

Darwin Initiative for the Survival of Species

Half Year Report Form

Project Title	Conserving Kenya's indigenous forests through certification of sustainably sourced woodcarvings
Country	Kenya
Organisation	WWF-UK
Project Ref. No.	162/11/004
Report date	31.10.02

1. Outline progress over the last 6 months against the agreed baseline timetable for the project.

Project Leader:

The Project Leader had two visits (May and October 2002) to the host country to help initiate activities and specifically to set up collaboration with Oxfam GB and Oxfam Kenya (see 2.). She has also raised awareness about the project through a number of talks. One talk was given at the 16th International Society of Conservation Biology Conference, held at Canterbury in the UK, and presentations have also been made to Oxfam GB, the Forest Stewardship Council (FSC) Technical Committee on Small and Low Intensity Forests (see below), and to WWF-EARPO, the host country institution, (together with David Bright from the Market Access Team of Oxfam GB).

Training:

The Project Officer, David Maingi (DM), has recruited 150 farmers (name, location and neem resource recorded) for the Group Certification Scheme in Malindi. General awareness on certification procedures and purpose was raised among Malindi cutters who currently number five. The cutters have also been involved in participatory design of chain of custody and monitoring forms for certification.

Basic awareness raising on certification and its usefulness for carvers was conducted by DM through Extraordinary AGMs of both Malindi and Akamba woodcarving co-operatives, addressing the majority of active carvers in the two co-operatives (1800 in Mombasa and 200 in Malindi). This was the first time that an attempt was made to communicate to all carvers, since interactions with and training of members of the frequently changing management boards has not been effective in creating awareness among the majority of carvers.

Carvers of another woodcarving co-operative, Makindu, in the neighbouring province of Eastern Kenya, have been appraised by DM of the need for sustainable wood use and the potential benefits of certification. Information on the work with Malindi and Akamba Co-operatives was provided to Makindu.

Members of the Advisory Committee have been identified and informed about the project and its objectives. However, the committee has not yet been formally formed. The members are likely to be the Provincial Forest Officer (Coast) (1); District Forests Officer (4); Kenya Forest Research Institute (KEFRI) (1); Kwetu Training Centre, specialising in farmers' training and extension (1); Coastal Forest Conservation Unit (CFCU) of the National Museums of Kenya (NMK)(1); Oxfam Kenya (1); Kenya Wildlife Service (KWS) (1); Trade Officer (1); Manager of Akamba Co-operative (1); Manager of Malindi Handicraft Society (1); and the Provincial Director of Agriculture (1). The first meeting has now been planned for after the Kenya General election in January 2003.

Preparation for certification

The Malindi wood supply management plan, chain-of-custody and group administration manuals are completed. Only small amendments are needed in the light of developments. The work on an equivalent set of manuals for Akamba Co-operative has started and should take much less time than the first set, because much of the information and content required remains the same.

The costings of neem logs from source to end-product have been calculated, and the additional costs to be incurred as a result of certification procedures will be determined shortly.

Additional funds from WWF-UK have allowed an interim progress assessment by the FSC-certifier Woodmark Soil Association. This has provided further clarification and guidance to DM on how to fulfil FSC requirements.

Policy-level work:

DM has been appointed a member of the FSC Technical Committee (9 members) on Small and Low Intensity Managed Forests, which has the aim of developing modified FSC standards and systems that will make it easier for small, and especially community enterprises, to receive access to certification. One meeting was held in Canada in May 2002 and the 2nd meeting held in London in October 2002. The Project Leader presented an overview of the Kenya work highlighting the barriers encountered due to the inflexibility of the FSC system and standards and appealing for appropriate modification to be made. The representation of the project on this committee is highly favourable to our objectives, as it gives us direct access to the FSC policy level and achieves much publicity for the project.

DM is also a member of the newly formed National Steering Committee on Forest Certification in Kenya, whereby the experience of our project with regard to certification is helping to shape certification policy at the national level. This committee, with major contributions by DM, has made official comments on the draft FSC Social Strategy developed by FSC Headquarters in Oaxaca, Mexico.

Several consultations with the Chief Conservator of Forests, Gideon Gathaara, and senior Forest Department officials have taken place over this reporting period. One major event has been the publishing of a circular by the Forest Department banning the transportation of logs from indigenous forests, which aids the implementation of the long-standing (Presidential decree in 1982) ban on logging of hardwoods. The immediate result has been the drying-up of delivery of illegal hardwoods to carving co-operatives. This re-enforces the message of the need to switch to Good Woods. How long the Forest Department manages to maintain strict enforcement is in question, but for the time being it is greatly favourable to the impact of our project.

Awareness raising:

A half-page account of an interview with DM on certification and the benefits of it in the contexts of our project and Kenya more widely, was published in a nation-wide newspaper in early July (sent as hardcopy). A radio feature called Insight was broad-cast in English and Swahili about certification and sustainable production of wood, with most emphasis on wood production by farmers and trading in Good Wood carvings.

Other awareness raising work included a high-level presentation by DM at the Symposium of the Annual Crafts Trade Fair (a regional event), which the Minister for Trade and the Permanent Secretary of Kenya attended. DM was also invited by the Kenya Forest Working Group (KFWG) to give a talk and he used the opportunity to encourage them to lobby for certification and to show its wider relevance through the example of our project. KFWG is the co-ordinator of the National Steering Committee on Forest Certification in Kenya.

Through attachment to the Forest Department, DM also participated in agricultural shows in Nairobi (national-level) and in Mombasa.

He also established contact with the Kenyan Export Council to explore how to promote Good Wood carvings to potential buyers. The Export Council could play a major role in finding markets for certified Good Woods and the project, with support from Oxfam, will endeavour to lobby for more support to carving and craft producers more generally.

The carvers' newsletter content and style has been discussed. The newsletter which we will call *Chonga*, which means 'to carve', should be ready by the end of December. Several partners to the project including Oxfam GB and Oxfam Kenya have been invited to contribute.

Activities as a result of new collaboration and advice of Oxfam (see 2. first):

Business assessments of Malindi Handicraft Society and Akamba Co-operative were carried out. The Akamba assessment was conducted by David Bright and Peter Williams, Oxfam GB, during their initial visit at the end of May 2002. It showed that Akamba, which is the larger of the two co-operatives has sufficient capacity and business skills to make them export-capable. The assessment also identified clear gaps, on the basis of which the Kenya Gatsby Trust (KGT; non-profit organisation working with Traidcraft, UK), a Business Development Service (BDS) provider, was contracted to conduct business development training (see next point). The Malindi business assessment was carried out in-depth by KGT and has highlighted major deficiencies in the business. It became clear that the Malindi co-operative has severe financial problems and is clearly not export-ready (full report available; summary of issues attached). Unless Malindi is vaguely export-ready there is little point in proceeding with certification training and a move towards the FSC certification assessment. As a result, this will have some impact on the timetable and progress of this project (see 2 below)

Business development training of Akamba has just started and includes the following: production of business plan, export accounts control system, motivation for innovation & creativity, quality assurance system, review of chemicals used, product identification (coding system) and product specification clarification. Crucially, the training includes FSC group chain-of-custody training (advised on by David Maingi) and the development of a production manual. Only against conformity to specifications in the latter should future contracts for export orders be placed. The manual will be adapted in a way that it will automatically fulfil all the FSC requirements for chain-of-custody records and monitoring. If these practices are adopted, then Akamba Co-operative will not only be ready to be certified, but will have become a more efficient and competitive business. Early results of the training have highlighted some of the bottlenecks the carvers of Akamba will have to overcome. One of the key ones is a wood technology problem that relates to the fact that neem wood tends to crack and mould during and after shipping. To meet stringent quality criteria set by importers, this problem has to be eliminated to ensure that export orders are sustained. Expert advice will be sought in the UK and Kenya.

On 29th October a Project workshop (see attachment) was held in Mombasa. All project partners met to agree on a joint work-plan and timetable for the coming year. Representatives of the following organisations were present: Kwetu Training Centre (Oxfam partner specialising on farmer training and income generation), Kenya Gatsby Trust (BDS provider), Coastal Forest Conservation Unit (implementor of GEF-UNDP small grants; farmers & carvers certification training partner of WWF), Oxfam Kenya, Oxfam GB, WWF-UK, WWF EARPO. It was important to bring all relevant actors together. Activities, responsibilities and a joint timetable was agreed. It was also agreed to meet for a wider programme review in February 2003 (see 2. below)

2. Give details of any notable problems or unexpected developments, that the project has encountered over the last 6 months. Explain what impact these could have on the project and whether the changes will effect the budget and timetable of project activities. Have any of these issues been discussed with the Department and if so, have changes been made to the original agreement?

Oxfam collaboration:

An unexpected positive development is that we now have active collaboration with the Market Access Team of Oxfam GB and with the Sustainable Livelihoods Team of Oxfam Kenya. Oxfam has historically worked with woodcarving co-operatives in Kenya and has been a major importer of hardwood carvings. About 3 years ago, the Project Leader of the present project approached Oxfam Fair Trade in the UK to encourage them to switch to buying Good Wood carvings for their chain of over 300 shops in the UK. Much interest was generated at the time, due to Oxfam's commitment to environmental sustainability, but no follow-up from Oxfam occurred because at the time Oxfam was undertaking a major review of its Fair Trade operation. However, early this year the Project Leader was contacted by the newly formed Market Access Team of Oxfam GB to explore a possible collaboration.

It quickly became clear that a collaboration would be highly desirable for both organisations. Working together can help us to achieve our respective higher-level objectives of conservation of globally important Kenyan forests, offering carvers a sustainable livelihood from Good Wood carving, and alleviating poverty of coastal farmers, who can gain additional income from selling certified neem trees to carvers. Oxfam has core-expertise in achieving market access and working at farmers' level.

As a result, we have now formed an active collaboration with the following benefits (see Attachment 3):

- Farmers' level support: help with the formation of neem farmers' groups for certification and exploring additional income generation from neem by-products and other crops to create greater incentives for farmers to join and maintain involvement in the group. Oxfam Kenya and its partner Kwetu Training Centre will be working closely with the project at the farmer level.*
- Improvement of market readiness of carvers: 2 business assessments have identified key issues that the carvers need to address to be export-ready for Good Wood carvings. These are related to the production process and lack of a quality assurance system. A Business Development Service (BDS) provider has already started to conduct training, which will be combined with chain-of-custody training for the carvers. Advice on the work and its progress will be received by David Bright (DB) of the Market Access Team in Oxfam GB.*
- Obtaining orders from retailers in the UK: DB of the Market Access Team, Oxfam GB, will facilitate contacts and orders with UK retailers as soon as export readiness has been established. Joint presentations to retailers are planned for the spring of 2003.*

Through extensive discussions with Oxfam, it has become clear that, without addressing market readiness and farmer-level issues, the project may have risk failure. Even if certification of the two co-ops were to be achieved in the near future, the lack of market readiness of carvers (especially related to quality of Good Wood carvings) might not have guaranteed follow-up orders (e.g. already orders have been lost due to bad quality). Furthermore, the lack of experience of our WWF Group of working at the farmer level could have led to an early collapse of the newly formed groups.

Of course, collaboration is no guarantee to success, but already the interactions of the two organisations have given valuable insights that should help to achieve the end goal of an ethical trade that benefits both Kenyan carvers and farmers, as well as the Kenyan forests.

A project workshop, including all project partners, identified small amendments to our originally planned activities as a result of new partnerships and careful reviews of the work. For example, it has

become clear that at the farmers' level we have to broaden our approach to include other agricultural crops apart from neem in the scheme. This is because income from the sale of neem timber alone would not provide a sufficient incentive to farmers to maintain the group certification scheme. Also initial impressions from the business training of Akamba reveal the need for greater investments of time and money into improving the production process and changing the culture and attitudes of the carvers.

Luckily, our UNESCO partner in the People and Plants Initiative has been able to raise additional funds from the GEF-UNDP Small Grants fund for work on the capacity-building of carvers and farmers towards certification of Good Woods. This aspect of the work is being implemented through the Coastal Forest Conservation Unit based in Kilifi, Coast Province, ideally located between Mombasa (Akamba Co-operative) and Malindi (Malindi Co-operative). The funds are intended predominantly for the support of business development of carvers, but also for some support to the certification training of carvers and farmers. Financial support and input from Oxfam will be mostly at the farmers' level and in advisory about market access.

Adjustment to Malindi co-operative training:

The result of the business assessment has clearly highlighted that we cannot proceed as planned with certification training of Malindi. First, Malindi has to become a viable business in the local market again before we can re-engage in training. The next step will be to develop a follow-up strategy with the BDS provider to offer Malindi some business counselling. After about 6 and 12 month we will see if sufficient improvements have been made to re-engage in certification activities and business development training. The key is that Malindi Co-op must become more self-responsible. Donor dependency has been clearly identified as a problem. These results of the business assessment do not come totally as a surprise, particularly because a decline in the business has been noted. The move of the co-op from the city centre to the outskirts of Malindi reduced the number of walk-in customers, and the building of a new show-room resulted in a large debt despite the fact 75% of the costs were born by an EU-funded project. Although this is a disappointing result, it is good to identify these issues early in the project to avoid failure.

The fact that Malindi will not now receive certification training and is likely to be certified later than Akamba does, however, not jeopardise the formation of neem farmers groups in the Malindi district. It has already become clear that Malindi farmers can supply the Akamba co-op with wood.

Progress on farmer training:

Initial recruitment and training of farmers in Malindi has highlighted the fact that certification training is more time-consuming than anticipated. Therefore, DM will have to train a number of trainers to implement the training programme. Overall, the recruitment and training of farmers is slightly delayed due to the delayed start of the project, and the facts that the mobilisation of farmers and the actual training take longer than anticipated. In addition, consultations with Oxfam have highlighted the need for a careful review of the approach of forming farmers' groups from the point of view of sustainability.

General comments:

Work progress could be slightly affected during the month of December due to the Kenyan Presidential and Parliamentary elections on the 27th of December 2002.

Overall the project is on track. A more detailed review of the whole programme including work with partners, will take place around February-March 2003. This is likely to have some implication on the timetable and possibly the budget.

Through collaboration with Oxfam and a developing interest, by both WWF-EARPO and Oxfam Kenya, in broadening the work and developing policy-level interventions, the project has already achieved more than expected. Furthermore, the new FSC initiative on Small and Low Intensity Managed Forests is a great opportunity of influencing FSC policy.

3. Are there any other issues you wish to raise relating to the project or to Darwin's management, monitoring, or financial procedures.

Completed forms to: Rose Clarkson, Darwin Initiative M&E Project Manager, John Muir Building, Kings Buildings, University of Edinburgh, Mayfield Rd., Edinburgh EH9 3JK, Scotland. Email: R.Clarkson@ed.ac.uk

Attachments:

1. Malindi business assessment – viability summary (full report available on request)
2. Project workshop summary and interim timetable
3. Project diagram highlighting activities of Oxfam and WWF
4. Power Point presentations for Oxfam and FSC Small & Low Intensity Managed forests, available on request.

Attachment 1:

Table summarising the main issues that affect the viability and export capability of the Malindi Handicraft Society.

Malindi Handicraft Society - Issue	Is this necessary for MHCS viability?	Needed to export Good Woods?	Suggested remedy/approach
Business approach (Counselling) <ul style="list-style-type: none"> • Lack of business approach • Lack of self sufficiency (donor mentality) 	<ul style="list-style-type: none"> ✓ ✓ 	<ul style="list-style-type: none"> ✓ ✓ 	Co-op needs to decide what its next steps should be
Marketing <ul style="list-style-type: none"> • Limited marketing/ sales skills/ staff • No market analysis customers/competition • Minimal promotion, no catalogue • No export sales skills (language, finance, export) 	<ul style="list-style-type: none"> ✓ ✓ 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ 	Co-op needs to organise its own marketing aimed initially at local market
Organisation <ul style="list-style-type: none"> • No financial systems • Business planning • No rewards/penalty system • No QA system 	<ul style="list-style-type: none"> ✓ ✓ ✓ 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ 	Training for management, staff and members.
<ul style="list-style-type: none"> • No production planning 		<ul style="list-style-type: none"> ✓ 	
Production <ul style="list-style-type: none"> Limited production equipment; fhainsaw, kilns • Poor product range and product development (individual, not market-led). • Timber purchasing system 	<ul style="list-style-type: none"> ✓ 	<ul style="list-style-type: none"> ✓ ✓ ✓ 	Organise NPD (royalties system?) Investment policy, etc.

MHCS = Malindi Handicraft Society

QA = Quality Assurance System

NPD = New Product Development

Attachment 2:

Good Wood Project workshop

Mombasa, Royal Court Hotel, 29th of October 2002

Participants:

Mohammed Elmi, Ada Mwangola, Oxfam Kenya
David Maingi, WWF-EARPO
Anthony Githitho; Severinus Jembe, CFCU
David Bright, Oxfam GB
French, Kwetu
Susanne Schmitt, WWF-UK

OBJECTIVES OF WWF & OXFAM

- Reduce pressure on Kenya's threatened forests through reducing hardwood use by carvers
- In 3 years, two carving co-ops certified
- In 3 years have achieved alternative incomes for 'X' coastal farmers
- Achieve a sustainable livelihood for Kenyan carvers

OBJECTIVE OF WORKSHOP

- Identify appropriateness of planned & newly identified interventions
- Who does them
- & when

FARMERS

Identifying farmers/organisation

- General sense of the resources
- Baseline livelihood study
- Need to agree on approach (at Programme review in February)

- ⇒ Farmers need a reason to form groups;
- ⇒ Group of farmers already exists in Malindi (c. 150)
- ⇒ Retain the ability to sell a tree within the group (group decision; bargaining power with co-ops)
- ⇒ Absentee landlords – tenure issues
- ⇒ Need for more intensive recruitment of farmers (training of trainers & agreement of approach)

Possible approaches to farmer recruitment and organisation

1. Individual farmer contacts

- Current approach, to meet need of 200 farmers in Malindi
- Through: gov. ext'n services; project visits
- Single certification training

2. Organising groups

- Single purpose of multiple purposes?
 - Directly link with project
 - More self-help type
3. Umbrella organisation with sub-groups
- Project works with umbrella organisations
 - Or look for intermediary NGOs to deliver
 - May exist or need to be formed (e.g., farmers learning schools which have neem or Malindi Farm Forestry Association)

Agreement a likely need for a TWO TIERED APPROACH:

- Small scale-farmers need to be self-formed
- Approach to large-scale estate owners

CARVERS

1. Identification

[already working with these co-operatives]

- Malindi
- Akamba

2. Interventions

- Change carving practice – stop carving hardwoods; certification
- Certification issues
 - ⇒ Export capability (Business counselling)
 - ⇒ FSC policy
 - ⇒ + Sustainability of neem (known in north coast)
 - ⇒ Building capacity = training for certification
 - ⇒ Policy framework, both certification & Kenya (e.g. logging ban implementation)
 - ⇒ Carver's attitudes
 - ⇒ ++ consumer trends for ethical products
 - ⇒ ++ retailers in Europe
 - ⇒ Kenyan retailers
- Business training issues identified
 - ⇒ Carving technique
 - ⇒ Drying process + technological challenge (WWF & KGT to investigate)
 - ⇒ Knowledge of the market place (contract with buyer will bring that)
 - ⇒ Poor quality of carving (carvers' responsibility)
 - ⇒ Financial services (KGT, carvers, Oxfam to investigate)
 - ⇒ Co-operative organisation? (no reward system, carvers not penalised for bad quality;

ID of solution: business/production manual (including chain of custody procedures) against which an order will be placed

[Co-ops history of buying timber in bulk, needs to be re-instated for neem, especially if seasoning prior to carving process will be necessary)

RETAILERS & IMPORTERS

Identification:

1. Retailers: Oxfam Australia, Natural Collections, Once Was a Tree – all retailers with an ethical & environmental agenda; John Lewis Partnership will only be an option when quality issues are sorted out.
2. Distributor: Shared Earth

Interventions:

- Export readiness has to be improved, especially quality (see above)
- Suggestion was made that it would be good to get the carvers and buyers together;

POLICY & ADVOCACY

Identification of issues:

Carvers:

1. FSC policy:
 - Adaptation of systems and standards favouring small producers
 - National Steering Committee
2. Land tenure – absentee landlords (Oxfam to investigate; further clarification with FSC); often tree tenure when land not owned;
3. Kenyan Forestry Department:
 - Implementation of presidential ban on logging BUT must make sure new circular does not penalise small farmers through undue bureaucracy related to transport permits;
 - Planting of indigenous hardwoods
4. Pro-poor E. African retailers needed
5. Positive European trade policy should help (e.g., tax exemption for imported FSC products; worth 12%)
6. More support from Kenyan Export Council needed (WWF & Oxfam could lobby).

Farmers:

1. Access to credit
2. Land /tree tenure – currently recruiting in areas where tenure not a major problem, but with expansion to Kwale and Kilifi more issues related to tenure.

ISSUES REQUIRING CLARIFICATION:

- Sustainability of farmers' groups – what is the best approach? (solve at Programme review; February 03)
- Can farmers join the scheme without or with only immature neem? (SFS to check with certifier)
- Can a large estate with neem join the group scheme? (SFS to check with certifier)
- What financial services are available to farmers?
- Baseline study to identify different types of tenure; especially concerning ownership of trees (Oxfam Kenya)
- Who is doing the training of farmers?
- Potential broadening of approach and looking at longer time-scale in frame of Oxfam/WWF collaboration acceptable to donor? (SFS to clarify with Darwin Initiative)

Appendix:

Good Wood Project interventions and timetable, including identification of organisations responsible and implementing.

WWF - Oxfam Good Wood Project Timetable:

2003

Activities	Nov	Dec	Jan	Feb	March	April	June	July	Aug	Sept	Oct
PROJECT MANAGEMENT											
Oxfam Kenya & WWF Earpo meeting		DM/AM									
Advisory committee formed			DM/CFCU	DM							
Programme review					AM/DM						
Resource manager recruited								TOR-WW	DM		
FARMERS											
livelihood baseling study - Malindi farmers	Kwetu?	TOR -Oxf									
broader basel. study - Kwale, Kilifi, Malindi ¹	Kwetu/CFCU?			TOR- Oxfam/Kwetu							
checklrg farmers & w.immature neem ok	SFS										
approach to large farmers ²	CFCU/Kwetu		DM								
training of trainers			DM								
Malindi farmers recruitment			CFCU/DM/new trainers		DM						
CARVERS											
technical info & support: wood techn. ³	SFS, KGT, DM		SFS								
BDS work: production manual & COC			KGT/DM (COC)			CFCU/DM	Access to business services				
Malindi strategy	DM/KGT	DM									
Investigate MESP grant for Malindi ⁴	DM										
obtain thesis from S. Choge	DM										
RETAILERS & IMPORTERS											
Retailers (esp. Kenya) & prod. Neem by-p.		KGT		DB							
retailer sensitisation UK								DB/SFS			
First export order										DB	
POLICY & ADVOCACY											
National Steering Committee meeting		DM									
Woodmark: elegibility farmers immat. neem	SFS										
CHONGA newsletter for carvers ⁵		all partn.	DM/SFS								
create forum for dealing tour & taxi drivers		Oxfam									

1 assess farmer orgs; neem resource; finance services; tenure; ID studies on tree crops

2 wait until SFS got clarification from certifier

3 sFS to get infor/reports on wood technology work from Randall & contact Victor Burclaff, wood technology expert in Uk

4Get MESP final evaluation report

5 contributions from all partners welcome; DM to co-ordinate & send contents page

NB: acronyms inside bars= implementors; acronyms next to bars = org/person responsible for delivery

OXFAM

WWF

