish a process that is conducive to learning and that encourages mutual respect, confidence, cooperation and shared decision-making among participants, both during training and in the field.

Figure 1: Experiential learning



Source: Kolb, D. 1984. *Experiential Learning: Experience as the Source of Learning and Development*.
www.researchgate.net/publication/235701029_Experiential_Learning_Experience_As_The_Source_Of_Learning_And_Development

Using the manual

The manual must be regarded as a foundational set of competencies that provide a wide range of knowledge and skills while aiming to change existing attitudes. It provides a complete package and follows a systematic flow of modules and training sessions.

Trainers who use this manual must have prior training experience or facilitation skills and should have two to three years of forest or natural resource management education or field experience. Using the manual, trainers will adapt training programs and training sessions for their participants in their local context and available timeline.

For additional sources on how to organize and implement training or training programs refer to:

- Braakman, L. 2002. *The Art of Building Training Capacities*. RECOFTC. recoftc.org/publications/0000234
- Braakman, L. & Edwards, K. 2002. *The Art of Building Facilitation Capacities*. RECOFTC. recoftc.org/publications/0000214

Each session has a series of steps aligned with two or three training objectives, along with references to exercises and accompanying handouts. Sessions typically end with a reflection section to check whether the learning objectives are met.

In each session, the trainer is also provided with notes. These include guidance covering additional technical advice and tips on how to prepare a session or materials. They also include suggestions for adapting sessions for both local and national stakeholders.

Annex 1 is a pre- and post-training self-assessment form for participants to assess their capacity prior to and after the training. The self-assessment form needs to be adapted in line with the training sessions identified by the trainer.

The attributes and topics column needs particular attention. It refers to the learning covered in the training and a description of which skills and knowledge the trainer expects target groups to have learned. Training objectives, training topics and session objectives can be used as the guide. The self-assessment form is introduced in the introduction to the training. After the training, the same assessment is carried out to measure to what extent a particular capacity gap has been overcome.

Annex 2 includes a quiz for assessing Module 1, which is foundational to the remainder of the modules and sessions. The quiz can also be used prior to a new training event, especially when a full training program is divided into different sessions and time has passed between the events.

To prepare for each session during the training program, trainers should:

- Budget 20–30 minutes to prepare for exercises and consult the references to feel confident that participants understand the concepts that underpin the learning objectives.
- Fully review the training plan and trainers' notes so the session goes smoothly.
- Prepare materials in advance, including flip charts, handouts and all other materials indicated for each session.
- Check whether a session provides advice to prepare participants one day in advance for a particular task, such as role play or reading a case study.

- Consider preparing some energizers or icebreakers to be used throughout the training or inviting participants to propose them.
- Make handouts available on the day that the session is run, normally directly after a session.

Preparation time for a whole session can be between 20 and 40 minutes depending on the complexity of the content and process. Each trainer will go at their own pace.

Customizing your training

Training programs need to be adapted to the local context. The trainer needs to prepare the sessions well in advance, based on audience, their capacity, time availability, topics and their capacity gaps. Training sessions can be adapted in various ways, either by shortening them or mixing different sessions. It is important to have clear training objectives and develop a systematic flow of steps in the sessions to guarantee effective learning for participants. Options to skip certain steps are provided in some sessions.

The sessions are based on the capacity needs of local and national stakeholders involved in sustainable forestry and trade. Therefore, the training flow is tailored primarily for that purpose. However, the manual can also be used as a resource guide to develop a training program based on specific capacity needs of targeted participants. In that case, the trainer needs to revise the training objectives of the sessions and develop their own training flow.

Training programs and sessions can be either fully virtual, fully in-person with field activities or a hybrid of the two.

For preparing a virtual training, the training team needs to be expanded to engage and pay attention to all groups of participants. Online training can include tools, such as Jamboard for brainstorming or Mentimeter, Poll Everywhere and Kahoot for polls or quizzes. These tools can be balanced in training sessions by using them as icebreakers and to increase the attention span of participants. They can even help connect online participants with those in the training venue.

When conducting a virtual or hybrid session, trainers should be aware of the following:

- In a hybrid training model, where one set of participants is onsite and one is online, more time is required to manage both groups. The trainers need to ensure that both groups remain engaged at all times. The lead trainer and co-trainer can each separately manage one group while closely working together to ensure their group is participating and interacting with the other group.
- Both virtual and hybrid training sessions require more time than onsite training due to the need for more intense interaction with participants. In preparing a training session, time allocation needs to be assessed. This can be done either by adapting the session to fit a set amount of time, often no more than 90 minutes, or by revising the steps in a session.
- Participants and trainers in a virtual session often complain of fatigue. The intense engagement in virtual training sessions using computers or mobile phones, compounded with limited physical activities, means concentration and learning can be hampered. Trainers should try to keep training days to a maximum of half a day and allow for sufficient breaks inbetween sessions.

When local- and national-level stakeholders are targeted for capacity-building, the local-level training ideally should be held prior to national-level training. This allows insights, lessons and case studies or examples to be used and built upon in national-level training. The trainer can then adjust the national-level training sessions and enrich the potential effect of the overall training.

Here are some suggested training scenarios.

Training scenario	Target group	Duration	Modules	Objectives
Targeted training program	Community-based entrepreneurs and smallholders	Two four-day training events with a break of two weeks inbetween	All four modules Field visit to meet and apply learnings	Increasing competencies to engage in sustainable forest trade more effectively
Mixed training program	Mixed group of community-based entrepreneurs and smallholder, provincial or national government agencies and private sector representatives	Two four-day training events with a break of two weeks in between	All four modules Field visit to meet to apply learnings	Increasing competencies to engage in sustainable forest trade more effectively
One-off training for extension officers	Provincial or national government agencies	Four-day training event	Module 1 and Module 3	Increasing competencies to support the development of community-based entrepreneurs and smallholders
National training workshop	National-level government agencies, community-based entrepreneurs, smallholder representatives and private sector representatives	Three-day training event	Selected sessions from Module 1 (Sessions 1 and 2) and Module 3 (Sessions 10, 11 and 12) Roundtable or forum-like discussion with relevant stakeholders and representatives	Increasing competencies and exploring potential partnerships between target groups



Module 1

Introduction to certification mechanisms and initiatives

This module provides foundational knowledge about initiatives, guidelines and frameworks for international and national certification mechanisms.

The term “mechanisms”, which is used throughout the sessions, refers to a set of standards, procedures and processes that constitute the certification to function.

The underlying theoretical frameworks introduced in this module will be the basis for the training process in all subsequent modules. The main focus of the module will centre on the implications, challenges and pathways for various stakeholders directly and indirectly involved in this context.

Module 1 training sessions

- **Introduction to the training**
 - **Session 1**
Introduction to forest certification mechanisms
 - **Session 2**
Understanding national legal requirements as a primary step towards forest certification processes
 - **Session 3**
Supplying timber to certified companies through controlled wood and/or controlled sources
 - **Session 4**
Sustainable forest management through group certification
-

Introduction to the training



Objectives

By the end of the session, participants will be able to:

- Know one another and everyone's expectations for the training
- Understand the objectives, learning flow, agenda and context of the topic
- Collectively set training norms and rules of engagement for the duration of the training



Time

90 minutes



Methods

Training room and seating arrangement that allow for participatory training activities, presentation, pair work, plenary discussion



Materials

Flip-chart paper, 10 x 15 centimetre cards (hereafter called small cards), 22 x 28 centimetre papers (hereafter called large papers), sticky notes, markers, flip chart or PowerPoint of training objectives and learning flow of the training, copies of self-assessment forms

Steps

1. Welcome the participants and introduce the training team.
2. Allow some time for welcome speeches and introductions. This depends on the host, stakeholders and resource persons involved in the training program.
3. Once the formalities are done, inform participants that they will now get to know each other with an activity. Distribute one piece of large paper and a marker to participants and allow 5 minutes for them to write the following information:
 - Name
 - Organization or institution and job title
 - One expectation about the training course
4. Pair up the participants and give them 5 minutes to share what they had written.
5. Invite participants to form a circle and ask them to introduce their partner. Each pair has 30–45 seconds. Collect the written large papers and put them up on the wall in the training room. Inform participants they can get to know each other better by reading these.
6. Present and explain the learning objectives of the training and present a diagram representing the training flow or training agenda. Refer to the introduction of the manual for guidance on developing objectives and training flow. Adapt the objectives and flow according to their own training objectives and participant profiles.
7. Connect participants' expectations to the session topics in the learning flow. There may be some expectations from participants that may not be addressed by the training. Be sure to inform participants about this and/or provide some suggestions on how these can be addressed throughout the training. Examples include conducting one-on-one discussion with a trainer or resource persons; providing relevant references and resources that can help; directing them to a specific expert or resource person; suggesting informal discussions with other participants in the training.
8. Do an onboarding exercise that can help you and the participants get a feel for the range of experience and expertise in the room on sustainable forest trade.
9. Remind participants they come from different backgrounds and contexts, and as part of learning, we should embrace the diversity and experience in the room. Mutual understanding is also important in creating better conditions for communication and engagement among stakeholders. Explain that this type of environment allows participants to better understand each other's issues and challenges in forest trade.
10. Ask the group about some of their experiences in developing and selling forest products. At this stage, make references to forest certification processes.

11. Provide participants with large papers and ask them to divide them into three sections. Inform participants they have 5 minutes to jot down three points in relation to forest product trade in their country:
 - One special feature of the forest product you want to trade in
 - One opportunity you see in trading this product
 - One new activity you want to learn to become a successful trader
12. Invite all the participants into a circle and ask each of them to share their flip chart. This should take around 1 minute for each participant. Highlight some interesting and key points related to the objectives of the training.
13. Once all participants have been introduced, tape their large papers on a designated spot in the training room. Encourage participants to visit the spot throughout the training to get to know each other better.
14. Invite participants to develop a set of training “rules” and note these down on a flip chart. Display these participant rules in the training room for all to see throughout the training.
15. Distribute the pre- and post-training self-assessment forms. Provide clear instructions on how to fill in the form, and clarify any enquiries from participants. Allow participants 15 minutes to fill in the pre-training section of the form. Ask participants to write their name on the forms because they will be distributed at the end of the training to assess their post-learning progress. Collect all the forms.
16. Explain that this session was for everyone to get to know each other better and create a friendly learning environment. Let them know that everyone should feel free and safe to speak out and share ideas. The session was also a starting point for exploring some of our ideas about the training topic.



Notes for trainers

- The training room and seating arrangement are important to promote participatory learning methods throughout the training sessions. Ask the venue staff to provide round tables with four or five seats per table to avoid overcrowding. The number of tables is based on the total number of participants. Request for adequate flip chart stands and make sure the venue allows flip-chart paper to be placed on the walls. These will be used to remind participants when you make reference to definitions or training flow and objectives.
- In some instances, official introductions or keynote speeches are deemed important, and additional time needs to be allowed for that. However, try to keep these to 10 minutes and concentrate on setting the stage for the training program. When speakers have additional information to share, consider allocating some time to them in a later and more appropriate session as a resource person. Ideally, these should be no more than 15 minutes to avoid one-sided and lengthy lectures, which are not conducive for effective learning.
- If time is limited, consider leaving out Steps 10–13 or merge some points in Step 11 with Step 3.
- Adapt the Kirkpatrick self-assessment forms (see Annex 1), based on the learning objectives and competencies being addressed for the training.



Guidance for different training contexts

Local-level training

- Sometimes there will be a mixed group of participants, such as smallholders, local government and civil society organizations. In these instances, pay attention to smallholders or local communities when they share their challenges about trading their forest products, land tenure and the constraints that prevent them from commercially benefiting from their resources. Smallholders or local communities may not be comfortable speaking out freely if the relationship with local government has not been established. Set the learning environment well by creating a safe atmosphere for discussion and sharing. Trainers should be neutral and provide equal opportunity for multiple voices to be heard. Use training norms and rules of engagement as a way to emphasize the importance of respecting each other's voice and opinion, interacting with each other and being fully engaged in all activities.
- Run through self-assessment forms with participants per each topic. If possible, assist participants if they need support in terms of writing or clarification of terms.

National-level training

- Replace questions in Step 11 with these following questions:
 - How have you experienced or worked in relation to sustainable forest management and forest certification?
 - What is your role in relation to sustainable forest management and forest certification?
 - Why do you see sustainable forest management and forest certification as important to smallholders and other forestry-related sectors?

Session 1

Introduction to forest certification mechanisms

Part A



Objectives

By the end of the session, participants will be able to:

- Explain key concepts related to international and national forest certification mechanisms
- Describe how the forest certification mechanisms function
- Examine the relationship between current sustainable forest management practices and the purpose of forest certification in their countries



Time

90 minutes



Methods

Plenary discussion, group discussion, video clip



Materials

Flip charts, sticky notes, small cards, markers, videos on two certification mechanisms, written statements related to certification on flip chart or PowerPoint slides, printed photographs of different forest conditions, large-screen TV with an internet connection or an LCD projector with a computer

Steps

1. Explain the objectives of this session. The session is divided into two parts:
 - A. The purpose and definition of forest certification by looking at the two main global certification organizations: the Forest Stewardship Council (FSC) and the Programme for Endorsement of Forest Certification (PEFC)
 - B. The benefits and challenges of forest certification processes for smallholders
2. As a warm-up, do a quick exercise with participants. Place two photos of different forest conditions on opposite walls in the training room or show on PowerPoint slides (see Exercise 1).
3. Ask participants: If you are going to buy wood to build your house, which forest would you like the wood to come from?
4. Facilitate a short discussion based on some of these questions:
 - Which of these forests do you want to buy the wood from?
 - Why did you choose this forest?
 - Which key characteristics did you observe in terms of forest condition?
 - Which timber quality do you expect from the forest you selected?
 - How do you know that your choice can guarantee a forest that continues to regenerate wood for future use?
5. Write down responses on a flip chart and discuss the answers with the participants. Some key ideas that should be discussed include forest management practices, availability of quality forest products and services, legality of the wood market and price, and whether the wood is certified.
6. Summarize the discussion. Point out that there are several ways to ensure how forests can be managed in a sustainable manner. One approach is through forest certification.
7. Inform participants that they will get to know more about key elements and the purpose of forest certification from two globally recognized forest certification mechanisms: FSC and PEFC. Show two short videos of both mechanisms (see Exercise 2).
8. Discuss the key ideas in the videos using these questions:
 - What is the common goal of forest certification in both mechanisms?
 - Why is it important to emphasize sustainable forest management?
 - How is sustainable forest management important to you or your organization?
 - What does forest certification and its effort to maintain sustainable forest management mean to a smallholder?

9. Inform participants that the next exercise will look more in-depth at the definition and characteristics of and perceptions about forest certification. Place four statements on forest certification in various parts of the training room (see Exercise 3 for instructions on how to run the exercise).
10. Once completed, reflect with the following questions:
 - How did you feel about the three exercises in this session?
 - What are key ideas or points regarding sustainable forest management and forest certification for you?
 - Is it important for you to consider forest certification in your context? Why?
 - What are some of the challenges of being involved in forest certification in your contexts?
11. Explain that this is an introductory session and participants may still have many questions because this is a complex topic. There will be many opportunities to discuss this in next sessions.
12. Wrap up the session by reiterating these key learning points:
 - Sustainable forest management promotes sustainability based on social, environmental and economic benefits. Forest certification helps to ensure these.
 - Certification is a voluntary market tool to assess and prove the level of achieving sustainable forest management. It links with the end user or customer demand for sustainably managed products.
 - Forest certification mechanisms may present objectives, principles and approaches differently, but their common goal is to achieve sustainable forest management.
 - Sustainable forest management practices become the underlying principles, criteria and indicators for global certification mechanisms. The common elements of principles include:
 - Complying with international and national laws on tenure
 - Management practices of forests
 - Respecting Indigenous Peoples' and community rights
 - Maintaining workers' rights and safety conditions
 - Preserving forest ecosystem health, vitality and biodiversity for the carbon cycle and to meet socioeconomic purposes
13. Provide the handout and encourage participants to explore the forest certification institutes or experts in their respective countries.



Notes for trainers

- The FSC and the PEFC set standards of sustainable forest management and chain of custody certification. They also define procedures that independent certification bodies should follow in their certification assessment. Neither the FSC nor the PEFC issues certificates themselves. However, each certification body is responsible to assess and issue the certificate if the certification applicant demonstrates conformity to a set of standards.
- A good way to explain the relationship between sustainable forest management and forest certification can be: Forest certification is one of the tools or mechanisms that help achieve and independently demonstrate a common goal, which is sustainability of forest management. Forest certification is based on a systematic framework of principles, criteria and indicators to assess sustainable forest management practices.
- If feasible, you can invite resource persons to speak at the session. Representatives from forest certification bodies, government officials, practitioners and university lecturers may be able to provide additional information on various topics, including forest management practices, legality and forest certification, developing national forest certification mechanisms and involvement of smallholders in certification processes. However, you must ensure that these resource persons are well prepared and coached in advance. It is important to brief them well about the session objectives and ensure that they are able to adapt the language and resource materials and presentations based on the target audience. If this is not done, it can overwhelm the audiences and will result in confusion and disinterest. You may assist resource persons to confirm clarity and understanding of participants upon their request.
- Prepare all materials in advance:
 - Provide photos of poorly managed and well-managed forests (see Exercise 1), and label them as Photo 1 and Photo 2 rather than call them well-managed or poorly managed forests. Participants need to differentiate key characteristics of both photos as part of the exercise.
 - Be sure to turn on the subtitles in the chosen language for the videos on PEFC and FSC certification. Alternatively, translate the story into the local language while participants are watching the video in Exercise 2. If possible, seek advice from national resource persons of both forest certification mechanisms to provide national language videos if these are available.
 - For Exercise 3, choose at least four statements from the six, including one definition statement and one benefit statement.



Guidance for different training contexts

Local-level training

- Exercise 1 is a starting point to see how smallholders and communities perceive certain conditions and outcomes of sustainable forest management practices. Relate the two photographs with the actual contexts of smallholders and communities. Explain how forest certification can ensure that the outcome of improved forest management practices will last for new generations and add value to their products in new markets.
- For Exercise 3, prepare translated statements in a simple manner. Seek common terminology used by national agencies that provide official terminology translation from English versions of forest certification documents. Explain terms when necessary, and ask for examples from participants to check their understanding.

National-level training

- In Step 5, reflect with participants about their mandated roles and positions at the national or local level regarding reducing deforestation and promoting sustainable forest management.
- There are two ways to adapt Exercise 3:
 - Use a simple questionnaire to replace Exercise 3. The questionnaire can assess if participants have basic knowledge on sustainable forest management and forest certification.
 - Play a matching game, where participants match specific concepts and terms to the statements. The terms should include sustainable forest management, forest certification and chain of custody (CoC) certification (see Handout 1).



Exercise



Module 1

Introduction

Session 1

Session 2

Session 3

Session 4

Exercise 1 for Steps 2–4



Photo 1



Photo 2

Exercise 2 for Steps 7–8

1. Present videos:

- “Why the FSC Label Matters for Forest, People and Wildlife”, posted by World Wildlife Fund, 23 April 2018.
[youtube.com/watch?v=kCme9OmdkuE](https://www.youtube.com/watch?v=kCme9OmdkuE)
- “How Can We Best Protect Our Forests? PEFC Certification!”, posted by PEFC International, 6 November 2017.
[youtube.com/watch?v=n5DZlyhHQqo](https://www.youtube.com/watch?v=n5DZlyhHQqo)

2. Summarize key messages in local languages if needed.

Exercise 3 for Step 9

1. Instruct participants to walk around and read the statements and stand in front of the statement that is most meaningful to them. Ask them to think about why they feel so.
2. Invite participants to share. Encourage them to relate to their own contexts by asking for examples they are familiar with. Encourage others to ask questions and challenge the answers.
3. Here are six statements about forest certification. Select only four statements for discussion:

Statement 1 Refers to the definition of forest certification adopted from FAO (see Handout 1)	Forest certification is a voluntary process whereby an independent third party (the certifier) assesses the quality of forest management and production against a set of requirements (standards) predetermined by a public or private certification organization.
Statement 2 Refers to conceptual idea and aim of forest certification adopted from FAO (see Handout 1)	Forest certification is a market mechanism to promote sustainable use and management of forests and to identify sustainably produced products for customers who are concerned about social and environmental issues and may be prepared to pay higher prices.
Statement 3 Refers to forest management certification (see Handout 1)	Forest management certification confirms that the forest is being managed in a way that preserves biological diversity and benefits the lives of local people and workers while ensuring it sustains economic viability.
Statement 4 Refers to CoC certification (see Handout 1)	CoC certification verifies that certified material is identified or kept separate from non-certified or non-controlled material through the production process, from the forest to the final consumer. To label an end product as certified, both forest management certification and CoC certification are required.
Statement 5 Refers to the potential benefits of forest certification (see Handout 1)	Forest certification provides more opportunities to sell to new markets and/or increase sales to current buyers because certified products have higher or premium prices.
Statement 6 Refers to the potential benefits of forest certification (see Handout 1)	Forest certification can help improve forest management, including the forest's future productivity for both timber and non-timber forest products (NTFPs) and ecosystem services.

Part B



Objectives

By the end of the session, participants will be able to:

- Discuss the benefits and challenges of participating in international and national forest certification mechanisms
- Assess possible pathways to participate in international and national forest certification mechanisms based on their own ability and resources



Time

90 minutes



Methods

Small group discussion, brainstorming, self-assessment questionnaire



Materials

Flip charts, sticky notes, large coloured paper, markers, posters or flip charts with the diagrams of pathways, printed pathway self-assessment forms

Steps

1. Recall the key learning points from Part A of Session 1. Highlight the relationship between sustainable forest management and forest certification. Forest certification is one of the means to achieve the goal of sustainable forest management.
2. Explain the objective of this session, and illustrate the type of forest certification and approaches available for smallholders by presenting the “forest certification diagram” (see Figure 2: Forest certification diagram for smallholders in Exercise 1). Briefly explain the key terms of the two major types of forest certification:
 - Forest management certification used by the FSC and sustainable forest management certification used by the PEFC
 - CoC certification used by both mechanisms

Highlight the characteristics and requirements of each certification scheme. Clarify key concepts in the forest certification diagram and the two certification types.
3. Facilitate a brainstorming on how smallholder groups can benefit from certification activities in their own context by asking the following questions:
 - What are the potential benefits from forest certification for smallholders?
 - What are the challenges or concerns smallholders might face when they go for any type of forest certification?
 - Which certification type appeals to smallholders? Why?
 - How can forest certification add value to smallholders’ products?
4. Highlight that this is an introduction to the various pathways towards certification. Other sessions will further discuss types of forest certification pathways and how they are relevant to smallholders.
5. In the next exercise we will assess how much participants know about forest certification processes using a self-assessment questionnaire form. It is important to assure participants that this is NOT a test but a way for you and the participants to assess their knowledge about the topic.
6. Distribute the pathway self-assessment form in Exercise 2. If participants are sole occupants of land or plantation lots, they should complete the form individually. If they manage their land collectively, such as a community forest, they can answer as a group.
7. Ask participants to tabulate the scores. Discuss the results. Where needed, clarify any questions. Ask participants from local government agencies or the private sector to share their insights about the exercise (see the notes for trainers for guidance).

8. Reflect on the exercise with the following questions:
 - How did you feel about the exercise?
 - Was there any question in the pathway self-assessment form that was interesting for you?
 - Were there any questions you found challenging to answer? What was challenging and what was the reason that it was difficult to answer?
 - Did the exercise help you further understand forest certification?
9. Present the “forest certification pathways diagram” (see Figure 3 in Exercise 2). The diagram shows the pathways that smallholders can consider with regards to forest certification processes in their local context.
10. This framework is fundamental to the overall training. Sessions 2, 3 and 4 will touch on pathways C, B and A, respectively.
11. Wrap up the session by reviewing these learning points
 - Forest certification has multiple benefits
 - As a voluntary market tool to ensure that forests are sustainably managed
 - Demonstrates legal rights to manage and harvest forest products to stop illegal logging
 - Improves efficiency and effectiveness of forest management practices monitoring as well as organizational and administrative management
 - Diversifies forest products and services, and protects rare or threatened species
 - Ensures that certified forest products are responsibly sourced and manufactured for responsible consumers
 - To enter into forest certification or become a legal, sustainable and certified actor, you need to assess your ability and readiness. You need to know if you have the capacity to be a potential partner with a CoC-certified company in the timber value chain. By doing this you can know what you should improve to be able to demonstrate compliance with at least minimum requirements under national regulations. There are many possible pathways to certification. A few options will be explored in the following sessions.
12. Distribute Handout 1 and provide guidance to participants to further contact the FSC and PEFC resource persons in their countries. They can also check the FSC and PEFC websites if they want to learn more details and approaches and seek further information from the distributed handout.



- Forest certification is a set of standards developed by organizations, such as the FSC and the PEFC, that indicate good forest management. Forest owners, forest managers, smallholders and communities have options to manage and conduct businesses in a way that qualifies or meets those standards.
- In many cases, local communities and smallholders who manage land with unclear tenure face difficulties accessing and benefiting from certification. This happens when they cannot demonstrate legal land tenure. They usually do not have user rights documents due to unsupportive policies or support programs related to land titling. Titling is a minimum requirement to enter certification mechanisms.
- Global certification mechanisms like the FSC and PEFC have set up processes to develop national standards to reflect diverse legal, social and geographical conditions of forests in different countries.
- Encourage participants to analyse their answers in the pathway self-assessment. They should look at the total score as well as each separate question. For example, if the total score falls under category A, it does not automatically mean one is fully eligible to enter forest certification. Consider some of the questions that were ticked under Column B or C, even though the overall score places the participants in Pathway A. Encourage participants to reflect on why they ticked the column and what this means in terms of the pathways that are available to them.
- This session provides information on the basic concepts and purpose of the certification. This information is sufficient for participants to consider how a particular forest certification mechanism can benefit them if they manage their forests and trade wood and timber.

Additional references

RECOFTC. "Community Forestry 101". E-learning course.
recoftc.org/learning/e-learning-catalogue/community-forestry-101

FSC. 2009. *FSC User-friendly Guide to FSC Certification for Smallholders*.
ic.fsc.org/download.fsc-user-friendly-guide-to-fsc-certification-for-smallholders.a-2220.pdf

FSC. 2009. *FSC Step-by-Step Guide, Good Practice Guide to Meeting FSC Certification Requirements for Biodiversity and High Conservation Value Forests in Small and Low-intensity Managed Forests (SLIMFs)*.
ic.fsc.org/file-download.fsc-step-by-step-pocket-guide.16.htm



Guidance for different training contexts

Local-level training

- For Exercise 1: Forest certification diagram in Figure 2 and Forest certification pathway diagram in Figure 3, write the different terms on separate cards and stick each card on a flip chart. This will expand the respective diagrams and walk participants through the whole concept of forest certification and the pathways.
- Include references to national forest certification standards endorsed by the PEFC throughout the session: the Thailand Forest Certification Council, the Myanmar Forest Certification Committee (ongoing process for development) and the Vietnam Forest Certification System. Handout 1 has examples from Thailand, where the TFCC adopted national standards for forest management TISI 14061 and CoC TISI 2861.
- Place the pathways diagram in a prominent place in the classroom. This makes it easy to reference throughout the training. The diagram marks the beginning of the learning journey. All the following sessions will address the different gaps that were assessed by the pathway self-assessment form.
- Encourage participants to refer to Handout 1, which provides more information on the pathways.

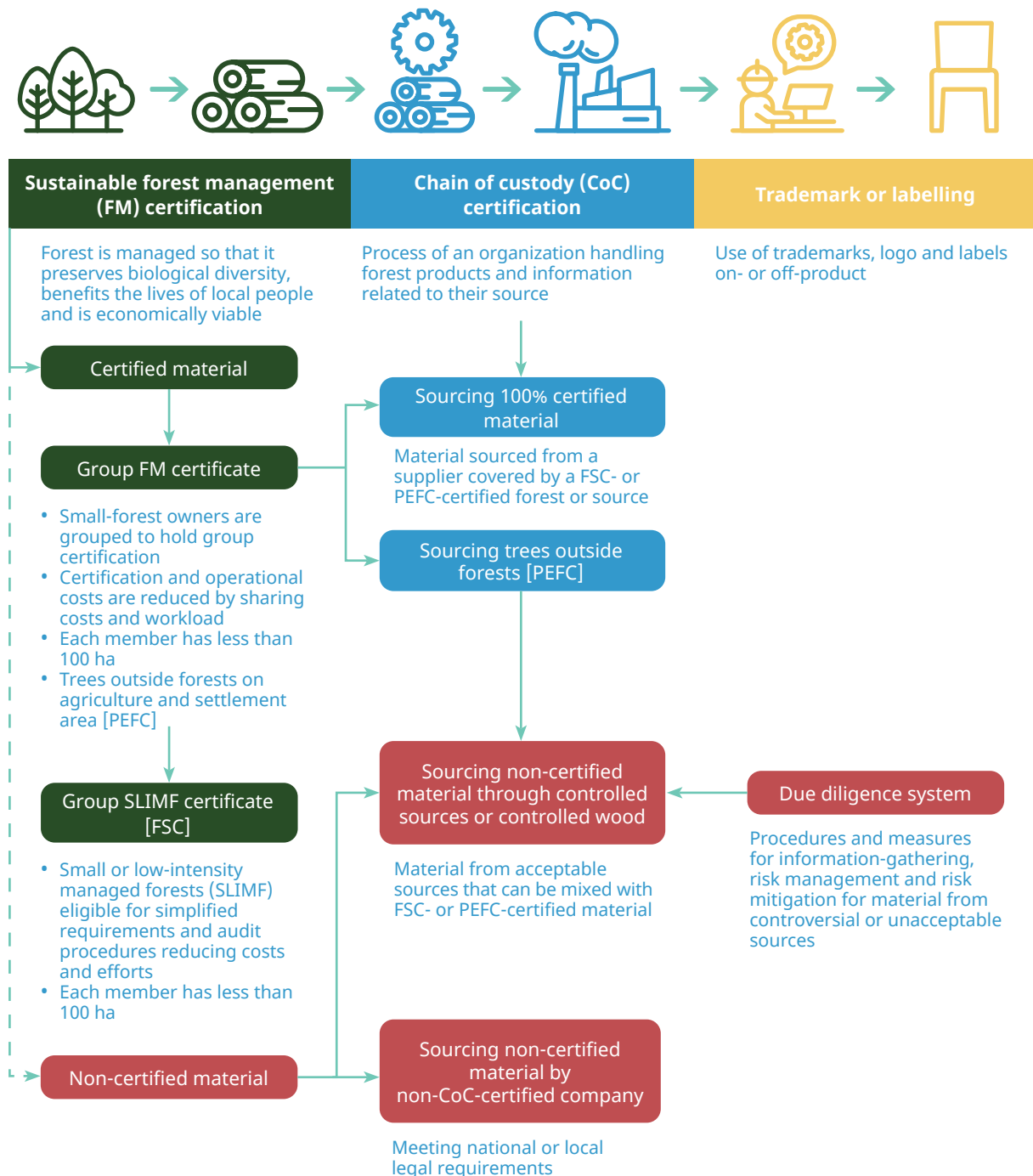
National-level training

- Follow the same steps as the local-level training but replace Steps 5 and 6. For this target, ask them to review the pathway self-assessment form. Some of the criteria to review are:
 - Simplicity in terms of language
 - Requirements based on forest certification standard
 - Clarity of key terminology and concepts used
 - Compatibility with current situation and context
 - Expectations from smallholders
- After the review of the pathway self-assessment form, facilitate a discussion based on the following reflection questions:
 - Do you think this form is applicable to smallholders in your context?
 - Is the language simple enough for smallholders to complete by themselves?
 - Will you be able to use this with your targeted smallholders or community?
 - What support is needed to help you use this form with the smallholders you work with?
 - What do you suggest to adapt or modify?
- Alternatively, replace Steps 5 and 6 with the following:
 - Share the results from the self-assessment done by smallholders in the local trainings with national-level participants and discuss which areas require further attention or action at the national level. This is based on the local contexts and should come out through the local trainings. Some of the actions that can be included:
 - Capacity-building for national stakeholders to support smallholders in their endeavours
 - Increase knowledge on topics in the form that smallholders were unfamiliar with
 - Dialogue to discuss some of the issues highlighted by smallholders in pursuing a specific pathway

Exercise 1

Figures for Step 2 of Part B

Figure 2: Forest certification diagram for smallholders



Description for forest certification diagram for smallholders

Figure 2 illustrates the two main types of forest certification mechanisms commonly used by the FSC and the PEFC. Forest management or sustainable forest management certification helps assess whether forests are being managed according to a specific set of standards. Group forest management certification approach is found in the FSC and PEFC mechanisms that allow those who have a small forest management unit to organize in a group of smallholders and apply for forest certification collectively. Small or low-intensity managed forests (SLIMF) is an approach developed by the FSC (see Handout 4).

The CoC certification begins when timber or forest products are harvested from the forest management unit and passed throughout the processing of finished products.

CoC certification allows smallholders who have not engaged with forest management certification yet to supply their non-certified material or timber to a CoC-certified company through an approach called controlled wood or controlled sources (see Handout 3). However, a CoC-certified company must have in place a due diligence system to minimize the risk of accepting controversial non-certified timber or non-certified forest raw material from smallholders (see Handout 3).

Customers can ensure that they correctly choose a certified product from its trademark label or logo. Traceability is available for customers to trace whether certified material comes from sustainably managed forest or not.

Exercise 2 for Steps 5–7 of Part B

1. Distribute pathway self-assessment form to each participant.
2. Ask participants to carefully read the list of questions and tick the most appropriate area where they think it fits their current situation. Read each question out loud and ask participants if they require any further clarifications.
3. Once all questions are answered, count the total number of ticks for each column.
4. The results of the questionnaire are categorized as:
 - Highest points in Column A means you have adequate capacity and assets to potentially become certified.
 - Highest points in Column B means you have moderate capacity and assets to become certified. However, there are alternatives to becoming a partner with a CoC-certified company, and this training can help to move you to Column A.
 - Highest points in Column C means you need to develop some capacity and assets to enter into a partnership with a CoC-certified company, and this training can help provide and enhance skills and practices to potentially move to Column B.
 - In a case of equal score among all three columns, participants may choose which likely option they are most interested in or would most like to work towards.

Note: These three options are just examples among other possible options for communities and smallholders to become certified or to engage in the legal, sustainable and certified forest products trade. The purpose of the exercise is not to find fault but rather to assess at what stage participants are now in and consider actively engaging in this training to improve their situation.

Table 1: Pathway self-assessment form for smallholders

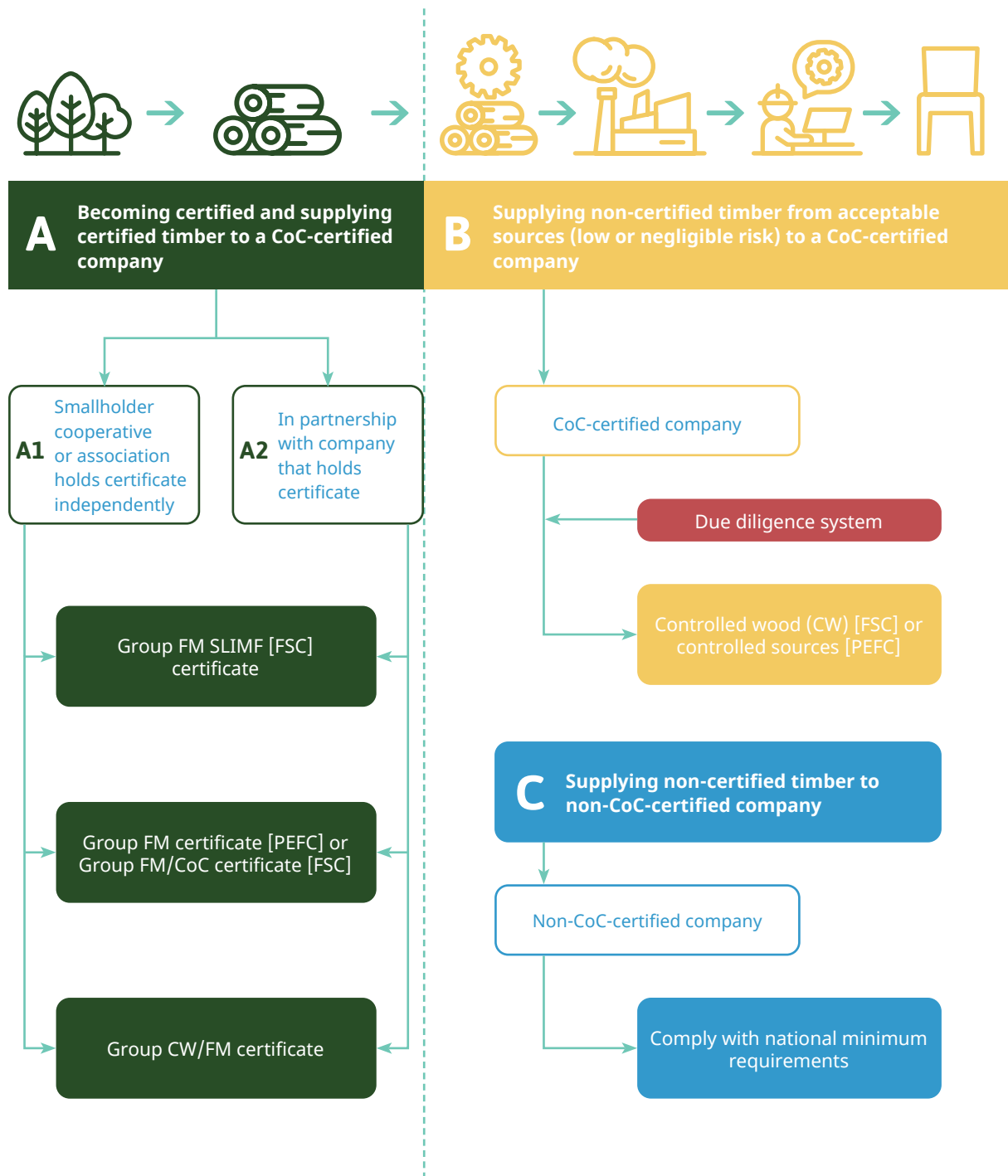
Topic, statements or declarations	Yes I have sufficient information available (A)	Not really I only have partial information available (B)	No I have insufficient information (C)
Community forest or plantation lots belong to	<input type="checkbox"/> Individual private possessor <input type="checkbox"/> Communal possessor		
Conditions of species	<input type="checkbox"/> Planted <input type="checkbox"/> Natural <input type="checkbox"/> Binary		
1. Do you have legal documents for land ownership, tenure, management or use rights?			
2. Do you avoid land disputes on land with other Indigenous Peoples and local communities?			
3. Do you have legal documents for tree or forest ownership?			
4. Do you record and keep a list of tree species planted, chemicals used and fire events in your forest?			
5. Do you have a harvesting permit or a form of authority to harvest or know the process required to obtain a permit?			
6. Do you have a written management plan with long-term vision for your forest?			
7. Do you have records of map location of your forest, including designation of buffer zones, to avoid negative impacts to rivers, native trees and wildlife?			
8. Do you apply silvicultural techniques, such as thinning, pruning and balancing harvesting and growth rates in your forest?			
9. Have you ever sold timber from your forest?			
10. Are you involved in any form of official or registered smallholder group, cooperative or association?			



Topic, statements or declarations	Yes I have sufficient information available (A)	Not really I only have partial information available (B)	No I have insufficient information (C)
11. Do you have enough human and financial resources and organizational structure to maintain the viability of your producer organization, cooperative or association?			
12. Do you know where to seek funding support or loan opportunities?			
13. Do you have an effective mechanism for communicating among your members or network?			
14. Do you use safety equipment when you work in your forest or harvest your timber?			
15. Do you avoid hiring child workers?			
16. Do you pay worker wages that meet or exceed minimum living wages as per your local standard cost?			
17. Do you avoid negative impacts to your plantation lots, including the environment around your area, posed by management activities?			
18. Are you actively conserving culturally, ecologically, economically and spiritually significant sites?			
19. Do you recognize the voice of people living or occupying around your plantation lots or those who are affected by your management or harvesting activities?			
Total number of ticks			

Figure for Step 9 of Part B

Figure 3: Forest certification pathways



Note: The letters A, B or C mark the three pathways and correspond to the most ticked columns from Table 1: Pathway self-assessment form for smallholders.

Description for forest certification pathways

This forest certification pathways diagram demonstrates possible options or choices where smallholders can consider to take part in the forest certification mechanisms. As mentioned previously, the pathways are not limited to these three:

Pathway A: Becoming certified and supplying certified timber to a CoC-certified company

This means smallholders and communities aim to fully engage in forest certification processes to take part in the legal, sustainable and certified forest products trade. There are two possible procedures for this approach:

A1: Smallholders and communities gather together and organize into an entity, such as a cooperative or association, to apply for and hold one common forest management certificate independently.

A2: Smallholders and communities develop a partnership with a CoC-certified company to become a certified raw material supplier for the company's manufacturing unit. A CoC-certified company is entitled to hold the forest management certificate on behalf of smallholders and communities. The company can take charge of managing a group of smallholders to monitor their compliance with a set of standards.

Under A1 and A2, there are few options for applying for group certification (see Handout 4).

- Group forest management SLIMF certification and group controlled wood and forest management certification under FSC mechanism and group sustainable forest management certification under PEFC mechanism
- Group forest management and CoC certification under FSC mechanism

Pathway B: Supplying non-certified timber from acceptable sources (low to negligible risk) to a CoC-certified company

This pathway requires a CoC-certified company that wishes to receive supply of non-forest management-certified timber or forest raw material from smallholders or communities to assess risk, gather information and identify risk mitigation measures. These steps should be taken through a due diligence system approach to ensure that the supplies are acceptable and from non-controversial sources to become controlled wood or controlled sources.

Smallholders and community plantation lots are not required to be certified if they are not ready. However, they need to present documents to prove to a CoC-certified company that their timber is eligible to meet controlled wood or controlled sources requirements and can be part of legal, sustainable and certified forest products trade.

Pathway C: Supplying non-certified but legal timber to a non-CoC-certified company

This approach is not yet considered engaging in forest certification processes. However, it becomes a foundational step towards participation in the certified forest products trade for smallholders and communities.



Handout 1



When we discuss forest certification, there are two concepts that are important:

1. Sustainable forest management

Many organizations have defined sustainable forest management through the years. Here are two examples:

International Tropical Timber Organization (1992): “The process of managing forests to achieve one or more clearly specified objectives of management with regard to the production of a continuous flow of desired forest productivity and without undue undesirable effects on the physical and social environment”¹

United Nations (2007): “A dynamic and evolving concept [that] aims to maintain and enhance the economic, social and environmental values of all types of forests, for the benefit of present and future generations”²

2. Forest certification

A number of organizations have defined forest certification based on their focus. Here is one example:

Food and Agriculture Organization of the United Nations: “...a voluntary process whereby an independent third party (the certifier) assesses the quality of forest management and production against a set of requirements (standards) predetermined by a public or private certification organization. It is a way of informing consumers about the sustainability of the forests from which wood and other forest products were produced.”³

Forest certification is a market mechanism to promote the sustainable use and management of forests and to identify “sustainably produced” products for the consumer. The aim is to reward forest managers who pursue sustainable forest practices rather than practices with the potential to cause negative economic, social and environmental impacts.

A certification label on a forest product informs potential buyers that the product was produced in a well-managed forest in accordance with a given set of standards. Consumers concerned about social and environmental issues are expected to give preference to products carrying such a label, and they may also be prepared to pay higher prices for them.

¹ See itto.int/sustainable_forest_management/

² See <https://sdg.tracking-progress.org/indicator/15-2-1-progress-towards-sustainable-forest-management/>

³ See fao.org/sustainable-forest-management/toolbox/modules/forest-certification/basic-knowledge

Types of forest certification

There are two types of forest certification:

- Certification of forest management, which assesses whether forests are being managed according to a specified set of standards.
- Certification of the chain of custody (sometimes referred to as CoC certification), which verifies that certified material is identified or kept separate from non-certified material through the production process, from the forest to the final consumer. To label an end product as certified, both forest management certification and CoC certification are required.

Global forest certification mechanisms

The Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC) are acknowledged certification mechanisms currently being promoted and implemented. Both mechanisms consider essentially the same objectives and apply similar principles but use different approaches.



The mark of
responsible forestry
FSC® N004001

History	Established 1993 in Bonn, Germany
Mission	Promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests through a system of national and regional standards
Principles	<ol style="list-style-type: none"> 1. Compliance with laws 2. Workers' rights and employment conditions 3. Indigenous Peoples' rights 4. Community relations 5. Benefits from the forest 6. Environmental values and impacts 7. Management planning 8. Monitoring and assessment 9. High conservation values 10. Implementation of management activities



Promoting
Sustainable Forest
Management

PEFC/01-44-56 www.pefc.org

History	Established 1999 in Paris, France
Mission	Responds to needs of small- and family-forest owners to be able to benefit from certification processes through a recognition of national forest certification mechanism
Principles	<ol style="list-style-type: none"> 1. Compliance with legal requirements, which includes land-use rights and health and safety issues for workers. 2. Maintaining or increasing forests and their ecosystem services and the economic, ecological, cultural and social values of forest resources (including carbon storage). 3. Maintaining forest ecosystem health and vitality, including addressing forest degradation and rehabilitation. 4. Maintaining and encouraging productive functions of forests. 5. Maintaining, conserving and enhancing biological diversity in forest ecosystems. 6. Maintaining or enhancing protective functions in forest management. 7. Maintaining or enhancing socioeconomic functions and conditions; this includes public access to forests, ownership rights and protection of sites with specific historical, cultural or spiritual significance for Indigenous Peoples and local communities. 8. PEFC's benchmark standard also includes trees outside forests. The aim is to make the standard more accessible to farmers and smallholders who do not own or manage forests but have trees on agricultural or settlement land that are currently outside the scope of certification.

Examples of national forest certification mechanisms in the Lower Mekong region

Responding to local and national needs, many countries have set up their own certification mechanism based on international standards and requirements assessed prior to PEFC endorsement.

National certification	Description
<p>Myanmar Forest Certification Committee (MFCC)</p> <p>myanmarforestcertification.org/about/</p>	<p>The MFCC applied for PEFC international endorsement of the country's national forest certification mechanism, called the Myanmar Forest Certification System.</p>
<p>Thailand Forest Certification System (TFCS)</p> <p>tfcc.fti.or.th/</p>	<p>The TFCS was endorsed by PEFC International on 30 May 2019, after national stakeholder processes led by the Thailand Forest Certification Council. The Council promotes sustainable forest plantation management through a certification mechanism of forest-based products.</p>
<p>Vietnam Forest Certification Scheme (VFCS)</p> <p>vfcs.org.vn/en/home/</p>	<p>The VFCS includes sustainable forest management and chain of custody standards. It was endorsed by PEFC International on 29 October 2020. The Vietnam Forest Certification Office ensures the implementation of national standards and guidelines of the VFCS.</p>

Why should smallholders get certified?

Certification can help to improve forest management, including a forest's future productivity for timber and non-timber forest products. It can also help strengthen smallholders' and communities' organizational structure and their operations in managing forests while ensuring a healthy and safe working environment.

Market benefits	Social benefits	Environmental benefits
<p>Direct benefits</p> <ul style="list-style-type: none"> Market access: Label and logo for certified products ensures greater opportunity to sell to new markets or increase sales to current buyers. Some countries accept only certified products as proof of legality and sustainability for timber. Premium prices: Benefits smallholders organized through forest product marketing cooperatives who have small quantities of harvest to sell but can sell their products for higher prices. Continued financial support: Increases chances of long-term support and funding from public and private organizations with an interest in sustainable forest management. <p>Indirect benefits</p> <ul style="list-style-type: none"> Improved efficiency and effectiveness of forest management practices, monitoring, evaluation and reporting. Diversification of forest products and services. Improved administration and organization and procedures for documentation and bookkeeping. 	<ul style="list-style-type: none"> Improved community structures and external relations, promoting long-term well-being of forest communities Certification requirement regarding tenure, which empowers communities to insist on the acknowledgement of their legal and customary rights Recognition of forests in rural development Promotion of safe working conditions Enhanced professional status, prestige and self-esteem of forest communities 	<ul style="list-style-type: none"> Helps prevent illegal logging Protection of rare, threatened and endangered species and other high conservation values Reducing the overexploitation of some highly demanded forest products Increasing the health and vitality of forest ecosystems

Session 2

Understanding national legal requirements as a primary step towards forest certification processes



Objectives

By the end of the session, participants will be able to:

- Identify how timber species or forest products can be harvested and commercialized in compliance with the minimal legal and regulatory requirements
- Review relevant procedures to ensure legal harvesting and commercialization of timber species or forest products
- Identify ways to address challenges and constraints in the legal harvesting and commercialization of timber species or forest products



Time

90 minutes



Methods

Small group discussion, plenary discussion, presentation by timber legality resource person



Materials

Flip charts, sticky notes, small cards, markers, laws and regulations of timber species, land classification matrix template

Steps

1. Recall the key learning points of Session 1: The purpose of forest certification and how it functions; what it means to smallholders; and the possible pathways that allow smallholders to engage in available forest certification processes in their country. Clarify any questions participants may still have.
2. Explain the objectives of Session 2. Tell participants that they will learn more about compliance with national legal requirements for smallholders wanting to legally sell their forest products or timber so they can engage in the three possible pathways discussed in Session 1.
3. Present the following points on a flip chart or PowerPoint slides:
 - The origin of timber or forest products is an important aspect when talking about timber or forest product value chains.
 - Smallholders who want to legally trade products need to show where the products come from as a minimum requirement of national laws and regulations.
 - Legal compliance is a fundamental underlying principle for all types of forest certification and pathways.
4. We will start by looking at Pathway C. This pathway does not directly lead to certified value chains. However, it is considered a foundational step towards forest certification and will help achieve the minimum requirement on which pathways B and A can build.
5. Present the following information on a flip chart or PowerPoint slides:
 - Forest and related laws and regulations influence the process of forest management and rights to commercialize forest products and services as well as certification, especially when it comes to operationalizing some of the processes.
 - Laws and regulations can promote more sustainable practices. In some cases, legalization can create unintended barriers or constraints for smallholders, community-based enterprises or other local entrepreneurs trying to enter into value chains.
6. Think of the many commercial timber species that are currently planted or harvested for sale from smallholder plantation lots or community managed forests. List the timber species on separate cards, one species per card, and stick them on a flip chart.
7. Divide participants into three groups randomly. Ensure that there is a mixture of participants from different organizations, such as smallholders, government, civil society and private sector.

8. Start the exercise titled “Where do you plant? What do you harvest?” (see instructions on Exercise 1). Ask the groups to choose one timber species or forest product from the list generated that they want to discuss further. Ensure that each group has a different timber species. Assign one participant to be the facilitator in the group. You can also move from group to group if the participants are not able to facilitate.
9. After participants finish the exercise, invite one representative from each group to share their results of the matrix they filled in. Allow around 5 minutes for each group to present and encourage other groups to provide questions or comments.
10. Reflect on the exercise with these questions:
 - Is it difficult or easy to understand the minimum requirements of the relevant laws and regulations in your respective countries? Why or why not?
 - Which relevant laws and regulations pose the greatest challenge to smallholders? What are some of these challenges?
 - How do these limit or hinder you from engaging in forest certification?
 - What are some possible ways to overcome the challenge of meeting minimum legal requirements?
11. Wrap up the session with these key learning points:
 - Complying with minimum legal requirements is a foundational step to engage with and to benefit from timber trade into forest product value chains. This is known as “timber legality”.
 - Smallholders and communities must know how to identify which laws and policies or regulations enable or are barriers to their operations.
 - All participants in the training, including communities, government and private sector, are linked to timber value chains that are affected in different ways by regulations. Clearly communicating and working closely together can help resolve some confusions or barriers.
 - Smallholders and communities need support to advocate through public spaces, grievance and redress mechanisms or specific platforms or networks.
12. Distribute Handout 2 and navigate participants to suggested steps for smallholders to ensure minimum requirements for national legislation of legal forest product trade.



Notes for trainers

- Laws and regulations affect all actors in the value chain in different ways. You should be well versed with legislation (see Handout 2 for the basic information as a starting point). You can also find relevant information from government agencies involved in developing guidelines, laws and regulations for smallholders and local communities. As preparation, complete the matrix yourself before the training so you understand the content.
- As mentioned in Session 1, you can also invite resource persons from government agencies, university lecturers and practitioners who have expertise on forest laws and policies, legality and forest certification. They can explain the minimum national legal requirements for smallholders.

Additional references

FAO. 2019. "Assessing the Governance of Tenure for Improving Forests and Livelihoods–A Tool to Support the Implementation of the Voluntary Guidelines on the Responsible Governance of Tenure". Forestry Working Paper No. 13. doi.org/10.4060/ca5039en

RECOFTC. "Policy Analysis and Forest Governance 101". E-learning course. recoftc.org/learning/e-learning-catalogue/policy-analysis-and-forest-governance-101

RECOFTC. 2022. *Targeting the capacity gaps in Cambodia, Lao PDR, Myanmar, Thailand and Viet Nam. Sustainable Forest Trade in the Lower Mekong Region Initiative (UN-REDD Programme)*. recoftc.org/sites/default/files/publications/resources/recoftc-0000404-0001-en.pdf

Open Development Mekong platform serving Cambodia, Lao PDR, Myanmar, Thailand and Viet Nam. opendevelopmentmekong.net/



Guidance for different training contexts

Local-level training

- Use the Pathway C diagram placed in the training room to remind participants how this session fits in.
- Keep in mind that although the forest certification pathways diagram discussed in Session 1 shows a hierarchical structure, in reality the pathways build on each other, starting with Pathway C, minimum requirements. Pathways A and B build on Pathway C, especially when smallholders decide to or have increased capacities and assets. They can make the decision to embark on the next pathway that will require more commitment, investments, increased roles and responsibilities in the certification process.
- Potential timber species or forest products countries include:
 - Lao PDR: teak and rubber
 - Myanmar: teak and yemane (*Gmelina arborea*)
 - Thailand: rubber and teak
 - Viet Nam: rubber and acacia
 - Cambodia: rubber
- In some circumstances, you can invite a government official as a resource person who can explain some pieces of legislation or procedures. However, be sure to prepare the resource person in advance according to the session objectives, and place what has been shared in context of the smallholders or community-based enterprises.
- For training with a mixed group of participants, you should consult with local government officers who can provide accurate information on the listed laws and regulations.

National-level training

- Present a filled matrix of laws and regulations analysis (Exercise 1) by participants from the local-level training. Generate discussion or separate into group work in Step 8 by asking national participants to review and provide corrections if needed and see which areas require attention or action at the national level. Tell participants that these revised matrices will be distributed to local government authorities, smallholders and other community members to help them understand the up-to-date procedures.
- Replace Step 10 with the following questions when assessing how the laws and regulations have been communicated to various audiences:
 - How have you communicated these laws and regulations mentioned in Exercise 1 in a simpler way?
 - How have smallholders or communities responded to the content of laws and regulations you communicated?
 - Have you gathered feedback from the groups on your communication tools and approaches?
 - Which kind of communication tools and approaches would help you simplify and disseminate these laws and regulations effectively to smallholders and communities?
 - What resources would you need to help you design and implement simplified communication on laws and regulations?



Exercise



Exercise 1 for Step 8:

Where do you plant? What do you harvest?

Instruct participants to complete the exercise called “Where do you plant? What do you harvest?” as follows:

1. Ask participants to draw a table or matrix on a flip chart as per the example you have given them.
2. Write down the identified or selected timber species name (Column 1).
3. Continue filling in the remaining columns by using the following questions to help participants in their discussions:
 - Have you ever seen or heard about products made from this species, which are currently sold in the market? (Column 2)
 - If yes, move to next question
 - If no, discuss in the group whether to change to a new species to continue to the next question
 - Do you think this species is restricted by law? Restricted means certain legal conditions are to be followed before planting or harvesting commercially (Column 3).
 - Yes or no, continue to the next question
 - What type of land can this species be harvested from and sold legally based on your experience?
 - Classify different types of land as recognized by law in the matrix (Column 4).
 - What type of legal land document is required to harvest and sell trees? (Column 5)
 - What type of legal permit is required to have for harvesting and selling this species on particular land classification? (Column 6)
 - Which agency approves or issues this permit?
 - What laws or regulations cover this permit?
 - Reorder brief steps of procedures to obtain permit or legal document (Column 7).
4. Ask participants to mark the most challenging laws and regulations for them to comply with.
 - Discuss briefly why they think it is an obstacle for them
 - Identify possible ways to overcome these challenges

Table 2: Laws and regulations analysis against timber species and land classification

1 Timber species	2 Sold in a market? (Yes/No)	3 Restricted by law? (Yes/No)	4 Type of land of harvested and sold timber species	5 Name of legal land document required	6 Name of permit to harvest and sell species → issued by → under what laws or regulations	7 Brief procedures [placed in sequence]
Species name			Type 1			
			Type 2			
			Type x			



Handout 2

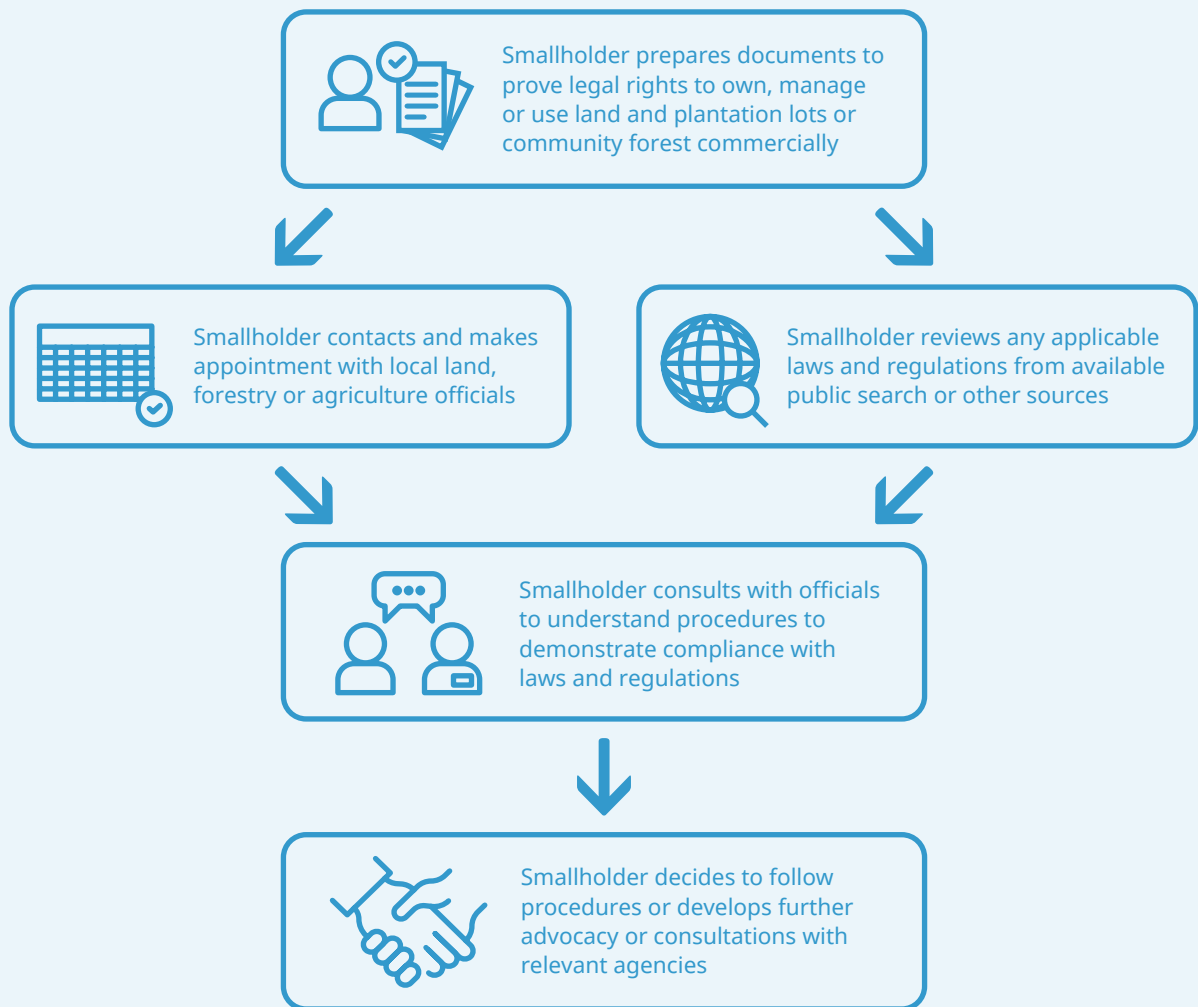
For the various forest certification approaches aiming to legally sell forest products or timber, relevant national forest laws and policies need to be understood. Each country context is different and requires preparatory research focusing on:

- Requirements of where and what type of timber species or forest products can be harvested and commercialized legally
- Relevant procedures to ensure legal harvesting and commercialization of forest products

In many circumstances, smallholders and communities face difficulties accessing and understanding laws and procedures to ensure compliance. Also, some local or national government officials may not communicate relevant laws, policies or operational guidelines in a simple way to smallholders and local communities.

Some suggested steps to support smallholders and communities addressing challenges and reduce bottlenecks of certain legal requirements to legally harvest and trade forest and timber products are presented in Figure 4.

Figure 4: Steps smallholders must take to meet minimum requirements in legal forest product trade



Session 3

Supplying timber to certified companies through controlled wood and/or controlled sources



Objectives

By the end of the session, participants will be able to:

- Explain key concepts of controlled wood and controlled sources related to smallholders under forest management and CoC certificates
- Identify minimum requirements for smallholders to be involved in the controlled wood and/or controlled sources approach
- Assess ways smallholders can benefit from the controlled wood and controlled sources approach



Time

120 minutes



Methods

Small group discussion, buzz groups, brainstorming, plenary discussion, video presentation



Materials

Flip charts, sticky notes, small cards, markers, video presentations on CoC, a set of photographs and statements on unacceptable and controversial sources of timber and forest products, large-screen TV with an internet connection or an LCD projector with a computer

Steps

1. Remind participants that in Session 2 we discussed the minimum legal requirements (Pathway C). This is an important starting point that smallholder groups need to comply with to further proceed with any forest certification process.
2. Recall the overall forest certification pathways diagram introduced in Session 1. Explain that this session will focus on Pathway B in supplying non-certified but legal timber to a CoC-certified company through controlled wood or controlled sources approach. Explain the objective of this session.
3. Ask participants if they have experiences or have heard about controlled wood or controlled sources.
4. Start with a warm-up exercise to better understand the concept of CoC. Ask participants to imagine they want to buy a pack of roasted coffee beans or any other product in the market they are familiar with. List the information they should know about the product on a flip chart. Next ask where they could find the information, such as a label with product information, a certification logo or the website of the brand. Ask them why this information is important.
5. On a flip chart or PowerPoint slides, show some of the information about a product that can be found on its label. This could include where and who manufactured it, what the ingredients are, what it is made from, if it can be eaten or if there is a guarantee symbol to make sure it is edible. Show some examples of available symbols, such as the United States Food and Drug Administration label, nutrition facts or the United States Department of Agriculture organic logo. For forest-related products, especially timber, a customer may want to know more details about where it is made, by whom or any information to guarantee the timber is from responsible or legal sources that we can observe from a logo or trademark symbols. Show the examples of the certified labels from the FSC and PEFC on products (see Exercise 1).
6. Present this definition of CoC on a flip chart: "CoC is a process when raw material is transformed or manufactured along the production process before the company or manufacturer can place associated labels or trademarks on their product."
7. Present the video "The Proof of Traceability with PEFC" by PEFC International. It describes the proof of traceability with the PEFC, posted 18 February 2019: [youtube.com/watch?v=I_1JX4sF5so](https://www.youtube.com/watch?v=I_1JX4sF5so)
8. Divide participants into buzz groups⁴ of two or three people and ask them to list ideas about CoC from the video. After 5 minutes, ask the groups to share their ideas with each other. Invite groups to volunteer the ideas in plenary.
9. Show the definitions of CoC from the FSC and PEFC (see Handout 3) on a flip chart or on PowerPoint slides. Clarify any questions.

⁴ A buzz group is a small group that discusses a specific topic, issue or question for a short period of time. The room soon fills with noise as each group "buzzes" in discussion, like bees in a beehive. Buzz groups can be pairs or trios, depending on the group size and the assignment or task. Further information about buzz groups and facilitation methods can be found at recoftc.org/publications/0000214.

10. Have a brief discussion with participants on why CoC certification is important to them as a smallholder. Explain that the responsibility to comply with the CoC certification standard lies with the certified company holding the CoC certificate. Smallholders have options to collaborate with these CoC-certified companies to benefit from them. The companies will need an additional non-certified but legal raw material supply for their operations.
11. Ask participants what some of the challenges of CoC standards are. List them on a flip chart. In many cases it is that CoC-certified companies face challenges to get enough supply from certified forest management plantations for their manufacturing.
12. Ask participants how this challenge can be addressed. Generate some ideas before sharing prepared ideas: One such way is to supply controlled wood to CoC-certified-companies rather than pursuing CoC certification yourself. See examples in Exercise 1 and Handout 3 for more details.
13. Present the definition of controlled wood and controlled sources on a flip chart or PowerPoint slides (see Handout 3). Clarify any questions.
14. Introduce the due diligence system concept, which is a measure to ensure that raw material is acceptable to be delivered under the controlled wood and controlled sources approach. Some activities include information-gathering, risk assessment and risk mitigation in order to allow non-certified material to mix with certified material or inputs (see Handout 3).
15. Reiterate that the due diligence system is a responsibility of a CoC-certified company that intends to source timber from smallholders. However, smallholders and communities need to present documents to prove that they legally own their timber.
16. Tell participants that the next exercise will help them understand what categories of wood or raw material are considered high risk, unacceptable or controversial and are not eligible to be supplied to CoC-certified companies (see Exercise 2). Smallholders need to be aware what documents or evidence are required to mitigate potential risks from mentioned sources of wood.
17. After the exercise, ask participants to reflect on these questions in plenary:
 - How did you feel about the exercise?
 - How do you think this exercise is relevant to your context?
 - Did you find it challenging to understand the categories of controlled wood or controlled sources? What in particular?
 - Why is it important to have a clear understanding of controlled wood or controlled sources? What does it mean to you as a smallholder?
 - Based on the criteria presented, are you able to produce wood that a CoC-certified company could buy as controlled wood? Why or why not?
 - What could be the biggest challenge for you or your organization to implement or be involved in the CoC-certification process?
 - What resources are needed to overcome the challenge? Where do you access these resources?

18. Wrap up the session by reviewing these key learning points:

- CoC systems are developed by certification organizations to trace all the processes, starting with how a forest is managed and how a single log is transformed towards the end product. CoC certification is one type of forest certification for sourcing forest products or materials and to verify certified materials.
- Controlled wood or controlled sources is a mechanism developed by the certification organizations FSC and PEFC for CoC-certified companies. It helps companies avoid sourcing non-certified raw materials from unacceptable sources or controversial sources with low or negligible risk that are identified from the due diligence system. If a specific risk is identified, the company needs to mitigate the risk through corrective action to reduce the risk to acceptable levels.
- Controlled wood or controlled sources is considered a potential opportunity for smallholders to demonstrate that they are managing forests sustainably and possess the legal documents to meet minimum requirements determined by the relevant standards and become a partner with a CoC-certified company to supply non-certified but legal timber.
- In some cases, smallholders and communities have no clear legal framework for planting trees on public land or the land is pending to be clarified or issued tenure rights to local people. These people are unable to benefit from being able to supply controlled wood and controlled sources. Remind participants about the suggested steps for obtaining information on their national minimum legal requirements, as discussed in Session 2 and Handout 2.



- This session is complicated due to the complexity of procedures and terminology for controlled wood or controlled sources standards. Familiarize yourself with reading materials provided in Handout 3 and consult with FSC and PEFC independent consultants or experts who can help explain key terminology and concepts for CoC certification and controlled wood or controlled sources and how smallholders can enter this mechanism.
- CoC represents the stage immediately following sustainable forest management certification. It is necessary to create an informative link between the certified raw material included in a certified forest product and its origin (see forest certification diagram for smallholders in Session 1).
- FSC and PEFC use different terms to describe this approach. There are two terms used as controlled wood from acceptable/unacceptable sources used by FSC and controlled sources from controversial/noncontroversial sources used by PEFC. Keep all terms used by both certification mechanisms so participants will be familiar with all of them.
- For Exercise 2, decide which statements and photographs you want to use in the exercise. Table 3 explains each category of unacceptable sources or controversial sources presenting descriptions from both FSC and PEFC that are matched into the same categories. Use suggested statements in bold texts for preparing statement papers for participants.
- Remind participants about some of the points on laws and regulations discussed in Session 2. Additional resources on CoC-related videos can be accessed here: [youtube.com/watch?v=I2poyEITnwQ](https://www.youtube.com/watch?v=I2poyEITnwQ), posted by the Aquaculture Stewardship Council on 26 March 2020.
- Ask FSC and PEFC contact persons in respective countries for information regarding CoC-certified companies located in participants' landscapes. If possible, invite a CoC-certified company representative as a resource person to share insights, challenges and practical steps to engage in this controlled wood or controlled sources approach for smallholders.

Additional references

Requirements for sourcing FSC controlled wood.

<https://fsc.org/en/document-centre/documents/resource/373>

PEFC. 2020. *PEFC Chain of Custody of Forest and Tree Based Products-Requirements*.

cdn.pefc.org/pefc.org/media/2020-02/66954288-f67f-4297-9912-5a62fcc50ddf/23621b7b-3a5d-55c9-be4d-4e6a5f61c789.pdf

FSC STD-40-004 Chain of Custody Certification Standard V(3-10).

fsc.org/en/document-centre/documents/resource/302

Strategy for FSC Mix products and controlled wood.

<https://fsc.org/en/media/5378>

Preferred by Nature. 2016. "Chain of custody in the forest sector" presented by NEPCon. [youtube.com/watch?v=gQeNKAfVNZU](https://www.youtube.com/watch?v=gQeNKAfVNZU)

FSC CoC 101. us.fsc.org/en-us/certification/chain-of-custody-certification

PEFC. The Proof of Traceability with PEFC. [youtube.com/watch?v=I_1JX4sF5so](https://www.youtube.com/watch?v=I_1JX4sF5so)

Iov42 Solution Demo: Timber Chain. [youtube.com/watch?v=vnUVG4j-mZU](https://www.youtube.com/watch?v=vnUVG4j-mZU)



Guidance for different training contexts

Local-level training

- The video shown in Step 7 needs to be translated by the trainer. Alternatively, a resource person can provide a brief presentation focused on the concept and CoC certification and controlled wood or controlled sources requirements for smallholders.
- Remind participants about the list of legal requirements to trade their timber and forest products discussed in the exercise in Session 2. The main documentary evidence required under this CoC certification and controlled wood or controlled sources approach are more or less the same. However, there will be additional information or documentation requested by a CoC-certified company interested in building partnerships with smallholders to get non-certified but legal timber into their manufacturing process. Smallholders need to be aware and prepared to demonstrate such required additional documentation to a CoC-certified company. In case these documents are not available, smallholders are advised to follow suggested steps in Handout 2 to obtain information on legal requirements or in Handout 3 to understand what a CoC-certified company wants from them.

National-level training

- Replace reflection questions in Step 17 with some of these questions, based on the participants in the training:
 - How did you feel about the exercise?
 - Did you find it challenging to understand the categories of controlled wood or controlled sources? What in particular?
 - Why is it important to have a clear understanding of controlled wood or controlled sources? What does it mean to you as a government officer or private sector business?
 - How do you think this exercise is relevant to your context?
 - Based on the criteria presented, do you think smallholders and communities are able to comply and supply their non-certified but legal timber through a controlled wood or controlled sources system?
 - What could be the biggest challenge for smallholders and communities to implement or be involved in the CoC-certification process?
 - What support can you provide to smallholders and communities to help them engage in CoC certification and controlled wood or controlled sources?
 - What role would you want in this CoC-certification process and controlled wood or controlled sources?



Exercise

Exercise 1 for Steps 4–5

Here are some examples of FSC and PEFC labels and logos on certified products.



A photo showing FSC Mix label on finished product



A photo showing FSC Mix label on finished product



A photo showing PEFC label on product



A photo showing PEFC label on finished product

Exercise 2 for Step 16

1. Prepare eight photographs of unacceptable or controversial sources (Column A). Write eight statements for the description of unacceptable or controversial sources (bold texts in Column B) in small cards, one statement per card (see examples in Table 3).
2. Place the photographs on the walls around the training room and lay statements on the floor.
3. Ask participants to work in pairs and pick up one statement and find its match with a photograph. Ask participants to explain why they think they matched them.
4. Assign participants to brainstorm with their partner on the following questions (see suggested answers in Table 3 in the last row):
 - What needs to be in place to demonstrate that your timber does not come from this controversial source or unacceptable source if you want to supply timber to a CoC-certified company?
 - What resources do you think can help you meet the requirements from a CoC-certified company?
5. Ask participants to write their answers on a small card and stick this under the photograph.
6. Ask some pairs to share their ideas and generate discussion with them.

Table 3: Categories of unacceptable or controversial sources from the FSC and PEFC as per CoC-certification standards

Example of photographs for unacceptable or controversial sources (A)	Description of unacceptable or controversial sources (B)
	<ul style="list-style-type: none"> • Illegally harvested wood (FSC) • Activities not complying with applicable local, national or international legislation on forest management, including but not limited to forest management practices; nature and environmental protection; protected and endangered species; property, tenure and land-use rights for Indigenous Peoples, local communities or other affected stakeholders; health, labour and safety issues; anti-corruption and the payment of applicable royalties and taxes (PEFC)
	<ul style="list-style-type: none"> • Wood harvested in violation of traditional and human rights (FSC) • Activities not complying with applicable local, national or international legislation on forest management, including but not limited to forest management practices; nature and environmental protection; protected and endangered species; property, tenure and land-use rights for Indigenous Peoples, local communities or other affected stakeholders; health, labour and safety issues; anti-corruption and the payment of applicable royalties and taxes (PEFC)
	<ul style="list-style-type: none"> • Wood harvested in forests in which high conservation values are threatened by management activities (FSC) • Activities in which forest management does not contribute to the maintenance, conservation or enhancement of biodiversity on landscape, ecosystem, species or genetic levels (PEFC) • Activities in which ecologically important forest areas are not identified, protected, conserved or set aside (PEFC)
	<ul style="list-style-type: none"> • Wood harvested in forests being converted to plantations or non-forest use (FSC) • Activities in which the capability of forests to produce a range of wood and non-wood forest products and services on a sustainable basis is not maintained or harvesting levels exceed a rate that can be sustained in the long term (PEFC) • Activities in which forest conversions occur; that lead to negative impacts on ecologically important forest areas, culturally and socially significant areas or other protected areas; that are not in compliance with national and regional policy and legislation applicable for land use and forest management; that destroy areas of significantly high carbon stock; or that do not contribute to long-term conservation, economic, and/or social benefits (PEFC)

Example of photographs for unacceptable or controversial sources (A)	Description of unacceptable or controversial sources (B)
	<ul style="list-style-type: none"> • Wood from forests in which genetically modified trees are planted (FSC) • Genetically modified trees (PEFC)
	<p>Conflict timber (PEFC)</p> <p>Timber that has been traded at some point in the chain of custody by armed groups, be they rebel factions or regular soldiers, or by a civilian administration involved in armed conflict or its representatives, either to perpetuate conflict or take advantage of conflict situations for personal gain. Conflict timber is not necessarily illegal. It applies to all forest and tree-based material and products.</p>
	<p>Activities in which the spirit of the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work (1998) is not met (PEFC)</p> <p>This is an expression of commitment by governments and employers' and workers' organizations to uphold basic human values that are vital to our social and economic lives. It affirms the obligations and commitments that are inherent in membership of the ILO:</p> <ul style="list-style-type: none"> • Freedom of association and the effective recognition of the right to collective bargaining • The elimination of all forms of forced or compulsory labour • The effective abolition of child labour • The elimination of discrimination in respect of employment and occupation • A safe and healthy working environment
	<p>Activities in which the spirit of the United Nations Declaration on the Rights of Indigenous Peoples (2007) is not met (PEFC)</p> <p>This provides a global framework for efforts to advance Indigenous Peoples' rights. The Declaration contains crucial guidance for building societies that ensure full equality and the rights of Indigenous Peoples.</p>



Examples of documentary evidence for smallholders:

- Legal documents or certificate of land ownership, management or use rights; private or public land
- Sales agreement of the land
- Plantation permit or registration documents
- Approved forest or plantation management plan
- Map and zoning of community land or forest to make sure timber comes indeed within the borders as specified in the land title or use rights documents and that the land is not claimed or having conflict with Indigenous Peoples
- Harvesting permit
- An up-to-date list of tree species from plantation lots
- Health and safety measures, policy or equipment; personal protective equipment
- Employment of workers older than minimum age (check age in ID cards; attach copy of ID cards)
- Equivalent or above minimum wages paid to workers
- Correct permits and paperwork for alien workers



Handout 3

What is chain of custody?

Chain of custody, or CoC, is an important concept in sustainable forest trade. The two definitions of CoC referenced in this training are:

FSC™	<p>"...the path taken by forest products from the forest to the end consumer. It begins in the forest and follows the value chain through processing, manufacturing and distribution.</p> <p>Forest products are tracked at each step when they are transformed or processed along the value chain."⁵</p>
PEFC™	<p>"...the process of handling of information on the origin of forest-based products, which allows the organization to make accurate and verifiable claims on the content of certified material."⁶</p>

Purpose of chain of custody

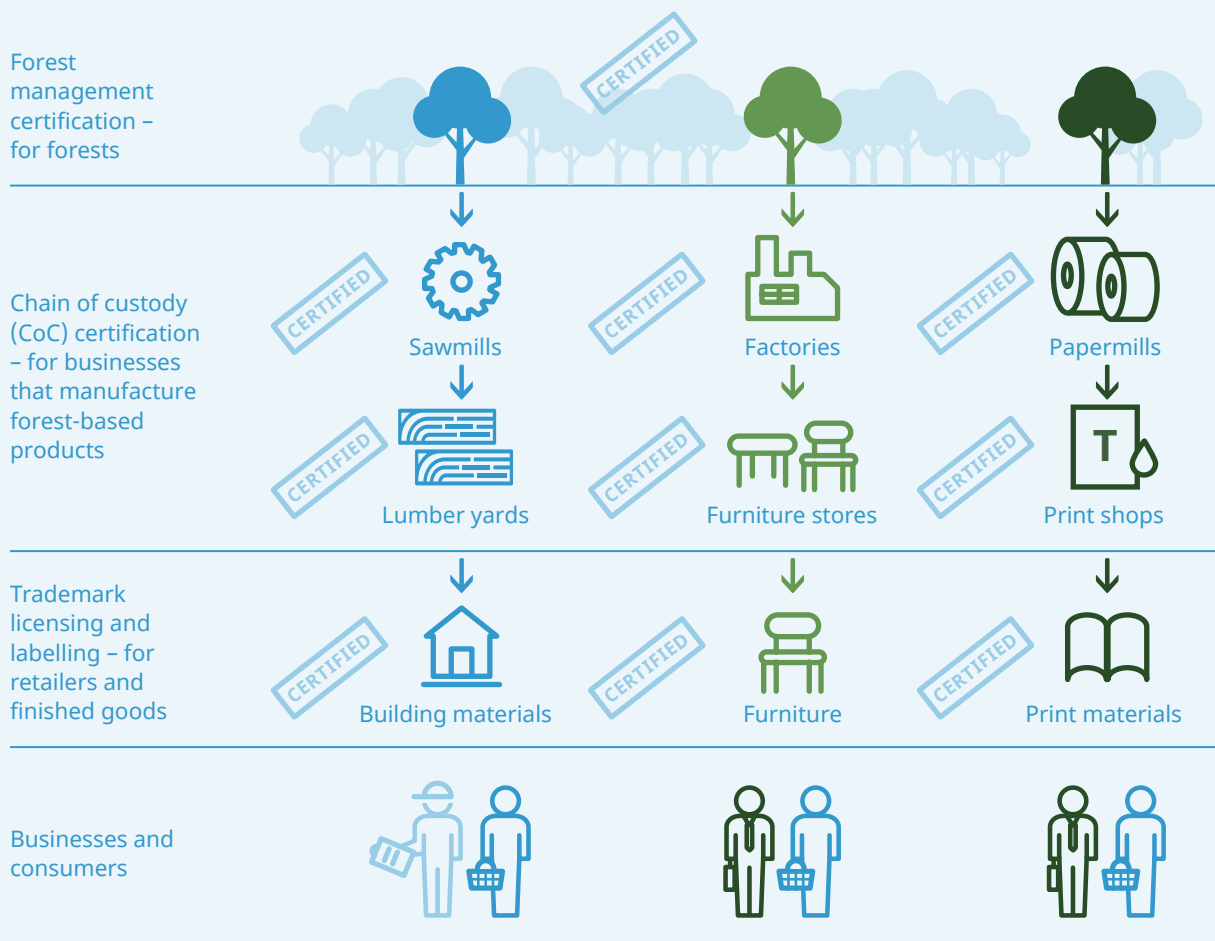
- Provide physical evidence that a product originates from a particular source
- Trace products through the entire value chain, from the forest source to the consumer, because the value chains are often complex and there is potential for mixing or substitution

CoC certification is issued to manufacturers, distributors and any other organization in the value chain when they process and market certified wood and follow the standards to track certified forest content and responsible sources. Figure 5 shows the process of the FSC CoC certification.

⁵ See us.fsc.org/preview.fsc-chain-of-custody-101.a-774.pdf

⁶ See pefc-france.org/media/2021/03/PEFC-ST-2002_2020_EN.pdf

Figure 5: FSC CoC-certification process



Potential benefits of CoC certification:

- It facilitates the opening of new markets that are sensitive to environmental issues.
- It improves social responsibility and corporate identity.
- It gives end users the confidence that the forest products they consume come from forests that are managed responsibly and use environment-friendly practices.
- Consumers are assured that the origin of the wood in products that they purchase is legally obtained and that it does not come from overexploited forests or illegal felling.
- The product is distinguished positively from the competition via a logo that demonstrates CoC certification.

However, in many cases, sawmills and manufacturing facilities receive wood and material from both certified and non-certified sources. Often, these facilities are not able to separate certified and non-certified input or there is not enough certified input to complete a full production run for certified end-products. The controlled wood or controlled source system is developed to allow for mixing certified and non-certified material for the production.

What is controlled wood?

Controlled wood is defined by FSC as “material or product that is confirmed as being in conformity with a set of standards through the due diligence system to evaluate and mitigate risk associated with material supplied from unacceptable sources.”

There are two approaches for controlled wood:

1. Controlled wood in chain of custody: certification that involves sourcing controlled wood through a due diligence system according to the controlled wood standard. In this case, controlled wood is risk-assessed at the country or provincial level rather than directly in the forest.
2. Controlled wood in forest management: This certification takes place directly in the forest by forest managers.

FSC Mix products

In this system, controlled wood is the uncertified input, which is mixed with FSC-certified material in the production of FSC mix products. Not all wood from uncertified sources can be mixed. Five categories of unacceptable sources of wood are:

- Illegally harvested wood
- Wood harvested in violation of traditional and human rights
- Wood harvested in forests in which high conservation values are threatened by management activities
- Wood harvested in forests being converted to plantations or non-forest use
- Wood from forests in which genetically modified trees are planted

What are controlled sources?

Controlled sources are defined by PEFC as “...forest and tree-based material for which an organization has determined through its [due diligence system] that there is ‘negligible risk’ that the material is from controversial sources.”

Some of the “controversial sources” of wood are harvested under these categories:

- Non-compliance with applicable local, national or international legislation on forest management, including but not limited to forest management practices; nature and environmental protection; protected and endangered species; property, tenure and land-use rights for Indigenous Peoples, local communities or other affected stakeholders; health, labour and safety issues; anti-corruption and the payment of applicable royalties and taxes.
- Lack of sustainable measures to ensure the capability of forests to produce a range of wood and non-wood forest products and services or excess harvesting levels.
- Forest management does not contribute to the maintenance, conservation or enhancement of biodiversity on landscape, ecosystem, species or genetic levels
- Ecologically important forest areas are not identified, protected, conserved or set aside.
- Illegal or negative forest conversions occurs.
- International Labour Organization Declaration on Fundamental Principles and Rights at Work (1998) is not met.
- United Nations Declaration on the Rights of Indigenous Peoples (2007) is not met.
- Conflict timber: Timber that has been traded at some point in the chain of custody by armed groups, be they rebel factions or regular soldiers, or by a civilian administration involved in armed conflict or its representatives, either to perpetuate conflict or take advantage of conflict situations for personal gain; it is not necessarily illegal; it applies to all forest and tree-based material and products.
- Genetically modified trees.

Due diligence system

To be certified as controlled wood or controlled sources, a due diligence system needs to be implemented. The due diligence system is a framework or system of procedures and measures for information-gathering, risk management and risk mitigation for material originating from controversial or unacceptable sources. These are the steps:

1. Obtaining information

The following documents are required from smallholders when they want to supply timber through a due diligence system procedure under controlled wood or controlled sources:

- Name and address of suppliers
- Evidence of origin, which includes a legal harvesting permit, legally required transport documents, self-declaration and supply or contractual agreements
- Quantity of the material purchased by volume or weight
- Identification of tree species included, or list of tree species potentially included, in the material or product by their common name and their scientific name where applicable
- Country of harvest of the material and, where applicable, subnational region and concession of harvest

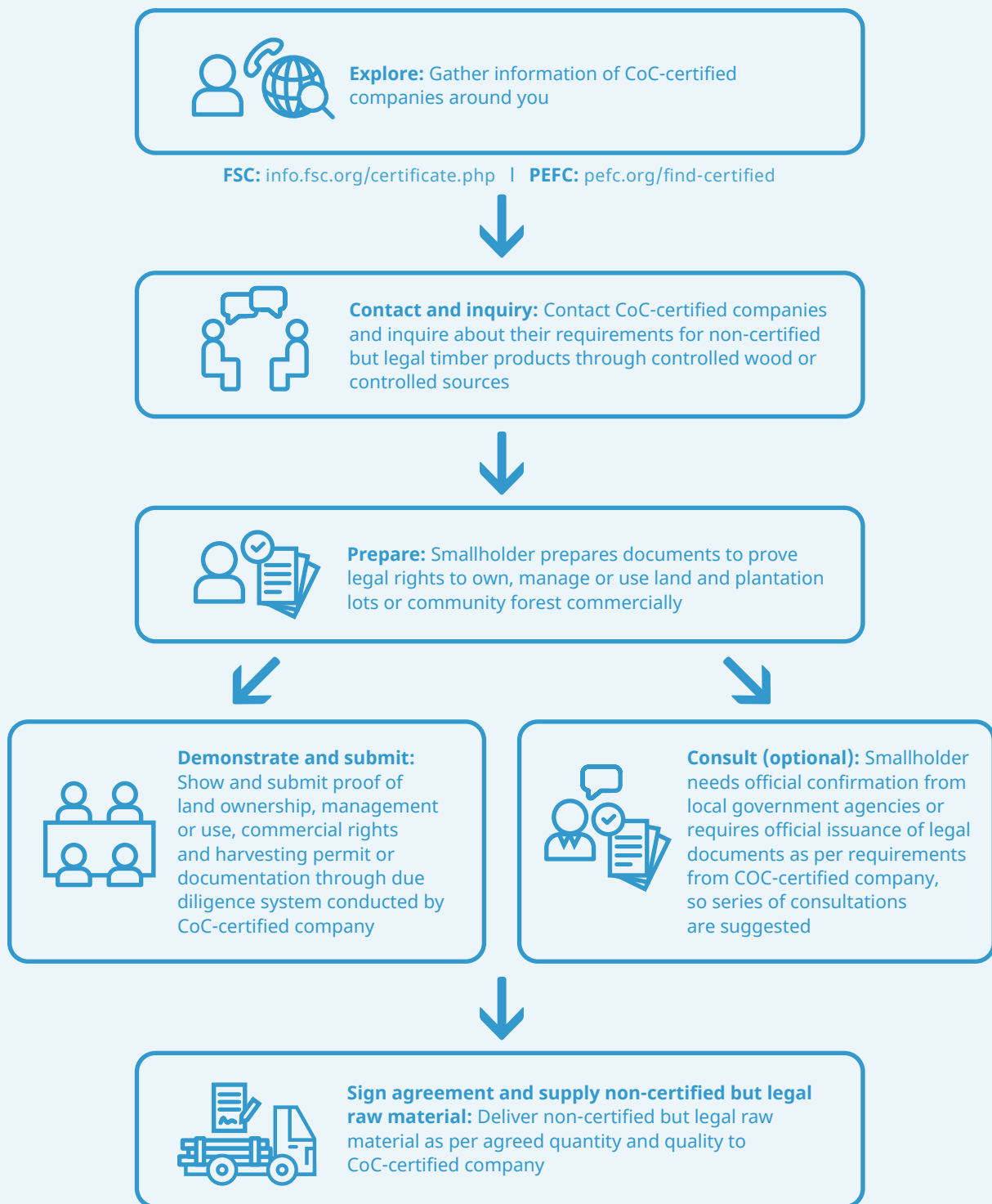
2. Conducting a risk assessment

It is necessary to undertake an assessment of the risk of sourcing material from unacceptable sources, including risk related to origin and mixing material in supply chains. The assessment is done using a set of indicators, such as the origin source of the wood and what happens to the wood along the supply chain.

3. Providing a risk mitigation plan

What can be done to mitigate or reduce identified risks based on the risk assessment. This could include asking suppliers for additional information, documentation and evidence, conducting onsite inspections, field visit to the harvesting sites, stakeholder consultation, expert engagement and risk mitigation training and capacity-building of suppliers.

Figure 6: Suggested steps that smallholders should take to engage in CoC certification through controlled wood or controlled sources



Session 4

Sustainable forest management through group certification



Objectives

By the end of the session, participants will be able to:

- Explain the reasons and process for sustainable forest management through group certification
- Analyse the main roles and responsibilities that smallholder groups need to take on if they decide to go forward with group certification
- Assess opportunities and potential benefits of group certification
- Discuss the challenges that smallholder groups face and ways to address these challenges



Time

120 minutes



Methods

Small group discussion, case studies, brainstorming, plenary discussion, carousel activity⁷



Materials

Flip charts, sticky notes, markers, printed case studies and exercise sheet

⁷ A carousel activity is a communicative and interactive opportunity for participants to get up and move around a room in a circular fashion, much like a real carousel might do. They stop intermittently to comment, discuss or respond verbally or in writing to probing topics posted by a trainer that is related to a given topic or theme. More information can be found at www.coursehero.com/file/36542321/Carousel-Activity-Protocolpdf/

Steps

1. Review with participants about the minimum legal requirements (Pathway C) and the pathway that smallholders can engage with in the certified value chains through controlled wood and controlled sources (Pathway B) discussed in the previous sessions.
2. Explain the objectives of this session and highlight that you will present another approach that smallholders can consider to enter the forest management certification process.
3. Recall the forest certification pathways diagram we used in Session 1. Explain that this session will focus on Pathway A. Note that the focus in Session 3 was on supplying controlled wood that is proven to be legal and negligible risk to a CoC-certified company. Explain that this session focuses on how smallholders can use Pathway A to become certified to supply timber to a CoC-certified company.
4. Explain that group certification (forest management or sustainable forest management) is available for both FSC and PEFC mechanisms. This is considered an alternative approach for small-scale forest management (see explanation in the notes for trainers and Handout 4).
5. Tell participants that before entering the forest certification process, smallholders have to understand the steps involved and the main responsibilities of managing the group and maintaining forest certification over time. There are two main routes for Pathway A (see forest certification pathways diagram in Session 1):
 - Pathway A1: Smallholders together hold a joint certificate through a formalized group.
 - Pathway A2: In partnership with a CoC-certified company that holds certification with smallholders as members.
 - In addition, the FSC developed SLIMF Group certification for forest owners who own fewer than 100 hectares of forest or have low-intensity harvesting in their own area (see Handout 4).
6. Divide participants randomly into three groups. Each group will analyse one case study. Present a short summary of each case study to participants that includes the location of the case study, the type of forest certification mechanisms, the numbers of smallholders and the size of forest areas and what timber species are involved.
7. Distribute the case studies (see Exercise 1) to the different groups and ask them to read carefully. Remind the groups to recall the forest certification pathways diagram and tell them that case studies 1 and 2 represent group certification under Pathway A1 and case study 3 represents Pathway A2:
 - Group 1: VFCS/PEFC Group certification for the Cooperative Alliance in Viet Nam
 - Group 2: TFCC/PEFC Group certification for rubber cooperatives in Thailand
 - Group 3: FSC Group SLIMF-certified rubber company in Thailand

8. Ask the groups to fill out the exercise sheet (see Exercise 2)
 - Who was involved in the case study? List names and organizations involved
 - What were the roles and responsibilities of organizations involved as certification-holder and group members?
 - What were the main challenges to obtain and maintain forest certification?
 - How were these challenges addressed?
 - What were potential benefits derived from forest certification?
9. Ask participants to place the flip chart paper with their answers on the wall and assign one group representative to stay at the flip chart to present the results of the discussion to visiting groups. The remaining group members will visit other groups one by one in a carousel activity. Visiting members are encouraged to leave comments or questions using sticky notes.
10. Once all groups have visited each other, place the three flip charts next to each other and highlight some of the key points of the case studies. This could include the roles and responsibilities of a person or organization who holds a certificate and how they perform their responsibilities. Encourage discussion among the participants on some of the key points.
11. Reflect on the exercise with these questions:
 - What role do you think you as smallholders can take on effectively in your context? Why do you feel that you can do so?
 - What role do you think you cannot do effectively? Why do you feel so?
 - What needs to be in place to help you perform your intended role better? Which actors should provide what type of support?
 - What are the advantages and disadvantages of group certification for you? Are there more advantages or disadvantages for you?
12. Summarize the session with these key points:
 - Smallholders can consider a few approaches when determining whether to be certified themselves or be a member under partnership with a certified company. These choices will be influenced by the responsibilities they have to perform, resources that may be available for them and their own experiences in going for certification so far.
 - Tenure clarity is crucial because demonstrating legal ownership of land, including management or user rights, is a fundamental requirement for those who want to enter group certification.
 - Group certification can be regarded as an opportunity for smallholders to collectively access certification because it can reduce costs and time to comply with requirements.

13. It is good practice to reflect on the three pathways from Sessions 2, 3 and 4 before moving to Module 2 sessions, which focus on the skills needed to access the various pathways. Take the participants around in the classroom to remind them of Sessions 1–4 and the training flow and ask if there are any clarifications needed. Alternatively, engage the participants with some of the following questions.
- What are the observations of participants of the three pathways? Collect a few views from participants and write them on a flip chart
 - What interests them the most in each pathway?
 - Would they consider moving to another pathway group? Why?
 - What opportunities do they see to work closer with companies?
 - Do they know any certified companies looking for suppliers?
 - What would they consider doing or be interested in with the knowledge they have gained so far?
 - What knowledge and skills do you think is required the most to implement the intended pathway effectively?
 - Who do you think will be able to provide such knowledge and skills to you?
14. Distribute Handout 4 and provide advice to participants in case they want to obtain deeper information and practical guidelines to enter forest certification processes by highlighting the diagrams in Handout 4. They can contact independent FSC and PEFC experts or representatives in their country to obtain related information about certification bodies. They can also contact experts to provide them with realistic and practical steps to engage in certification pathways.



Notes for trainers

- Group certification requires smallholders to organize themselves and develop an organizational structure, clarify roles and responsibilities and understand partnership modalities. These required skills will be further discussed in Module 2 and Module 3 sessions, which focus on skill-based capacities to strengthen their engagement in the various pathways, especially Pathway B and Pathway A.

Additional references

FSC. Forest management groups (FSC-STD-30-005 V2-0).
fsc.org/en/document-centre/documents/resource/367

PEFC. Group Forest Management Certification.
standards.pefc.org/the-standards/group-certification

FSC. SLIMF Eligibility Criteria (FSC-STD-01-003 (Version 1-0) EN).
fsc.org/en/document-centre/documents/resource/205

"From Legal and Sustainable Supply Chains (LSSC)". E-learning course developed by International Tropical Timber Organization. lsscource.com

PEFC. Certification for Everyone.
pefc.org/what-we-do/our-approach/making-certification-work-for-everybody

"What is Sustainable Forest Management?" Posted by Responsible Wood, 11 June 2018. youtube.com/watch?v=cT-mWi5x2Jo



Guidance for different training contexts

Local-level training

- Prepare case studies in advance, including an overview of the background information of three case studies to be presented in plenary before separating groups. Note that case studies may need to be shortened and simplified according to training groups.
- Sessions 1–4 were likely sometimes a bit challenging for the participants, but the three pathways are essential to provide an overview of the different opportunities for smallholders to engage in certification or to prepare for it. A quiz (see Annex 2) is available to review some of the main topics and the gained certification knowledge of the participants. It can be used in a group setting in which participants can also learn from each other.

National-level training

- You can use the same case studies, but the emphasis of the cases for national-level training is more on the role of supporting agencies in the process of group certification.
- Replace reflection questions in Step 11 by using these following questions:
 - Do you think as a supporting agency you can perform your role effectively to support smallholders and communities? Why or why not?
 - What gaps or challenges do you observe?
 - What needs to be in place to help you perform your role better?



Exercise



Exercise 1 for Step 7: Three case studies

Case 1: VFCS/PEFC group certification in Viet Nam

Thua Thien Hue Cooperative Alliance and the Vietnamese Academy of Forest Sciences (VAFS)⁸ conducted a pilot project in Quang Tri Province in the North-Central Coast region of Viet Nam, beginning in January 2020. The pilot was called the Viet Nam Forest Certification System (VFCS) Smallholder Group Sustainable Forest Management Certification model.

The pilot project covers an area of 406 hectares in Ha Xa in Trieu Ai Commune, Trieu Phong District. It is managed by 110 households growing acacia trees that are typically used for lumber, veneer and wood chips. Most households in the group have plantation lots of about 3 hectares, with a land tenure certificate known as the Red Book.

The past 20 years of development in Viet Nam set the stage for communities to sell their timber. Traditionally, middlemen buy the timber and sell it to small sawmills. The sawmills process it into boards that they sell to larger companies. Timber from lands without a Red Book was also sold previously. But when the Viet Nam Timber Legality Assurance System (VNTLAS) came into effect on 30 October 2020, this timber was considered illegal. The only exception was if the owners could prove that their lands were production forest lands with evidence of no ownership conflict with others. The VNTLAS has strict guidelines on how government authorities and companies ensure the legality of Viet Nam's imported timber from high-risk sources.

The pilot focused on smallholder group certification based on the VFCS Sustainable Forest Management Standard and the Group Certification Standard. These are standards that the VFCS developed and PEFC International endorsed. The VAFS sought support from district and commune authorities to identify the pilot site. The project brought together plantation smallholders in the area with a local wood processing company to set up a cooperative. Their goal was to succeed in their enterprise getting certified.

The pilot project started by identifying smallholders interested in being part of a group certification. Not all smallholders in the pilot sites were interested or able to participate. Some had no legal land certificate and others had plantation lots smaller than 2 hectares. The VAFS observed that about 50 percent of all smallholders in the pilot sites still await legal land titles. To increase the legal or certified supply of smallholder timber, this land titling process needs to be sped up by the provincial authorities.

The VAFS complied with the free, prior and informed consent process and provided adequate information and space for farmers to make their own decision. However, most households based their decision to participate on their longstanding trust, relationship and advice of commune officials and village leaders. Members who finally joined the cooperative owned plantation lots of a minimum 3 hectares with associated Red Book or evidence of no land-use right conflict with confirmation of commune authority.

⁸ The VFCS was endorsed by PEFC and put into practice in 2019.

A capacity assessment of members showed some gaps regarding certification. The areas that needed to be developed included:

- Conducting forest monitoring
- Ensuring sustainable forest management
- Understanding chain of custody
- Improving silvicultural techniques
- Increasing labour safety
- Reducing the use of chemicals
- Enhancing conservation and environmental protection knowledge

The VAFS began the capacity development activities of the group members by training five stakeholder groups on forest certification: the group manager of the legal entity, the sub-group manager, household members, the harvesting team and the nursery team. The trainings were followed up with practical sessions for the group.

Deciding the type of enterprise proved difficult. There were a number of potential pathways this group could take. These included registering as a legal cooperative, a forest owner association, timber association or cooperative alliance. The various options were discussed with the smallholders and the company. The group decided on the cooperative alliance route.

Thua Thien Hue Cooperative Alliance decided to hold the certification with a contract with the company buying the product. This was with the understanding that the VAFS will have to assist the company in obtaining CoC certification at a later stage. Incorporating smaller plantation holders remains a challenge because the group certification model needs to demonstrate full benefits for all members.

As a result of capacity-development activities, silvicultural practices have improved. Even smallholders who are not involved in the pilot report increased awareness of sustainable forest management practices and the environmental impacts from their activities. The group also decided to develop a nursery and buy equipment to produce quality seedlings that can be made available to other non-member smallholders.

A memorandum of understanding was developed with the company. It states that the company will buy the certified timber produced by the group at 5 percent higher than the market price. The company commits to providing good-quality saplings for the group members to re-plant after harvesting. It also commits to purchasing the certified timber bases at market price if they are damaged before their maturity by fire or natural disasters. The cooperative alliance has to maintain a sustainable partnership with the company to remain certified.

However, in 2021, the timber sector was affected by COVID-19, with timber purchases being delayed. The VAFS had not seen any signs of tree harvesting from the pilot site nor price information from timber sold from the cooperatives to the company.

Case 2: TFCC or PEFC group certification rubber cooperative in Thailand

The Rubber Authority of Thailand (RAOT) is a state enterprise established in 2015 under the supervision of the Royal Thai Government. Its mission is to establish the country's integrated rubber plantation administration. It also promotes the country's goal of becoming a leading centre for the country's rubber industry through research and development programs.

The RAOT felt that going for certification would enhance the effectiveness and value of their sustainable rubber plantation management. They looked at the two main certification mechanisms: The Forest Stewardship Council and the Thailand Forest Certification Council associated with the Programme for the Endorsement of Forest Certification.

The provincial RAOT entity in Satun Province in southern Thailand began collaborating with supporting agencies in 2019. These agencies included the Thailand Forest Certification Council office, the Federation of Thai Industries, the Thai Industrial Standards Institute, the Royal Forest Department and the Management System Certification Institute⁹ auditor units. Their partnership goal was to mobilize and implement certification, in practice with associated rubber smallholder cooperatives in the province.

In 2019, the Satun RAOT facilitated farmers' participation through group meetings with leaders of cooperatives. In 2020, farmers selected a possible pathway towards Thailand Forest Certification Council certification, under the Thai Industrial Standards Institute 14061 (referred to as "the program" hereafter). This led to the adoption of the Thailand Forest Certification Council sustainable forest management standard. This standard was already translated into the Thai language and its terms and conditions were understandable and simple for farmers to follow. The process was affordable and accessible and aligned with several consulting and supporting organizations.

The program had 331 members occupying about 660 hectares from the Chaloem Phrakiet Rubber Farmer Cooperative in Kuandon District and the Tha Pae Latex Fund Cooperative in Tha Pae District. The participants hold a variety of land titles, including land title deeds, certificates of use and communal agricultural estate certificates.

The land rights document and the registration with the RAOT are a pathway for farmers to access the legal timber and rubber latex trades. At least a third of Satun rubber farmers have no legal land rights documents and are unable to register with the RAOT or participate in the program.

The membership recruitment criteria for the program includes voluntary commitment and ability to conform to the standard. It also requires a recommendation from leaders of the cooperatives to confirm each member's capacity to conform with requirements in the long term.

The cooperative is responsible for coordinating among both groups of their members: those who participated in the RAOT standard program and members who did not. This is to ensure everyone conforms to the same set of requirements.

⁹ Management System Certification Institute is a certification body for Thailand Forest Certification Council group certification.

The capacity and basic skills for complying with the program standard are important. Capacity-building included a one-day training for provincial RAOT staff and a half-day training for farmers. The Thai Industrial Standards Institute, the Royal Forest Department and the Thailand Forest Certification Council staff participated as technical advisers. Farmers identified training topics, including work safety, rubber plantation and productivity management and biodiversity conservation.

Team leaders from the cooperatives were nominated to manage groups of 30–40 farmers. The leaders' responsibilities include farm monitoring, promoting and providing advice via online platforms, such as Facebook. They were also tasked with giving warnings for improvement to the members. After receiving three consecutive warnings without improvement, a farmer's membership is canceled.

In 2021, an audit provided recommendations to the cooperative, including better filing of farmers' names on land rights documents that were mismatched with registered information with the RAOT. Once they complied with the recommendations, a follow-up audit verified the results. A positive audit result meant that two cooperatives would get their own sustainable forest management group certification for all timber and latex products of rubber trees.

The cooperative is committed to managing its members in the program, ensuring that regulations are followed. It also takes responsibility for all costs associated with maintaining the certification after the first year when the subsidy from the Satun RAOT ends. However, the cooperatives can develop and submit action plans and financial plans for short-, mid- and long-term periods and request further funding from the Satun RAOT.

Traditionally, rubber trees need to be at least 25 years old in order to be harvested. Farmers prefer to contact middlemen for wholesale deals with unfair prices because they have limited market information. As the program adds value to the rubber timber, Satun RAOT believes the cooperative should directly contact buyers who are interested in certified rubber wood products.

The Thailand Forest Certification Council also connected the cooperatives with companies and buyers in nearby Surat Thani and Songkhla provinces applying for the CoC Standard for Forest-Based Products. The market links for the Thailand Forest Certification Council-certified products will be established in this way.

Rubber farmers face the fact that there is a lack of young smallholders who don't want to manage rubber plantations or cooperatives to maintain the certification. The Satun RAOT is planning to work with young farmers and aims to expand target areas under the program in the following years. The Satun RAOT is also promoting the program via an online platform to expand the customer group and other market groups. This is an opportunity for farmers to enter the certification pathway and secure better prices for their products.

Case 3: Forest Stewardship Council Group's Small or Low-Intensity Managed Forests certification in Thailand

The ABC Co., Ltd, located in southern Thailand ,was established in 2009. It produces mainly particle board, medium-density fibreboard and laminate-coated board for both domestic use and export. The main raw material is rubber wood. The company became interested in forest certification in 2013, when their largest customers requested Forest Stewardship Council (FSC)-certified products.

This started their journey towards certification. Today, the company holds the FSC Forest Management/Chain of Custody Group Forest Management Certification for small or low-intensity managed forests (SLIMF) for both rubber wood and latex products. Rubber smallholders who are members of the company's group certification also pushed for certification of rubber production. Rubber wood production takes 25 years before it is harvested. Latex is the main source of smallholders' income.

The company chose to apply for the Forest Management/Chain of Custody Group Forest Management's SLIMF because its core business relies on rubber smallholders for supplying raw material. The company thought it had the capacity and resources to comply with the requirements of this standard. It also noted that farmers cannot afford and organize certification themselves due to the high cost and no interest to formalize the legal status of smallholder groups. The company believed it could offer premium prices for smallholder products, which could incentivize their joining as group members.

Eligible members must hold legal land titles in line with the minimum requirements of forest certification standards. If a smallholder is interested but still has a legal issue with the land, they cannot apply for membership. However, they can attend the company's training on increasing latex productivity and topics on integrated plantation management. The company has no responsibility to support or advocate for smallholder land issues because that is beyond its mission.

To start the process, the company employees attended trainings and workshops to build more knowledge on the principles, criteria and requirements of certification. They then raised awareness and promoted certification to smallholders. They highlighted the requirements and benefits of taking part in the certification process.

One challenge was simplifying the regulations in communications with smallholders. They developed training materials and a self-assessment form to test the readiness of smallholders to follow the standards. A good self-assessment rating meant that smallholders could apply for voluntary membership.

Currently, there are 3,000 smallholder members who occupy an area of about 9,600 hectares in five provinces in the south of Thailand. Their land holdings range from one third to one half a hectare. There are more male members than female members.

About 70 percent of the members hold land title deeds, while others hold a certificate of use. Some lands are under the program of the Agricultural Land Reform Office. This means they are able to use land only for agricultural purposes, following the registration condition of the Rubber Authority of Thailand. In 2020, the company received the certificate for rubber latex, and farmers can sell the latex to the company from 70 percent of their sources.

The company provides technical training to smallholders to help them meet the certification requirements. Training topics included sustainable management of rubber plantations, labour law regulations, biodiversity conservation, first aid, appropriate chemical use and work health and safety principles and guidelines. During the first two years of the COVID-19 pandemic, online training was provided, despite the challenges of unstable internet connections. An additional topic was introduced on how to use mobile devices for online training.

Most smallholders are familiar with the good manufacturing practice standard, so they have a basic understanding of regulations and farm management. The company prioritized training in agroforestry systems, mixed crops on rubber farms and techniques for increasing latex production. Specialists are hired from universities and the Rubber Authority of Thailand to train members.

The company employs eight staff persons to work on FSC certification, and their responsibility is divided by zoning of smallholder groups. The company believes that coordination through farmers' groups is essential and efficient. Therefore, the staff tries to encourage individual farmers to participate and benefit from sharing of experiences and benefits for the group and company.

Field visits and monitoring are carried out regularly for quality control based on the requirements. However, there is still a perception among farmers that topics like group formation, group management and business skills for a cooperative are not important. The farmers have yet to see the benefits of working in groups. To date, ABC Co. Ltd has not prioritized training in these topics even though they know it is essential.

Less than 1 percent of smallholders canceled their memberships. These cancellations were attributed to those who could not adjust based on corrective actions recommended by the company. Normally, farmers are asked one or two times to improve operations when so required. If they receive a third warning and still do not improve, their membership will be canceled. If a smallholder is unsatisfied with a company decision, they can make a verbal complaint. Smallholders can give up their membership if they want to change crops or convert their land and no longer manage rubber species.

The company continues to renew their certificate every five years and is included in its annual budget. Some of the activities include two internal audits a year, farm visits, annual monitoring, training and employing contractors for harvesting, pruning and transferring materials from sites to the company.

The ABC Co. Ltd supports conservation activities according to requirements from the FSC standard. The company collaborates with community forest committees that are not members of the group certification. They help develop five-year management plans and provide financial support for activities based on local demands and planned activities.

Working with a local university, it plans to establish an education centre to train farmers on practices of sustainable management in rubber plantations. The training will integrate local and modern knowledge that can be transferred to the next generation of rubber farmers. This contributes to sustainable rubber plantation management and can develop the local economy of communities and the country.

Exercise 2 for Step 8

Prepare matrix example for participants to work in their groups

1. Identify all involved agencies or stakeholders from the case:	
Fill the answer here	
2. Main responsibilities of forest certification holder [name]	3. Main responsibilities of group members or participants [name]
Fill the answer here	Fill the answer here
4. Challenges faced to obtain or maintain forest certification	
Fill the answer here	
5. Solutions undertaken	
Fill the answer here	
6. Potential benefits derived from forest certification	
Fill the answer here	



Handout 4

What is group certification?

Group certification is an alternative approach to individual certification. It allows forest owners and managers to be voluntarily certified under one certificate. They share the financial obligations from forest certification and responsibility for forest management.

The goal is to improve information dissemination and cooperation in forest management among individual forest owners. It is best suited for small and medium-sized family-owned and community-owned forests, including smallholder cooperatives or associations. This approach can make certification affordable, feasible and practical.

What are the elements of group certification?

In group certification mechanisms, all members are required to conform with all requirements. However, the roles and responsibilities vary and could be quite different among members. Group certification requires that one member leads the group and fulfills all requirements on behalf of all members.

The following box highlights the roles and responsibilities in the group certification approach.

Group certification holder

- Establish a binding written agreement with group members in working as group entity
- Represent group members in communicating with certification body, submitting an application for certification and contractual relationships with certification body
- Create management plan, policies, procedures and work instructions for forest management activities
- Provide training for new members and current members on all activities, including standard requirements
- Provide each member with information about how the group works
- Maintain up-to-date records covering all applicable requirements of this standard, including a list of members with their contact details; size and number of certified area and management units, type of forest ownership per member; records of training provided; records regarding recommended practices for forest management; and estimated annual harvesting volume of the group
- Keep records for at least five years
- Audit and evaluate each group member at least once a year
- Support and consult with current members regarding marketing, harvesting and best practices on forest management
- Implement and maintain an effective management and evaluation system to ensure that implementation complies with all requirements
- Take control and corrective action to eliminate the causes of non-conformity
- Internally audit members who were excluded from a group certification before allowing them to re-enter the group certification
- Recertify every five years

Group members

- Commit to follow and implement the management plan, group rules and policies, procedures, requirements provided by group entity
- Comply with rules and regulations provided by the group entity, such as keeping records and evidence regarding activities and payments
- Comply with social responsibilities, such as fair hire, adequate provision of personal protective equipment and training workers on all activities
- Comply with environmental responsibilities, such as chemical use, water use, water sources protection, land use and protection
- Implement corrective and preventive actions established by the group entity

Why is group certification a good approach for smallholder groups ?

There are many reasons why group certification can be a beneficial approach for smallholder groups as an alternative to individual certification:

- Reduced operational costs as certain activities, such as management planning and monitoring, can be carried out at the group level
- Reduced costs related to certification application and audits
- Better economies of scale in receiving services and accessing markets
- Fewer administrative tasks for each members
- Flexibility to allocate responsibility for requirements to different members

Alternative approach for group certification to cover small or low-intensity managed forests

The Forest Stewardship Council recognizes that the cost of independent, third-party certification is relatively high for small enterprises. The potential environmental and social impacts of small enterprises managed at low levels of harvesting are relatively low.

To reduce the cost of certification for small or low-intensity managed forests, Forest Stewardship Council permits certification bodies to evaluate and report on these forests using streamlined certification procedures. The intention is to include those operations with very low intensity management and harvesting, such as non-timber forest product operations. Small or low-intensity managed forests refers to:

- Small forest management units that are 100 hectares or smaller
- Low-intensity forest management units may be classed as small or low-intensity managed forests when:
 - The rate of harvesting is less than 20 percent of the mean annual increment within the total production forest area of the unit
 - And either the annual harvest from the total production forest area is less than 5,000 cubic metres
 - Or the average annual harvest from the total production forest is less than 5,000 cubic metres a year during the period of validity of the certificate as verified by harvest reports and surveillance audits

Note: Non-timber forest products collected or harvested from forest management units are evaluated as “low intensity” on the basis of timber harvest rate. However, plantations of non-timber forest products, such as oil palm plantations or cocoa plantations, are not considered low intensity within this standard.

Figure 7: Pathway A1 – Suggested steps for smallholders to hold a joint certificate through a formalized group

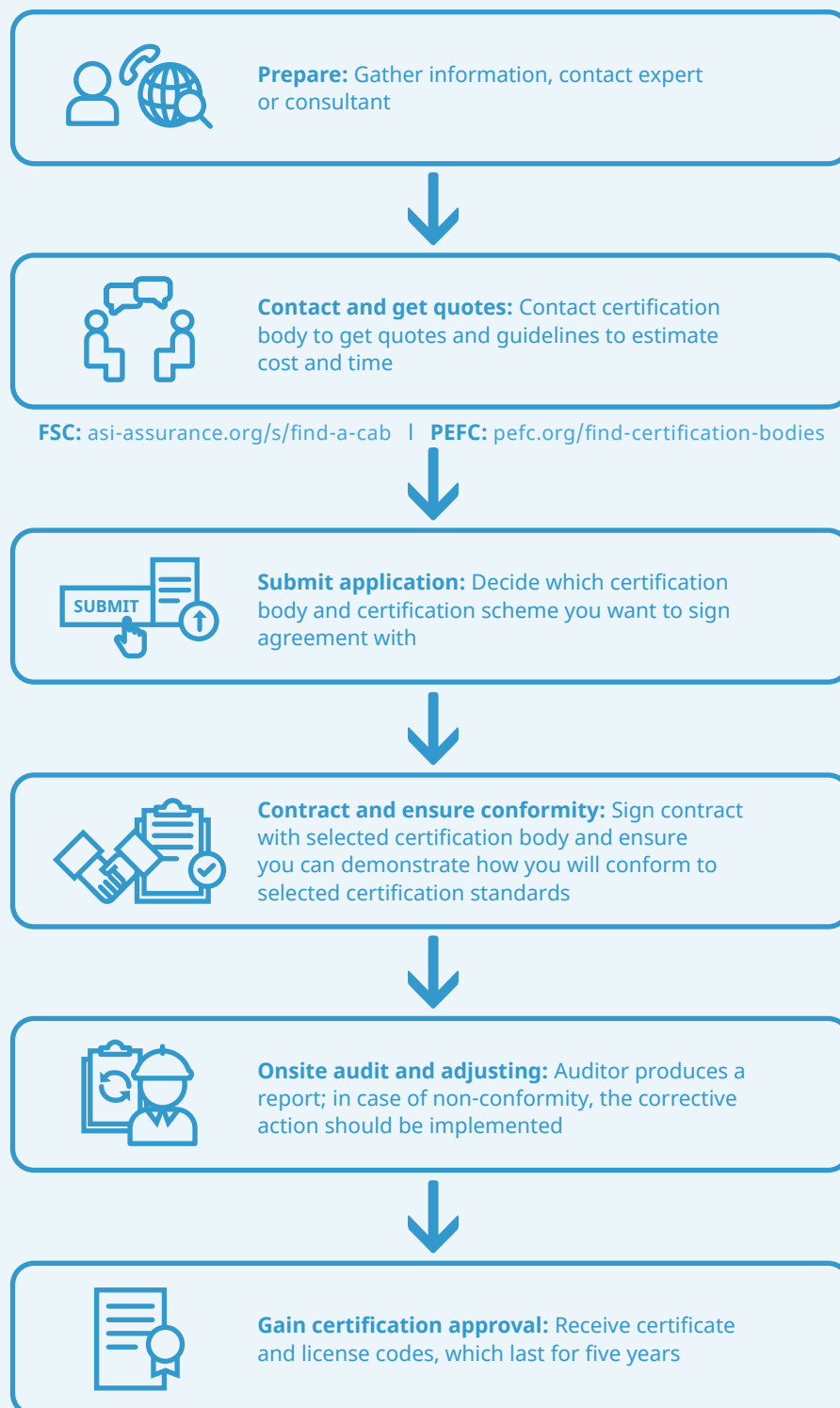
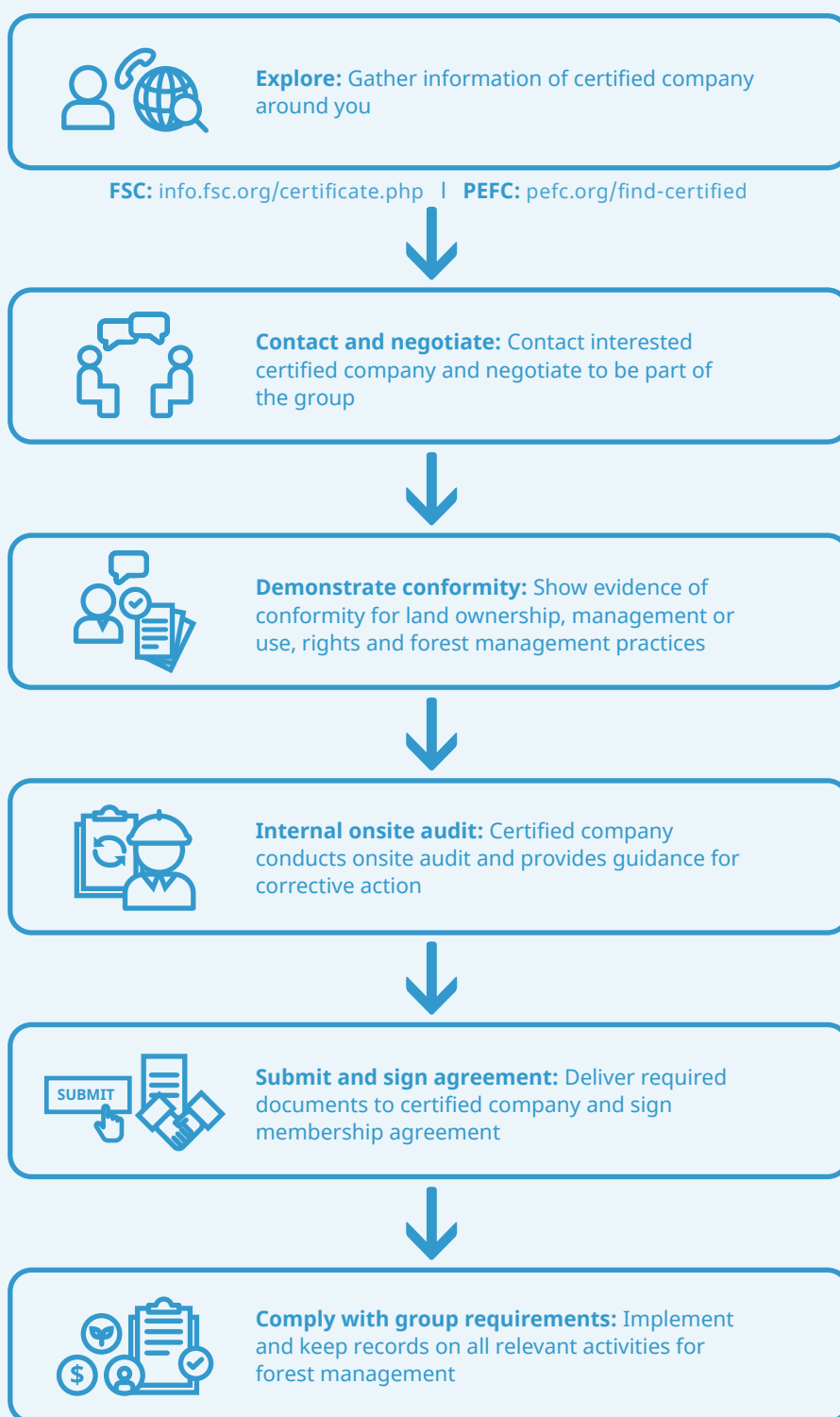


Figure 8: Pathway A2 – Suggested steps for smallholders in partnership with a chain of custody-certified company holding certification with smallholders as members.



Source: Created by RECOFTC and adapted from FSC. fsc.org/en/join-us/become-certified



Module 2

Strengthening entrepreneurship and business development

This module provides participants with skills, approaches and tools for developing inclusive and equitable processes to strengthen community-based enterprises.¹ It will help smallholders and communities learn how to produce certified forest products that can be traded through legal and sustainable value chains.

Module 2 training sessions

- **Session 5**
Group formation and organization for timber and forest product value chains
 - **Session 6**
Value chain analysis for enterprises
 - **Session 7**
Enterprise development
 - **Session 8**
Enterprise risk assessment and mitigation strategies
 - **Session 9**
Business management planning
-

¹ For the sake of simplicity, community-based enterprises are sometimes referred to as “enterprises” in this manual. References to private sector companies or business enterprises are explicitly mentioned.

Session 5

Group formation and organization for timber and forest product value chains



Objectives

By the end of the session, participants will be able to:

- Explain the advantages and disadvantages of doing business individually and in a group
 - Understand the factors for successfully organizing a producer group
 - Examine how functioning as a group can help smallholders in legal, sustainable and certified value chains
-



Time

90 minutes



Methods

Pair work, plenary discussion, mini-debate, brainstorming



Materials

Flip charts, sticky notes, markers

1. Tell participants that we are now moving to Module 2 of the training. Explain the link between Module 1 and this module using the training flow: Module 1 provides the background information for smallholders and producer groups on how and why certification might be relevant to them. Module 2 will strengthen the skills they need to engage in different pathways towards legal, sustainable and certified value chains. Highlight some of the operational skills from the brainstorming that took place at the end of Session 4 (in Module 1) to reflect possible pathways they are interested in.
2. Explain the objectives of this session. Pair the participants for the warm-up exercise for the session. Ask the pairs to discuss their understanding of the terms “producer group”, “group formation” and “cooperatives”. They should write one card per idea in the 5 minutes allocated for this exercise.
3. Invite some pairs to share their insights based on their discussion.
4. Note the ideas on a flip chart and summarize the main ideas. Ask them to include any type of organization that forest communities and smallholders form to produce and trade forest products for the market with regards to group certification. The processes that enterprises need to understand to effectively function in the value chain will be explored later.
5. Tell participants that the next exercise is a mini-debate in which they can explore how different organizations and enterprises function in reality at the community level (see Exercise 1).
6. Reflect on the exercise by asking some of these questions (see some possible answers in Handout 5: Should I work individually or in a group?):
 - How did you feel about the debate exercise?
 - In your own context, which is more important: producers or smallholders functioning individually or as a group? Explain why.
 - In what situation would you want to remain as an individual producer or smallholder?
 - Why would you want to become organized?
 - What needs to be in place to do business as a group?
 - What are some of the challenges of working in groups or why producer groups might fail?
 - Why is it important to consider possible failures for the producer groups?
7. Highlight a key benefit of working in groups. For example, for the legal, sustainable and certified forest product trade, working in a group can strengthen opportunities for accessing markets and negotiating with buyers.
8. Brainstorm with participants on the success factors of doing business in a group and ways to minimize the risks of failure. List the responses from participants on a flip chart.
9. Share the list of success factors from Handout 5: Success factors for formation and organization of producer groups (see Figure 9), and invite participants to share their ideas on each of the factors.

10. Divide the participants into three groups and ask them to think about assets that help them function as a producer group. What assets do they still have to develop or are missing to function effectively (see Exercise 2).
11. Once they have finished the discussion, ask each group to present their discussions.
12. Reflect on the exercise with these questions:
 - Which of these success factors are already in place in your context? Which one is missing?
 - Which category or success factor is the most important in your context?
 - What are some actions that can be taken to ensure the success factors are in place?
 - Which type of producer group would you want to form? Why would you want to do so?
 - Which pathways that we have discussed would suit group formation? Why do you say so?
13. Wrap up the session by reviewing some of these learning points:
 - Organizing in groups will increase the opportunities to access legal, sustainable and certified forest product value chains or markets. It will also increase opportunities for getting support from the government, development agencies and the private sector. Based on the identified pathway, the requirements for group formation and registration may differ.
 - All members have a role in the group, and their contribution is key to its success. Often group members will perform different roles, enabling the group to benefit from the different skills, personalities and capacities of members.
 - Roles should not be determined based on whether a person is a man or woman; old or young; or a prominent village leader. They should be based on the contribution that the member can make.
 - Equality and fairness should be considered when developing roles and responsibilities and deciding on benefits. Gender and inclusion should be considered by making provisions for the differences between women's and men's work in terms of duration, difficulty, heaviness of workload and extent of responsibility. This should also be mainstreamed into decision-making processes and benefit-sharing mechanisms.
 - There are different types of producer organizations depending on their purpose. Some can help achieve scale, some provide services to members, and others can advocate for their cause. This will be further explored in Session 12 on networking and building relationships with actors in the forest product value chain.



Notes for trainers

- Keep reminding participants about the pathways that were explored in Module 1.
- This session is meant to help smallholders understand the benefits of organizing themselves in group entities so they can access certification pathways. For the pathway forest management group certification, both group formation and registration are requirements. Group registration is included in Session 7 on enterprise development.
- There is a fine line between producer groups and community-based enterprise development and ideally these are the same. However, this session spends time explaining the benefits, success factors and potential pitfalls individual producers might face when they collaborate in collective enterprise operations. Any decision that places additional demands on individual producers or smallholders in terms of decision-making, organization or commitment should not be rushed. Session 6 on value chain analysis for enterprises provides individual producers with the opportunity to collect more information before deciding whether or not to take part in a community enterprise.
- Consider inviting experienced resource persons who can share lessons about supporting producer groups in the context of smallholders and legal forest and timber value chains, including the operations of group forest management certification.

Additional references

FAO. 2011. *The Field Facilitator Guidelines for the implementation of the Market Analysis and Development (MA&D) Approach*. fao.org/3/i2395e/i2395e.pdf

International Rescue Committee. 2012. *Facilitator Guide: Village Savings and Loans Association*. fsnnetwork.org/sites/default/files/EA%24E%20Facilitators%20Guide-VSLA.pdf

RECOFTC & FAO. 2016. *Mainstreaming Gender into Forestry Interventions in Asia and the Pacific*. recoftc.org/index.php/publications/0000233



Guidance for different training contexts

Local-level training

- This session targets communities. Government staff who support group formation can be involved as resource persons. When there are private sector representatives, such as from a sawmill, ask them to explain if they prefer working with individual smallholders or groups and the benefits of each.
- The smallholders' own experiences in engaging in producer groups should be fully explored in this session. Think through various ways to draw out the learnings from these experiences. Examples can come from existing producer groups or in a mixed group training, from supporting agencies, such as a local government or NGOs. Draw examples from their engagements with producer groups to address challenges and describe the solutions they applied.
- If the participants already have considerable experience working together in a group, they can skip Steps 3–6 and continue to Step 7 to remind them that group organization is important for any of the identified pathways.
- In some circumstances, this session can be combined with Session 7 on enterprise development, where the focus is on more professional groups or community enterprises that are already functioning.

National-level training

- Assess whom among the participants have experience in working closely with producer groups. These participants can be the resource persons for the session.
- If there is no resource person available, provide one or two examples from cases in Module 1 that can be used to illustrate the local context of smallholders.
- Replace the reflection questions in Step 12 with the following questions:
 - Which category or success factor is the most challenging for smallholders and communities in your context?
 - What kind of support do you think you can provide to smallholders and communities to address gaps or challenges?



Exercise



Exercise 1 for Step 5

1. Divide participants into two teams (Team 1 and Team 2) and a team of panel members (Team 3):
 - Team 1 defends the premise that doing business individually is more beneficial than doing business in a group. To start them off, suggest one or two points for the team to argue with (see Figure 9 in Handout 5: Should I work individually or in a group).
 - Team 2 defends the premise that doing business in a group is more beneficial. To start them off, provide one or two points to argue with for their side (see Figure 9 in Handout 5).
 - Team 3 will judge the debate. Provide the panel with two or three criteria to judge the argument, such as:
 - The number of arguments they provide
 - The use of the groups' own experience—are they validating their arguments based on their own experiences?
 - Strength and logic of the points raised—does the argument sound reasonable?
 - Do they link their argument to previous training sessions?
2. Allow the teams some preparation time and then begin the debate.
3. Allow for at least three rounds of argument from both sides. After that, ask the panel of judges to decide who won the debate based on the arguments of the teams.

Exercise 2 for Step 10

1. Divide participants into three groups and ask them to randomly pick two or three categories of success factors from Handout 5, making sure there is no repetition.
2. Ask the groups to discuss and come up with points on how each category or success factor can be achieved based on their own experiences.
3. They should identify the criteria for producer groups to be able to organize and to become successful in the forest product value chains in each of the pathways. As much as possible, the groups should draw the ideas from their own experiences. Encourage the groups to think about other factors regarding adaptive management, skills and capacity-building for members.
4. Each group representative has 2 minutes to present their discussion.





Handout 5



Should I work individually or in a group?

A small individual enterprise is a common option in starting a business for a smallholder or community member. However, successful private entrepreneurs usually have a certain level of business experience, access to capital and market information and support from local stakeholders. A combination of all these factors is quite rare and generally does not apply to most smallholders or communities who work on forest products.

There are more advantages to organize in producer groups rather than operating individually (see Figure 9).

Figure 9: Comparison of advantages and disadvantages between an individual and a producer group

	Advantages	Disadvantages
Individual	<ul style="list-style-type: none">• Make decisions quickly and respond to individual needs• Get profit or benefit direct to person who owns assets	<ul style="list-style-type: none">• Less power to negotiate and weaker voice• Spend more money on investment• Take all responsibility and workload
Producer group	<ul style="list-style-type: none">• Reduce workload by sharing tasks• Pool and share resources• Have more negotiation power and stronger voice• Knowledge-sharing among members• Reduce costs of investment• Negotiate better prices• Produce more products and satisfy larger orders• Attract support from government, development agencies or private sector due to cost-effective engagement	<ul style="list-style-type: none">• Takes time to make decisions and doesn't necessarily accommodate all members' needs• Some powerful members may take advantage of others• Hard to manage assets and decisions as a group if there is no trust between members

Note that many producer group benefits are also relevant when group certification is aimed for.

What are some of the constraints for smallholders or community members when working as a group?

Internal constraints

- The group doesn't work well together due to differences in objectives or cultural differences.
- There is a small or no clear market for the products the group intends to sell.
- There is a lack of expertise or capacity to manage group members in an organized manner.
- The group underestimates the time and effort required for commercial activities, compared to traditional livelihood approaches.
- The initial investment is low or access to a loan or credit is limited due to lack of collateral.
- There are misperceptions about cash and profit due to a lack of financial skills.
- The lack of record-keeping results in weak decision-making, potentially causing conflict among members.
- Conflicting stakes and goals emerge when there is no clear process through which group members discuss their expectations and agree on common objectives.
- Free credit given to preferred customers, such as friends or family, creates a conflict of interest in the eyes of the whole group and can lead to losing confidence and trust.

External barriers

- Regulatory barriers related to laws and regulations can be too complex to understand.
- There is difficulty obtaining necessary permits and non-existing or unclear guidelines to meet the minimum requirements.
- The impacts of climate change affect the production of products and the producing infrastructure, such as warehouses and production facilities.
- Market trends show fluctuating prices for seasonal products.
- There is a lack of access to good and reliable market information for farmer groups.

Success factors for forming and organizing groups

If the constraints and barriers can be reduced, smallholders and community members would be able to work more effectively in groups. However, for groups to work well, some factors should be in place or cultivated (see Figure 10).

Figure 10: Success factors for the formation and organization of producer groups



Session 6

Value chain analysis for enterprises



Objectives

By the end of the session, participants will be able to:

- Describe a value chain analysis and its usefulness for the timber and forest product trade
- Explain the dynamic interactions and relationships of the actors within value chains
- Analyse and interpret information from value chains to ensure the legal timber and forest product trade



Time

180 minutes



Methods

Brainstorming, pair work, small-group discussion, plenary discussion



Materials

Flip charts, value chain diagram and related terms on flip chart, sticky notes, markers, 10 metres of rope, 20 chopsticks, 5 boxes marked "Mystery Box"

Steps

1. Remind participants of the learning points discussed in the previous session on smallholders group formation or organization. Reiterate the linkage with the session on controlled wood or controlled sources. Explain that chain of custody (CoC)-certified companies require evidence of where timber is sourced from and communities need to consider this when looking for market options.
2. Explain that the objectives of the session are to see how value chains and value chain analysis can be used to better understand the interactions between stakeholders, the requirements of potential buyers for legal, sustainable and certified products in relation to the pathways discussed in Module 1.
3. Ask participants if they have ever heard the term “value chain analysis”. Hold a quick discussion on the terms value, chain, actors, value chain analysis and value addition (see Handout 6).
4. Present the definition of the value chain analysis and the diagram showing the different elements of the value chain map on a flipchart and explain each element (see Handout 6). Clarify any questions participants may have.
5. Divide participants into three groups based on the same geographical area or products that they are working on, such as teak, rubber, cinnamon or coffee. Explain the exercise that the groups will do (see Exercise 1).
6. Invite the groups to share their value chain analysis diagram and matrix. Encourage questions from the other groups and clarify any questions participants may still have. Reflect on this exercise by asking the following questions:
 - Was it easy or challenging to carry out the value chain analysis? Why?
 - Why do you think doing value chain analysis is important?
 - How can the information we have about the particular value chain be used in community enterprise development in pursuing the identified certification pathway?
 - How is value chain analysis relevant to controlled wood or controlled sources? Remind participants of Session 3.
7. The next exercise is a game on chain of custody certification. The game will show the links between the value chain concept and the CoC process of traceability of a product for community-based enterprises. Check the participants’ understanding of CoC discussed in Session 3.
8. Tell participants that they will play a short game to help understand the roles of different direct and indirect actors involved in the value chain and the actors that are part of the CoC or product traceability. Explain the instructions for the game (see Exercise 2).

9. Once the game is completed, reflect on the CoC game with these questions:

- How is value chain analysis relevant to controlled wood or controlled sources? Remind participants of Session 3.
- How did you feel about the game? What was interesting about it?
- Does the game reflect your own experience in the timber and forest product trade? What was different?
- How did the game help you to understand linkages between the CoC process and value chain analysis?
- What do you think is important to have in place to reach the destination or certified market?

10. Summarize with the following key points:

- The value chain analysis clearly illustrates the different stakeholders, their roles and their expectations. It shows how these actors are linked and interact with each other. Value chains are not linear and can be simple or complex for different products and the different stakeholders involved. Value chains are also dependent on the available information regarding the trade of the product. Information gaps can mean that we may not have the whole picture of the trade of the products.
- In reality, the value chain information and analysis will keep changing. This is because information regarding the trade context of a product is always changing depending on numerous factors, such as market trends, resource availability or legal requirements and policies. However, it is a good tool for aspiring entrepreneurs to understand their trade context better. Updating the value chain should be an ongoing task for community-based enterprises that want to further develop their business.
- The value chain information collected can help the producer groups and community-based enterprises decide how they can position themselves and interact with other actors in the value chain.
- Based on the identified certification pathway, the value chain analysis can also help identify potential private sector businesses to partner with in the future or how to comply with the legal requirements of trading in a certain product.



Notes for trainers

- Remind participants about the links between the pathways with the topic of this session. The skills being built in the sessions under Module 2 help participants function better in these pathways.
- This session helps smallholders understand how value chains function and how decisions are made based on available information. It also helps to understand how to collect information for identifying potential buyers for their forest products and how to strategize which certification pathways to access.
- This session can come before or after the session on enterprise development (see the trainers' notes in Session 7 on enterprise development). The advantage of doing this session before Session 7 is that value chain information is being collected from different stakeholders, which can be used to prepare the enterprise idea and enterprise plan.
- Do not spend too much time on Step 2 because the topics will be further explored in the activity described in Exercise 1.
- For the CoC game and materials, ensure that at least three roles are assigned to women participants to ensure gender equality in your training.
- During the reflection of the CoC game, some of the possible answers should include:
 - Understand the different value chain steps, different roles of value chain actors, different requirements and information required for different value chain actors
 - Sufficient information, clear guidelines, approaches to navigate through procedures, clear segregated information for specific products, clearly identified products, consult and share information with enterprise members
- As a follow-up after the training, ask participants to contact buyers and government officials to fill any information gaps on the legal or certification requirements, such as documentation and relevant authorities, and products, such as quality, quantity and price. The information they get will help in deciding the pathways.



Guidance for different training contexts

Local-level training

- This session is targeted at communities. Government staff members who support community-based enterprise group formation can be involved as resource persons to show support. For example, in Exercise 2 they might be able to clarify legal requirements for trading forest products.
- Assess who among the participants from local government or local civil society organizations have experience in working closely with producer groups. These participants can be the resource persons for the session, such as providing information for the value chain analysis.

National-level training

- Add extra reflection questions in Step 6:
 - What gaps or barriers do you think producer groups and community-based enterprises might face to obtain information needed?
 - What information can you provide to actors, such as smallholders, producer groups or community-based enterprises, based on information needed in the value chain analysis?
 - Which communication tools and methods can you use to disseminate information needed for smallholders, producer groups or community-based enterprises?
- Add extra reflection questions in Step 9:
 - What support can you provide to smallholders, producer groups or community-based enterprises to complete the CoC procedures?
 - What kind of support do you need to perform your role effectively?



Exercise



Exercise 1 for Step 5

1. Each group selects a specific timber product that they are familiar with, such as teak logs, sawn lumber or furniture.
2. Draw the value chain map or diagram from producers to actors in the chain they know and work with, which can go all the way to consumers. A diagram presented on the flip chart or in Handout 6 can be used as a guide. Add the actors involved in the chain, including direct and indirect actors. Don't forget to include your own group or enterprise. Write ideas on small cards, which can be moved easily for the next steps of the exercise.
3. Draw and fill out the matrix in Table 4 and match it with your value chain map, based on the following guidance:
 - Add identified actors from the value chain map into the first row of the matrix.
 - Identify the function or the role of each actor in the second row, and highlight the position of the community-based enterprise.
 - In the third row, identify the information that the community-based enterprise needs to collect from each relevant value chain actor. Use the following questions to identify what information the community-based enterprise already has and what information is still needed:
 - What information does the community-based enterprise need to help decide what their role will be in the value chain? Fill in this information only for actors who might be able to provide this information.
 - What are the legal requirements that the community-based enterprise needs to know to be able to legally sell their product to other actors? This information can also be collected from government agencies.
 - What is the market demand in terms of product and scale? If possible, fill this in for the most relevant actors.
 - What prices are paid for the main products handled by the value chain actors?
 - Which available products can the community-based enterprise provide and sell, and how much supply do other actors need?
 - Which technical resources are needed for the community-based enterprise to be able to take part in the value chain?
4. In a last step, check whether the pathway identified under Module 1 aligns with the information they have collected or whether another pathway is more relevant to the community-based enterprise.

Table 4: Value chain matrix to match with the value chain map

Value chain actors					
Functions					
Information needed <ol style="list-style-type: none"> 1. Role 2. Legal requirements 3. Market and demand 4. Price 5. Availability of supply 6. Technical resources needed 7. Financial assistance available 8. Challenges 9. Others 					
Which pathway does it align with?					

Exercise 2 for Step 8

Chain of custody game: Delivering certified products

1. Prepare in advance:
 - Lay a long rope of about 10 metres on the floor to represent a certified timber value chain.
 - Prepare two sets of 10 chopsticks to be given to two teams. The chopsticks represent a certified timber product.
 - Mark the starting point of the game at the grower. The game ends at the consumer, according to Figure 11.
 - Place five Mystery Boxes along the rope, which are stations where each of the six players assigned to a value chain role team will stand. Each Mystery Box contains a card that holds a question, challenge or barrier that each team will have to answer. Each separate box has two cards with the same question, one for each team (see Table 5).
2. Instructions for the game:
 - Explain that the objective of the game is to ensure that certified forest-based products are delivered to the consumer. Only when these products reach the consumer, following all the rules that are prescribed, can the team receive the label “certified”.
 - Divide all participants into two teams. Ask each team to assign their members to be various actors along the timber value chain, in order of sequence: grower, harvester, transporter, manufacturer and consumer.
 - Give 10 chopsticks to the first player of both teams.
 - Start the game. The first player starts walking to the first Mystery Box. The grower from each team positioned next to Mystery Box 1 picks a card from it and reads the question out loud. Alternatively, you can read the question if further clarification is required.

- For multiple choice questions, repeat the potential answers if this is not done yet by the players. The first player and the grower from each team can discuss together but cannot share with the rest of the team. They have 1 minute to answer the question correctly.
- If the answer is incorrect, the first player leaves two chopsticks in the Mystery Box. For the next boxes, reduce two chopsticks per station if their answers are wrong or incomplete. When the answer is correct, the player keeps the chopsticks.
- The first player continues towards the next player and Mystery Box station along the value chain. The next card is picked from the box and the question is read out loud again. The trainer holds the answers of each question and indicates whether the answer is correct or incorrect.
- If participants ask how many answers they should give per question, provide hints on how many answers are required. For the open questions, there are some hints on the card for the players to use. The trainer holds more information and will consider if the answer is satisfactory or not and decides whether chopsticks should be placed in the Mystery Box.
- Play the game until any remaining chopsticks are delivered to the end of the value chain. At the end of the game, count the remaining chopsticks with each team.
- The team with the most chopsticks wins, and if they still hold all their chopsticks they receive full benefits from the chain of custody (CoC). Chopsticks that are lost along the way represent penalties or losses and more work needs to be done to reach CoC certification. Reflect on the exercise (see Step 9).

Figure 11: How to prepare the chain of custody game

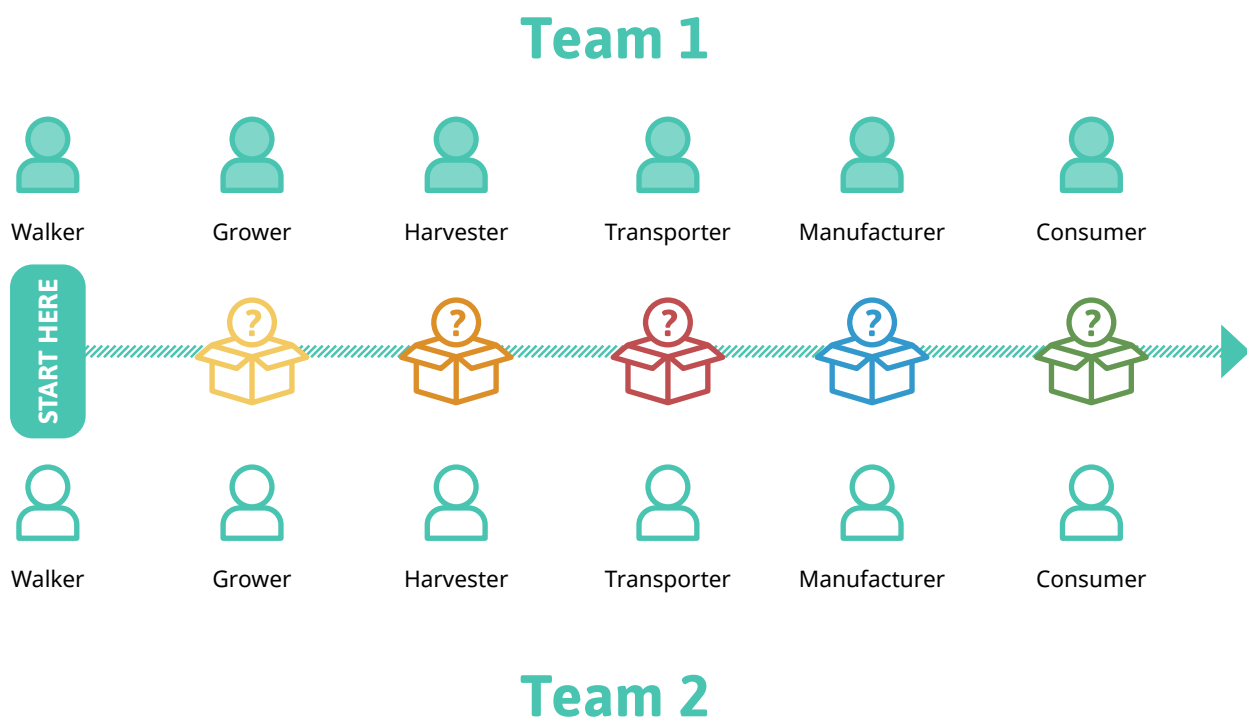


Table 5: Barriers and challenges in the Mystery Box
Question and multiple choice answers for value chain actors
Card 1: Grower

As a grower of a certified forest plantation, you have made contact with the harvester today. A harvester will come over to your plantation lot in the next hour. What would you need to prepare to verify that the trees legally belong to you and are planted on your own land?

Choose your answer:

- A:** Tree and plantation certificate or registration
- B:** Eligible land ownership or use rights documents
- C:** Approval of harvesting trees list
- D:** Have an official present to observe procedures

Card 2: Harvester

As a harvester, you have been hired by a factory to harvest trees from a certified plantation. What would you do to ensure that you are an eligible harvester who holds legal harvesting equipment and understands the procedures?

Choose your answer:

- A:** Have a legal chainsaw permit
- B:** Mark each log and tree stump: All log sections should be marked to enable traceability back to the stump
- C:** Wear a helmet and safety materials
- D:** Because you tire easily, your 13-year-old son accompanies you and does your job for you

Card 3: Transporter

As a transporter, you have been hired by a factory to transfer harvested certified timber from a certified plantation. You also must pick up non-certified timber from another plantation lot along the way to the factory to minimize fuel costs. How would you ensure the certified timber is not mixed up with the non-certified timber?

Choose your answer:

- A:** Insist not to load non-certified timber, but return later or coordinate with another truck
- B:** Put in same truck anyway because you already hold transport permits and moving licenses
- C:** Take a photo and post on facebook or other social media
- D:** All the above are correct

Solution for the barrier (guide for the trainer)

The CoC starts with the tree before cutting, by checking movement to the point where the logs are cut and removed from the forest using documents and records within the forest area. A, B, C and D are correct. All documents are required to certify that the origin of all wood has been identified and documented before moving in compliance with the timber legality legislation. There must be legal proof of rights to operate and harvest wood and non-wood products in specified forest areas.

Teams who answer correctly keep their chopsticks.

A, B and C are correct, but D is not. This is in accordance with the FSC core labour requirements and aligns with the PEFC CoC requirements:

- The organization shall not use the labour of anyone younger than 15 or younger than the minimum age, as stated under national or local laws or regulations
- No person younger than 18 is employed in hazardous or heavy work except for the training purpose.
- Working conditions do not endanger safety or health.

If your answer was D, you lose two chopsticks.

A is correct. An outsourcing agreement with a certified or non-certified CoC contractor must be established. Outsourced contractors shall conform to all applicable certification requirements to ensure that materials are not mixed or contaminated with any other material during the outsourced activity.

B is considered a high risk of non-conformity to the procedures. During transportation and storage, segregation is required, such as packing products on pallets, in containers or proper compartments simultaneously, with identification through labeling products.

C: This does not mean anything for conformity to the procedures. It could be considered as one type of record, but it would still be inadequate to meet the requirements.

D: No sorry, only A is correct. You lose two chopsticks.

Question and multiple choice answers for value chain actors

Card 4: Manufacturer

You are a manufacturer who operates with both certified and non-certified product groups. What would you do to make sure certified raw materials purchased are not mixed with non-certified materials? Please provide at least two answers.



Card 5: Consumer

What information can help you know if the products you buy are certified or come from a responsible source or not?



Solution for the barrier (guide for the trainer)

This is an open-answer question. Suggested correct answers include:

- Segregation of the products
- Mark the products
- Written documented procedures for certified CoC
- Assign competent and trained personnel to perform activities for the implementation and maintenance of CoC

With reference to the PEFC CoC, the organization shall establish written documented procedures that include the following elements:

- Responsibilities and authorities of assigned personnel
- Description of the raw material flow and production and trading process
- Procedures for CoC process:
 - Identification of material categories
 - Physical separation of certified material and other material
 - On- and off-product trademarks, labels and logo use
 - Record-keeping and maintenance are up to date
 - Internal audits and non-conformity control

The trainer decides how many chopsticks should be placed in the box.

This is an open-answer question. Suggested correct answers include:

- Product logo and labels
- Name of the company and contact details

With reference to the FSC CoC certification standard, the organization shall ensure that sales documents (physical or electronic) issued for products sold with FSC claims include the following information:

- Name and contact details
- FSC certificate code associated with FSC-certified products
- A clear indication of the FSC labels for each product item (FSC 100%, FSC Mix x%)

The above points also apply to the PEFC standards.

The trainer decides how many chopsticks should be placed in the box.



Handout 6

Value chain

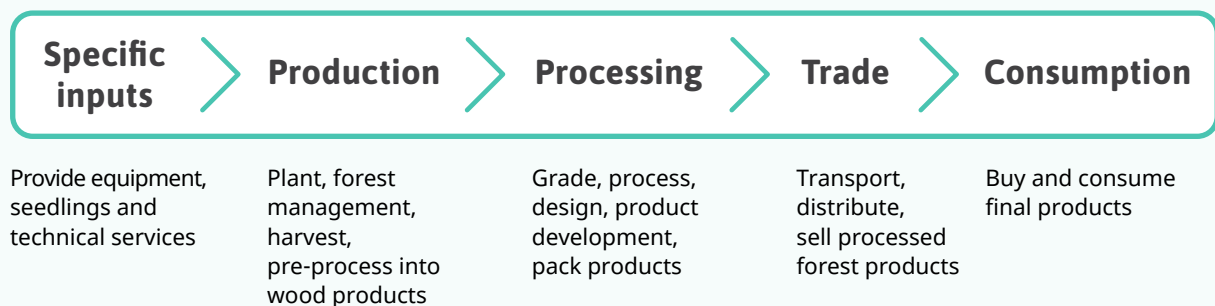
A value chain covers all activities and services provided by different actors, from the source of the raw product to the end consumer. The word “value” refers to “adding value” and is reflected in the prices when transactions between actors take place. The term “chain” refers to the interconnectedness between all the actors involved in developing the product or service.

Value chain analysis

This is a process whereby missing information from value chain actors is collected through interviews or focus group discussions. Value chain analysis can answer questions about who the chain actors are and what their roles and relationships are. It can be used to collect information about unknown or unmet market demands, new markets and market trends, product certification requirements or competitors in the value chain. It also can help clarify legal and policy implications about the flow of the product in the chain.

Figure 12: Elements of a value chain and interactions with actors in the chain

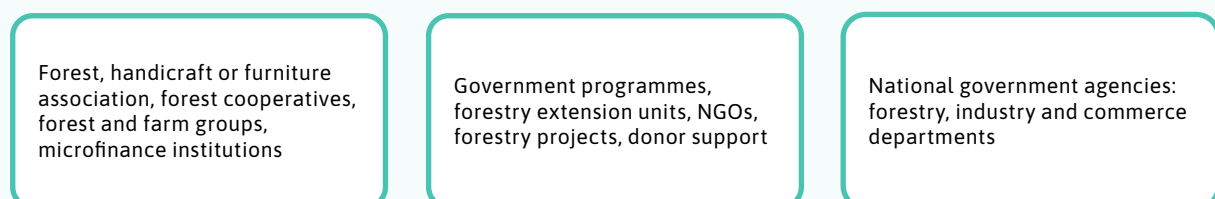
1. Basic functions in the forest product value chain



2. Categories of actors in the forest product value chain



3. Categories of forest product value chain supporters, enablers



What are some of the steps in the value chain analysis?

1. Consider the product sold and identify the different stakeholders involved in selling and buying. This often starts with the producers who sell a product to a trader or other kind of buyer. It is fine if not all stakeholders are known because this information can be collected from other stakeholders already known.
2. Plan to talk to the first stakeholder that the products are sold to and ask what happens to the product next and how does the stakeholder earn an income from the product. Ask:
 - What is the added value this stakeholder is carrying out?
 - What is the buying and selling price of the product, using the same unit of measurement?
 - How are prices decided and how is information shared?
 - Which technical, legal or financial challenges are faced in buying, adding value and selling products?
 - Which stakeholders can provide support to overcome challenges?
 - What other information, such as legal or market trends, is relevant for plan purposes?
 - What are the contact details of the stakeholder buying the products?
3. By following this process, the next stakeholder can be identified to arrange a talk with and collect information from. Depending to what extent the producer group or aspiring community-based enterprise wants to involve itself in the value chain, it could continue identifying and planning interviews with stakeholders till the national market. However, three different value chain stakeholders are usually sufficient.
4. Consider talking to local government authorities involved in the forest product trade because they might give an overview of the value chain or provide contact details of stakeholders. They also will be able to provide information about procedures for the trade of forest products.
5. This process will provide an overview of the value chain by mapping out constraints, opportunities and business support services. Potential partners can be added where needed.
6. Discuss the challenges in the value chain with the actors interviewed. Find out how they may overcome these challenges by considering the following:
 - Expected price of particular products
 - Required minimal supply of the product and timeliness to supply
 - Legal requirements of the product
 - Financial or technical demands it puts on the participants to comply
 - Whom to approach to support them in overcoming some of the challenges

What can value chain analysis teach us?

- Provides a map of the actors and activities related to the design, production, distribution, marketing and sales of a particular product
- Provides an overview of market demand by showing where products are going or who the buyers are and what added value to products is taking place
- Identifies the distribution of benefits among actors in the chain
- Visualizes networks to get a better understanding of connections between actors and processes
- Highlights decision-making and governance structures, relationships and coordination mechanisms between actors
- Analyses the situation of the community in relation to other actors in the value chain, and creates awareness for actors to look beyond their own involvement in the value chain
- Identifies constraints and opportunities for interventions for community enterprises to:
 - Increase the total amount or margin and value of products to sell
 - Consider added-value strategies to existing products, such as upgrading or diversification
 - Enter or strengthen their position in the value chain
 - Explore possible partnerships
 - Understand the potential risks in developing a product or service
 - Identify enabling conditions to support their enterprise
 - Determine potential certification pathways

Additional reference

“What Is a Value Chain?” Video posted by AIMS Education, UK on 11 June 2016.
[youtube.com/watch?v=g8p2H7EvoG](https://www.youtube.com/watch?v=g8p2H7EvoG)

Session 7

Enterprise development



Objectives

By the end of the session, participants will be able to:

- Share their experiences in developing forest product enterprises
- Clarify their enterprise ideas around a specific product and clarify their potential role within the value chain
- Explain the process of enterprise development that is needed to follow a specific certification pathway



Time

90 minutes



Methods

Brainstorming, pair work, group work, plenary discussion



Materials

Flip charts, sticky notes, small cards, markers, ball from paper

Steps

1. Recall the key learning point from Session 5: Being an individual entrepreneur has its merits, but working in a group in forest product value chains has important benefits, including benefiting from certification. In Session 6, the different roles, functions, interactions and requirements of actors in the value chain were discussed. This helps producer groups or smallholders decide how they want to position themselves in legal, sustainable or certified value chains.
2. Explain the objectives of this session. Explain that the focus will be on how smallholders and producer organizations can form enterprises to benefit from participating in the identified certification pathways.
3. Ask participants to stand in a circle for the next exercise (see Exercise 1).
4. This is a warm-up activity to get an idea of participants' experience in enterprise development.
5. Inform participants that we are now using the term "enterprise" or "community-based enterprise" rather than smallholders or producer groups. These terms are sometimes used interchangeably and may mean the same thing in many countries. However, in this session, we want to focus on the commercial aspects of the different pathways, such as the production and trading of forest products.
6. Conduct the next exercise that will explore how community-based enterprises can further develop themselves (see Exercise 2).
7. After the exercise, ask participants the following reflection questions in plenary:
 - How did you feel about the exercise?
 - How did the exercise help you to understand the steps and components of forming an enterprise?
 - Why are farmers' cooperatives or farmers' associations sometimes missing in the forest product and timber sectors? Who has their role of supplying information and providing services?
 - In which sectors are farmers' cooperatives and farmers' associations better established? What creates the opportunity for them?
 - What can assist farmers' cooperatives or associations and community-based enterprises to scale up the trade of their forest products?
8. Advise participants to check the local norms of community-based enterprise registration in their country. In many countries, local government agencies are able to guide community enterprise development processes and support them to prepare the official registration steps, including submission of applications. However, this depends on what value chain and product the community-based enterprise intends to focus on. It may need to seek assistance from a range of government agencies. For example, in Lao People's Democratic Republic, the District Agriculture and Forestry Office can support the registration of producer groups that grow, harvest and sell logs. However, when it comes to processing logs in a sawmill, the Department of Industry and Commerce needs to issue the required license.



9. Share the steps and the Viet Nam example of forming an enterprise group (see Handout 7). In Session 9 on enterprise business planning, we will further touch upon enterprise operations.
10. Summarize the session with these key learning points:
 - Entrepreneurs need to have a common understanding of what role or certification pathway the enterprise will follow. This clarity is needed to ensure that the future success of the community-based enterprise and its chosen pathways is realistic, depending on its current and potential capacity and resources.
 - The enterprise idea and developing a common understanding will help in collectively developing rules and regulations for how the community-based enterprise will be organized and function.
 - Ideally, a community-based enterprise is large enough (with enough members) so that a substantial amount of the collective resources, assets, skills and networks can be leveraged and shared. The scale will attract other value chain actors who want to collaborate or partner with them. A large-enough community-based enterprise is also more able to qualify for support and can potentially benefit from forest certification.



Notes for trainers

- Remind the participants about the identified pathways discussed in Module 1. The skills being built in the sessions under Module 2 help participants choose the best pathway for them.
- This session prepares smallholders to develop their community-based enterprise professionally and effectively. This gives them more capacity to choose a certification pathway and consider partnerships with other actors in the value chain.
- This session can be done before or after the value chain analysis Session 6:
 - After the value chain analysis session: It helps to clarify where a community enterprise is positioned in the value chain in relation to other value chain actors and their requirements, in particular certification pathways.
 - Before the value chain analysis session: Producer groups are still uncertain about their future engagement in the value chain and require more understanding about why they need to organize themselves and what value chain information they might need from which actor.
- In the reflection questions under Step 7, potential answers are:
 - (1) middlemen, (2) traders, (3) sawmills
 - (1) agriculture, (2) number of farmers involved, (3) the importance of the product to the economy
- For Handout 7, the trainer should adapt the terms for community enterprises or organizations to the country context of the participants.

Additional references

FAO. 2011. *Community-based Tree and Forest Product Enterprises: Market Analysis and Development*. Manual. fao.org/docrep/014/i2394e/i2394e00.pdf

International Institute for Environment and Development (IIED). 2022. *Training Programme: From Risk to Resilience, Incubating Adaptive Climate-proof Businesses*. pubs.iied.org/20756g



Guidance for different training contexts

Local-level training

- Government staff members who support group formation or community-based enterprise registration can be involved as resource persons to show support. For example, in Exercise 2, they can clarify the legal requirements for trading forest products or how enterprises can be legally registered. This will increase the opportunity for participants to engage in various certification pathways.
- Local private sector actors can encourage and explain the importance for community-based enterprises to commercialize and professionalize to become reliable and legal business partners. The private sector depends on legal forest products that community enterprises can supply and can encourage both to partner in a number of certification pathways.

National-level training

- The emphasis of this session is to make use of case studies or insights from the local trainings to highlight areas that require specific support programs to enable community-based enterprises to emerge and establish themselves, especially if the country intends to produce certified forest products at scale. The role of the private sector is also crucial because forest products need to be legal, sustainable and certifiable. The highlighted areas can also be incorporated into national dialogues, which are focused on in Module 4.
- Conduct Exercise 1 and leave out Exercise 2 for national training. Extend the discussion with participants on how and what support is needed for smallholders, producer groups and community-based enterprises. Sharing experiences from resource persons or among participants is advised.



Exercise



Exercise 1 for Step 3

1. Explain to the participants they will play a version of musical chairs. Instead of chairs they will use a ball.
2. The ball will be passed among the participants. When the trainer says stop, whoever has the ball answers one of these questions:
 - Can you share what a community-based enterprise means to you?
 - Have you experienced setting up or been employed in any type of enterprise?
 - If yes, how did you feel about that experience?
 - If no, what made you not engage in the enterprise operation?
 - Which community-based enterprise types exist in your country?
 - Are these types recognized by law?
 - What are the characteristics of community-based enterprises in your context?
 - In a forest product value chain, what role does a community-based enterprise usually have?
 - In your experience, which skills, knowledge, resources and assets other than money are needed to set up or run a community-based enterprise?
 - What are some of the different capacities needed to strengthen a community-based enterprise and improve how it functions or operates in the value chain?

Exercise 2 for Step 6

1. Divide the participants into two or three “enterprise” groups. These groups can be the same as the value chain groups from Session 6.
2. There will be two rounds of activities in this exercise.
3. For the first round of the exercise (25 minutes), ask the enterprise groups to follow the instructions and answer the following questions on a flip chart by using the template in Table 6:
 - Give your group an enterprise name
 - Which pathway towards participating in a legal, sustainable and certified value chain does your enterprise choose to be in?
4. The trainer can encourage the groups if they like to move from pathway C to B or from B to A.
5. Discuss and choose the potential enterprise idea linked to the pathway. The enterprise idea builds on the existing enterprise activities or the product that smallholders or producer groups work on and can be the same product as in Session 6.
6. Identify what type of operations or activities your enterprise would like to develop.
7. If not yet done so in Session 6, draw the value chain of the product of your enterprise.

8. Which problem does your enterprise idea intend to solve?
9. Who will benefit from your enterprise idea?
10. What does the buyer want your enterprise to do? Think of the value chain session or your pathway.
11. Which resources or assets does your enterprise have available or needed to implement the operations?

Table 6: Template for round 1 collecting enterprise ideas

Topics	Provide answers below
1. Enterprise name	
2. Pathway towards forest certification	
3. Potential enterprise idea and product	
4. Main enterprise activities	
5. Value chain map	Refer to value chain map drawn in Session 6
6. Solutions offered to address a particular problem	Problem statement: Solutions offered:
7. Beneficiaries of the enterprise idea	
8. Buyer's requirements	
9. Resources or assets available or needed	Available: Needed:

12. Check that both groups have completed round 1. Ask each group to briefly share their answers.

13. After both groups have shared their responses, continue to round 2 (30 minutes) with the following questions, by using the template in Table 7:
- Who are the enterprise members and what roles do they have in the enterprise?
 - Which success factors should be paid attention to for your enterprise to operate effectively? Think of Session 5 on group formation.
 - What are some rules and regulations to develop in managing the enterprise and for members to abide by?
 - Would your enterprise need registration, and if so, where and how does the registration process work? How is this related to the identified pathway? Remind participants that there might be particular regulations affecting the chosen enterprise procedure, as discussed in Module 1.
 - Would your enterprise be interested to work with another community-based enterprise in your area? Why?
14. Ask each group to share the insights from the second round.

Table 7: Template for round 2 of enterprise development

Topics	Provide answers below
10. Enterprise members and their roles	
11. Priority success factors	
12. Rules and regulations	
13. Enterprise registration process as per identified pathway	
14. Interest to work with other nearby enterprises	



Handout 7

A community-based enterprise is usually a group of individuals agreeing to work together to achieve a common vision and plan to commercialize forest products. It can also be initiated by individuals who have agreed with the community representative body to provide compensation or benefits from the commercialization of a particular product from communal lands or community forests.

In many countries in the region, community-based enterprises are managed by Indigenous People or local communities who produce, process and trade wood and non-timber forest products or environmental services from which they intend to gain benefits and profit.

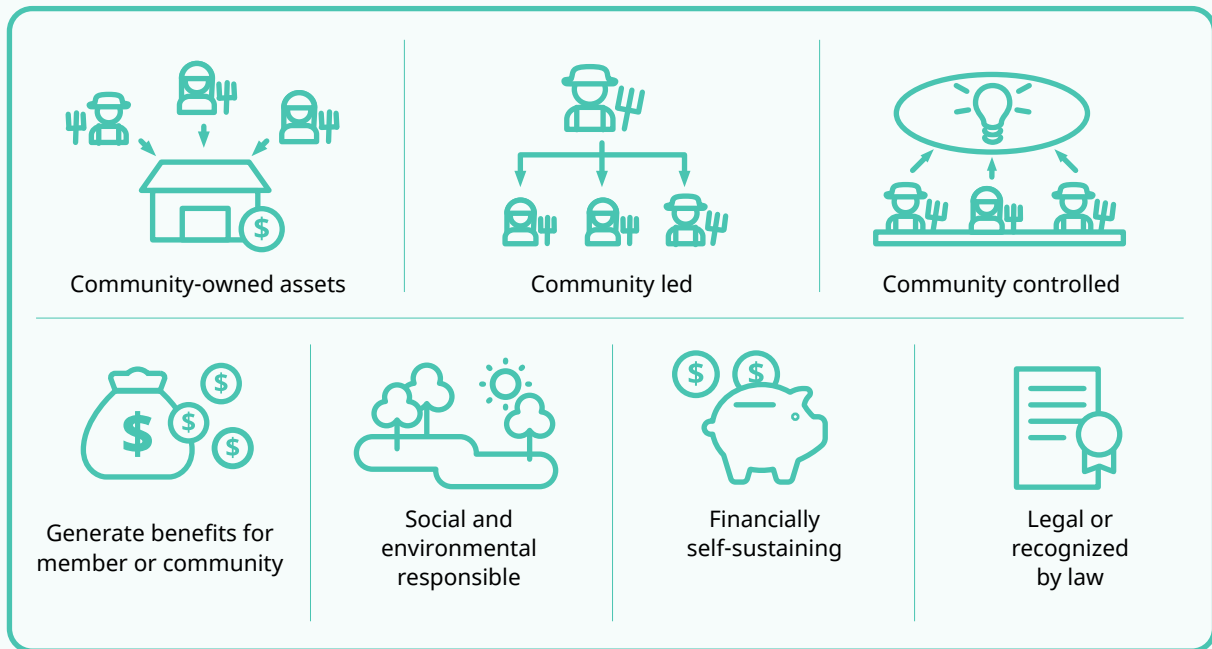
Community-based enterprises can include producer groups, farmer associations or farmer cooperatives. Different countries might call them by different terms, such as community-based businesses in Viet Nam. Most, but not all fit the definition of a small- or medium-size enterprise in their country, either because of the number of employees or because of capital investment.

There are different types of community groups or organizations depending on their scale and the purpose:

- Farmers' producer group with 20–30 members: an organized group that wants to access certification.
- Community-based enterprise: an advanced and more professionalized producer group with a clear business plan.
- Farmers' cooperative with 10–30 farmers' groups: formal organizations of individual farmers, smallholders, community enterprises, businesses or manufacturers with similar interests. The cooperative members work together in marketing, transport, processing and selling their products efficiently. Members share the profits based on the production, capital or effort of each. In different countries, the terms "cooperative" and "association" are used differently.
- Farmers' association: a representative body for farmers to ensure their participation in the formulation and implementation of policies and agricultural development actions.
- Cooperative unions: an official collaboration between multiple cooperatives.
- Savings and credit group: a self-managed group of 15–25 individual members from within a community who meet regularly to save their money in a safe space, access small loans and obtain emergency insurance.



Figure 13: Characteristics of community-based enterprises



What are some of the common steps to enterprise development?

1. Business or enterprise idea

The enterprise idea describes what enterprise operations and tasks are required, based on:

- Available resources within the community, such as labour, supply of raw materials, buildings, infrastructure, transport electricity and water
- Capacity, including skills, knowledge, ability and experience of potential group members

All the potential group members should agree and be willing to invest their time in the enterprise idea. Enterprises that are mainly one person's idea and do not have the backing of the rest of the group are unlikely to be successful.

2. Call of interest

At the end of an initial awareness-raising meeting, a call of interest is made. The participants can indicate their interest in becoming a group member. Call of interest can be done through a meeting or by filling out a simple form that can be delivered to a point person. The form should include the conditions and eligibility criteria to become a member. An example of a condition would be the direct interest of the individual or household through active engagement as producer or processor in the value chain.

3. Group or enterprise formation, membership and elections

Every interested member should be involved in different aspects of the enterprise, especially during the start-up. A specific member or group of members may have a special responsibility for coordinating a part of the enterprise. The group needs to consider these positions:

- Supply coordinator, responsible for planning inputs for the enterprise
- Production coordinator, responsible for the production, processing or provision of services
- Accountant or treasurer, responsible for keeping records and administration
- Marketing coordinator, responsible for product or service marketing and sales
- Enterprise manager or chair person, for overall and general management of the enterprise

The suggested functions or titles for each of the roles should be adapted to local conditions, and roles should be agreed among the enterprise members. Some roles can be combined and other roles might need to be added according to the enterprise development stage or its complexity.

The enterprise members then organize an election by asking interested persons or nominated candidates to present themselves and briefly explain their reasoning behind their candidacy for one of the functions. Trainers of the process should encourage women to apply for any of the leadership positions. Depending on the local practice, voting can be done by secret ballot or simply by counting raised hands.

4. Jointly formulate regulations and governance structure of the enterprise

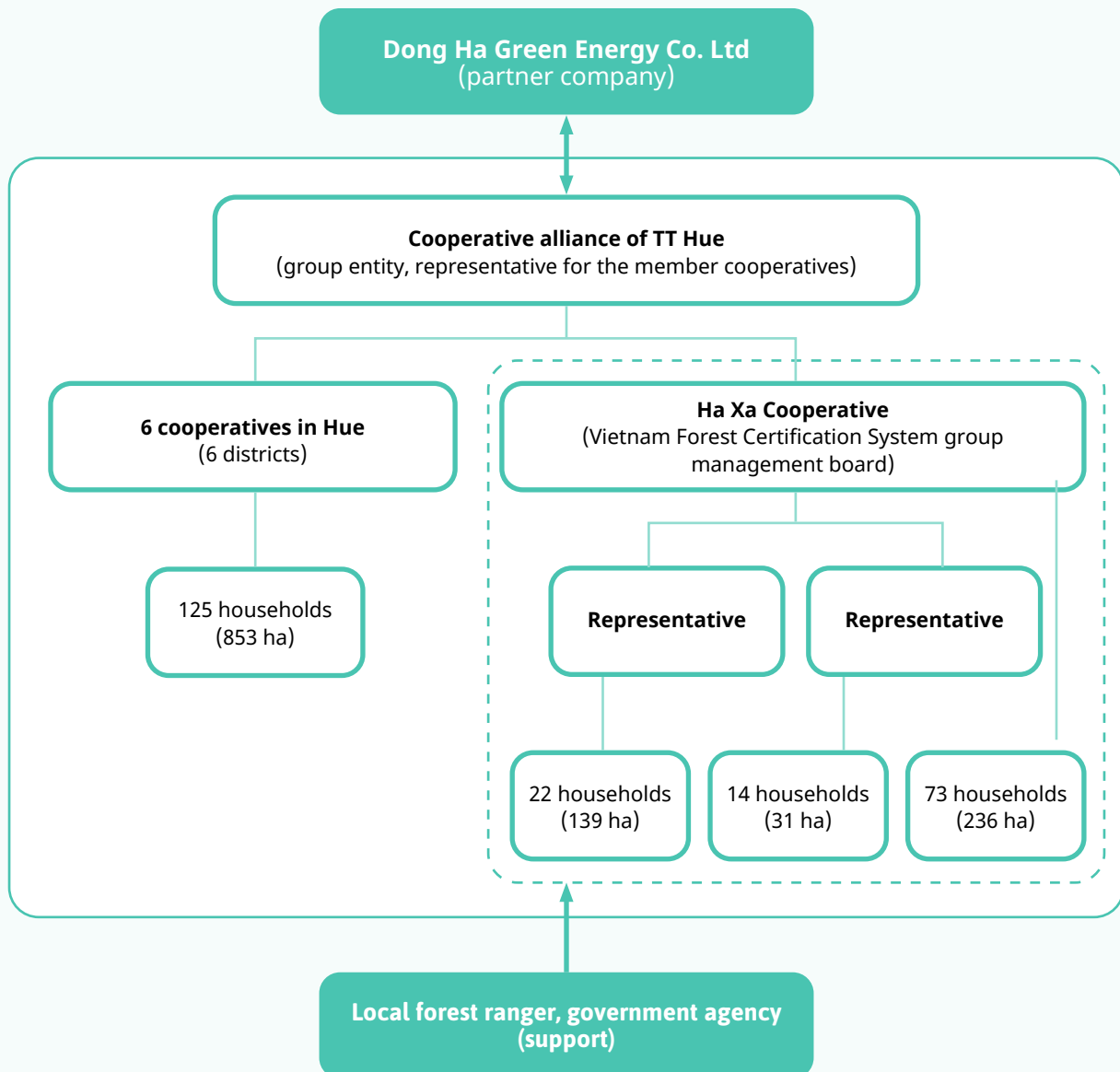
The elected committee will draft simple regulations to manage the enterprise. This can be facilitated by the enterprise members or by an external third party, such as a local non-government organization. Regulations can include:

- How to become a member (eligibility criteria)
- How to manage and arrange decision-making in the enterprise (stipulate rights, responsibilities and duties)
- How to keep members complying with the rules
- How profits will be shared according to contributions of members (in money, time, resources or assets)
- How arguments, complaints and grievances should be handled (by all members, by a majority, by the general manager)
- How records are kept and information shared (transparency)

Sometimes, regulations and by-laws must comply with minimum legal requirements of a country, such as number of members, qualification of members or shared capital or mandates.

The next step will be the documentation of the group members and committees that have been elected for the running of the community-based enterprise.

Figure 14: Example of organizational structure of enterprise cooperative in Viet Nam



Source: Tran, L.D. & Nguyen, V.B. 2022. *Smallholder Forest Certification in Vietnam Pilot Models of PEFC/VFCS*. Silviculture Research Institute, Vietnamese Academy of Forest Sciences.

Session 8

Enterprise risk assessment and mitigation strategies



Objectives

By the end of the session, participants will be able to:

- Explain the internal and external risks that community-based enterprises may face in choosing a certification pathway
- Use a risk assessment tool to identify and analyse the nature of risks, with attention to wood coming from unacceptable or controversial sources
- Identify strategies to mitigate the risks for enterprises, in particular, in the context of controlled wood or controlled sources



Time

60 minutes



Methods

Group work, plenary discussion, scenario-building with timber game



Materials

Prepared flip charts: strategies to address risks (see Exercise 1, Figure 15) and risk strategy development template (see Exercise 1, Table 8), three prepared yellow orange and red Smiley cards (see Exercise 1), sticky notes, markers

Steps

1. Recall the key points from the previous session. At each stage of their development, enterprises face certain risks, especially if they are growing or expanding. The objectives of this session are to understand these risks using a risk analysis tool and to provide some mitigating strategies that can address the risk.
2. Ask a few participants what they understand by the word “risk”, and give some examples of risks they have encountered in their timber enterprise activities (see Handout 8). Examples could include disease in tree plantation, low prices offered for products, COVID-19 disrupting sales or transport, confiscated logs or penalties for not abiding by the regulations.
3. Tell participants they will play the Timber Game. Explain the instructions of the game (see Exercise 1).
4. Ask the participants to share some of their observations and experiences from the game. Their observations are important to identify and analyse the risks of trading timber.
5. Using some of the insights about risks from the game in the context of the timber and forest product trade related to the certification pathways, ask these guiding questions:
 - Where does the timber come from? What can be legally sold and what cannot be sold?
 - What are some of the risks of not knowing where the timber or forest products come from?
 - How could you prevent the risks of not knowing where the source of your products are from? What are some of the steps you can take to ensure the source?
 - What can community-based enterprises do to reduce some of the risks that you have identified?
 - Who can support you in this process? What are some of the ways they can support you to reduce your risks?
6. Present some of the risk mitigation strategies for the different pathways on a flip chart (remind participants of Handout 3 from Session 3). Ask the groups if they have taken some of these measures.
7. Wrap up the session by reviewing these key learning points:
 - Risk management is planning for possible risks to your community-based enterprise. It will help to prevent making obvious mistakes and protect the enterprise from economic damage, reputational harm and legal penalties. Risk management is important for all value chain actors, including those who are sourcing and selling raw materials or buyers of the products and partners.
 - Each actor will need to conduct a risk assessment and have mitigation measures in place. By carefully thinking through the probable risks, a mitigation plan can be put in place to address or minimize the risks.
 - Some risks might be beyond the capacity of the enterprise to address and require assistance from other parties, such as forest officials, CoC-certified buyers or companies or relevant partners.
 - More developed enterprises may hire external risk management experts to help them build the risk scenarios and create a plan to address them.



Notes for trainers

- Continue to remind the participants about the certification pathways. The skills developed in this session will help them understand the potential risks they have to consider and mitigate.
- Sessions 5, 6 and 7 introduced basic skills to reduce risk. These include developing internal governance measures, organizational structure and regulations, collecting information through the value chain analysis to plan their enterprise strategy and seek support to legally register.
- After Step 5, make a reference to Session 3 on controlled wood or controlled sources and due diligence in Module 1. Emphasize the need to reduce various risks in trading timber to enter different pathways.
- On a flip chart, copy Figure 15 without the prepared Smiley cards. Only add the three Smiley cards on the flip chart when the participants have added their risks and explain the Smiley cards (see Exercise 1).

Additional reference

Bolin, A., Macqueen, D., Greijmans, M., Humphries, S., & Ochaeta, J.J., eds. 2016. *Securing Forest Business: A Risk Management Toolkit for Locally Controlled Forest Business*. International Institute for Environment and Development. pubs.iied.org/sites/default/files/pdfs/migrate/13583IIED.pdf



Guidance for different training contexts

Local-level training

- This session targets communities. Government stakeholders who support group formation can be asked to join the session as resource persons to provide suggestions for reducing risks.
- Private sector actors or local sawmills working with smallholders and community enterprises can be invited to provide hands-on experience or add observations. They can share the potential risks they have experienced while producing legal, sustainable and certified forest products. Participants can also share their queries from the exercises about potential risks or practical risk mitigation strategies.

National-level training

- Assess which participants have experience in working closely with producer groups and community enterprises. These participants can be resource persons for the session to highlight the risks faced by community-based enterprises and the potential contribution of national stakeholders to reduce or mitigate their risks.
- Replace reflection questions in Step 5 with the following questions:
 - How do you know timber sold in the market comes from legal sources?
 - What helps you ensure such timber is legally harvested and sold in the market?
 - As a government officer, what support do you provide to smallholders, producer groups or community-based enterprises on legally sourced timber?
 - What needs to be in place to make sure your support will last and be beneficial to all actors in the value chains?






Exercise



Exercise 1 for Step 3 The Timber Game

1. Present this scenario to the participants: You are a member of a community-based enterprise. You want to expand your business by working with more members. You also want to partner with a buyer who wants to buy more of your timber products. The buyer wants your help to ensure the timber comes from non-controversial sources (refer to the definition in Session 3, Module 1). This means that the timber must (see Handout 3 from Session 3):
 - Be sourced from forests that are legally managed, legally harvested and legally traded
 - Consider the environment and endangered species, and not come from converted land on which natural forest stood
 - Consider all community members in terms of their rights, health and safety
2. Ask participants to write on their sticky notes possible situations in which something could go wrong: one caused by the enterprise itself and one caused by outside factors the enterprise cannot control. Tell them to not limit themselves by thinking just about worst-case scenarios but also about common threats.
3. Ask everyone to come to the prepared flip chart based on Figure 15 and consider if the risk is probable, possible or improbable. Ask them to also consider if the impact might be low, medium or high. Ask participants to place their sticky notes on the flip chart with the risk matrix.
4. Ask participants why these are considered risks. Ask what are the most unacceptable risks, followed by risks that the enterprise can manage and which ones are not considered a risk. Let participants explain why they think that. Move the coloured Smiley cards on the flip chart to mark their level of risk.

Figure 15: Strategies to address risks

Probability	Probable			Unacceptable risk, avoid it 
	Possible		Manageable risk, reduce it 	
	Improbable	Acceptable risk 		
		Low	Medium	High
Impact				

5. Divide participants into three groups, which can be the same as in Session 7. Assign one risk situation to the group to continue to discuss in more detail. From the flip chart, select three small cards and assign one group a high-impact situation, one group a medium-impact situation and one group a low-impact situation from different ranges of probability.
6. Ask the groups to fill in Table 8 on risk strategy development.

Table 8: Risk strategy development template

(1) Describe the risk	(2) How does the risk affect the enterprise?	(3) What is the probability of the risk: probable, possible, improbable	(4) Impact of risk on your enterprise model: high, medium low	(5) Mitigation strategy: list activities to prevent or manage the risk	(6) Who in your enterprise is responsible for the activities	(7) Actors outside the enterprise whose support is needed to manage the risk

7. If there is time, ask these additional questions:
 - What are the potential additional costs and other losses when the risk becomes true?
 - Will the prevention strategies cost more or less than the impact of the risk?
 - Which strategies are worth doing as a prevention?

Source: Boat game. medium.com/@katerina_mnuk/boat-game-62916dad70



Handout 8

What are risk assessment, risk taking and risk management?

Running a community-based enterprise means taking or being exposed to risks. Risks happen due to lack of information or inadequate knowledge of value chain operations, policies, market trends, climatic influences and diseases. Internal risks, such as lack of trust among members, a lack of transparency in decision-making or a lack in business skills, can also affect an enterprise. Therefore, it is important to understand and assess the implications of risks and manage them accordingly so that impacts can be minimized or mitigated.

Risk assessment, risk taking and risk management should ideally be integrated in the enterprise management process and linked with reviews of enterprise plans.

How to carry out a risk assessment?

1. Review the enterprise objectives if these are still relevant and up to date, based on experiences from its role in the value chain.
2. Determine what has caused the enterprise to face difficulties from internal and external factors. These include organizational, financial or technical issues and factors such as markets, climate change or policies the enterprise has no control over.
3. Consider any new risks that are increasingly becoming important. These could include new policies that require more detailed documentation of operations that are or not within the capacity of the enterprise.
4. Discuss with members the likelihood of these risks and to what extent they negatively affect the enterprise.
5. Rank the different identified risks based on these discussions.
6. Based on the ranking of risks, discuss with members the extent to which they can be dealt with and options for mitigation
7. Among the members, and perhaps linked to their role, assign responsibilities to manage and monitor risks.
8. Monitor how the risks and mitigation strategies play out, and reassess risks when appropriate.

Risk mitigation strategies for community-based enterprises

Understanding risks is followed by assessing the identified risks to decide how to manage them and to what extent to take them on or not. There are three choices:

- **Accept the risk:** Some risks have no real impact on the enterprise activities and are part of the everyday realities of running it. Market risk is a good example. Customer demands may change and there will always be the risk of competitors pushing the enterprise out of the market. These risks should be accepted. But risks can be minimized. For example, members can carry out market research to understand what customers want and where the enterprise has an advantage compared to competitors.
- **Manage and reduce the impact of the risk:** In some cases, the impact of a certain risk, such as a storm or flood, may be high but the likelihood of it happening is difficult to predict. The members can come up with ways to reduce the damage. An example might be by setting aside some funds to respond to the risk event. Another possible risk that can have a negative impact on the enterprise is when their timber is considered suspicious or perhaps even illegal by government officials. To reduce the number of times this happens, the enterprise should keep detailed records of the logs being harvested and transported by marking both trees, tree stumps and logs with the same code so their source can be traced back.
- **Avoid the risk:** Members will have to plan for or avoid risks that have a significant impact and a high probability. For example, to be able to meet a large customer order, the enterprise might be offered timber from a plantation holder who has an unregistered plantation but it has to protect itself from illegal products.

How to develop a risk management plan

Once the risks have been categorized and strategies have been put in place, members need to consider a risk management plan for the risks they are willing to take. The following case study shows a set of actions as part of the risk management plan of a teak enterprise group in Luang Prabang, Lao PDR.

Risk management: Luang Prabang Teak smallholder case

Teak smallholders in Luang Prabang, Lao PDR have been operating in producer groups. There have been occasions when a group member did not follow group regulations and burned the undergrowth of his teak plantation. This is an internal risk because it is caused by a member of the group. The group leader was contacted by the local forest office and asked to take immediate and concrete action on the negative activity. The group realized that this was a risk that they had to manage.

The group leader first asked the member to stop burning. However, the member continued burning the undergrowth. The group leader then issued an official warning, clearly explaining that if the behaviour continued, the member could be expelled from the producer group. The member stopped this activity after the second official warning.

The member was informed that if the behaviour continued, his plantation certificate could be withdrawn by forestry officials. He would no longer be able to legally sell his timber as part of the group because this non-compliance would result in the producer group withdrawing the timber supply from this member and from their supply.

Source: Adapted from PAFO interview.

Using certification pathways to manage risks: controlled wood or controlled sources and due diligence

Managing risk requires clarifying the source of wood and preventing controversial wood from entering the supply chain. The primary steps involve:

1. Being able to identify what controversial wood is:
 - Knowing its origin or where it is sourced from, how it is harvested and whether it has impacted people's health
 - Understanding why it is important to consider and prevent, why is it not allowed, why is it a risk and for whom is it a risk
2. Due diligence, by collecting information or recording the level of risk of controversial wood, based on (see more details in Handout in Session 3):
 - Compliance with legal procedures on forest management, harvest, trade and tax and customs
 - Managing and introducing protective measures on biodiversity, environment and endangered species
 - Avoiding sourcing wood from genetic sources and from areas where native forests were converted
 - Avoiding negatively affecting local culture, health and safety of workers, Indigenous Peoples rights and tenure rights
3. Developing a mitigation strategy, including proposed measures to prevent controversial wood from entering the supply chain
 - Clarifying what measures and activities are put in place to avoid controversial timber and convince buyers who require this for their responsibility towards chain of custody standards.

Controlled source or controlled wood needs to be kept separate from controversial timber when being traded to buyers who want certified or legal value chains and who are responsible for the chain of custody.

Session 9

Business management planning



Objectives

By the end of the session, participants will be able to:

- Explain the elements and steps for developing their initial enterprise ideas
- Prepare a simple business plan for their enterprise



Time

120 minutes



Methods

Pair work, small group discussion, plenary discussion, scenario-building



Materials

Poster or flip chart of a plain Business Model Canvas template (see Handout 9), flip charts, sticky notes, markers

Steps

1. Recall the key learning points of the previous session on risk management. Once the risks are better understood, it will make business planning more effective.
2. Introduce the session objectives and tell participants the focus will be on business or enterprise management planning skills to make community-based enterprises function more effectively.
3. Before starting the first exercise, present this scenario for the participants to represent where they could be after successfully following the different training sessions: A group of community entrepreneurs are involved in timber harvesting and trade. They understand who the various actors in the value chain are as well as their own role in it and with regards to legality, forest certification and chain of custody (CoC). They are aware that working together as a producer group or in an enterprise brings many benefits. They are led by an inspirational enterprise manager or chair person. The enterprise has in place group regulations, an organizational structure, enterprise ideas, knowledge of their own assets and the value chain they want to be part of.
4. Ask one or two volunteers to share some of their personal experiences producing and trading forest products.
5. Next, brainstorm with all participants on other enterprise operations if there are any. Remind participants what they listed in Exercise 2 of Session 7. List these operations on a flip chart. Explain that these are some of the many operations or activities in running an enterprise.
6. Divide the participants into groups and instruct them on the next exercise (see Exercise 1).
7. Once the activities are completed, discuss these questions with participants:
 - What did you find most challenging in filling in the Business Model Canvas template? Why did that happen?
 - Do you think the Business Model Canvas template is useful for your own context? Why do you say so?
 - Which components of the Business Model Canvas have you not thought of before?
 - Why is it important to effectively manage an enterprise and what are the expected benefits?
8. Ask each group to rank which components in their Business Model Canvas need to be improved or strengthened, 9 being the highest priority and 1 being lowest priority.
9. Ask the groups to share their results. One of the areas that often needs more attention is financial planning as it is challenging and requires hands-on support.
10. Wrap up the session by reviewing these key learning points:



- The Business Model Canvas builds on the enterprise assets and the information collected from the value chain analysis. It brings it all together to help members plan for engaging in the identified pathways and working with other stakeholders.
- Mapping of the enterprise model is a starting point for improving the current model. It helps members develop strategic directions for the future by outlining new or improved enterprise models and partnerships.
- The Business Model Canvas, when worked on by all members of the enterprise, is a powerful tool. It can encourage members to start discussing the enterprise's model. Because the members visualize the business model together they develop a strong shared understanding of what their enterprise really is about.



Notes for trainers

- Remind the participants about the identified certification pathways. The skills in Module 2 will help them decide which pathway they will choose.
- This session prepares newly formed enterprises to build their business and helps them understand how to meet the demand of their buyers or markets.
- Bring the insights from Session 7 on enterprise development into this session.
- This exercise should be done by a community-based enterprise or smallholder group. If the group is too large, divide into two subgroups. One group can work on items 1, 3, 4, 5 and the other on 6, 7, 8, 9 of the Business Model Canvas. If this option is selected, make sure that both groups first work together in plenary on item 2 (value propositions). The value propositions are guiding the enterprise model and all Business Model Canvas items. When the groups present their results, they should build on each other's work to develop a complete enterprise model.
- Developing the Business Model Canvas is a reiterative process. Entrepreneur groups can keep adding information and ideas to it to strengthen the enterprise.
- Use other supporting materials to present the concept and step-by-step method of developing a Business Model Canvas. One reference is by the Thailand Creative & Design Center, posted 10 February 2016: [youtube.com/watch?v=h-aXdk9L4cA](https://www.youtube.com/watch?v=h-aXdk9L4cA).
- This module does not include a financial planning tool for community-based enterprises. If such a training session is required, it should take place on-site with enterprise members, as it will require some time to facilitate, especially when more detailed financial data can be collected. Refer to the additional references, in particular EDC, 2009.

Additional references

Humphries, S. & Holmes, T. 2014. *Green Value: A Tool for Simplified Financial Analysis of Forest-based Initiatives User's Guide* (3rd edition). Earth Innovation Institute. green-value.org/home

EDC. 2009. *Economic Calculation Manual for Small-Scale Agricultural Production and Agro-processing*. Centre of Extension Training Development Unit. laofab.org/document/view/3749

Lundy, M., Becx, G., Zamierowski, N., Amrein, A., Hurtado, J.J., Mosquera, E.E., & Rodríguez, F. 2014. *LINK Methodology: A Participatory Guide to Business Models That Link Smallholders to Markets*. Centro Internacional de Agricultura Tropical. www.researchgate.net/publication/258437305_LINK_methodology_A_participatory_guide_to_business_models_that_link_smallholders_to_markets

"GALA Webinar Series Session 2: Business Models". [youtube.com/watch?v=DZj06em4lsg](https://www.youtube.com/watch?v=DZj06em4lsg)



Guidance for different training contexts

Local-level training

- This session targets communities. Ask participants with experience in enterprise development if they would be a resource person for this session to provide information and suggestions.
- Contact government or private sector participants and ask them to be resource persons for this exercise to provide information on legal issues and business or financial planning tools. Be sure to advise these resource persons on how they can support the exercises in the session.

National-level training

- This session is not meant for national-level training specifically. However, knowing about the Business Model Canvas can help participants at the national level assess how they can support or work with community-based enterprises interested in the different pathways.
- Prepare one or two examples derived from the local-level training that can be shared or discussed. Participants who have experience working with producer groups can be resource persons or present cases they have worked on when discussing these examples.
- Use the following reflection questions in Step 9:
 - How do you think this template will be useful for smallholders and enterprises you have worked with?
 - What would you do differently when working with them in future?
 - How can this tool be of help?
 - What support do you need to help you adapt or use this tool effectively?



Exercise



Exercise 1 for Step 6

1. Introduce the Business Model Canvas template. Explain each component of the template that will be filled in. Spend some time explaining what the template is about and how it is used (see Handout 9).
2. Ask the participants if they recall what we mean with enterprise assets introduced in Session 7 on enterprise development:
 - Possible answers: sustainable managed timber is a natural asset; a community has a social asset when collaborating in producer groups or enterprises to trade timber; a community has a legal asset when they have approved documents to harvest and trade timber.
3. Divide the participants into groups, which can be the same as in Session 7 and Session 8. Ask each group to think of an enterprise they are working with or are part of. Note that the insights discussed in Session 7 can be useful.
4. Instruct the groups to brainstorm and provide answers to the questions in Handout 9, found under "Explanation and guiding questions of each component of the Business Model Canvas". Introduce the first two segments together with the groups, after which each group can work on their own. Allow 60 minutes for this exercise.
5. Ask the groups to give a 1-minute description of their Business Model Canvas by focusing on who the business idea is meant for, what it tries to achieve and why it is needed. Assign other groups to act and comment like a potential investor while listening to the pitch to make this pitch competitive. Pay attention to their proposed activities to provide legal and sustainable products that have the potential to be certified.
6. Encourage constructive feedback from other groups on the pitch, whether it was convincing to invest in or not. The group presenting the pitch should be encouraged to defend or justify their enterprise model, with the aim to be open for suggestions and to strengthen it further.



Handout 9

What is a Business Model Canvas?

A Business Model Canvas² is an enterprise planning tool or guide that provides a snapshot of a number of operations relevant for an enterprise to plan for, including:

- What the business or enterprise does
- With whom the enterprise engages
- Which resources are needed to run the enterprise
- How money flows in and out of the enterprise

A Business Model Canvas is similar to a business plan. A business plan is a detailed document with operational and financial plans. It describes how an enterprise defines its objectives and how it plans to achieve its goals.

Figure 16: Business Model Canvas template



² Lundy, M., Becx, G., Zamierowski, N., Amrein, A., Hurtado, J.J., Mosquera, E.E., & Rodríguez, F. 2014. *LINK Methodology: A Participatory Guide to Business Models That Link Smallholders to Markets*. Centro Internacional de Agricultura Tropical. value-chains.org/dyn/bds/docs/838/LINK_Methodology.pdf

Explanation and guiding questions of each component of the Business Model Canvas

Note that the steps should be followed in the exact order.

1. **Customer segments:** The enterprise should try to understand the needs of the customers or different types of buyers. It is important to invest time to understand their needs and preferences (see Session 6 on value chain analysis for enterprises).
 - Who are your most important customers?
 - What does each customer need? How do you respond to their needs?
 - What are the requirements of customers in terms of requiring risk free products?
 - Describe the relationship with your customers?
 - What do you do to get new customers?
 - What type of commercial agreement do you have with each customer?
2. **Value propositions:** This is what the enterprise is promising to its customers when they buy their products. This is closely linked with the enterprise idea initiated in the session on enterprise development. When the enterprise formulates the value propositions, it actually is marketing its operations and its products and explaining why the buyer should be a customer.
 - What type of product do you sell to customers? Are they risk-free?
 - Why do customers buy your products? What is so special about them?
 - What type of special services do you provide to customers? Why is that important to the customer?
 - Can your enterprise comply with their legality requirements?
3. **Channels:** Refers to how the enterprise's products and its value propositions, or promises, are communicated and delivered to the buyer.
 - How will you deliver the product to customers?
 - What are the delivery terms?
 - Which ones work best or are most cost-efficient?
4. **Customer relationships:** Explains the type of relationship and style of communication the enterprise wants to have with each buyer to deliver the product or value propositions.
 - How will you communicate with customers?
 - How do they find out about you?
 - How do you rate the relationship? Why?
 - How to keep them?
5. **Revenue stream:** The ways the enterprise generates money based on the value propositions selling their products to customers.
 - What are three most important sources of revenue?
 - What is the total sale value?
 - How is payment done per customer?

6. **Key resources:** Physical, financial or human assets needed to operate and deliver the value proposition. For example, a sawmill cannot operate without machines or skilled labourers to make luxury furniture.
 - Which resources or assets do you need to run your business? Think of supply, human resources, storage and transport.
7. **Key activities:** Specific activities that are fundamental to operate the enterprise. An example would be the harvesting of timber to sell to the sawmill.
 - Which activities are needed to produce your product?
 - Which activities are most important in distribution, customer relationships and revenue stream?
8. **Key partners:** Companies and other supporting agencies the enterprise works with to be able to operate. For example, suppliers for seedlings or contractors for timber harvesting.
 - Which partners and suppliers do you depend on the most? Can they supply risk-free products?
 - Which activities do they carry out for you?
 - Why do they want supply to you?
 - How do you rate the quality of their activities? Why?
9. **Cost structure:** Refers to how the enterprise spends money on its operations.
 - What are the three most important costs based on your activities and needed resources or assets?
 - How are these linked to revenue?

How do you use the Business Model Canvas to develop your business plan?

Turning the Business Model Canvas into a business plan requires the following steps. The questions below each step can guide the process.

1. Develop a marketing plan
 - What are the unique characteristics of your product and business?
 - Which market segments do you want to target?
 - What are the characteristics of your potential customers?
 - How will you set a price for your product?
2. Develop an operational plan
 - How many units of your product do you plan to produce, stock and sell?
 - What are your equipment, raw materials, packing and utility requirements?

3. Identify responsibilities and develop a management plan
 - What will be the legal structure and the name of your enterprise?
 - How will you structure the organization?
 - What will you pay in salaries and wages?
4. Develop a resource management plan
 - What will you do to sustain your resources?
 - What costs will be incurred to conduct these activities?
5. Develop a social development plan
 - What will you do to provide social benefits to the communities?
 - What costs will there be to concede these activities?
6. Develop a risk management plan
 - What potential problems can you identify that could affect the enterprise (such as climate change, market, conflict)?
 - What are the potential solutions?
7. Do a profitability calculation and financial projections
 - What is your forecast for profit and losses (depreciation, fixed costs, variable costs, estimated sales, revenues, profit and loss projection)?
 - Can you calculate the break-even point?
 - Can you calculate the payback period for investment?
 - Can you make a cash flow analysis?
 - Can you present the balance sheet?



Module 3

Strengthening effective engagement and partnerships in value chains

This module presents participants with skills to help them effectively engage with value chain stakeholders and supporting agencies, including communities, the private sector and government agencies. Engaging with these stakeholders will reduce costs and attract resources, which will increase the chances of successful business partnerships. It will also help community-based enterprises more easily access different pathways for producing and selling certified products.

Module 3 training sessions

- **Session 10**
Better enterprises through partnerships
 - **Session 11**
Approaches towards effective partnership engagement
 - **Session 12**
Networking and building relationships with actors in the forest product value chain
-

Session 10

Better enterprises through partnerships



Objectives

By the end of the session, participants will be able to:

- Explain the reasons value chain actors enter into partnership agreements
- Appreciate how partnership agreements can build sustainable and viable business models in certification pathways
- Identify the steps and conditions needed to develop good partnerships among value chain actors



Time

120 minutes



Methods

Pair work, small group discussion, plenary discussion, buzz groups, scenario-building, case study work



Materials

Flip charts, sticky notes, markers, copies of three case studies, two sets of partnership steps prepared on small cards

Steps

1. Start the session by orienting the participants on the learning flow. Remind participants that Module 1 was about forest certification pathways. Module 2 focused on how producer groups and community-based enterprises are set up, function effectively and strengthen their position in the value chain. Module 3 will explore how to efficiently manage community enterprise assets through approaches that can ensure better engagement, collaboration and communication with other value chain actors, including other enterprises, private sector and government agencies.
2. Start with a warm-up with these two questions:
 - Why is it important for the community-based enterprise to understand buyer's needs?
 - What might happen when those needs are not met?
3. Remind participants that for enterprises to supply certified products, they need to understand the needs of markets and buyers. This was also discussed when the Business Model Canvas was developed and is part of "knowing your customer". If the enterprise members understand this, they will be able to sell legal and risk-free forest products that comply with forest certification standards at a premium price.
4. Divide the participants into four groups, and give them the instructions to do the exercise (see Exercise 1).
5. When the exercise is completed, reflect with these questions:
 - How did this exercise help you?
 - What were the private sector actors' needs or expectations of the enterprise?
 - What does the enterprise expect from the private sector?
 - Why is it important to understand the needs and expectations of buyers?
 - Must buyers also understand the needs and constraints of the enterprise? Why?
 - How can you assess if a private sector actor or buyer can be a potential partner?
6. One way to get better knowledge of the needs of markets or buyers is by working in partnerships with other value chain actors. This session discusses partnerships and partnership agreements.
7. Organize buzz groups of three participants and brainstorm on:
 - Three reasons, with examples, why the partnerships are a success
 - Three reasons, with examples, why partnerships may fail
8. Ask the participants to share and record the reasons on a flip chart. Compare the list with Handout 10.
9. The process of assessing potential buyers is a form of due diligence. This is the same principle of due diligence as explained in Handout 3 in Module 2. The difference is that in earlier sessions, we assessed the suitability of suppliers who provide raw materials. In this session, community-based enterprises assess the suitability of private sector actors to become potential partners. They do this by researching their activities and reputation to ensure that the enterprise will truly benefit from the relationship. Some of this information can be gathered during the value chain analysis.

10. Present this idea on a flip chart and discuss with participants: The key to successful partnerships and agreements is when both parties can see clear contributions to elements in the Business Model Canvas. Recall some of the items in the Business Model Canvas that can show the compatibility or incompatibility for a partnership. Examples include item 2: value proposition; item 3: delivery of products; and item 4: communications.
11. Ask participants to return to their groups from the previous session and provide instructions on the next exercise (see Exercise 2).
12. Once the exercise is completed, ask questions:
 - What are some factors that can negatively affect the partnership process?
 - What do you think is the most important or fundamental factor of the partnership process?
 - What are some of the conditions or strategies needed to ensure the agreement is successful?
 - How many rounds of negotiation between parties need to happen, and can we put a number on it? Why or why not?
 - How do partnerships relate to legality or forest certification?
 - What might be the effect of the partnerships on trading legal, sustainable or potentially certified products?
 - Is there a role for a third party or facilitator in this process? What type of role would they have? What are some of the pitfalls of such a role?
 - What is the role of the local government, such as the district or provincial forest office, in partnership processes?
 - Which attitudes and behaviours of the enterprise and private sector actor are needed for the agreement to remain sustainable?
13. Wrap up the session by reviewing these key learning points:
 - To prepare for partnership processes, enterprises need to be clear on expected benefits from the partnership. They should agree among themselves what markets or pathways they will be pursuing. This will help them decide on the private sector actor they may like to partner with. It will also determine the roles and responsibilities of each partner to ensure that there is a legal and sustainable supply of products.
 - Setting up a partnership agreement in which there are different views, positions and interests may require facilitation from a neutral third party. This facilitator should be trusted by the other two parties, understand the backgrounds of the potential partners and see opportunities to bridge the needs of all involved. The facilitator needs to remind the parties continuously to look at the overall picture, the intended goal and the benefits for all parties. This is sometimes referred to as a win-win situation.
 - Every step in developing a partnership engagement is an important part of building up understanding, expectations and trust. The steps towards getting a partnership agreement can be regarded as a proxy for the free, prior and informed consent process and thus contribute to certification requirements.
 - Not all partnerships with different private sector actors may be suitable for community-based enterprises, as seen in the step where we explored possible failures. That is normal and can be screened when carrying out a due diligence process or through personal experiences and lessons learned.



- Written agreements and documents are required under any forest certification standard. For chain of custody (CoC) certification, a CoC-certified company must develop a written agreement with suppliers who provide services or materials for their certified production process.
- Community-based enterprises can also take on the role of the private sector if they buy timber or obtain supplies from their members. Forest certification requires written documents or buying agreements to comply with standards.
- In addition to Session 3 and Handout 3, more information on due diligence is available from the Mercy Corps document included in the additional references section.
- A detailed step-by-step guide available on partnership agreements in English and Lao languages is available *Facilitating Agreements for Community-private Sector Partnerships in Forest Landscapes in Lao PDR* (RECOFTC, 2021), see additional references.
- You can conduct a role play to emphasize and strengthen some of the knowledge and skills gained after this session. Refer to Module 4 and Session 14 on fostering effective partnerships for sustainable forest trade for guidance. Conducting two role plays back-to-back may be taxing for the trainers and participants.

Additional references

Frameworks for Working Together.

communityactionpartnership.com/wp-content/uploads/2019/03/Partnerships-Framework-Resource.pdf

Mercy Corps. 2020. "Due Diligence Assessment Tool: Private Sector Engagement Toolkit". mercycorps.org/sites/default/files/2020-01/Tool%204%20Due%20Diligence%20Assessment.pdf

RECOFTC. 2021. *Facilitating Agreements for Community-private Sector Partnerships in Forest Landscapes in Lao PDR*. recoftc.org/publications/0000390?p=browse

Edwards, K., Triraganon, R., Silori, C., & Stephenson, J. 2012. *Putting Free, Prior and Informed Consent Into Practice in REDD+ Initiatives: A Training Manual*. RECOFTC, IGES & NORAD. recoftc.org/index.php/publications/0000211

FAO. "Free, Prior and Informed Consent (FPIC): An Indigenous Peoples' Right and a Good Practice for Local Communities". E-learning course. elearning.fao.org/course/view.php?id=500



Local-level training

- This session targetes communities and the local private sector they are collaborating with or are planning to collaborate with as partners. Local private sector actors can explain why they think a partnership with communities is in their interest, what their expectations are and what they can offer. This is relevant for Exercise 1.
- Private sector representatives can be invited to comment on what participants have shared. It is important to remember that different parties have different views that need to be considered in a partnership process.
- Government staff can be involved as resource persons. They can provide insights or information on relevant laws, policies, regulations and support programs. When they attend the session, explain that their role should be as a resource person who should not take sides. Government officials could be involved in facilitating the partnership process. They could also remind both parties that a sustainable partnership that is satisfactory to each of them also benefits the government's agenda. Examples of this include legislation and policies with regard to clear tenure, sustainable forest management and legal harvest and trade of forest products.

National-level training

- Bring in cases and examples from the local-level trainings. Discuss with participants how they can support effective partnerships that also benefit national policies on sustainable forest management and legal trade of forest products.
- Focus on the potential role that national-level participants can have to facilitate processes as a third party by not taking sides.
- Exercise 1 in Step 4 can be skipped. However, you can facilitate a discussion with participants on why it is important to understand both parties' needs and expectations, and how this will affect the partnership development process.



Exercise



Exercise 1 for Step 4

Conduct the following short role play. Explain that participants should assume they are a particular stakeholder and try to play that role to their best ability.

1. Organize the participants in four groups: communities, private sector, local government and facilitators.
2. A small group of facilitators engages first with communities and the private sector to gauge their interest and expectations from a partnership.
3. A second round with the same stakeholders is followed to clarify the expectations from the parties based on the first-round consultation.
4. Next the facilitators seek support from the local government. When there is no objection, the local government calls upon the community group and private sector actors to confirm their interest.
5. When the interest of all parties to collaborate is confirmed, the facilitators call for a meeting at the village. Here all parties discuss in a final round their requirements and expectations, also clarifying the role of the authorities.
6. Note that the role play is a simplistic process, but in reality the time needed and the number of rounds to negotiate may be longer and more intense. The purpose of the role play is to demonstrate what happens in the different meetings and the roles that different actors have, including facilitators.

Exercise 2 for Step 11

1. Divide participants into three groups and distribute three short cases from Lao PDR and Viet Nam (see Handout 10).
2. Allow 5 minutes for each group to read the case and brainstorm based on these questions:
 - What requirements are needed from smallholders?
 - What requirements are needed from the companies buying their products?
 - What are some of the steps needed to establish partnerships between community-based enterprises and the private sector?
3. Ask volunteers to briefly share what they discussed in groups. Reflect on the cases. A partnership includes both legal and relational aspects. When relationships are based on trust and transparency, the legal procedures to harvest, trade and transport timber seem easier because parties are willing to help each other.
4. Distribute the cards to each group representing steps of the partnership process. Ask the groups to discuss and place them in sequential order based on their own experience or on the case studies. If they are unable to use a card, they can keep those aside. Note that there are some double cards that can be used in the exercise. Allow 20 minutes to do this.
5. Invite each group to place their sequence side by side.
6. Ask participants:
 - To compare and contrast the sequence of the cards and to discuss the reasons, similarities and differences in the sequence
 - If any of the cards or steps were not used, let them explain why
 - What steps must be included and why
 - Are there any other steps or steps from the brainstorming session they would like to discuss
7. Share Figure 17 of the steps towards developing a partnership agreement (see Handout 10). Highlight some of the important steps that have also been discussed in detail in previous sessions in this training. These include establishing a vision or goal of the group or enterprise through community consultation, value chain analysis and enterprise risk assessment.

Cards: Set of partnership steps

Print each term on one small card. Mix the cards randomly before giving a set to each group.

Goal setting	Data collection	Value chain analysis
Private sector screening	Risk assessment	Private sector selection
Community consultation	Negotiation	Private sector consultation
Obtain legal documents	Negotiation	Developing partnership agreements
Collecting legal documents for trade	Signing agreement	Monitoring





Handout 10

Elements for successful partnerships

These are some elements that help foster successful partnerships:



Leadership

Partnerships imply a shared leadership among respected individuals that is recognized by the community-based enterprise and the private sector lead.



Common understanding, culture and values

Partners need to understand each other's culture, values, approaches and expectations. Shared "can-do" values, mutual respect and an acceptance of differences are essential.



Common purpose

Partnerships are guided by a shared vision and purpose that recognize the value and contribution of both partners. This includes mutually beneficial economic arrangements.



Learning and development

This can be done through monitoring and evaluation, having an open mindset and the desire to invest in partners' skills and knowledge.



Communication

Effective communication within the partnership and within each partner is essential and includes encouraging feedback and sharing and receiving timely information.



Performance management

Partners should demonstrate accountability for their actions and ownership for delivering on the objectives and targets for which they are responsible.

Examples of specific elements relevant for identified certification pathways:

- Level of understanding and ability to comply with legal processes and procedures
- Ability to obtain permits or documents to legally trade products
- Information availability of specific requirements to supply and trade certifiable products
- Ability to negotiate fair arrangements
- Lack of enterprise planning or management skills to comply with agreements

Aligning partnerships

In an ideal situation, partnership agreements between enterprises and private sector actors are successful when the partners connect on business vision, objectives and values. For example, when the Business Model Canvas of the enterprise connects or aligns with the canvas of private sector's, the partnership is streamlined.

In a value chain, many actors have a customer they supply their product to. Understanding how the value chain actors depend on each other is critical for the quality of trade relationships and efficiency of the value chain. The result is that products smoothly move through the value chain, reducing costs and maximizing benefits for the actors. The essence of solid partnerships is when the needs of each actor are considered and there are actions taken by the partners to respond to those needs.

Case studies: Partnership needs in different pathways

Case 1: Minimum legal requirements

Local traders in Lao People's Democrat Republic who buy teak logs from smallholders need to keep a copy of the tree plantation certificate. These are issued by the District and Provincial Agriculture and Forest Offices to smallholders when they transport the logs. Smallholders also require to have other permits, such as a harvest quota permit and a transport permit.

The tree plantation certificate is used as evidence to prove that timber is legal. It also explains the source of the timber. A copy of the certificate is required for the buyer to keep when timber is transported or exported. Other than the tree certificate, the smallholder does not need any documents if they only sell logs or for their own use.

For example, Khok Luang Village in Bokeo Province has a partnership agreement with a local sawmill. It states that the established teak group committee is responsible for the collection of copies of the plantation certificate for the buyer. The village authorities work closely with the teak group to prepare timber orders from the sawmill. Together, they determine which members want to sell and harvest their trees as part of the order, while checking whether they have a plantation certificate.

Village authorities also coordinate with the District and Provincial Agriculture and Forest Offices regarding log measurements prior to transport. If smallholders want to process and transport the timber, they must obtain other permits, similar to the trader.

Case 2: Sustainable forest management group certification

When smallholders want to increase their role in the value chain, they need to manage different legal documents.

In Viet Nam, smallholders in Yen Bai and Quang Tri provinces decided to apply for forest management group certification. This required them to form a legal entity, so they registered their cooperative with the district office.

The smallholders in Yen Bai had low capacity to carry out tasks related to group certification. So the Yen Bai cooperative decided to partner with a local company that would manage the group certificate and other procedures and documents. The members of the cooperative needed to show their land tenure certificate, also called the Red Book. Alternatively, they could provide evidence of no land-use conflict, with confirmation of the commune authority. This demonstrates that the land is in the production forest area and not in conflict with any others. In Quang Tri Province, the smallholder cooperative was able to acquire the group certificate. They were also responsible for the application of harvesting permits, whereas in Yen Bai it was the task of the company.

Case 3: Supplying timber to chain of custody-certified companies and buyers

In Viet Nam's Yen Bai Province, the forest management certificate holder is a local company. It depends on a close partnership with the smallholder cooperatives to prove that timber is sourced risk free.

As partners, the smallholder cooperative and the company need to work together to guarantee the company can source chain of custody (CoC) certified timber. The company is directly responsible and holds the CoC certificate because it arranges transport of the timber. The cooperative members need to make a copy of their Red Book available for the company when they sell their timber. Alternatively, they can provide evidence of no land-use conflict with confirmation of the commune authority.

Steps towards partnerships in forest product value chains

Figure 17 outlines some of the steps towards partnership agreements. These steps are based on the development of agreements that were forged in Lao PDR between teak smallholders and local sawmills.

Figure 17: Steps towards partnership agreements



Session 11

Approaches towards effective partnership engagement



Objectives

By the end of the session, participants will be able to:

- Share some issues that affect relationships among value chain actors
- Explore approaches that can foster or strengthen partnerships and relationships among value chain actors
- Appreciate the need to foster better engagement and communication among value chain actors



Time

90 minutes



Methods

Brainstorming, case discussion, small group discussion, plenary discussion



Materials

Flip charts, sticky notes, markers, case study

Steps

1. Start the session by recalling some of the ideas about partnerships in the previous session.
2. Explain the objectives of this session. It explores interventions and approaches that we can use to build and strengthen relationships among value chain actors.
3. Brainstorm with participants on tools and approaches that foster participation or better understanding between value chain actors. They should be able to recall some of these from earlier sessions. Then ask what insights these tools provided that can potentially improve better conditions for community-based enterprises.
4. Ask participants how they would define the term “negotiation”. Record their suggestions and explain that a simple definition of negotiations is: “All those occasions when you try to persuade someone or someone else tries to persuade you.”
5. Ask participants how they can know when they have reached a good outcome of a negotiation process. Ask them what their measure of success is.
6. Explain the four principles of negotiation (see Handout 11). Ask for examples from participants who have experience in trading forest products with buyers who are interested in legal, sustainable forest products relevant to the certification pathways.
7. Bring in the example of partnerships that was discussed in the previous session. Inform the participants that when negotiating partnership agreements, differences will inevitably occur based on varying interpretations of the agreement and the implementation plan. These misunderstandings may not seem important from one party’s point of view but may be important to another party. When parties cannot settle their differences through dialogue or negotiation, they may have to resort to a more formal mechanism.
8. Explain that a more formal mechanism can be a grievance mechanism that allows issues to be aired in a way that can lead to their resolution before communication breaks down. Some resolutions may agree that a part of the agreement needs to be revisited or the grievance process may highlight other solutions to the problem. The overall aim of a grievance process should be to restore consent (see more explanation and examples in the trainer’s note).



9. Introduce the exercise that aims to help the participants understand more about some of these strategies (see Exercise 1).
10. Once the exercise is completed, reflect with these questions:
 - What were some of the common approaches that are used in these cases?
 - Are there approaches that were shared that were new to you?
 - Can these be used in your own context?
 - What conditions need to be in place before these engagement approaches or processes can be done?
11. Wrap up the session by reviewing these key learning points:
 - There are a number of ways to address potential or existing conflicts or disagreements in the context of enterprises.
 - These approaches can ensure internal cohesion among groups and strengthen or develop partnerships among stakeholders.
 - For the approaches to work, parties must focus on a desired solution rather than on past events. They should have a clear focus on their interests but at the same time be willing to consider different proposals and positions.
 - These approaches can help prevent conflicts from escalating.
 - Sometimes a neutral but trusted third party is required to prepare and facilitate negotiation processes or address grievances.



Notes for trainers

- This session is meant to help community-based enterprises understand how to prepare for negotiations or deal with possible conflicts with value chain actors along any of the certification pathways.
- Examples of grievances and ways to resolve them include:
 - Enterprises may have members who were not closely involved with negotiations with the private sector and disagree with prices.
 - Other situations may occur when the company cannot buy according to the agreement due to unforeseen circumstances. An example from Lao PDR demonstrates this: In Bokeo province, a local sawmill was unable to source timber from smallholders as agreed in the written partnership agreement due to disruptions in the value chain. These were caused by government restrictions closing provincial borders and roads to control the spread of COVID-19. However, due to the trust between the parties, they were able to communicate effectively and agree that this was a disruption outside the control of the company. They also agreed that as soon as the government restrictions were lifted, the trade would continue immediately, which is indeed what happened.
- Possible answers under Step 10 are awareness, common interests, commitment from all parties to address the issues, trust, legal requirement of certification mechanisms such as grievance and redress platform, access to information and free, prior and informed consent.

Additional references

Engel, A. 2007. *Negotiation and Mediation Techniques for Natural Resource Management: Trainers' Guide*.

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Local-level training

- Focus on the local-level challenges or problems that may exist among value chain actors.
- If there is a third party in the training session that assists the communities, discuss some of the criteria to choose such a third party and what is the role they should have.

National-level training

- It may be a challenge to find a resource person among national participants to share their experience with partnership or relationship development between different actors. In this case, one participant should be chosen to prepare a plenary presentation of the case provided in the exercise. Groups can be assigned to discuss the interventions or approaches that can be taken to address the issue and why they would choose these ways.
- If the resource person is not able to share a real case, they can use one they have read about or know about well.
- Alternatively, invite a resource person from a relevant agency who is mandated to monitor and redress cases happening among the actors involved in forest trade and value chains. A resource person is expected to share formal mechanisms available as well as traditional ones if they are aware of them.



Exercise



Exercise 1 for Step 9

1. Identify three or four participants who have some experience building, maintaining and managing relationships with actors in the value chain. Brief them the day before, explaining that you would like them to draw on their experience for this exercise. Experience could include facilitated dialogues and forums; consensual or facilitated formal and informal negotiation processes; mediation; setting up grievance mechanisms; instituting safeguards like free, prior and informed consent; customary or traditional approaches; or institutions and systems to address conflicts or disagreements. A case from Lao PDR can be used and presented by the trainer if resource persons are not available. See the case study on traditional grievance mechanisms in Lao PDR.
2. Ask the resource persons to prepare information based on these points:
 - Identify four primary actors and institutions involved and their interests.
 - The context of the situation (case), including location, landscape features, issues, challenges and progress.
 - Reason why the relationship or partnership needed to be developed or strengthened.
 - Which approaches were useful to develop, strengthen or maintain relations, such as negotiation, facilitation, engagement, networks, partnerships, grievance mechanism or the free, prior and informed consent?
3. Organize the other participants into groups based on the number of resource persons who are available for the session.
4. Allow 30 minutes for the discussion. Ask the groups to document their discussion with the resource person based on these questions:
 - Who were the main stakeholders in the case they presented?
 - What were their roles?
 - What was the communication or engagement problem?
 - What was the root issue for the problem?
 - Which interventions or approaches were used to address the issue or problem? What were some of the steps taken?
 - Who initiated the engagement approach or process?
 - What were the results after the approaches?
 - Was it successful or not successful? Why or why not?
5. Ask each group to briefly present the approaches that were used in plenary. Remind them they don't need to present the case.

Case study: Traditional grievance mechanisms in Lao PDR

Social harmony within and among communities in Lao PDR is highly valued. It is maintained through a variety of social norms and contracts, conflict avoidance and, when needed, use of traditional conflict resolution and grievance mechanisms.

People in Lao PDR prefer to use local grievance mechanisms over government ones due to the convenience and familiarity, perceptions of fairness, speed and lower financial cost. Many people do not have a clear understanding of the legal system. And taking a dispute to the courts could result in the parties becoming formal enemies, which would disrupt social harmony.

The choice of grievance mechanism relates to the nature of the dispute or offence committed. In rural areas, resolving grievances over petty crime, such as theft of small items, can be settled between the individuals or families with no outside involvement. More serious crimes and serious disputes, such as those over land, need the involvement of a village authority. This could be the village head, the council of elders, clan leaders or a village mediation unit. In some cases, the parties may resort to outside authorities. Ethnic groups differ in their grievance mechanisms. Some have a council of elders, others have clan leaders.

Source: Lao Biodiversity Association in RECOFTC & GIZ. 2011. *Free, Prior, and Informed Consent: Principles and Approaches for Policy and Project Development*.



Handout 11

Negotiation strategies

Here are some examples of strategies that can ensure better partnerships and reduce conflicts and disagreements among forest value chain actors.

Negotiation is based on stakeholders identifying their own needs and interests and finding ways to promote mutual gains. This approach seeks high levels of collaboration and presumes that the parties have the necessary goodwill to communicate throughout the process. Goodwill is often developed through conciliation and consensus.

Negotiations are particularly important when the aim is to strengthen long-term working relationships. They also produce potentially more satisfying and enforceable settlements because the parties work out their own resolutions. Negotiations are voluntary and require that all parties are willing to consider the others' interests and needs. If negotiations are hard to start or have reached an impasse, the parties may need assistance from a third party.

When implementing negotiation strategies, we should consider the four principles of negotiation:

- **Separate the people from the problem or issue**
Always consider what issue needs to be negotiated or solved rather than focusing on the people involved. It is essential to encourage good communication, including active listening, using simple language and reframing contentious statements to get to the root cause of the problem. Ideally, people work side by side to attack the problem rather than each other.
- **Focus on the various parties' interests rather than on what they tend to claim or demand**
Participants in negotiations have different perceptions, viewpoints, emotions, likes and dislikes. Taking positions makes things worse because people tend to identify themselves with their positions. Focusing on interests means looking deeply into the motivations, concerns and needs of all the parties involved in the issue. Negotiations will reach a favourable outcome if the negotiating parties' needs and interests are addressed.
- **Start the negotiation process by keeping in mind there are always possible solutions or agreements that benefit all parties**
From this point, generate a variety of possible actions that the parties agree to discuss before deciding what to do. Decisions on what to do must be done in consultation with all parties involved through a respectful consensus-building process.
- **Agree on a set of reasonable and fair standards or criteria to evaluate options and make decisions**
The parties in the negotiation process are more likely to agree to decisions if they have been involved from the start in the process of reaching the decision or consensus. In the context of partnership negotiations between community-based enterprises and the private sector, this can include specified product details for which a clear decision is crucial. These include log and diameter sizes versus price, copies of plantation certificates where timber is sourced from, time of log delivery and volume per transaction.

Grievance redress mechanisms

A grievance mechanism is a formal, legal or non-legal complaint process that can be used by individuals, workers, communities or civil society organizations that are being negatively affected by certain business activities and operations. Grievance mechanisms are sometimes also called “complaints”, “redress” or “accountability” mechanisms.

Typically, these mechanisms focus on flexible problem-solving approaches to dispute resolution through fact-finding, dialogue, facilitation or mediation.

If designed well, a feedback and grievance mechanism should improve the responsiveness to stakeholders’ concerns, help identify problems early and foster greater trust and accountability among stakeholders. Additionally, complaints or feedback can be used to evaluate and improve relationships or partnerships. If appropriate, the grievance mechanism should provide special provisions for women and youth.

A grievance redress mechanism process includes:

- Receive and register grievances
- Review and investigate grievances
- Develop resolution options, respond to grievances
- Grievance monitoring and evaluation

Assessing or setting up grievance redress mechanisms:

- Which options or systems already exist at the local level or national level that take into account customary grievance approaches?
- What is an agreeable party to handle grievances?
- Are goals of the grievance mechanism clear to all stakeholders and reflect the particular cultural or legal context in the country?

Free, prior and informed consent

Free, prior and informed consent evolved from human rights discussions, through which it was agreed that everyone has the right to determine their own development. This can be interpreted as being able to say “yes” or “no” to any project proposed or external development. It is now considered as an important social safeguard for many sectors, including the forestry sector.

Free, prior and informed consent can be used as a tool for local communities to understand their rights and demand a platform to voice their concerns. It can also be an integral process through which companies can sustainably and respectfully engage with local communities. Elements of free, prior and informed consent have been integrated into international forest certification processes, which has helped streamline certification processes and resulted in positive outcomes. The examples below illustrate how free, prior and informed consent has been used in certification contexts.



In Japan, the law did not incorporate the United Nations Declaration on the Rights of Indigenous Peoples effectively. The Indigenous Ainu thus turned to Forest Stewardship Council certification because it requires managers to respect Indigenous Peoples’ rights, including for free, prior and informed consent. This improved relations among parties, leading to agreements negotiated between forest managers and Ainu communities.



In Tanzania, including free, prior and informed consent is a requirement of the Climate, Community and Biodiversity validation for REDD+. It has enhanced engagement between project developers and participating communities. Engaging local people in project decisions and planning resulted in greater trust and more effective project implementation, despite the associated higher transaction costs and time requirements.



In Indonesia’s West Kalimantan Province, communities and NGOs invoked the standards of the Roundtable on Sustainable Palm Oil and the International Finance Corporation. The aim was to pressure oil palm companies belonging to the Wilmar Group to renegotiate with communities whose customary lands had been taken without consent. This led the companies to reinstate community lands and provide them with compensation for damages.

Session 12

Networking and building relationships with actors in the forest product value chain



Objectives

By the end of the session, participants will be able to:

- Explore different motivations and ways for community-based enterprises to build networks and relationships with other value chain actors
- Appreciate why networking and relationship-building are a fundamental part of community enterprise development
- Identify the various forms of networks and engagement strategies that support community enterprise development



Time

60 minutes



Methods

Pair work, small group discussion, plenary discussion



Materials

Flip charts, sticky notes, markers, case studies

Steps

1. Recall the key discussion points from previous sessions on some of the causes that lead to misunderstanding, miscommunication and conflict in the forest product value chain. Recall some possible solutions discussed so far.
2. Ask participants to provide some examples from their own contexts that show how building and maintaining relationships is crucial for running a successful community-based enterprise. Ask what types of relationships they consider important to scale up their enterprises.
3. Explain the objectives of this session. Tell participants that this session focuses on building relationships with value chain actors and partners to further strengthen or ensure continuous growth of the enterprise.
4. Divide participants into three groups and provide the instructions to the exercise (see Exercise 1).
5. Once the exercise is completed, brainstorm with participants on some important skills to effectively engage with other stakeholders. Ask why these are important and what will happen if they are not observed in the three cases (see Handout 12).
6. Reflect on the exercise with the following questions:
 - How did you feel about the exercise?
 - Did the exercise help you learn new elements of networking?
 - What are some ideas from the exercises that resonated with you?
 - What are some reasons why relationships or networks are missing or weak?
 - What are some potential risks to enterprises when they engage with other value chain actors or stakeholders? How can these risks be mitigated?
 - What are some of the resources and steps needed to engage in relationships or organize in networks?
7. Wrap up the the discussion by reviewing key learning points:
 - When a community enterprise gets stuck or struggles to find solutions, they can benefit from the network they are part of or should consider developing stronger relations with.
 - Investing in relations and networks can help reduce costs or conflict and benefits the enterprises opportunity for success. Examples include:
 - Scalability: Become competitive in the value chain and gain a larger share of the market
 - Advocacy: Influence policies to simplify regulations and procedures that will enable enterprises to participate more equitably
 - Business partnership: Gain improved business relations and market access to trade potentially certified produced products legally and sustainably
 - Support can come from different areas and different stakeholders. It is important to think about how to plan for building and maintaining relationships not just for one problem but for potential future support.



Notes for trainers

- This session is meant to help community-based enterprises create a better understanding of how they can scale up or strengthen their enterprise by building relationships and networking with different value chain actors to access certification pathways.
- Prepare three case holders or print the three case studies the day before the session is conducted. Groups can use their own experiences and contexts if they find that there is not enough information in the case studies.
- When examples of different categories of producer organizations are used, you might need to prepare them for a specific country. See examples provided in the session and in Handout 12.



Guidance for different training contexts

Local-level training

- This session targets communities, local government and the local private sector that are already collaborating with each other or are planning to do so. In carrying out the exercises, representatives of the three stakeholders can be assigned to their own groups, such as community-based enterprises, policy dialogue or business partnerships. If there are not enough representatives, stakeholders can join other groups and contribute with their personal experiences.

National-level training

- Participants need to explore the legal context of different levels of producers' organizations in a country and how these link to government support programs. This includes discussing which provisions are made to stimulate the development of producer organizations and what type of support is required to strengthen them. In the local-level training, insights from Steps 4–5 can fuel the discussion or you can use as reference to guide the session the policy brief, *Policy from the Forest and Farm Facility: Building Strength in Numbers*, pubs.iied.org/17210IIED
- Assess who among the participants have experience in engaging and finding a wide range of solutions, such as scalability, policy advocacy and business partnerships, with producers' groups. These participants can be resource persons in the session.



Exercise



Exercise 1 for Step 4

Resource persons' advance preparation

1. The day before the session, identify three resource persons among participants who have experience with enterprise-related networks based on the following three components:
 - One who has been involved in a local network or association of community-based enterprises and has worked on such topics as expanding or scaling up enterprise activities
 - One who has engaged in any platform to table concerns with local government or advocated for more decision-making power for enterprise members
 - One who has worked in private sector engagement or partnership development
2. Assign cases from Handout 12 if the resource persons do not have examples to draw on from their experience. The three cases are:
 - Case 1: Southern rubber farmer association, Thailand
 - Case 2: Advocacy of civil society organizations, Lao PDR
 - Case 3: Shwe Yoma business partnership, Myanmar
3. The resource persons need to prepare the information that answers some of the questions below and be ready to share in the group they are assigned to:
 - Describe the network, relationships or collaboration learned from the case:
 - How does it operate or is organized?
 - Who were the stakeholder groups?
 - What did you observe in terms of gender balance?
 - Why was the network or collaboration established? What was its purpose?
 - Which problem did the network or collaboration try to solve?
 - What was discussed in different events to overcome the problem?
 - Which opportunity did they identify to resolve the issue?
 - How much time did it cost to participate actively in the network or cultivate a relationship?
 - What were some benefits as a result of the efforts to network or to collaborate?
 - How open was the network or collaboration for participants' views and ideas?
 - Was there a dominant player or stakeholder driving the process?
 - Did the stakeholder change the dynamics and the purpose of the network?
 - How was this stakeholder managed?
 - Were there any constraints for women in joining or benefiting from networks or collaborations? If yes, what were the problems?

Delivering the exercise on training day

1. Introduce the overview of all case studies about the role of networking, partnering and relationship-building that will be shared by three resource persons.
2. Divide the participants into three groups randomly and assign one resource person per group.
3. After listening to the cases, ask participants to discuss the following questions:
 - Is it useful for communities to be part of the network or partnership or relationship? In what ways is it useful?
 - In these cases, what were some of the benefits for communities?
 - Is the investment of time and resources worthwhile? Why?
4. Ask the groups to share their insights from the discussion in plenary.

Case studies

Case 1: Southern rubber farmer association, Thailand

The Government of Thailand has favoured growing rubber plantations in southern Thailand for decades. Initially, groups of rubber smallholders were organized by government officials.

In 2012, rubber prices plummeted and protests emerged from labourers and rubber smallholders who had been marginalized. Many of them felt they were more than labourers and wanted to be considered partners in the sector. As a result, the Government led a consultation and eventually drafted Rubber Act B.E.2558. The law included and recognized representatives from civil society organizations and rubber smallholders who were not part of government rubber schemes.

This resulted in the establishment of the Rubber Smallholders of 16 Southern Provinces Association in 2015. The association is managed by a committee that includes representatives of those provinces and that has been instrumental in driving the association's activities and events.

At the provincial level, membership in the association is voluntary and non-members are still able to participate in activities organized by the association. The mission of the association includes:

- Represent the rights of rubber smallholders based on the Rubber Act, in particular utilizing their land according to the laws and human rights commitments, access subsidies and be registered as a member of the Rubber Authority of Thailand even though they might not hold the land rights
- Ensure welfare benefits for rubber smallholders, such as accident insurance and access to social welfare
- Promote the concept of sustainable managed rubber and hygienic rubber practices for smallholders as per standards of the Global Platform Sustainable Natural Rubber
- Provide technical and financial support to avoid smallholders getting into debt or support them to get out of debt
- Enhance small rubber enterprise development at the household level

Source: Interview with Rubber Authority of Thailand representative.

Case 2: Advocacy of civil society organizations, Lao PDR

Civil society organizations in Lao PDR strive to ensure that the voices of local communities living in and near forests are included in policy discussions with the Government and decision-makers. In 2015, a number of Lao civil society organizations formed the Lao Civil Society Organization FLEGT Network to represent the voices of local communities, Indigenous Peoples, ethnic minorities, women and children in the FLEGT voluntary partnership agreement talks.

The goal of the FLEGT voluntary partnership agreement is to stop illegal logging by improving forest governance and promoting legal trade in timber. It uses a multistakeholder participatory process that opens the space for civil society organizations to engage and negotiate the agreement with the Government and the private sector.

Members of the Civil Society Organization FLEGT Network work with the Government and local communities to create a better understanding of land management, community benefit-sharing, conflict resolution and grievance mechanisms.

A major activity of the network was to initiate the development of a timber legality definition for village forestry. The timber legality definition explains how timber can be legally used and traded while respecting certain standards, such as communities' rights. Civil society organizations helped to positively influence legal reforms that resulted in changes to the Forestry Law in 2019. Timber from a village forests can now be used for commercial purposes to support the livelihoods of villagers.

Source: "Lao civil society organizations help negotiate sustainable and legal timber trade with the European Union", blog. recoftc.org/en/lao-pdr/stories/lao-civil-society-organizations-help-negotiate-sustainable-and-legal-timber-trade-european; Senyavong, V. "Involvement of civil society organisations in the development process of timber legality definition (TLD) in the FLEGT VPA process in Lao PDR", Presentation. flegtlaos.com/wp-content/uploads/2015/10/2016-06-18-LAO_FLEGTCO-by-Vansy_V.3.pdf; "Lao PDR – All about the Laos-EU Voluntary Partnership Agreement". euflegt.efi.int/lo/laos.

Case 3: Shwe Yoma business partnership, Myanmar

In 2015, the Forest Department in Rakhine State issued community forestry certificates to 18 communities, covering 10,000 hectares, according to the approved community forestry instruction guidelines. The community forestry user groups with their certificates and management plans were allowed to manage forest areas and harvest and trade rattan. Members encouraged the Shwe Yoma rattan community enterprise to start operations.

Shwe Yoma developed a business arrangement with the Myanmar Rattan and Bamboo Enterprise Association (MRBEA) based in Yangon to pilot a rattan trade model. Contractual arrangements stated that they would supply semiprocessed rattan canes sourced from community forest user group members. Shwe Yoma rented trucks to facilitate the transport of processed rattan canes. This meant that Shwe Yoma could get a higher price for their products.

MRBEA has provided technical training for the production of semifinished products using simple technology. Rattan cane is used to make furniture. Cane with smaller diameters is suitable for weaving, and larger diameter canes are used for chair frames and chair legs. Weaving is done by women and the drilling, sawing and nailing are done by men using hand tools. Even though Shwe Yoma is still in the learning stage of developing higher-quality products, it has sold between US\$25,000 and US\$40,000 of rattan cane so far in 2022.

Shwe Yoma also pays a fee to the community forest user group from which the forest cane is extracted to compensate them for managing the forest resources. Shwe Yoma has developed the rules and regulations for the organization in which roles and responsibilities are outlined for its members.

Source: Greijmans, M., Gritten, D., Naing, A.K., Htun, K.T. & Atkinson, J. 2018. *Community Forestry Enterprise Development in Myanmar Through Socially Responsible Business Approaches*. Policy Brief. RECOFTC. Bangkok. recoftc.org/publications/0000328.



Handout 12

What is a network?

A network is a connected group of people who exchange information and support each other. Networks can take different forms. They can be informal social networks, formal business networks based on membership, cooperatives or partnerships. A network does not have to be formal as long as it and its members provide support, solutions and potential improvement.

Some professional networks focus on economic activities while others have a social function. Many women's business networks and associations may not undertake any joint economic activities but have a strong social and lobbying function, such as an informal women's handicraft group in a registered community forest that advocates for fairer wages, benefit-sharing options or decision-making processes.

How can we help stakeholders build networks and relationships that contribute to enterprise development?

Stakeholder engagement should be done in a timely, relevant, clear, informed and culturally appropriate manner. Guidelines for effective stakeholder engagement include:



Understanding stakeholders

It is essential to understand and respect the working and living conditions, cultures, priorities and concerns of stakeholders.



Using existing mechanisms

Avoid developing new structures or reorganizing structures that already exist. It is better to collaboratively examine with all stakeholders the strengths, weaknesses, opportunities and threats of the existing mechanisms and then together develop an improvement plan.



Commitment

All stakeholders should demonstrate willingness to identify, understand and act upon the priorities and concerns of all other stakeholders, particularly those from the community.



Respect

The engagement process should recognize the rights, beliefs, values, priorities and concerns of all stakeholders, especially when they differ from those commonly held by the majority of stakeholders or wider society.



Transparency

Plans, decisions and constraints should be shared with all stakeholders in a timely fashion. Unforeseen modifications to plans and activities are common. They should be communicated to everyone as soon as possible, with a clear explanation of the causes.



Inclusiveness

Engagement should include the broad participation of all stakeholders, encouraging them to participate in planning and implementation according to their proposed function.



Trust

The engagement process should be open, free, informed and meaningful. It should respect and uphold all stakeholders' rights, beliefs, values, priorities and concerns. Stakeholder engagement should be free of manipulation, interference, coercion and intimidation.

What are some of the approaches community-based enterprises can take to build networks or relationships with other value chain actors?

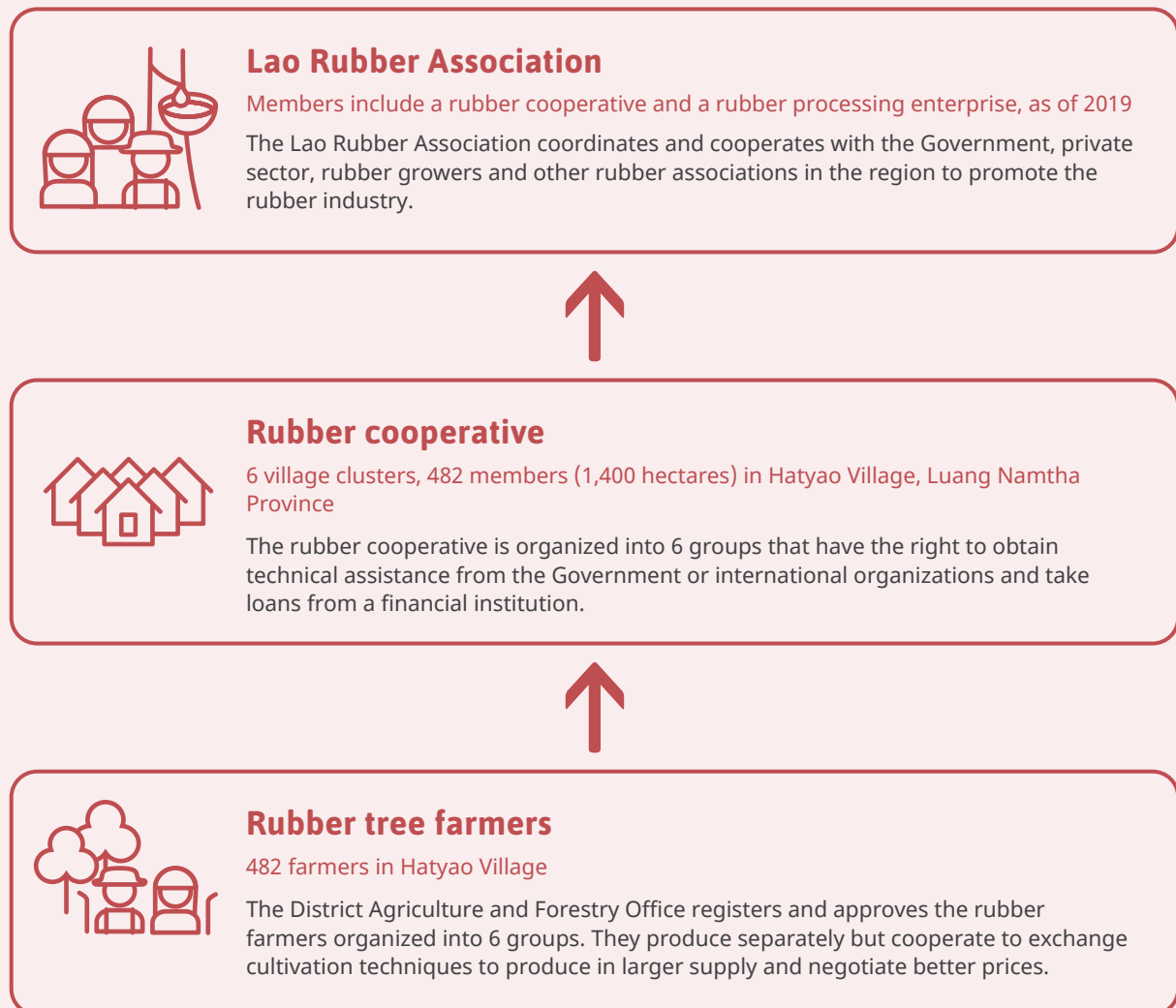
Each actor would need different engagement strategies when developing a network:

- With other enterprises, it may be achieving scale by attracting more members and more supply of forest products. It could also be reducing costs, sharing information and skills to explore different certification pathways; collectively investing in technology to add value to products; influencing market trends; ensuring representation based on gender or creating more inclusiveness.
- With policymakers, it may be starting a dialogue and providing a platform to address some of the root causes of barriers or constraints to the trade of forest products.
- With the private sector, it may be engaging in partnership agreements that can ensure more efficient and productive processes and better-quality products to thus be more competitive and capture a bigger market.

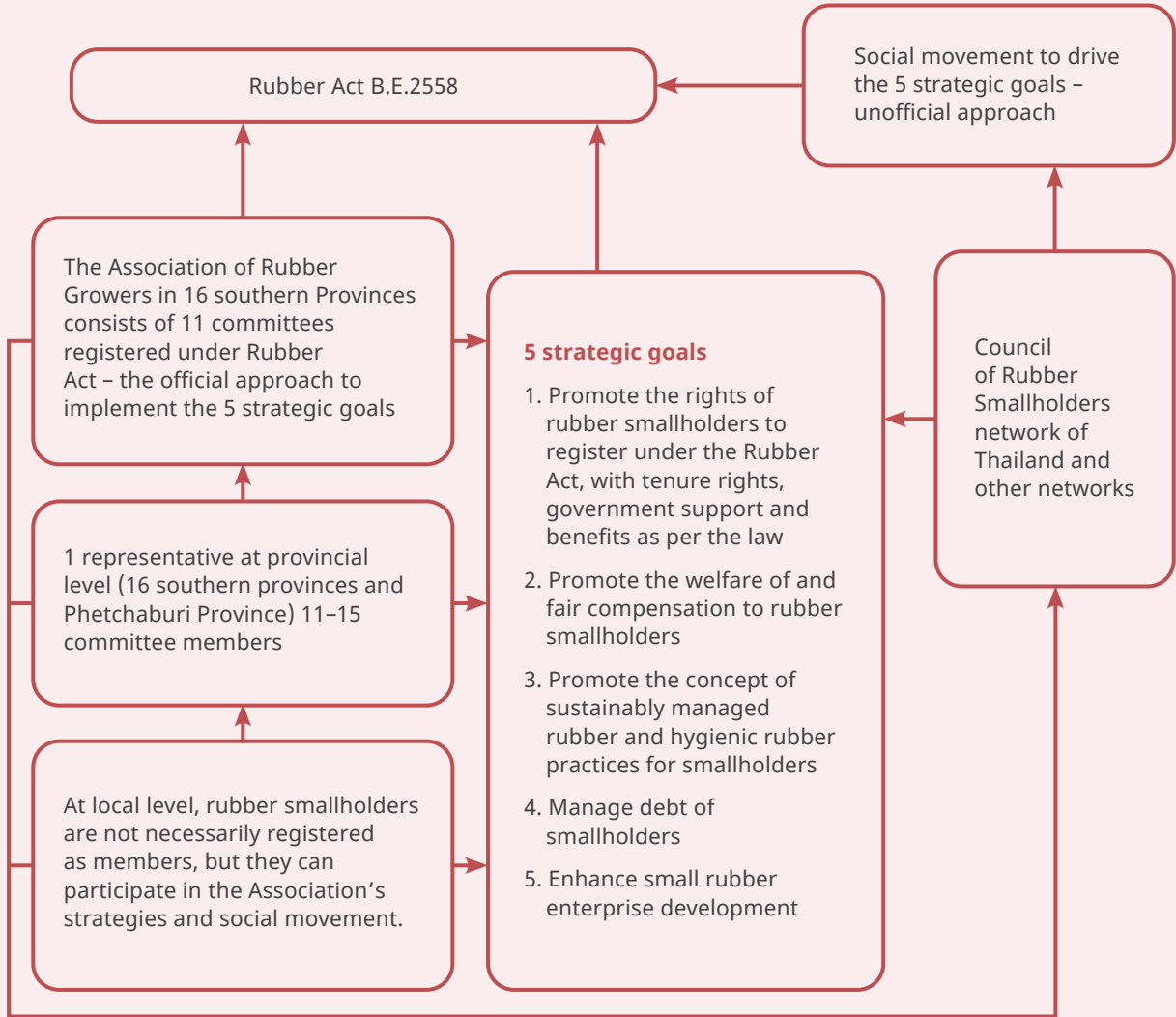
Figure 18: Three country examples with multiple network strategies

Lao PDR

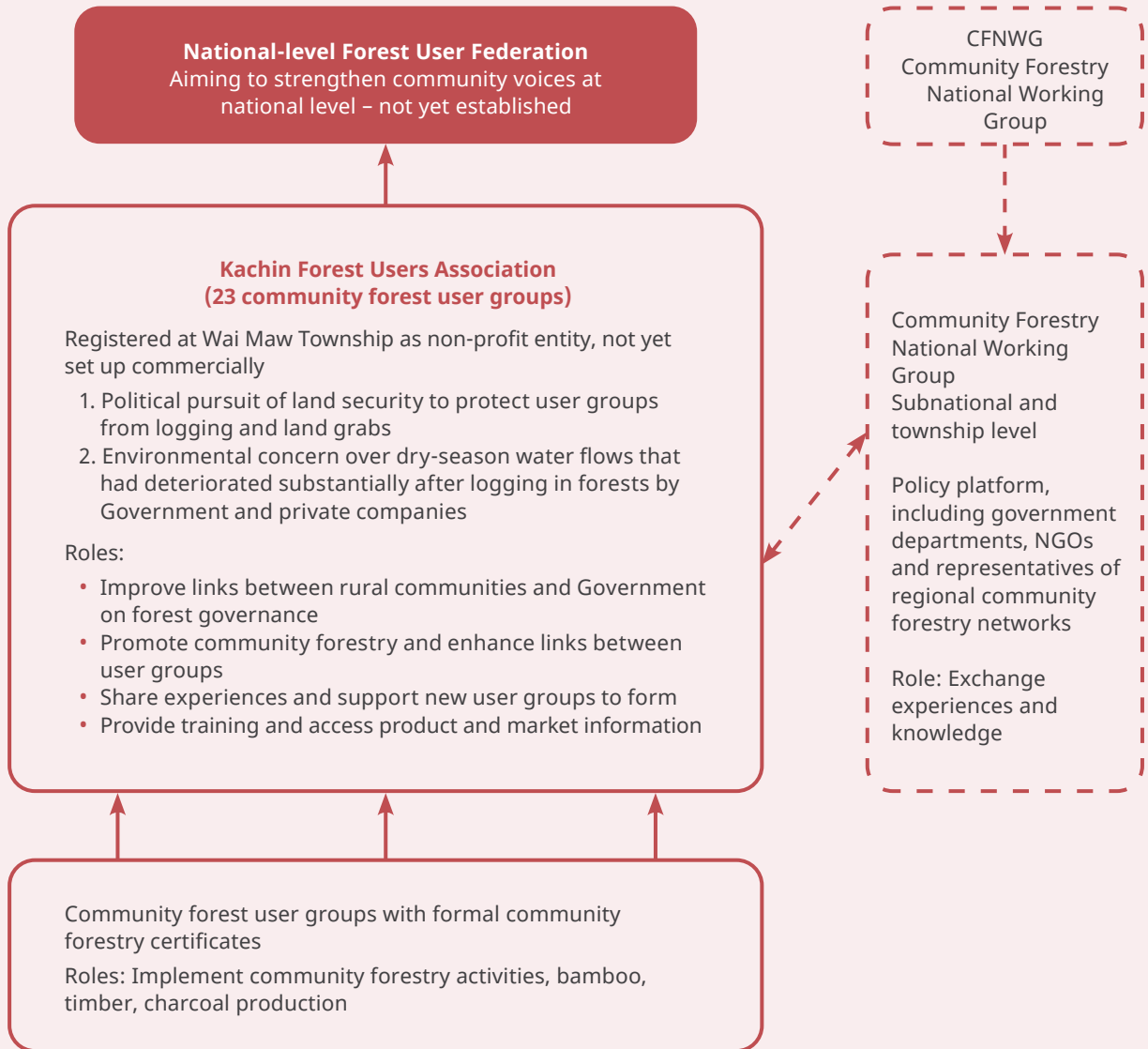
There are three levels or tiers of organization that is the representative of rubber production:



Thailand



Myanmar





Module 4

Skills for better engagement in sustainable forest trade

In this final module, participants will discover how they can apply the knowledge and skills they have learned to their specific work contexts. The module uses role play, scenario building, simulation and reflection to allow participants to gain insights and lessons that help them with challenges and concerns they may face when engaging in sustainable forest trade.

Module 4 training sessions

- **Session 13**
Multistakeholder engagement for sustainable forest trade
 - **Session 14**
Fostering effective partnerships for sustainable forest trade
 - **Session 15**
Participatory action planning
-

Session 13

Multistakeholder engagement for sustainable forest trade

Part A



Objectives

By the end of the session, participants will be able to:

- Describe the context and issues presented in a forest trade case
- Prepare statements of interest and needs based on assigned roles in a role play
- Appreciate the views and concerns of different stakeholders who work to ensure more effective and equitable forest trade



Time

60 minutes



Methods

Pair work, group discussion, role play



Materials

Photocopied background information of the case, role cards based on the case situation, instructions for preparations, props and costumes for role play if available

Steps

1. Tell participants that this module will bring all the ideas we have discussed so far together. It will allow them to apply the knowledge, skills and experiences from the previous sessions.
2. Explain that the session consists of two parts. Part A allows 60 minutes to prepare for the role play. There will be four main activities. In Part B, they will take part in the role play.
3. Ask participants if they have done a role play before. Clarify this training method and the role of the participants in this process. This role play will provide participants with the opportunity to:
 - Experience some of the issues and concerns related to certification and enterprise development discussed in the training so far in a real case scenario
 - Apply the concepts and practice skills needed to participate in sustainable forest trade engagement processes
4. Emphasize that even though this is a role play, the case is based on real events, issues and challenges that have occurred in the context of the timber trade.
5. The session is divided into two parts and four main activities. The four activities are:
 - Reading and understanding the case (Part A, 20 minutes)
 - Preparing to play respective roles (Part A, 40 minutes)
 - Conducting the role play session (Part B, 60 minutes)
 - Reflecting on the observations, lessons and insights from the role play (Part B, 60 minutes)
6. Start the process by presenting the background information of the case (see Exercise 1) in plenary.
7. Divide participants into three main groups:
 - Facilitator team
 - Stakeholder representatives (nine groups)
 - Observers
8. Provide the relevant documents to the three groups (see Exercise 1).
 - All participants receive the case study.
 - Each assigned participant receives the information about their role through the role play cards. There are nine role play cards.
9. Allow 20 minutes for participants to read through and clarify any questions they have about the case.

10. Explain that the effectiveness of the simulation depends how well they get into their roles. They should play their assigned roles as realistically as they can. They should consider multiple perspectives and think about what concerns and issues they will bring to the meeting. The information provided to them should be adequate but encourage them to also use their own experiences, knowledge and creativity to play the role realistically.
11. Provide instruction sheets to the three groups (see Exercise 1).
Important: Do not share the instruction sheets with the other groups:
 - Provide Instruction sheet 1: Instructions for the facilitators.
The facilitator team will start and close the meeting within the 60 minutes time set for the meeting. The decision to end the meeting will rest on the facilitator team.
 - Provide Instruction sheet 2: Instructions for stakeholder representatives to all stakeholders roles
 - Provide Instruction sheet 3: Instructions for observers that will guide them on what they should observe and feedback on
12. Ask participants to start preparing for their role play exercise based on their review of the background information of the case from Session 13 Part A, their specific role play cards and instructions on how to play their specific roles.



Notes for trainers

- Role play is an activity whereby participants act out a situation and the facilitator leads the discussion of ideas and feelings that emerge. Participants receive a problem situation and a short description of the characters. They take the role of the characters and make up their own lines. The purpose of role play is to practise in a safe environment a situation that is based on a real-life setting to thus learn from trial and error. Role play can be powerful and result in shifts in attitudes and perceptions of participants.
- Highlight that the role play shows that communities are not alone in preparing to produce timber for legal, sustainable and certified value chains. They also should be aware that they need to work together with other forest sector stakeholders to do so. By experiencing and understanding the constraints and perspectives other stakeholders face, they will gain insights on how to engage with each other more effectively.
- Spend some time matching roles to the participants the day before the exercise. Some of the considerations when deciding on roles could include: work mandates, responsibilities, language abilities, nationality (if it is an international or regional participant group) and personality type (extrovert or introvert).
- Once this is decided, make sure to give all participants the relevant documents the day before the exercise. Provide enough time for participants to read through and understand the case and their roles. Ideally, they should have some time at the end of the training day for this.
- Consider dropping any of the roles if there are not enough participants.
- You may want to create teams so everyone has a better chance of participating. This would give participants the opportunity to play a role that offers a new perspective, compared to their current positions and mandates.
- Some roles are more comprehensively developed than others. This has been deliberately done to reflect real contexts in which stakeholders may have different levels of access to information. Gaps in information is a reality in many contexts in the region, and this is reflected in the designated roles. Some stakeholders represented here are indirect actors who have less vested interest in the outcomes of the multistakeholder processes, such as facilitators or NGOs.
- Importantly, take time to consider assigning the roles based on the positions and experience of the participants. It is a good idea to assign roles to participants that are opposite of their mandated jobs or positions in real life. For example, assign the role of community forest president to a participant whose job is that of a national forestry officer.
- The case situation comes from Thailand. However, the scenario can be applicable to other countries. Trainers should ensure that they relate the case to the national and local contexts of their participants as much as possible. See reflection questions for guidance on how to do this (Sessions 14 and 15).

- The role play is an excellent opportunity for participants to reflect on their own attitudes and actions in their own contexts related to their mandated responsibilities. It is also an opportunity for them to understand and reflect on the contexts, interests and needs of other stakeholders they may be engaged with. It may take the participants out of their comfort zone. In the role play and reflection, participants will experience new insights. As part of Exercise 1 if time allows, prepare for separate meetings of stakeholder groups. This could be either a seating arrangement that allows for private discussions or separate rooms where they can strategically prepare themselves.
- The purpose of the role play is to mimic real life as closely as possible. This means that there are no fixed rules of how participants can play the role assigned to them as long as they keep to the context of the case. Ask the groups to try and empathize with the role of the party they are playing as much as possible.
- Encourage participants to bring in their own knowledge and experience on the topic to their roles, even if the context and background may be different. This can also provide learning points to the activity.

Additional reference

Voluntary Service Overseas, International Institute of Rural Reconstruction & Popular Education for People's Empowerment. 1998. *Creative Training: A User's Guide.*, Quezon City and Cavite, Philippines.



Guidance for different training contexts

Local-level training

- Spend extra time explaining the case to the smallholder and community participants. They may need more time to understand and appreciate the context, which may be quite different from their own.
- When the participants start preparing for their roles, provide some individual advice and suggestions on how to play the role.
- In a mixed group, pair the smallholder and community participants with government and private sector participants so they can support each other in the role play.

National-level training

- National-level participants may not have specific on-the-ground or direct experience working with smallholder and community or producer groups. Early in the training, identify who among the participants may have had experience working with these groups. These participants can be resource persons and can be paired with those who may not have direct experience.



Exercise



Exercise 1 for Step 6

Case situation

Strengthening teak smallholder enterprise with stakeholder engagement in Santisuk District, Nan Province, Thailand

Note: This case situation is based on a real case but the names of the people and organizations have been changed to protect their privacy.

Santisuk is a district in Nan Province in northern Thailand. More than half of the total area in the province is covered by forest of different categories, including national parks, reserved forests and community forests.

Agriculture covers 31 percent of the land area is public or privately owned. Main crops are corn, fruit orchards and rubber and a small percentage of teak plantations. There are two main land classifications in this area:

- SPK land, which is agricultural land
- KTC land, which is collective land allocated under a recent government policy

A total of 53 teak smallholders have been involved in a pilot tree program on legal teak timber trade in this area. The majority of these smallholders operate under the SPK land scheme, and a minority are KTC plantation owners.

SPK plantation owners understand the legality of their land tenure. The policy that governs this has been in place for decades. Their lands are registered with the Ministry of Agriculture and Cooperatives. The trees planted by the farmers can be registered with the district level office of the Ministry of National Resources and Environment in Nan.

To register their trees and get their tree certificate, farmers are required to provide a tree inventory list. These certificates are the first of the legal documents required for the sale of timber. Farmers need them to apply for permits for other activities like felling, transporting and processing. The certificates are also required when the trees are sold as logs or if processed into other products.

However, KTC plantation owners cannot register as legal plantation certificate holders because there are no provisions in the law for it. Even though KTC lands are demarcated and listed as collective lands, there is still no legal tenure clarity on ownership. Farmers in this scheme are supposed to be issued a land-use rights certificate, called a Green Book, that can be used as a certificate. However, to date, relevant documentation, such as official demarcated land maps and the Green Book, have not been produced and distributed to farmers.

Even though there are specific guidelines on how KTC lands can be legally used, legal commercial rights remain a contentious issue for these farmers. Because there has not been much outreach by provincial and district officials about these new guidelines, the farmers are not fully aware of the complex requirements outlined in the Green Book.

The People and Forest is a non-government organization (NGO) working in the area. Their main objective is to develop a landscape-focused program with partners, including three pilot communities from three subdistricts: Santisuk, Phong Du Phong and Pah Laew Luang.

The project is funded by a German donor. People and Forest's main activities in the project is forest landscape restoration. To achieve this, the NGO supports partnerships between community entrepreneurs and private sector actors in the area to implement restoration projects and commercialize forest-related products.

People and Forest and other partners in the area raise awareness regarding the confusion and lack of clarity of land tenure in the area. People and Forest helps farmers prepare documentation and fill out registration forms. It hopes to convince the Ministry of National Resources and Environment to actively support smallholders to register their plantations on SPK and KTC lands. With this support, the community-based enterprises will be able to acquire the permits they need to process and sell their teak products legally.

The NGO also supports farmers to implement silviculture techniques, such as pruning, thinning, weeding and intercropping. These techniques help maintain timber quality and generate additional income from selling small thinned trees. People and Forest facilitated a partnership agreement between the teak farmers and a private company in the area for the farmers to supply small trees from the thinning process. Both parties are reviewing this agreement.

The farmers in this area have managed their plantations based on traditional practices. They have limited knowledge, skills and equipment for new technologies that can help with more efficient management of their plantations. Usually, they plant trees on sloped lands with varied spacing techniques. They carry out intensive watering and fertilizing in the early years after planting.

Many farmers do not practise intercropping to generate supplemental income while waiting for the sale of teak trees from the first rotation. During the second rotation of the plantation, they plant short-term crops or orchard trees to supplement their income. Many farmers no longer consider growing timber species because they do not get enough profit from them.

In Santisuk District, it is common practice for farmers to commission middlemen as traders and brokers. The middlemen undertake all legal processes associated with teak harvesting, thus facilitating the transferring and selling of logs to sawmills. They charge a fee for these services, which is levied on the price of the teak. Because of this, the price for their products that farmers eventually receive from the middlemen is low and well below the market rate.

Most farmers are satisfied with the price offered by middlemen because they largely feel they cannot control the process. They have limited knowledge about current market prices. Many of them also need to cover family expenses with income from the sales of teak. They believe they have less negotiating power when it comes to the price of their raw products.

A local community-based enterprise, Wood is Good, which is supported by People and Forest, has also been assisting the farmers. It helps farmers navigate the legal requirements for selling logs. It also offers fair prices for the farmers' teak logs. The farmers in the area can opt to sell to Wood is Good, but they also have the option of selling their teak logs to other buyers.

Understanding the legal requirements for teak is crucial. People and Forest set up a teak database to provide access to teak-related information. It has also organized consultation workshops with the Ministry of National Resources and Environment and the Royal Forest Department's Provincial Office. Application forms to acquire processing and sales permits have been submitted to the Ministry and the Royal Forest Department. The enterprises have been monitoring the progress and regularly updating officials in the area.

People and Forests has supported Wood is Good to operate as a sawmill and processing factory and in turn increase the farmers' processing skills and diversify product designs in demand by the market.

To address the middleman issue, People and Forest initiated discussions with Golden Teak Co. Ltd, based in Bangkok, to determine if a partnership could be established. The company is interested in purchasing logs and processed parts for wooden playground equipment made with teak processed by a Santisuk community-based enterprises, such as Wood is Good. For this partnership to work well, Wood is Good depends on its good relationships with teak farmers it has supported.

Recently, the Ministry of National Resources and Environment issued sale permits to Wood is Good. This provided a starting point to initiate a partnership process between the Wood is Good enterprise committee representatives and Golden Teak. The community enterprise is able to legally operate but still needs to increase its skills in finance, accounting and marketing if it wants to deliver consistent high-quality products.

Role play cards

Role card 1 Facilitator team (two or three persons)

You were approached to be the neutral third-party facilitator. Your responsibility is to ensure that stakeholders have a space and a process in place to discuss some of the current issues in the teak value chain in the area.

As the first step in this process, you will facilitate the opening phase of a multistakeholder meeting. Some of the objectives of the first meeting among stakeholders could include:

- Enabling parties to feel that they are being listened to
- Identifying the issues regarding the teak value chain that need to be addressed
- Bringing to the surface any other issues that have not yet been identified
- Provide a space for the parties to express their concerns
- Identify some priority steps that can help address the issues

Think about how you set up the meeting room. Introduce your role as facilitator and explain the meeting agenda and process. If you are facilitating as a team, think about how you will best support each other.

Role play cards

Role card 2

Representatives from pilot tree-grower scheme from three subdistricts (three persons)

You want to sell your teak legally with fairer prices. You would like to do tree thinning and sell the small-diameter trees for additional income. You have been nominated to represent the interests of the smallholders involved in this dialogue.

You have previous interactions with the NGO People and Forest, which is working in this area. Your activities also include the local community-based enterprise Wood is Good, which is willing to work with you to increase your capacity and profits. The enterprise has organized several workshops and dialogues on forest management, financial planning, marketing and product development.

Being part of various farmers' organizations means that you have been able to exchange facts and information and increase your networking with other organizations in other provinces. You are now able to interact with government officers and have a good understanding of the government policies and regulations on teak plantations. As a result of the increased networks, you have been able to expand your timber distribution channels and increase the sales of timber.

You and the tree-growers' organization still face many challenges. You feel that you have limited knowledge about the procedures to certify your trees on Kor Tor Cho land. The complex and complicated processes frustrate you. The NGO that is supporting you has organized many meetings or workshops and expects you to attend.

You planted the teak trees many years ago as a long-term investment after receiving free seedlings from the government Forest Department. You believe you should be able to sell them freely for a large profit. Teak is an investment for you, and it is frustrating to not have the right to sell the trees to provide income for your family.

The laws regarding plantations on Kor Tor Cho land remain unclear. The authorities expect you to register your trees and show proof of land tenure before you can sell the timber. You want to cut the trees you planted 10 years ago, but the new law does not allow this. Your primary income is from rice and corn because there are still issues with the sale of teak. This has resulted in unpredictable and uneven income for you.

Role play cards

Role card 3

Representatives from the NGO People and Forests (one or two persons)

Your organization's primary aim is to implement the RESTORE project. One of the main activities is to facilitate partnership agreements between the private sector and the community to thus implement forest landscape restoration activities.

Your organization has been supporting the tree-growers' organization to follow through with the required legal procedures. You want the local community-based enterprise Wood is Good to increase its capacity so it can help local tree-growers develop a legal and sustainable timber value chain. To do this, you have coordinated with stakeholders and initiated discussions to seek solutions for the challenges that the farmers are experiencing. The teak database you set up can show the legality of the teak supply chain and chain of custody.

Your organization has encountered many challenges in its work, including the local perceptions about teak. Teak is seen as a long-term investment, and most tree-growers want to sell through middlemen, even though they receive lower prices. The tree-growers prefer not to be bogged down by complicated legal procedures.

You have been working with Wood is Good to shift the tree-growers' tolerant attitude towards middlemen. Coordination is complex and intensive because there are so many actors, including government agencies. Your NGO has limited capacity and expertise to ensure that the coordination is smooth.

You know that it is important to manage conflicts. You want to find a third-person neutral party to facilitate a meeting with all the stakeholders to determine if they can work together and support each other.

Your main objective now is threefold. You want to facilitate a partnership agreement with Wood is Good, the tree growers and the private sector Golden Teak Co. Ltd. The agreement should allow for all parties to trade both small- and large-diameter logs. It should also ensure that the tree growers can still sell some logs to middlemen and promote sustainable forest management practices in their farms.

Role play cards

Role card 4

Representatives from the Golden Teak Co. Ltd (one or two persons)

Your CEO is interested in initiating a corporate social responsibility program with the community. The goal is to build and sell a new product, which is a wooden playground made from teak wood produced in Nan Province.

Your company is concerned about complying with the law and wants the logs used for your playground to come from a legal source. Right now, your priority is to conduct a market test to see if there is any demand for such a product. You believe it is in your best interest to provide support to the smallholders. This would include technical expertise and machinery for the smallholders to help them manufacture the parts for the wooden playground.

You have also provided additional support to transport the wooden playground components to your factory and transform them into the final product. Staff turnover is a huge concern and has affected the workflow and timeline of the production of the wooden playground. You do not think it is a good idea to share this information with the local enterprise Wood is Good. You believe they may not want to partner with you if they know about your organizational issues.

Role play cards

Role card 5

Representative from the middlemen (one person)

You have been assisting the local pilot tree growers in the area for many years. You have undertaken all the legal processes associated with teak harvesting, transferring and selling to sawmills from neighbouring Phrae Province. The charges are applied and included in the agreed payments to the farmers.

You believe that you provide a service that no one else is able to do, and so you have the right to decide on the price you will pay to the farmers, even if it is lower than current market rates. In addition to the payment from the middlemen, farmers receive all certificates and permits, as well as a timber hammer to mark the felled trees. Timber hammers are used extensively in the forest industry to identify the origin of harvested timber.

As a middleman, you prefer buying from farmers who cut all the trees from their plantation lot at the same time to save money for hiring trucks and labourers. Sometimes you take all sizes of logs or you leave the small logs on the farm. However, prices of the large and small logs are determined by the sawmills in Phrae Province.

You are aware of the RESTORE project and how they aim to cut you out of the value chain. However, you know there are still many legal issues for tree growers who do not have the capacity to overcome them, and they will continue to need your services.

You are not happy that the community-based enterprise Wood is Good wants to undercut your role in the value chain. You have been asking farmers in the area to not engage with the enterprise or the People and Forest NGO. And you have explained to the farmers that your services are crucial for them. In some cases, you have threatened that you will no longer help them sell timber legally.

Role play cards

Role card 6

District representatives from the Ministry of Natural Resources and Environment, Santisuk District Office (one or two persons)

You moved to this district after being assigned as a district officer by the central government five years ago. Your main task is to help the tree growers in the area register their plantations.

Santisuk District has been tasked with increasing its forest cover. You and your team have reached out to various communities in designated subdistricts to promote the registration of their tree plantations. One of your responsibilities is to ensure that the tree growers have the required documents for the registration application that they then submit to the Royal Forest Department.

One of your tasks is to coordinate with the local Royal Forest Department officer and check the location of all plantations in the area. You also follow up on the plantation registration applications, making sure that farmers have submitted all their documents. Sometimes you need to liaise with other government agencies to check on information in the application.

Your job also requires you to inform the tree growers if they have been successful in their plantation registration application. You know that many of the farmers think that you have not engaged enough with them to understand their issues and challenges. You are less motivated to work with the farmers because you think there is no incentive to do so. You rarely offer any information or solutions to the farmers when they face barriers. Sometimes you do not attend the monthly meeting with the farmers.

Role play cards

Role card 7

Representatives from the Ministry of Natural Resources and Environment, Nan Provincial Office (one or two persons)

As the provincial officer of Nan Province, your task has some overlap with the officer in Santisuk District. Your mandate is to ensure that the policy target to increase forest cover by increasing plantation registrations is reached. You share the feelings of the district officer and are not motivated to engage and work with the local tree growers. You think that there is too little budget and not enough human resources to help you do any awareness-raising activities with the tree growers.

Role play cards

Role card 8

Representatives from the Royal Forest Department, Nan Provincial Office (one or two persons)

Your mandate includes protecting and restoring the national reserved forest area through forest landscape restoration activities in the province. To do this, you need to promote community forest management plans that have been developed by the communities.

Your job includes registering and promoting agroforestry projects in the district. You are also in charge of registering plantations. Your tasks include:

- Verifying plantation lot tenure and endorsing registration for Sor Por Kor (a type of agricultural land) and Kor Tor Cho land classifications
- Authorizing timber harvesting, processing, sawmill operations and sales permits for registered plantation lots and eligible manufacturers
- Assisting and facilitating the community forest registration application and plantation management plan

There are no operational guidelines to verify commercial rights to planted trees on Kor Tor Cho land. You feel very challenged to do your tasks because there is so much inconsistency and confusion about this issue. Tree growers on Kor Tor Cho lands increasingly believe that the policies and regulations do not match their needs for selling timber. This conflict is making it very difficult for you to do your job, and you worry this situation will get worse. information with the local enterprise Wood is Good. You believe they may not want to partner with you if they know about your organizational issues.

Role play cards

Role card 9

Representatives from the local community-based enterprise Wood is Good, Santisuk District (two persons)

You have been working with the NGO People and Forest because you see them as a good partner to help develop your enterprise. As a local enterprise, you want to preserve and enhance traditional wood craftsmanship. You also want to promote legal teak processing and trade to generate additional income for member tree growers. Your enterprise has established several partnership agreements with sawmills and private companies, like Golden Teak Co. Ltd, to add value and increase the price of teak trees.

You have been working very hard to assist the local tree growers to demonstrate the legality of timber by setting up a consistent price-incentive scheme. With People and Forest, you raise the capacity of tree growers to practise thinning, pruning and other silviculture techniques to maintain the quality and quantity of their timber. You also try to find better treatment options for the trees.

As part of your enterprise's business development plan, you seek information from other network members on how to increase the value and quality of sawn timber and products.

You welcome non-member tree growers with proven documents to sell legal timber to you. Your enterprise has received technical support from the Royal Forest Department to add value to their products. However, when it comes to legality and market links, the Royal Forest Department is less able to support you. Recently, you had to strengthen your operations because you realized that you have limited management skills and the enterprise leadership is not very strong. The process of benefit-sharing and the participation from other members, including tree growers, sawmill workers and other Wood is Good staff, both need to improve. You have asked for assistance from People and Forest.

Part B



Objectives

By the end of the session, participants will be able to:

- Experience a multistakeholder process related to forest product trade and certification pathways
- Hear the views, concerns and issues of various stakeholders related to forest product trade and certification pathways
- Reflect on the insights and observations from the role play and connect the learnings to their own experiences and perceptions



Time

120 minutes: conduct role play for 60 minutes and debrief and reflect for the next 60 minutes



Methods

Role play, reflection, plenary discussion



Materials

Name card with roles, flip charts, sticky notes, markers, props or costumes for participants to play their role, instruction sheets for three role play groups

Steps

1. Explain that before you hand over to the role play facilitators to start the meeting, you will talk about the session's objectives and the overall process of this simulated role play.
2. Explain the context of the case study and ask the participants to consider the various learning sessions they have undergone so far. The role play will showcase the knowledge, skills and key learnings from previous sessions.
3. Explain that the facilitator team will start and close the meeting within the 60 minutes allotted. The facilitator team decides when the meeting will be adjourned within this time. After 60 minutes, the trainer should end the role play even if no specific outcomes have been reached.
4. Reiterate that after the meeting, there will be a debriefing and reflection to discuss some of the challenges in running the meeting and the strategies and approaches that worked well and that did not. Ask if there are any more questions about the case or the proceedings.
5. Hand over to the facilitator team to start the meeting.
6. Once the meeting is closed by the facilitator team, allow a few minutes for everyone to get out of their roles.
7. Begin the debriefing and reflection. Reflection should focus on:
 - Substantive points, such as issues, challenges, constraints, best practices related to forest trade and certification pathways
 - Process-related points
8. Start with self-reflection by the facilitation team, followed by stakeholder parties and then end with the observers. Add your own observations if there is something that has not been mentioned yet. Use the following guiding questions.



Feedback and reflection questions for the facilitator team

- What worked well in the meeting? What did not?
- What were the challenging issues regarding stakeholder engagement processes and forest trade in the meeting? [These are some the issues that the trainer must raise if the participants do not: legality of logs; chain of custody certification procedures; price-setting; grievance mechanisms; coordination between agencies; access to information; documentation processes; support from government agencies, NGO and the private sector.]
- What issues could and could not be resolved? Why not?
- What were some of the approaches or methods used to address contentious issues among the stakeholders or value chain actors? What did not work?
- What strategies were used to address the contentious issues? How did you address them? What are some of the missed opportunities?
- What is your biggest takeaway from this experience in facilitating the meeting?



Feedback and reflection questions for the stakeholder representatives

- What were the challenges in playing your role?
- What issues with regards to forest trade were the most challenging to represent your role? Which was the least challenging? Was this a surprise?
- What approaches or methods of the facilitators made you feel like your interests and issues related to the forest trade context were being addressed?
- Which issues were addressed effectively? Which were not?
- What strategies would you recommend that the facilitators maintain and what could they change if they could do it again?
- What is your biggest takeaway about the role you had?



Feedback and reflection questions for the observers

- What worked in terms of facilitation of the process? What did not?
- Do you think the process was effective to address issues related to certified timber supply chains in this context? What makes you say this?
- Which issues and challenges related to the forest trade were addressed? Which were not addressed? What is the basis of your response?
- What is your biggest takeaway from this meeting?



Feedback and reflection questions for all participants

- What were the most interesting or challenging issues with regards to the legal, sustainable and certified timber value chain in this context? [These are some of the issues that the trainer must raise if participants do not: legality of logs; chain of custody certification procedures; price-setting; grievance mechanisms; coordination between agencies; access to information; documentation process; support from government, NGOs and the private sector.]
 - What are some of the reasons for the contentious situation in this case?
 - Who among the stakeholders was constructive when engaging other stakeholders? Who among the stakeholders caused more conflict or contention? How so?
 - How could you have used the lessons in the previous sessions to address the challenges in this context?
 - Which of the situations or issues were similar or different from your own context?
 - Could some of the approaches used be utilized in your own context when it comes to enterprise development and timber value chains?
 - How will this experience influence your own engagement strategies with stakeholders in your context, based on your mandated roles and responsibilities?
9. Close the debriefing session by explaining that constructive feedback is a strength and not a weakness. Being able to provide and receive constructive feedback builds the knowledge, skills and experiences of stakeholders.



Notes for trainers

- During the role play, participants may express biases, reflected in the attitude or responses of one stakeholder towards another stakeholder. If this occurs, you should highlight it carefully by drawing out the action or behaviour but not highlighting the person it comes from. Ensure that the discussion is constructive at all times, with no finger pointing. You should skillfully facilitate and navigate the discussion so that what is discussed can be learning points.
- The debrief and reflection session is to help participants improve their awareness, skills and sensitivity towards others. Be sure to explain the importance of reframing any of the challenges they witnessed in a positive direction, which will help them find solutions and a way forward.
- Address the power differentials that will invariably come out in the meeting. Power imbalances are a reality of nearly all meetings, especially those with multistakeholders. They can have a positive or negative impact on the process and affect the relationships and outcomes of the meeting. Power differentials are the root of grievances, mistrust or conflict within the value chain. It is important for the trainer to take note of this. Highlight the various ways that a facilitator can assist less powerful parties to recognize and mobilize the power they possess.
- Focus on the competencies that were addressed in the three previous modules. These competencies include knowledge of certification pathways, initiating and strengthening producer group or enterprise formation, assessing and mitigating risks, communicating interests, initiating and developing partnerships, negotiating, initiating and fostering useful networks. The trainer should help participants link these competencies during the reflection after the role play.
- Experienced trainers may want to do two rounds of the role play if they have time. The second round of role play can strengthen and reinforce the learning that was gained from the first round. The second round could aim to get the stakeholders to agree on priority actions to improve the multistakeholder engagement processes and agree on roles and responsibilities of various stakeholders to implement these actions. The objectives for the second round of the role play could be as follows:
 - Apply some of the lessons from the previous role play to facilitate the multistakeholder engagement process.
 - Strengthen and reinforce some the key learning points from Modules 1, 2 and 3 of the training and the learnings reflection from the previous role play.
 - Provide constructive feedback to the multistakeholder meeting facilitators.
 - Identify priorities to improve multistakeholder engagement processes and agree on roles and responsibilities of various stakeholders.
 - The second role play process would be similar to the first round: 30 minutes to prepare, 60 minutes to run the role play and 40 minutes to reflect on what transpired.



Exercise



Exercise 1 for Step 3 (instruction sheets for role play)

Instruction sheet 1: Instructions for facilitators

Consider these points when preparing to play your role:

1. Introduce the purpose of the meeting clearly: Welcome attendees of the meeting and explain why they are gathered here today.
2. Introduce yourself and your role as a facilitator: Provide a short profile about yourself and organization, including name, background, purpose to be here and basic facilitation principles.
3. Explain the multistakeholder meeting process: Explain the flow and agenda for today's meeting. Invite attendees to introduce their expectations for joining this meeting. Clarify any expectations if needed.
4. Identify and agree on behavioural guidelines for the group: Invite meeting attendees to list the necessary ground rules to make this meeting productive and fair.
5. Obtain all parties' commitment to starting the process. Check how much time they have for the meeting. Provide answers to any inquiries that the meeting attendees might have regarding procedures of the meeting.
6. Define the issues and interests of each party clearly: Invite each to share the current situation and some issues and interests. Summarize issues raised by the meeting attendees to confirm that you and all parties understand correctly. Clarify any issues if needed.
7. Jointly draw up a list of all the problems or issues that the parties want to talk about: After all the attendees have spoken, give an overview and ask whether all the issues are covered by the listed agenda points.
8. At the end of the meeting, seek the parties' agreement on where and when to meet again.

Here is some extra information for each of the steps that can help guide you to play your role.

Introduce the purpose of the first meeting

Welcome everybody. Explain the purpose of the meeting. Without going into details, state the main issue in a neutral and unbiased way. The statement should be more issue-oriented than person-oriented, more positive than negative, more future-oriented than past-oriented and more goal- and solution-oriented than cause-oriented.

Example: "Welcome. We are meeting today to reach a consensus agreement on [whatever the objectives of the meeting are]. There are disputed issues and open questions to discuss. If we discuss the issues and questions in an open and constructive atmosphere, I am sure that we will come up with solutions that meet the interests of all parties."

Introduce yourself and your role as a facilitator

Cover the following points:

- Briefly introduce yourself with your name and background
- Thank the participants for accepting you as a facilitator
- Explain that as a facilitator you are neutral: You are not biased, do not have your own agenda and are not on the side of one of the groups of stakeholders.
- Assure the participants that you will observe strict confidentiality regarding statements and behaviour
- Explain that your role is to steer the discussion process
- Explain that you will assist participants in meeting their objectives by:
 - Keeping the group to the time schedule
 - Recording their interests and decisions on the flip chart
 - Ensuring that everyone has equal time to speak
 - Assisting the participants in categorizing their issues
 - Ensuring that the participants have considered how to implement their agreements

Explain the multistakeholder meeting process

Next, describe the procedures to be followed.

Example: “I suggest that we begin the discussion today with a brief description from each of you about expectations you have for this meeting. This will educate all of us about the issues you want to discuss. Each of you will have roughly 5 minutes to present your view. During your presentations, I may ask some clarifying questions.”

Identify and agree on meeting norms for the group

Ask participants to list the ground rules they think are needed. Provide the following as examples:

- Each person is expected to contribute equally to the discussions
- Listen carefully and attentively
- Delay questions or comments until the speaker has finished
- When making comments, do not use insulting or abusive language
- Try to understand and respect each other’s viewpoints and concerns
- Make your own interests, feelings and concerns clear
- Present your concerns from your own subjective point of view without claiming to possess objective knowledge
- No final decisions will be made until there is full agreement

Record these ground rules and add any others that the participants suggest during the meeting. Refer to the rules as necessary throughout the meeting.

Obtain all parties’ commitment to starting the process and check how much time they have for the meeting

Answer any questions that the parties may have about the procedure to be followed. Gaining a consensus to begin is the facilitator’s last move before turning the session over to the parties.

Define the issues and interests of each party clearly

Identify the parties' interests. Select one party to start.

Example: "We would now like to hear from each of you about the history of the current situation and some of the issues that you would like to discuss in future talks. When you present your views, please refrain from putting forward positions or possible solutions until we all understand the issues to be discussed and the problems or conflicts to be addressed and resolved. Would you [turn to a conflict party] be willing to begin? Can you explain why you are here and the history of the situation that you want to address? Please tell us about the issues or topics that you would like to discuss. What is important to you about that issue? What does it help you achieve or gain, and what interests or needs are important?"

Summarize each party's issues to confirm that they have been properly understood. If issues are not yet clear, probe by asking questions to elicit more information about issues and interests. Ask whether the party would like to add anything else. If not, the process should be repeated with each of the other stakeholders in turn.

Draw up a joint list of all the problems or issues that the parties want to talk about

After all participants have spoken, give an overview and ask whether all the issues are covered by the listed agenda points. Have participants add more points if necessary. It is important to be as inclusive as possible and to list everyone's issues and not just some of the parties' points.

Note: If agenda items are formulated in a biased or accusatory way, such as blaming or attacking other participants, reformulate them to make them more diplomatic. The original content of the message is kept but the form is made neutral and acceptable to the other stakeholder groups.

Before closing the first meeting, seek agreement on where and when the parties will next meet.

Preparation for the first round of multistakeholder meeting involves the following tasks:

- Prepare your opening statement. Consider how to open the meeting in a way that sets a positive tone and promotes interest-based problem solving.
- Develop your initial strategy for eliciting the topics the parties want to resolve and their needs, wants, fears and concerns.
- Think about strategies for dealing with the strong emotions that may emerge during the first session.
- Consider how to move parties from a debate process to a deeper discussion and understanding of issues and interests.
- Consider how to divide your role and responsibilities with a co-facilitator.
- Identify your interests as the facilitator.

Instruction sheet 2: Instructions for stakeholder representatives

You will participate in a multistakeholder meeting. The following is guidance to help prepare for your role in the early stages of the meeting.

- Get together in your stakeholder group to discuss and define the issues you want to raise and the options that you and the other parties can consider.
- Consider the needs, wants, fears and concerns connected to the topics you want to discuss in the meeting. Discuss their level of priority.
- Decide how you will negotiate your concerns and issues. Which issues would you like the meeting to address? Refer to your role cards on some of these issues.
- Each party must develop an opening statement. Your aim is to get your critical and priority issues and interests addressed and satisfied. What kind of opening statement should you prepare to support the likelihood of realizing your goals?
- Think about the sequence of the topics and which issue to start with.
- If you would like to find out more about what other stakeholders feel about this meeting, you can initiate informal discussions before the meeting. You may want to see if you can collaborate with any of the stakeholders to have a stronger voice in the meeting.

Instruction sheet 3: Instructions for observers

You will observe the multistakeholder meeting. Use the following questions to guide your observation:

- Did the facilitator create a comfortable environment?
- Did the facilitator show impartiality and build adequate rapport with all stakeholder groups?
- What are some of the main issues regarding forest trade that were shared by the stakeholders?
- Which issue stood out for you? Examples include pricing, legal requirements, role of middlemen, strength of the enterprises, role of the NGO and government agencies and challenges faced by the communities and community-based enterprises.
- Were there any breakthroughs, possible solutions or entry points for better engagement among the stakeholders?
- What are some examples of interesting interactions and creative solutions that you observed in the role play? When and how did it happen?

The trainer lists the critical expectations for the first stage of the meeting and discusses them with the facilitator team leading the meeting. Reflect on these, based on the introductory session. For example, what would make you feel confident that a certain milestone has been reached? Think about how you provide feedback. Remember the four simple rules for giving effective feedback:

- Be specific, not general
- Describe, do not evaluate
- Focus on the behaviour, not on the person
- Help the other person improve by providing constructive feedback

Session 14

Fostering effective partnerships for sustainable forest trade



Objectives

By the end of the session, participants will be able to:

- Experience negotiations of a partnership agreement between a community-based enterprise and a sawmill owner in a safe environment
- Use the knowledge and skills from the training to address issues and challenges related to setting up a partnership agreement
- Propose strategies to foster better relationships and communication among value chain actors in a partnership agreement
- Provide constructive feedback and reflect on the important learnings of being part of the role play



Time

150 minutes
30 minutes for preparation in room, 60 minutes role play and 60 minutes guided feedback and reflection



Methods

Pair work, group discussion, role play



Materials

Photocopied background information of the case situation, role cards based on the case situation, instructions for preparations, props and costumes for role play if available

Steps

1. Explain the session's objectives. Reiterate that this session is a simulated partnership agreement meeting. The case is based on real events, issues and challenges that have occurred in the context of the timber trade in Bokeo Province, Lao PDR. This activity will involve a role play for 60 minutes, followed by a feedback and reflection session that is facilitated by the trainer for 60 minutes.
2. Check if all participants are familiar with role play. Remind participants that role play helps learning by giving individuals opportunities to practise in a safe, non-threatening environment, in which they can experiment with new ideas and techniques. Role play allows participants to receive targeted feedback and support. More details on role play are provided in Session 13.
3. Briefly describe the context of the scenario for the role play. Inform participants that the aim of the role play is to experience what a partnership negotiation process between a community-based enterprise and a private company could be like. They will be able to use the knowledge and skills they have gained in the training and relate it to the context of the case and the role they are playing.
4. Assign stakeholder roles and provide them with stakeholder instructions. There are three main roles for this role play:
 - Facilitator team, NGO representatives functioning as third-party facilitators
 - Stakeholder representatives:
 - Representatives from the smallholders
 - Representatives from sawmill company
 - Representatives from local government agency
 - Observers
5. Explain that before you hand over to the facilitators to start the meeting, you would like to discuss the overall procedures of this simulated role play. Provide the relevant documents to the stakeholder groups (see Exercise 1). The background materials are:
 - All participants receive the case study and background information.
 - Each assigned participant receives the information about their role through the role play cards. There are six role play cards.
 - There is an instruction sheet for the facilitator role (sheet 1). The facilitator team will start and close the meeting within the 60 minutes allotted for the meeting. This decision to end the meeting will rest on the facilitator team.
 - There is an instruction sheet for the stakeholder representative role (sheet 2).
 - The observers receive a set of questions (Instruction sheet 3). It will guide them on what they should observe and provide feedback on.
6. Inform the participants that they have 30 minutes to prepare before the role play begins.
7. Explain that the effectiveness of the simulation depends on how well they get into their roles. They should play their roles realistically, which means that they should react if the facilitator does something effective. Remind participants to explore the multiple perspectives and consider what concerns and issues they will bring to the meeting.

8. After 30 minutes of preparation, hand over to the facilitator team to start the role play.
9. After 60 minutes, the trainer should end the role play even if no specific outcomes have been reached. Once the meeting is closed by the facilitator team, allow a few minutes for everyone to get out of their roles. Begin the debrief and reflection.
10. Start with self-reflection for the facilitation team, followed by stakeholder representatives and end with the observers. Add your own observations if there is something that has not been mentioned. Use the following guiding questions.



Feedback and reflection questions for the facilitator team

- What worked well in the meeting? What did not?
- Which issues about the partnership agreement were the most challenging? [These are some of the issues that the trainer must raise if participants do not: tenure arrangements; chain of custody certification procedures; legal documentation; benefit sharing; fair pricing; power relations; legality; capacity to deliver consistent quality and quality; and expectations of parties.]
- Were there any issues regarding the power relations between the private sector and the smallholder group? What were they?
- What was your strategy as the neutral third-party facilitator to address the issues raised and the power differentials?
- What knowledge and skills that you have learned so far did you use to play your role?
- What is your biggest takeaway about the role you played in this meeting? How does this apply to your context?



Feedback and reflection questions for the stakeholder representatives

- How did you feel during the meeting? Did anything make you uncomfortable? What was done to make you feel like you were engaged?
- What issues regarding the partnership agreement were the easiest to agree on? What was the most challenging? Consider the partnership between your smallholder group as well as the proposed partnership with the private sector.
- Were there any issues among the three smallholder groups from the different areas? Which were the biggest points of contention? Which were the easiest to resolve?
- Were these issues addressed? How were they addressed? What knowledge and skills that you have learned so far did you use to play your role?
- What is your biggest takeaway about the role you played in this meeting? How does this apply to your context?



Feedback and reflection questions for the observers

- What worked well in the facilitation process? What did not? What would you recommend the facilitator continue to do in the future?
- Which issues about the partnership agreement were the most challenging to address? Do you feel that the parties were well represented and their concerns were heard? What makes you say this?
- Which issues regarding the partnership agreement were not addressed at all or were badly addressed? Why did this happen? What would you do differently?
- What is your biggest takeaway about the role you played in this round of the meeting? How does this apply to your context?



Feedback and reflection questions for all participants

- What were the most interesting or challenging issues regarding the partnership agreement meeting in this context?
- What were some of the contentious points in this case? Why did they exist?
- Who among the stakeholders was constructive in engaging other stakeholders? Who among the stakeholders caused more conflict or contention?
- How can you use the key lessons in the sessions so far to address the challenges and problems in this context?
- Which of the situations or issues were similar or different from your own context?
- Could some of the approaches used here be used in your own context when it comes to enterprise development and timber supply chains?
- How would this influence your engagement strategies with the stakeholders in your context, based on your mandated roles and responsibilities?

11. Close the debriefing session by explaining that constructive feedback is a strength and not a weakness. Being able to provide and receive constructive feedback highlights the resources available to us such as knowledge, skills and experiences of others.



Notes for trainers

- Conducting two long role plays (Session 13 and Session 14) back to back may be taxing for the trainer and participants. The trainer can do this role after completing Session 10. Session 14 can then be used to assess participants' understanding about enterprise partnerships and to reinforce the key learning points.
- Another option for the trainer is to use the case study of the teak smallholders and sawmills in Xayaboury Province in Lao PDR as an exercise in small groups. Participants will read the case study and then discuss and answer a series of questions. Once they have answered the questions, the trainer facilitates a plenary discussion of the participants' answers and highlights the key learning points. Questions that can be asked when doing the case study exercise:
 - What are some of the issues regarding the partnership agreement presented in this case?
 - Which issues can be easily addressed and which are challenging to address? Which strategies could be used to address these issues?
 - How could the power relations between the private sector and the smallholder group be addressed in this case?
 - Is it important to have a neutral third-party facilitator in this case? How is this useful for this case?
- For more detailed advice on role plays, refer to Session 13 Part A.
- **Important:** Carefully assign roles based on the positions and experience of the participants. It is a good idea to assign a role to each participant that is opposite of their mandated job or position in real life. For example, assign the role of private sector representative to a smallholder or farmer representative or vice versa. This will give the participants in the designated role a chance to consider the viewpoint of other parties and lead to new insights, awareness and understanding.
- This case study comes from Lao PDR. However, the scenario can be applicable to other countries. Trainers should ensure they relate the case to the national and local contexts of their participants as much as possible. See reflection questions for guidance on how to do this.



Guidance for different training contexts

See Session 13 for the instructions.



Exercise



Exercise 1 for Step 5

Case study

Partnership agreement between teak smallholders and local sawmills in Bokeo and Xayaboury provinces, Lao PDR

Smallholder teak plantations were established in northern Lao PDR in the early 1980s. Teak is important for the rural economy, constituting between 25 percent and 55 percent of annual household income. Smallholder teak plantations in Bokeo Province are mostly individual lots, measuring between 0.5 hectare and 1 hectare.

One of the main reasons that farmers set up teak plantations was to access and secure land for the anticipated rotation time of 30 years. They also thought of teak plantations as financial assets. They could sell the larger trees when they needed cash.

In 1995, local government agencies started to promote teak. Seedlings were distributed to interested villagers for planting in their lots or in village nurseries. Ten years later, local traders and sawmills became interested in buying up the larger, well-formed trees. Then as now, these selected trees are often sold standing and not measured to determine the price. Prices are set by the buyers, who then take charge to remove the trees and transport them to the sawmill.

There are a number of issues that still affect the teak smallholders in Bokeo. One of the main issues is tenure clarity and user rights. Smallholders do not have the rights over their land and trees even if they planted and own them. For many smallholders, the process of tree registration is complicated due to the foggy rules and regulations.

Smallholder teak growers have the perception that each individual tree in a plantation eventually will have a commercial value. However, when teak stands mature, the crown spacing between trees becomes so dense that weaker trees are no longer growing in height or diameter. Smallholders cannot sell the pruned larger branches or small trees because there is no market or sawmill able to process small diameters. Sawmills only buy trees that are at least 26 centimetres in diameter.

Traditionally, smallholders have harvested the trees themselves and sold the logs from along the roadside. Smallholders have used basic hand tools to harvest the trees and have no resources or access to advanced technology nor do they have the skills to operate them. Some smallholders sell to sawmills, and harvesting is undertaken by sawmill operators or village labourers.

Most teak plantations in Bokeo are located in Houayxai and Paktha districts near a roadside, river or village for easy transportation. The logs can be picked up by small trucks or hand tractors. Smallholders do not process lumber by themselves for commercial purposes.

Smallholders typically sell the standing teak trees to sawmill operators and receive lower prices than when they harvest the trees themselves and sell them at the roadside. The fact that there is no market for smaller logs further discourages smallholders from properly managing their teak stands, resulting in poor-quality wood.

Through a variety of initiatives, including awareness-raising, capacity-building, advocacy and third-party facilitation from agencies and stakeholders, smallholders are gaining more benefits from their teak assets. For example, the legal registration of smallholder teak plantations with support from district forest officials has secured smallholders claims to their trees. About 250 plantation certificates have been issued in Bokeo and Xayaboury provinces. The certificates ensure that the logs can be legally harvested and transported to sawmills or other buyers. Smallholders have more knowledge on how to manage their plantations and more skills and confidence to negotiate with traders.

Recently, there have been efforts to develop a sustainable and profitable business model between the teak smallholders and local sawmills, based on adding value to small-diameter logs. A local sawmill recently acquired specified finger jointing technology and equipment that uses small-diameter logs. This has provided opportunity for farmers to sell small-diameter teak from their registered plantations to the sawmill.

Smallholders and a local sawmill have developed an agreement on the sale of logs with a range of diameters. The agreement includes a subsidy for diameters smaller than 26 centimetres and follows the current market price.

The finger jointing technology is considered an innovative and effective element to spur the business partnership. Currently, there are three partnership agreements signed between the companies and smallholders, one in Bokeo and two in Xayaboury.

Teak management training is helping smallholders interested in investing in plantation management, such as pruning and thinning. There is support from the local government. Civil society organizations and development agencies fill the role of third-party facilitators. This has resulted in several trade and partnership agreements, and smallholders are able to harvest inventoried trees themselves. They receive at least 50 percent more in terms of price for their trees by selling them per cubic metre instead of as single trees.

Role play cards

Role card 1

NGO representatives who facilitates the partnership agreement between teak smallholders and sawmill (three persons)

You have been brought in as a neutral third party to help facilitate the process of developing a partnership agreement between smallholders and the local sawmill. Both parties have agreed to start the process after a series of other activities and actions as preparation. These include:

- Deciding on the objective for engagement
- Preliminary data collection
- Value chain analysis
- Private sector screening and shortlisting
- Meetings with smallholder group, sawmill company and local government representatives to gauge interests and commitment

Your main task is to identify the challenges for the parties and work with them to find solutions that will result in sustainable and equitable partnership agreements that can benefit all parties. You are influenced by your organizational motivation to promote forest landscape restoration and increase climate resilience.

Your organization has the mandate to improve local communities' livelihoods and well-being from forest activities. Therefore, you want to make sure the partnership agreement that is signed can contribute to these objectives. Your biggest challenge is to build trust among all the parties and to keep them motivated and interested in the process.

You have heard some stakeholders say that you have a personal agenda and are trying to personally benefit from this agreement. You have learned that it's important to have clarity about the needs and expectations of all stakeholders and then to match these accordingly. You have worked very hard to show that, as the third party, you remain neutral and do not take any sides in arguments or disagreements.

You have followed up to ensure that everything is clear and the process is understood by all parties. This has helped to prevent any conflict from arising among the groups, who are now moving forward with the details of the partnership agreement.

Role play cards

Role card 2

Representatives for smallholders from Xayaboury District (three persons)

Your main motivation has been to secure your legal rights to the land and the trees from which you profit. You also would like an easier and more efficient process for harvesting and trading trees. This is one of the main reasons you are interested in a partnership agreement with the sawmills, as the NGO has suggested.

You have many challenges and issues as a smallholder. These include the lack of a clear understanding about your rights to the land and the trees you have been working so hard to grow. This makes trading trees a challenge because you do not know if what you are doing is within or against the law.

The government policies and laws are complicated, and you do not know anyone who can explain the complex issues to you. You understand that the current policy is limiting and does not support, encourage or promote commercial tree growing. You believe that there could be solutions if there was somewhere you could express your concerns.

You believe the discussion on developing a partnership agreement can provide you with an opportunity to work with the company and local government officers to find ways to deal with your challenges. You wonder how the sawmill can help with your operations under this partnership agreement. Would the sawmill consider making some investments or contributions to the community-based enterprise to improve sustainable management and the trade of wood? This is something you would like to explore in the meeting.

One question you have is about the legal documents that are required stating the origin of wood and logs you are supplying. You find the requirements very complicated, and there has been no one to explain them to your smallholder group.

Group members have had many discussions on a number of points that need further clarification if the partnership is to go ahead. One point is the pricing of the wood that will be sold. Group members have debated what the best price for their products would be. They wonder if the price being offered is the same for other smallholders in the community who also supply the sawmill. They think that the price should cover smallholders' labour costs. The group also wants to ask the sawmill if the different sizes of the logs they supply are acceptable.

You realize the partnership agreement may require intense negotiation, and you are not confident you can get your needs across clearly. You hope the third-party facilitator from the NGO will ensure that the discussions and the final price that is decided will be fair for you. The group also wants to discuss how the benefits will be shared and how the benefit-sharing mechanism will be developed and monitored.

Role play cards

Role card 3

Representatives from the local sawmill (three persons)

As a company operating in Xayaboury Province, you have good relations with the local government officers and with many of the smallholders in the area. Your main interest is to ensure that the wood you are buying is legal. You want to be sure you are complying with the law.

You are also aware that if the wood comes from a legal source, you will be able to expand your business to wider markets in Europe and Japan. You have heard from other companies that these markets have more stringent requirements on the source of the wood being sold. You also have heard about “chain of custody” and “certification”, but you are not quite sure what they mean and what the details of these requirements are.

Furthermore, you do not really know who can provide you with more information on this. You know that some NGOs in the area are doing training on these requirements, but you do not know how you can access it. You believe a partnership agreement with smallholders will provide an avenue to build your own capacity and skills towards more sustainable practices.

If the constraints and obstacles of doing business with smallholders are removed, you believe you will have a legal, steady source of raw material and larger profit. One of the biggest challenges for your company is getting a consistent supply of high-quality wood. You find it difficult to meet the growing demand of the industry and the national and international legal requirements. This really limits your profit margins. Because the quality and supply are not consistent, fixing the price of wood is difficult and has a negative impact on your business planning. Harvesting and transporting wood also present challenges.

The government policies and laws are complicated, and in your network you do not know who can explain these complex issues to you. Your understanding is that the current policy does not support, encourage or promote commercial tree growing. You believe that there could be solutions if there was somewhere you could express your concerns.

You believe discussions on developing a partnership agreement can provide you with an opportunity to sit down with the smallholders and local government officers to find ways to deal with your issues.

You worry whether smallholders can supply you with legal wood. Your sawmill must be sure to only buy wood sourced from registered smallholder plantations and that smallholders can prove this with plantation certificates. This is still a gray area for you, even though you are aware that it is a very important point.

You want to find out about the management practices and working conditions in the smallholder plantations, especially about tree harvesting, where smallholders use only basic equipment. You have heard that one of the principles of certification focuses on the rights of workers and that inadequate working conditions may be grounds to be denied certification.

Role play cards

Role card 4

Representatives from the district Forest Office (two persons)

As the local government officers in charge of this issue, your main interest is to help farmers protect their rights over their land and trees. You can also help them harvest and trade their trees more easily. You believe this is a good way to increase the economic value of the resources in the area.

If farmers can get benefits from the forest, they will be more willing to carry out sustainable forest management practices. This means that they will be more likely to commit to government initiatives, such as increasing forest cover through forest landscape restoration programs.

Your biggest challenges are the lack of data on planted timber trees and the complexity of the laws and regulations. You know that many farmers and traders are doing business without complying with the laws and regulations. One of the reasons you are interested in being part of this meeting is that it could help find a way to better regulate the situation.

Personally, you agree with the farmers that the laws and regulations are limiting. You want to find a way to discuss this issue with other government agencies to find a solution. You believe this partnership agreement could convince other government agencies to review the current laws and regulations to make them easier for farmers and the private sector to work together.

You have tried to provide farmers and private sector actors with simple and clear information about the laws and regulations regarding the sale of forest products so they can easily understand and follow the legal requirements. However, you believe this has not been effective, and you hope the NGO representative who is the third-party facilitator can assist in this matter.

Instruction sheets for the role play

See Session 13 for the instructions. Some additional instructions that can assist you can be found in Module 3, Session 10.

Additional reference

RECOFTC. 2021. *Facilitating Agreements for Community-Private Sector Partnerships in Forest Landscapes in Lao PDR*. recoftc.org/publications/0000390?p=browse.

Session 15

Participatory action planning



Objectives

By the end of the session, participants will be able to:

- Develop an action plan for future activities to improve the legal, sustainable and prospective certified forest product trade
- Articulate their interests to policy decision-makers, associations or networks to work towards solutions
- Assess possible approaches or opportunities in building collaboration and partnerships with potential stakeholders towards legal, sustainable or certified forest products



Time

60 minutes



Methods

Small-group discussion, scenario-building, carousel or presentation



Materials

Flip charts, sticky notes, markers, planning matrix

Steps

1. Share the objectives of the session on embedding learnings from the training in ongoing or future work relevant to the participants. In this session, you prepare the participants to explore what they can gain by developing relationships and networks with value chain actors and potential supporters or partners at the provincial and national levels.
2. Tell participants that they will look at three scenarios in which community-based enterprises of different scales are trying to develop viable enterprises and want to engage and benefit from legal, sustainable and certified forest products:
 - Scenario 1: Policies and legislation framework posing complex and insufficient considerations for the reality of community-based enterprises
 - Scenario 2: Technical and communication capacities to become an able business partner complying with requirements to supply legal, sustainable and certified forest products
 - Scenario 3: Scalability and provision of increased forest product supply to become an attractive party in the value chain and to explore more impactful forest certification pathways
3. Explain the exercise (see Exercise 1).
4. After finishing the presentation from Exercise 1, inform the participants that they will do another exercise (see Exercise 2).
5. After all the groups finish their plans, ask each one to present and discuss with all the other groups through a carousel.
6. Discuss these questions to reflect on the exercise:
 - How do the action points or action plan fit with your priorities to strengthen your role in sustainable forest management and potential engagement in forest certification pathways?
 - How does the action plan help you connect with policymakers and other market players, or how in other ways does it strengthen business partnerships or models to achieve forest certification?
 - Which resources need to be in place to realize your action plan?
 - How can the participants know these activities will lead to the expected results?



7. Wrap up the session by reviewing these key learning points:

- Remind the participants that, ideally, we work closely with other forest communities, community-based enterprises and key stakeholders linked to forest product value chains. The purpose of such collaboration is to overcome challenges and find new opportunities to further strengthen their position in the value chain. It is also to explore ways to expand their roles to access better markets and gain more benefits through their journey in the different forest certification pathways.
- The time and effort invested in the training is meant to strengthen the legal, sustainable and certified timber value chains, provide better and fairer benefits to value chain stakeholders and potentially achieve forest certification to access markets.
- Remind participants that the training is only the beginning of an intervention. Their action plans should fit with other ongoing projects or programs that they are involved in to improve current practices in the timber sector. That way, the training can have an immediate effect.
- The results of the session will be shared and discussed with national-level participants to encourage their response.



Notes for trainers

- Matrices 1 and 2 should be translated and placed on a flip chart for groups to copy.



Guidance for different training contexts

Local-level training

- This is an opportunity for the participants to practise and articulate their concerns and to develop a clear request for support from national government agencies and associations representing the timber sector.
- Share the results of the session with the national-level training participants.

National-level training

- The results of the local training, particularly the matrices, arguments and questions developed by participants, should guide the national-level session.
- Introduce the results of the local training and the context in which they were held.
- Ask three groups to go through the results of the local training to generate a discussion among the participants. Provide the following instructions:
 - Place the argument or question on the top of the flip chart.
 - Ask if the argument or question is clear and understood. If not, provide additional clarifications observed from the local training or from RECOFTC, *Sustainable Forest Trade in the Lower Mekong Region: Targeting the capacity gaps in Cambodia, Lao PDR, Myanmar, Thailand and Viet Nam*.¹
 - Do they understand and can they agree why an argument or question poses an issue for the community-based enterprises?
 - Which solutions can they provide?
 - Which action points can they take to help develop solutions?
 - Who or which particular department, unit or agency should take the lead in working on the solution?
- Ask the groups to share the populated flip charts in a carousel, and invite other groups to provide additional clarification or suggestions to the flip chart on sticky notes. The groups then go back to their workstation, consider the suggestions and discuss among themselves to respond in the plenary.
- Ask which commitments can the participants individually make to address the arguments or questions and if they can be contacted for next steps. Write this on a flip chart during the plenary for all to see.
- Prepare a flip chart of the planning matrix.

¹ See www.recoftc.org/sites/default/files/publications/resources/recoftc-0000404-0001-en.pdf.



Exercise



Exercise 1 for Step 3

1. Ask participants to divide into three groups based on their identified forest products or chosen forest certification pathway. They will then fill in Matrix 1 (Table 9) covering the three scenarios on building networks, relationships or collaborations with specific stakeholders that can help overcome some of the enterprise constraints or increase their opportunities.
2. Remind participants of the different benefits and challenges of networking or collaboration that they heard about in Session 12 and from Handout 12 on scalability, policy advocacy and business partnerships.
3. Together with the participants, go through the matrix and provide explanations if needed. For example, for the first row regarding policies and legislation affecting community-based enterprise development:
 - Which barriers or challenges do community-based enterprises face in terms of policies affecting their enterprise operations?
 - Possible answers: obtaining permits, selling their timber, not understanding procedures, unable to produce legal timber and access to program or finance support
 - Which stakeholders could support them to overcome the identified barriers or to take advantage of new opportunities?
 - Possible answers: local sawmills they trade regularly with and trust, other community-based enterprises interested in group certification, local traders who pay on the spot for their trees, local forest officials with access to a support program, bank or microfinance institute that accepts tree collateral
 - How would these identified stakeholders be able to help? What can they do to help overcome the identified barriers?
 - Possible answers: provide training on forest management techniques, support registering plantations, facilitate developing partnerships with a company and organize a dialogue with local policymakers to discuss challenges to registering producer groups
4. This process should be repeated for each row in the matrix.
5. Each group has a chance to present one scenario only, but the two other groups can add any new ideas. After all the groups have presented their matrices, explain that this exercise explores some of the conditions needed to make community-based enterprises more effective or economically viable in their operations.

Table 9: Matrix 1 Barriers and solutions through collaboration with partners and networks

Area or scenario	What main barriers are faced?	Which stakeholders can help overcome some of the barriers or to take advantage of new opportunities?	Which solutions can they provide?
Policies and legislation affecting enterprise development			
Technical or business capacities to supply legally, sustainably and certified produced products			
Scaling up the role of enterprises in the value chain, attracting investment and accessing markets			

Exercise 2 for Step 4

- Ask the groups to recall some of the different forms of networks, collaborations or partnerships that can be developed by the community-based enterprises. The trainer can remind the participants about the different benefits from and the challenges to networking or collaboration that they heard from the resource persons or cases shared in the handout on advocacy, scaling and partnerships in Session 12.
- Assign each group to one stakeholder party:
 - Other community-based enterprises, producer groups or smallholders in a similar geographical area
 - Policymakers and government authorities of particular offices
 - Private sector or service providers
- Ask each group to discuss and fill in Matrix 2 in Table 10.
- Provide explanations of the matrix if needed. For example, for the first row on other community-based enterprises:
 - What is the purpose of engaging other enterprises? What do you expect to gain from engaging them?
 - Possible answers: To collectively register as a cooperative to access bank loans, to reduce the cost to apply for group certification and to collectively apply for a timber processing license.
 - How would you approach them, what do you do to prepare to engage them, what is it that you will offer them, how will you convince them?
 - Possible answers: Prepare the Business Model Canvas and explain the community-based enterprise vision and its experiences trading with a local buyer based on the plantation certificates they hold.
- This process should be repeated for each row in the matrix.

6. Check if each group has finished filling in Matrix 2, and extend the discussion by posing the following questions:
 - What does the enterprise need to do themselves to strengthen their position and to scale up, in addition to following the law?
 - Which points would you like to raise with government agencies or associations or networks to represent and strengthen community-based enterprises to become an economic force in the country?
 - Ask the groups to formulate two arguments or questions about what specific support they require to be able to contribute and help develop the timber sector, as discussed in the three case studies in Session 12. If the participants struggle to answer this, use this supporting question:
 - What particular support do they need that is not yet provided?

Note: Avoid focusing on general words or discussions like budgets and capacity building. Be specific.

7. Once the groups are finished, ask each group to present their discussion briefly.

Table 10: Matrix 2 collaboration purpose and approaches with partners or networks

Value chain actors to engage with	Purpose of engaging. What are the expected benefits?	Approaches that can be taken. How will you engage them, how do you prepare, what can you offer them, how do you convince them?
Other community-based enterprises		
Policymakers		
Private sector or service provider		





Annex 1

Self-assessment form

**Title of the course: Sustainable Forest Management
and Legal Trade of Forest Products: Pathways
Towards Certification**

Date: _____

Venue: _____

Name of the participant: _____

Self-assessment: Circle the number that represents your level of confidence in understanding the following topics before and after the training. Any comments on reasons why you indicated the level of confidence are appreciated.

Levels of confidence

Low Little general understanding of the topic		Moderate Some understanding of the topic but not confident	High Strong understanding of the topic, confidence on the topic	
Very low 1	Low 2	Moderate 3	High 4	Very high 5

Topics	Level of confidence						Comments
Module 1: Introduction to certification mechanisms and initiatives							
Session 1: Introduction to forest certification mechanisms My ability to explain the purpose of international and national forest certification schemes including their function, benefits and the challenges of participating in such initiatives	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 1: Introduction to forest certification mechanisms My ability to assess possible ways to participate in international and national forest certification schemes	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 2: Understanding national legal requirements as a primary step towards forest certification processes My ability to identify and explain procedures and minimal legal and regulatory requirements to harvest and commercialize timber or other forest products	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 2: Understanding national legal requirements as a primary step towards forest certification processes My ability to assess ways to address harvesting and commercialization challenges related to the legality of timber species and forest products	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	

Topics	Level of confidence						Comments
Session 3: Supplying timber to certified companies through controlled woods and/or controlled sources My ability to explain the concepts of controlled wood and controlled sources related to smallholders under forest management and chain of custody (CoC) certificates	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 3: Supplying timber to certified companies through controlled woods and/or controlled sources My ability to identify and assess minimum requirements to engage in the controlled wood and/or controlled sources approach	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 4: Sustainable forest management through group certification My ability to explain the rationale and describe processes for sustainable forest management through group certification	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 4: Sustainable forest management through group certification My ability to analyse main roles and responsibilities, challenges, opportunities and benefits of pursuing group certification	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Module 2: Strengthening entrepreneurship and business development							
Session 5: Group formation and organization for timber and forest product value chains My ability to explain the advantages and disadvantages of doing business individually and as a group	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 5: Group formation and organization for timber and forest product value chains My ability to examine benefits and challenges of functioning as a group in certified, sustainable and legal value chains	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	

Topics	Level of confidence						Comments
Session 6: Value chain analysis for enterprises My ability to describe the need and objectives of doing a value chain analysis	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 6: Value chain analysis for enterprises My ability to collect information and explain interactions within certified, sustainable, legal value chains and interactions with value chain actors	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 7: Enterprise development My ability to explain the process and steps of enterprise development	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 7: Enterprise development My ability to describe key characteristics of sustainable forest-based enterprises and identifying different types of community-based enterprises available in my country	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 8: Enterprise risk assessment and mitigation strategies My ability to describe internal and external risks that smallholders, producer groups and community enterprises face while operating in certified, sustainable, legal value chains	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 8: Enterprise risk assessment and mitigation strategies My ability to use a risk assessment tool to identify and analyse risks regarding wood coming from unacceptable, controversial sources and to identify strategies to mitigate those risks	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	

Topics	Level of confidence						Comments
Session 9: Business management planning My ability to explain the steps for enterprise planning, including preparing an accessible business plan for the enterprise	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 9: Business management planning My ability to strengthen the functioning of an enterprise and make informed decisions on how to use its producer group or enterprise assets in a profitable way	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Module 3: Strengthening effective engagement and partnerships in value chains							
Session 10: Better enterprises through partnerships My ability to explain the benefits of partnerships between value chain actors	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 10: Better enterprises through partnerships My ability to initiate partnership agreements among value chain actors to build sustainable and viable business models based on certification opportunities	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 11: Approaches towards effective partnership engagement My ability to identify issues or problems that affect relationships among the value chain actors and to design approaches that can strengthen engagement and relationships among them	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 12: Networking and building relationship with actors in the forest product value chain My ability to describe the types of networks and their benefits and relationships with other value chain actors	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	

Topics	Level of confidence						Comments
Module 4: Skills for better engagement in sustainable forest trade							
Sessions 13: Multistakeholder engagement for sustainable forest trade My ability to facilitate a process to raise my interests, needs, views, concerns and issues among various stakeholders in a multistakeholder process, for example through dialogue	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 14: Fostering effective partnerships for sustainable forest trade My ability to facilitate a process to identify, outreach, negotiate and develop partnership agreements with forest products value chain actors	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	
Session 15: Participatory action planning My ability to develop an action plan for future activities to strengthen sustainable forest product trade and certification in my context at local or national level	Before the training	1	2	3	4	5	
	After the training	1	2	3	4	5	

Annex 2

Module 1 quiz for reflection



Objectives

By the end of the quiz, participants will be able to:

- Examine knowledge and understanding of forest certification and available approaches that smallholders can be engaged with and benefit from legal, sustainable and certified forest product trade
- Better understand the ways to participate in forest certification processes and their current context
- Identify resources and the support if they need to pursue forest certification



Time

30 minutes



Methods

Individual examination or group competition



Materials

Quiz questionnaire or presentation slides for questions

Steps

1. Explain the objectives of this quiz session to the participants.
2. Explain the purpose of the exercise (see Exercise 1 or 2).
3. Invite participants to reflect on the exercise with following questions:
 - How did you like the exercise? Was it difficult or easy for you?
 - What were the challenges to completing the exercise?
 - How has the exercise helped you to reflect on your knowledge and understanding of forest certification and its possible pathways for smallholders?
 - What will help you to complete the exercise effectively?
 - Who do you need support from?
4. Wrap up the quiz session with these following key learning points:
 - Most sessions do not require participants to master facts or hard knowledge. However, Module 1 is different. We need to measure your understanding of it if you want to engage in and benefit from forest certification systems.
 - If possible, review some given handouts in Module 1 and pinpoint what needs to be covered or clarified.



Notes for trainers

- Measuring the participants' knowledge will be assessed through 15 questions with true or false and multiple-choice questions.
- Share a questionnaire with all participants to fill in individually (see Exercise 1). Alternatively, turn the questions into a game, with three to four mixed groups (see Exercise 2.) Answers must be recorded by the training team to assess participants' gained knowledge.
- When participants ask for hints, you can choose to provide such hints. Guide the process if participants struggle to respond to technical questions.
- Find correct answers with the rationale in Table 11.
- For keeping score, if the participants can answer questions correctly and comprehensively, allow one score per question. When the participant provides only one correct answer but it requires more than one correct answer, give a score of 0.5 score for that question.



Exercise



Exercise 1 for Step 2

1. Distribute the questionnaires to individual participants. Explain the instructions and clarify if needed.
2. Instructions for participants:
 - There are 15 questions that are divided into three parts: Part 1 requires participants to complete two statements by filling in the blank space by using the correct word provided above the statements.
 - Part 2 requires participants to answer using true (T) or false (F) for each statement.
 - Part 3 provides multiple choices A, B, C and D.
3. Allow 15 minutes for participants to complete the form.
4. After completing, check if participants need more time. Extend the time by five minutes if necessary.
5. Present the answers on a flip chart or on the screen or slide presentation (see Table 11) and ask individual participants to review their answers and provide scores.
6. Encourage a discussion or clarify with participants if needed.
7. Collect the forms and facilitate reflection with participants.

Part 1

Chain of custody certification (CoC) (A)	Sustainable forest management (B)	Forest certification (C)	Sustainable forest management certification (D)
---	--------------------------------------	-----------------------------	--

- _____ is a voluntary process to assess the quality of forest management and production against a set of requirements that adopt underlying principles of _____ to inform consumers about the sustainability of the forests from which wood and other forest products were produced.
- There are two types of forest certification: _____ confirms forests are being managed sustainably and _____ helps to verify a certified material is identified and kept separately from non-certified material, from forest to the final customer.

Part 2

Please read each statement below carefully. Place a "T" on the line if you think the statement is true. Place an "F" on the line if you think the statement is false.

_____ 3. Sustainable forest management is a concept and process that aims to maintain and enhance the economic, social and environmental values of all types of forests to benefit present and future generations.

_____ 4. Only three possible pathways exist for smallholders to engage and benefit from the forest certification process.

_____ 5. Forest certification brings many benefits both direct and indirect for smallholders, including greater opportunities to enter new markets, better prices for certified timber, improved forest management practices, safe working conditions, halting illegal logging and reducing negative impacts to rare, threatened and endangered species.

_____ 6. Smallholders who have no legal land documents or evidence to prove that trees are planted on legally recognized land are eligible as per requirements to enter forest certification processes.

Part 3

Please answer the question based on the choices provided under A, B, C and D.

7. Which of the following is not considered a benefit of forest certification?

- A: Better price in good market opportunities
- B: Improved efficiency and effectiveness of forest management practices, monitoring, evaluation and reporting
- C: Improved administration and organization and procedures for documentation and bookkeeping
- D: It is free of charge because the certification body will cover costs for smallholders

8. Which of the following is not the purpose of CoC certification?

- A: Provide physical evidence that a product originates from a particular source
- B: Trace products through the entire supply chain from forest source to consumer
- C: Help smallholders to maintain their trees in plantation lots effectively
- D: Help a company to separate certified and non-certified material efficiently

9. What are the types of controversial or unacceptable sources that cannot be used as controlled wood or controlled sources?

[If one choice is wrong, the answer is wrong.]

- A: Wood from a national park or from an area where communities are in violent conflict with the army
- B: Wood bought from a family that involved their 18-year-old son to harvest trees or from a community forest
- C: Wood harvested from a communal area that is being converted to a construction site
- D: Wood harvested from a community forest or plantations where the tenure certificate is being processed

10. What are the basic steps for conducting due diligence to avoid controversial wood?

- A: Talk to a forestry official if wood is controversial and use this information to sell the wood to a company
- B: Ask the village head to provide a signed document approving that the timber is not controversial
- C: Collect information, assess the possible risks, develop a risk mitigation
- D: Make a plan to reduce risk to buy genetically modified wood

11. What are some examples of risks that might come up in a risk assessment for controlled wood or controlled sources?

- A: Fluctuation of market prices, wood bought from different villages
- B: Rosewood timber from a community forest and where bamboo stems and bamboo shoots were cleared to access the trees
- C: Climate change risk, wood from different species
- D: Wood is from a tree plantation located in a national park

12. Select the best examples of risk mitigation measures.

- A: Tell the plantation owner who did not understand the forest law to go to a training, but for now they can sell the wood
- B: Collect written documents from plantation owners, talk to the head of the village or leader of the community enterprise if they are diligent members
- C: Ask an NGO to develop a risk mitigation plan together with the community
- D: Visit the plantation where timber is sold and take photos as evidence

13. Which of the following is not considered benefits of group certification?

- A: Operational costs can be reduced because certain activities, such as management planning and monitoring, can be carried out at group level
- B: Being members in a group certification is considered a privilege because the group leader will implement all tasks, including monitoring and recording forest management activities in their plantation lots
- C: Reduced administrative tasks for each of the members, who are supported to implement responsible forest management
- D: Reduced costs related to certification application and audits

14. Which of the following are not available options for group certification?

- A: Smallholders gathered as a formal group and holding a certificate themselves
- B: Smallholders partnered with a CoC-certified company that holds the certificate
- C: Smallholders who hold the certificate individually
- D: Both smallholders' cooperatives and CoC-certified companies can hold certificates under small or low-intensity managed forests (SLIMF)

15. What are the main responsibilities of a group certification holder?

- A: Establish a binding written agreement with group members or participants
- B: Take control and corrective action to eliminate the causes of nonconformity
- C: Provide training for new members and current members on all relevant activities, including standard requirements
- D: Audit and evaluate each group member at least once a year

Table 11: Quiz answers

Question	Answer	Rationale
1	Forest certification	Refers to the definition in Handout 1
	Sustainable forest management	Refers to the definition in Handout 1 Sustainable forest management becomes the underlying principles for forest certification.
2	Sustainable forest management certification	Refers to the definition in the Handout 1
	CoC certification	Refers to the definition in the Handout 1
3	TRUE	Refers to the definition in Handout 1
4	FALSE	As mentioned in the training session and during the forest certification pathway self-assessment, there are other pathways, but for learning in this training, the three most common pathways were presented.
5	TRUE	Refers to the definition in the Handout 1
6	FALSE	Pathway C is a foundational step for smallholders to enter legal timber supply chains and to meet national legal requirements; at a later stage, if smallholders wish to engage in and benefit from certified forest products trade, they can demonstrate that land rights documents comply with required standards.
7	D	Forest certification applicants have to cover their costs or seek financial support from funding agencies or projects.
8	C	CoC begins from a process of cutting trees and transfers further down the value chain; this does not include when trees are planted or maintained in a plantation lot.
9	A and C	See certain categories of controlled wood or controlled sources from Session 3 A: Based on categories of controversial or unacceptable sources of wood from conflict and protected high conservation areas C: Wood from a forest is being converted to other land uses, such as infrastructure development, construction area or agricultural area
10	C	Following steps referred to Handout 3
11	B and D	B: Destroying non-timber species D: A national park is considered an area that has high conservation value of rare, threatened and endangered species
12	B	Refers to exercise in Session 3 and Handout 3
13	B	Refers to Handout 4. Forest management activity in plantation lots are shared responsibilities of group members, not solely a group leader
14	C	Refers to the smallholders pathway diagram in Session 1 and cases exercise in Session 4 including Handout 4
15	All choices are correct	Refers to Handout 4

Exercise 2 for Step 2 (alternative)

1. Ask participants to divide into groups of three to four, with mixed participants and different mandated roles according to jobs and organizations.
2. Explain the different parts of the quiz and allow for clarification if needed (see instruction in Exercise 1).
3. Prepare a scoring chart on flip chart noting down group number and names.
4. Read the question or present slides one by one. The groups have a maximum of 2 minutes to brainstorm, decide together and write their best or most correct answers on a small card or sticky note.
5. Collect answers from all groups, and post them on the scoring chart.
6. Present correct answers and give a half or one point to the correct answer and no points when wrongly answered. Facilitate observations, arguments or discussion on answered questions provided by each group.
7. After the quiz, count the points of correct answers per group and notify the winning team.



At RECOFTC, we believe in a future where people live equitably and sustainably in and beside healthy, resilient forests. We take a long-term, landscape-based and inclusive approach to supporting local communities to secure their land and resource rights, stop deforestation, find alternative livelihoods and foster gender equity. We are the only non-profit organization of our kind in Asia and the Pacific. We have more than 30 years of experience working with people and forests and have built trusting relationships with partners at all levels. Our influence and partnerships extend from multilateral institutions to governments, the private sector and local communities. Our innovations, knowledge and initiatives enable countries to foster good forest governance, mitigate and adapt to climate change, and achieve the Sustainable Development Goals of the United Nations 2030 Agenda.

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