INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

THEMATIC PROGRAMME ON
FOREST LAW ENFORCEMENT GOVERNANCE AND TRADE

PROJECT DOCUMENT

TITLE:	STRENGTHENING THE CAPACITY OF SMALL-MEDIUM ENTERPRISES IN GHANA TO PRODUCE AND TRADE IN TIMBER PRODUCTS FROM LEGAL AND SUSTAINABLE SOURCES
SERIAL NUMBER:	TFL-SPD 007/09 Rev.1 (M)
SUBMITTED BY:	GOVERNMENT OF GHANA
ORIGINAL LANGUAGE:	ENGLISH

SUMMARY:

The project seeks to address the weak capacity of Small Medium Forest Enterprises in forest law enforcement and governance in Ghana. The main objective is to strengthen the capacity of SMFEs to produce and trade in legal timber through the development and implementation of internal wood control system consistent with legal and sustainable timber trade requirements. At the completion of the project, SMFEs will demonstrate understanding of the various standards covering Chain of Custody and wood tracking by documenting and implementing procedures to comply with and monitor compliance with legal timber trade requirements enabling an appreciable number of them to begin efforts towards CoC certification. The capacity of the Kumasi Wood Cluster Association, which is already a Group Certification systems service provider will be enhanced to better offer technical support to SMFEs towards legal and sustainable timber trade. The variety of activities and approaches developed to achieve this include training selected SMFEs on proper record capturing and storage practices, information management, how to use and implement IWCS; assisting SMFEs to set up their own IWCS and liaising with stakeholder institutions to audit SMFEs interested in certification. In order to ensure the sustainability of the project, SMEs will be encouraged to join the KWC or form similar network(s) or association to encourage and promote trade in legal and sustainble timber. KWC will continue to offer technical support to SMFEs in areas such as legality, certification and other market requirements.

EXECUTING AGENCY:	KUMASI WOOD CLUSTER ASSOCIATION (KWC)		
DURATION:	24 MONTHS		
BUDGET AND PROPOSED SOURCES OF FINANCE:	Source	Contribution in US$	Local Currency Equivalent
	ITTO	163,039	
	Govt. of Ghana	17,665	
	TOTAL	**180,704**	

Table of Contents

LIST OF ABBREVIATIONS AND ACRONYMS

CBs	Certification Bodies
CBI	Centre for Promotion of Export from Developing Countries
CoC	Chain of Custody
EU	European Union
FC	Forestry Commission of Ghana
FLEGT	Forest Law Enforcement, Governance and Trade
FORIG	Forestry Research Institute of Ghana
FRNR	Faculty of Renewable Natural Resources, Kwame Nkrumah University of Science & Technology
FSC	Forest Stewardship Council
FSD	Forest Services Division
GTMO	Ghana Timber Millers Organisation
GoG	Government of Ghana
ICCO	Interchurch Organisation for Development Cooperation
ICT	Information and Communication Technology
ITTO	International Tropical Timber Organisation
IWCS	Internal Wood Control System
KWC	Kumasi Wood Cluster Association
LAS	Legality Assurance System
PL	Project Leader
PA	Project Assistant
PC	Project Coordinator
IWCS	Internal Wood Control System
RMSC	Resource Management Support Centre
RUDEYA	Rural Development and Youth Association
SFM	Sustainable Forest Management
SMFEs	Small and Medium Forest Enterprises
TFLET	Thematic Program on Forest Law Enforcement, Governance and Trade
TIDD	Timber Industry Development Division of Forestry Commission
TO	Technicians/Operators
TUC	Timber Utilisation Contract
TVD	Timber Validation Department
VPA	Voluntary Partnership Agreement
WITC	Wood Industry Training Centre
WTS	Wood Tracking System
WG	Working Group on Certification

PART 1.   PROJECT CONTEXT

1.1   Origin
The project idea is essentially derived from the ITTO Thematic Programme on Forest Law Enforcement, Governance and Trade (TFLET), the EU Forest Law Enforcement, Governance and Trade (FLEGT) initiative with the Government of Ghana and the Interchurch Organization for Development Cooperation (ICCO)/Kumasi Wood Cluster Association (KWC) Group certification Project with SMFEs in Ghana. The ITTO TFLET programme seeks to address the problem of weak capacity in forest law enforcement and governance. The objective of the TFLET is consistent with the EU's FLEGT initiative under which the Government of Ghana has signed a Voluntary Partnership Agreement to ensure that timber export from Ghana to the EU are from legal sources. Both the TFLET and FLEGT recognise the importance of capacity building for forest industries and enterprises, particularly SMFEs to institute the changes and improvements that will eliminate illegal operations and also promote sustainability.

This project also derives its origin from the ICCO/KWC Group Certification Project which has been running since 2005. The Cluster which is made up of small and medium timber processing enterprises has been vigorously pursuing group forest management and chain of custody certification (CoC) in order to continuously access the growing market for certified timber. In the course of implementation of this project, it has become apparent that most SMFEs in Ghana lack the technical capacity to implement efficient and reliable WTS/SFM. It has also been observed that these SMFEs have poor understanding of timber market requirements and are unable to demonstrate compliance to legality and SFM requirements that are vital for future access to wood products market. Capacity building in this respect is therefore seen as key to the business survival of these SMFEs, particularly on WTS, SFM and certification.

The central concept of the project is that through the definition of legal timber and the development and implementation of Legality Assurance System under the VPA, an opportunity has been created for Ghanaian exporters to satisfy requirements for accessing markets with legal timber. However, as the FLEGT license will be limited only to the EU market, SMFEs can still access markets outside the EU by developing monitoring systems that are consistent with those market requirements or pursue internationally recognised CoC certificates as a basis of demonstating IWCS. This initiative requires capacity building in respect of international market requirements and how compliance can be demonstrated.

1.2   Relevance
      1.2.1   Conformity with ITTO's objectives and priorities
The goal of the project is to improve the technical capacity of SMFEs in Ghana to be able to develop and implement internal timber control systems that are consistent with major legal timber market requirements. This goal is specifically consistent with the objective 3 of the ITTO Thematic Programme on Forest Law Enforcement, Governance and Trade (TFLET). This ITTO objective aims to improve capacity of community and small and medium-sized enterprises to implement and demonstrate that timber produced for trade comes from legal sources contributing to sustainable livelihoods. The programme identifies improvement of control and verification systems, timber tracking and chain of custody, auditable procurement practices, independent verification and certification are some of the activities that need to be implemented in order to achieve this objective. These activities form the basis of this project and its aim is to improve understanding and capacity of SMFEs to implement and demonstrate compliance with these international market requirements related to chain of custody.

The proposal is also relevant to the ITTA objectives 2006 which aim to promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forest and to protect the sustainable management of tropical timber producing forest. The goal of the proposal is geared towards Article 1 "O" which seeks to encourage information sharing for better understanding of voluntary mechanisms such as, *inter alia*, certification, to promote sustainable management of tropical forest, and assist members with their effort in this area.

      1.2.2   Relevance to the submitting country's policies
The Government of Ghana, recognising the rapidly diminishing timber resource base and the poor performance of timber exports to major international markets, has taken several initiatives to stop this trend in order to ensure that timber resources continue to contribute to socio-economic development. The Government intends to strengthen the governance of timber and associated forest resources and values in order for Ghanaian timber exports to access high-value markets. The Government also aims to curb illegal logging and its associated impacts, through:

- the introduction of a modern, computerised log tracking system that will allow the tracing of legal timber from forest to market, and reduce the levels of illegal Ghanaian timber entering international, regional and domestic markets;

- a Voluntary Partnership Agreement with the EU which will support a wide range of governance initiatives, and provide Ghanaian exporters with access to all EU markets for legal timber;

- regular review of the Annual Allowable Cut (particularly in forest reserves) to ensure that the legal level of extraction is, itself, sustainable;
- encouraging holders of Timber Utilisation Contracts to achieve internationally recognised standards and certification of the quality of their forest management practices

(*Statement of Policies on Natural Resources & Environment*)

The Government of Ghana has entered into an agreement with the European Community on Forest Law Enforcement, Governance and Trade (FLEGT) under the Voluntary Partnership Agreement in September 2008. The objective of the agreement is to provide a legal framework aimed at ensuring that all exports into the EU from Ghana of timber products covered by the agreement have been legally produced and in doing so to promote trade in timber products. Wood tracking is a major component of the FLEGT license under the voluntary partnership agreement and chain of custody certification.

The Forestry Commission of Ghana is also gearing up for the implementation of the VPA. Capacity building for its Divisions and the Timber Industry is high on its agenda. A major priority area of the FC concerning the timber industry is the creation of ICT infrastructure to support timber industry link with the WTS to be adopted under the VPA (ANNEX IX, Page 51, Supporting Measures for VPA implementation; VPA between European Community and the Republic of Ghana on FLEGT, Accra, September 2008). The 1994 forest and wildlife policy of Ghana has the objective of ensuring the sustainable development of the country's forest resources. To this effect, the government encourages industry players to adopt SFM practices.

1.3   Target Area
The project covers selected SMFEs in the forest area of Ghana .Year one will cover SMFEs in Ashanti and Brong Ahafo regions whilst year two coverage will extend to the Eastern and Western regions of Ghana. These regions are selected because they host majority of the wood processing facilities and activities in Ghana.
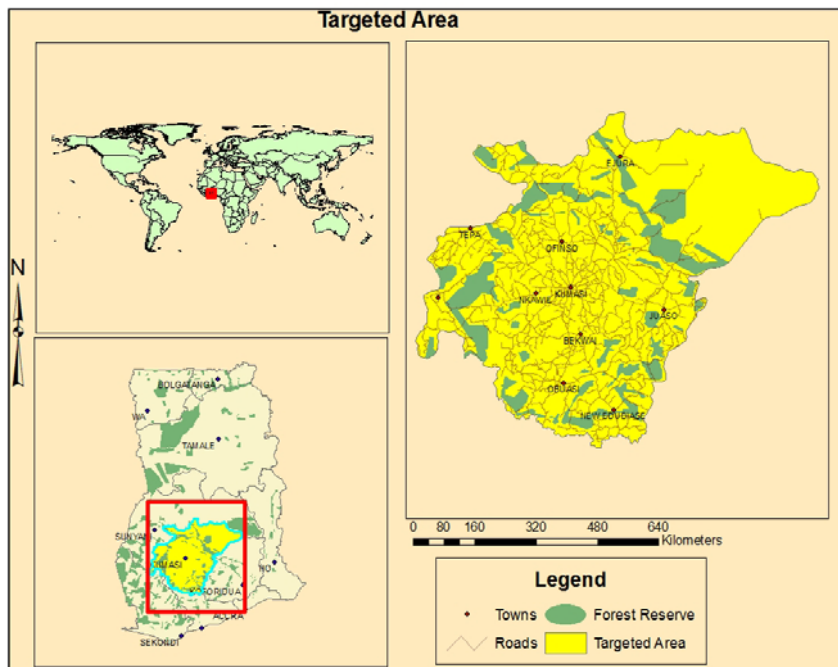
1.4   Outcomes at project completion

When the project is executed and successfully completed:

- The major stakeholders in the industry will have been duly educated, sensitized and made aware of timber tracking, chain of custody certification and all other internal wood control systems and their implications to international timber market requirements.

- The capacities of 20 SMFEs would be improved and they will be technically equipped to effectively implement, manage and monitor their own internal wood control information management systems;

- Manuals on WTS and CoC systems would be developed for adoption and utilization of SMFEs to comply with the WTS under VPA and further pursue certification;

- SMFEs will adopt ICT tools and modern technologies in managing their timber flows and CoC systems

- The technical capacity of KWC would be improved in their ability to complement FC/TIDD/TVD to manage the FLEGT WTS system by assisting and monitoring implementation by SMFEs and coaching those willing to comply with existing and new regulations in international market requirements.

- The economic impact of the project is that from 2011 SMFEs will not be left out but will also gain FLEGT licenses to export wood products to the EU under Ghana-EU VPA. SMFEs will at a later time sell CoC certified wood products and maintain or gain new markets.

  Timber Utilisation Contract (TUC) holders provide developmental support and social assistance to forest fringe communities under a Social Responsibilty Agreement (SRA) reached with the government before being issued permits to harvest timber from government managment forest reserve areas. They support road construction and their rehabiltation, school building projects, scholarships to needy students, health infrustruture development, construction of market structures, etc. for communities. This will continue to happen if SMFEs meet regulations and continue in business.

- A robust IWCS will be used by SMFEs benefitting from the project to develop the data base in timber stock enumeration, timber harvesting allocation and monitoring, efficient processing to curtail excessive wastage in utlising timber resources, among others. Efficient timber utilzation will be useful to control volumes of timber harvested, monitor and control illegal harvesting and contribute towards preserving the forest environment.

PROJECT RATIONALE AND OBJECTIVES

2.1   Stakeholder analysis
Stakeholders are individuals, group of persons or an organisation that have interest and or affected by the project. Stakeholder analysis on the other hand involves identifying the key stakeholders and assessing their interest and how the varying interests are likely to affect the project.

The major stakeholders in this project are:

- The VPA secretariat
- The WG
- The TIDD
  Participating SMFEs (Bibiani Logging and Lumber Co. Ltd, Sunstex Co. Ltd, Ghana Veneer Processing Co. Ltd, and potential SMFEs such as Kumi and Co. Ltd, Maxwell Co. Ltd, Specialized Timber Processing Ltd and ABTS)

International timber markets are increasing demanding for legal and certified wood products. The pressure on producers to demonstrate compliance to these requirements is now very obvious. The introduction of the EU FLEGT, Lacey Act of the USA and other regional and national initiatives, makes more important now for producers to adhere to these requirements. The entire timber industry recognises this need. The Government's effort is reflected in the signing of the VPA, however, industry still sees the need to develop their own capacity to meet these requirements. There are currently two separate initiatives in Ghana that seek to use voluntary certification to address this challenge despite Governments interest in VPA. The general believe is that much more efforts need to be directed towards improving the operations of timber enterprises to enable them retain their market shares.

The major beneficiary group will be the participating SMFEs. It is also believed that other SMFEs and organizations that will be involved in the project implementation will benefit from the capacity building activities. The participating SMFEs will have their capacity enhanced to enable them implement and demonstrate compliance with market requirements related to chain of custody and supply chains.

KWC and the collaborating stakeholders have engaged in several capacity building, research and problem analysis activities out of which the need for improving organisation level IWCS arose. TIDD and the VPA secretariat (to be transformed to a Timber Validation Department) are two divisions of the FC to carry out FLEGT licensing of wood products in Ghana. Implementation is at a pilot phase, involving an external consulting firm reviewing the present wood flow system (paper based) and discussing with selected forestry agencies and enterprises procedures and methodologies for establishing a computerised WTS to provide the data capturing, analysis and validation of information for checking compliance of enterprises with the legality definition that will lead to issuance of the FLEGT licence. Represntatives on the pilot project include GTMO for industry associations and a WTC member (Bibiani Logging and Lumber Limited, BLLC) representing SMFEs. Draft protocols for data collection and validation at wood flow control points have been developed and field trials are due to be carried out, first quarter 2010, at one large forest enterprise and also at BBLC to test their suitability. Training in the usage of the new WTS will start from the second quarter of 2010. Inclusion of BLLC and its active participation in the pilot phase of the WTS is a demonstration of the collaborative relationship that KWC has with FC and its agencies. The understanding of collaborating organisations is that this ITTO-TFLET (TFL-SPD 007/09) project will lend support to TVD, TIDD and GTMO to create awareness at the SMFE level of the new WTS and provide intensive and hands-on training to SMFE operatives to understand and effectively apply the WTS. In other programs, KWC has also collaborated with the FC/VPA to carry out studies on Sawnwood Conversion Efficiency for which Conversion Factors of some wood species derived to be used for accounting for some product categories in Certification Chain of Custody assessment and legality wood tracking. A comprehensive training in the principles of COC assessment for certification has been provided for enterprsies, FSD, TIDD, NWG, and GTMO staff which was co-sponsored by KWC and FC.

2.2   Problem analysis
Wood Tracking Systems (WTS) and Chain of Custody (CoC) have become very important in the timber industry due to increasing demand for legal timber. In Ghana, decline in timber trade with the EU market has necessitated the signing of a Voluntary Partnership Agreement under the EU's Forest Law Enforcement, Governance and Trade (FLEGT) initiative between the Government of Ghana and the EU. Under this agreement, the EU will provide technical and financial support to Ghana to ensure that the two parties trade

in legal timber. Institutional and procedural changes required to implement the agreement is currently on-going. It is expected that by mid-2010, FLEGT licenses will be issued for all timber exports from Ghana to the EU.
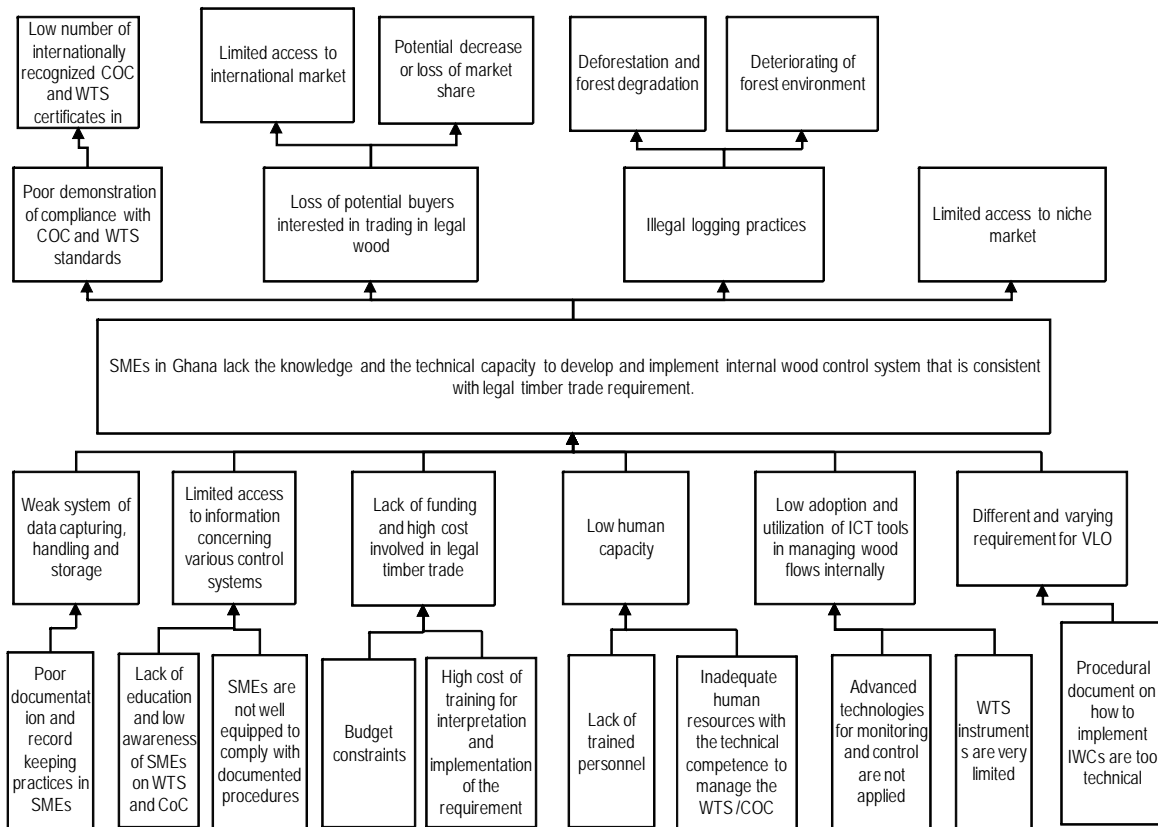
Whereas FLEGT license will be given to EU bound exports, an export permit will be given to exports destined for other markets rather than the EU. This means that whereas timber from Ghana to the EU is legal, other countries not having the institutional arrangement may not regard such timber as legal. More importantly, procurement policies among countries differ and sometimes the requirement of independent verification procedures are significantly different. Under the VPA and the new wood tracking system, timber companies will have to provide regular reports to the Timber Industry Development Division. This provision requires timber companies to improve their internal wood tracking systems to facilitate the reporting process.

There are several other international initiatives that also seek to deny market access to illegal timber. The US Lacey Act and other national procurement policies have provisions and requirements for purchasing and trading in timber products. In recent times interest of international buyers in voluntary, market–based certification has soared. These developments have led to many producers to see the FLEGT initiative as transitory approach to eventual certification. The problem with these varying requirements is that most timber producers are not able to apply concerted efforts to demonstrate compliance to these requirements. The problem is even worse for small and medium scale forest enterprises that lack the technical capacity to meet these requirements. The FLEGT initiative is expected to address the problem of poor forest law enforcement and governance and to effectively control timber flow. However, much more effort is required on the part of timber companies to meet the other international requirements. With the definition of legal timber and Legality Assurance System, more effort is now required with respect to the chain of custody or verification of timber flow particularly for markets outside the EU.

Most SMFEs in Ghana, however, lack the technical capacity to develop and implement internal wood control system that is consistent with legal timber trade requirement. The problem is compounded by the different and varying requirements for verification of legal origin, weak understanding of the wood tracking and CoC requirement, low adoption of ICT and advanced technologies, limited access to information on wood tracking system and also cost of implementing acceptable internal wood control system.

Currently, no SMFE in Ghana holds an internationally recognised CoC or WTS certificate. The consequence of this is reflected in the limited access to international market which over the years is eroding Ghana's market share. It is also becoming obvious that one of the surest ways to business survival for SMFEs is to enter niche market for legal and certified timber.

The analysis of the situation is shown in the problem tree shown below:

Problem Tree Diagram

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┌─────────────────┐   ┌──────────────┐  ┌──────────────┐      ┌──────────────┐  ┌──────────────┐
│ Low number of   │   │ Limited      │  │ Potential    │      │ Deforestation│  │ Deteriorating│
│ internationally │   │ access to    │  │ decrease     │      │ and forest   │  │ of forest    │
│ recognized COC  │   │ international │  │ or loss of   │      │ degradation  │  │ environment  │
│ and WTS         │   │ market       │  │ market share │      │              │  │              │
│ certificates in │   │              │  │              │      │              │  │              │
└─────────────────┘   └──────────────┘  └──────────────┘      └──────────────┘  └──────────────┘
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- Low number of internationally recognized COC and WTS certificates in
- Limited access to international market
- Potential decrease or loss of market share
- Deforestation and forest degradation
- Deteriorating of forest environment

- Poor demonstration of compliance with COC and WTS standards
- Loss of potential buyers interested in trading in legal wood
- Illegal logging practices
- Limited access to niche market

SMEs in Ghana lack the knowledge and the technical capacity to develop and implement internal wood control system that is consistent with legal timber trade requirement.

- Weak system of data capturing, handling and storage
- Limited access to information concerning various control systems
- Lack of funding and high cost involved in legal timber trade
- Low human capacity
- Low adoption and utilization of ICT tools in managing wood flows internally
- Different and varying requirement for VLO

- Poor documentation and record keeping practices in SMEs
- Lack of education and low awareness of SMEs on WTS and CoC
- SMEs are not well equipped to comply with documented procedures
- Budget constraints
- High cost of training for interpretation and implementation of the requirement
- Lack of trained personnel
- Inadequate human resources with the technical competence to manage the WTS/COC
- Advanced technologies for monitoring and control are not applied
- WTS instruments are very limited
- Procedural document on how to implement IWCs are too technical

2.3 Objectives

2.3.1 Development objective and impact indicators

The development objective is to strengthen the capacity of SMFEs to produce and trade in legal timber in Ghana.

The impact indicators are:

- Ten SMFEs in Ashanti and Brong Ahafo and 10 in the Eastern and Western regions are able to document and implement procedures to monitor compliance with standards for legal timber trade by the end of years 1 and 2 respectively.
- Ten SMFEs in Ashanti and Brong Ahafo regions, as well as, 10 in the Eastern and Western regions demonstrate understanding of and compliance with various standards for legal timber trade by the end of year 1 and year 2 respectively
- Twenty SMFEs in the four selected regions demonstrate compliance with standards for legal timber trade by practicing best timber tracking practices in the harvesting, transport, processing and trade in legal timber
- Twenty SMFEs in the four selected regions are aware of the implications of illegal timber trade and implement appropriate measures to ensure that its provisions are respected by the end of the project
- Twenty SMFEs in the four selected regions are aware of the implications of all the relevant international and local laws that are applicable to them by the end of the project.
- By the end of 2012, the potential for SMFEs to pursue forest management and CoC certification would have been enhanced among 20 enterprises that could potentially join the KWC Group Certification Scheme.
- By the end of year 1, the KWC's capacity would have developed to provide the pool of resources for the SMFEs in order to sustain the project after year two.

2.3.2 Specific objective and outcome indicators

The specific objective of the project is to develop the knowledge and technical capacities of SMFEs to implement an IWCSthat is consistent with legal timber trade requirements in Ghana.

The outcome indicators are:

- Information management techniques by the KWC and the 10 SMFEs in the Ashanti and Brong Ahafo, as well as, 10 in the Eastern and Western regions would have improved in years one and two, respectively.

- Data capturing, handling, processing and storage by the 10 SMFEs in the Ashanti and Brong Ahafo, as well as, 10 in the Eastern and Western regions would have improved by the end of years one and two respectively.

- Ten SMFEs would have developed and implemented their own wood control systems.

- All the 10 SMFEs in the Ashanti and Brong Ahafo, as well as, 10 in the Eastern and Western regions would have been able to interpret and implement the various standards by the end of year one and two respectively

- The capacity of the KWC would have developed by the end of year one to serve a pool of resources for SMFEs in IWCS and other certification systems,

- The 20 SMFEs would have adopted the use of ICT in IWCS by the end of the project.

The objective tree of the project is shown below:
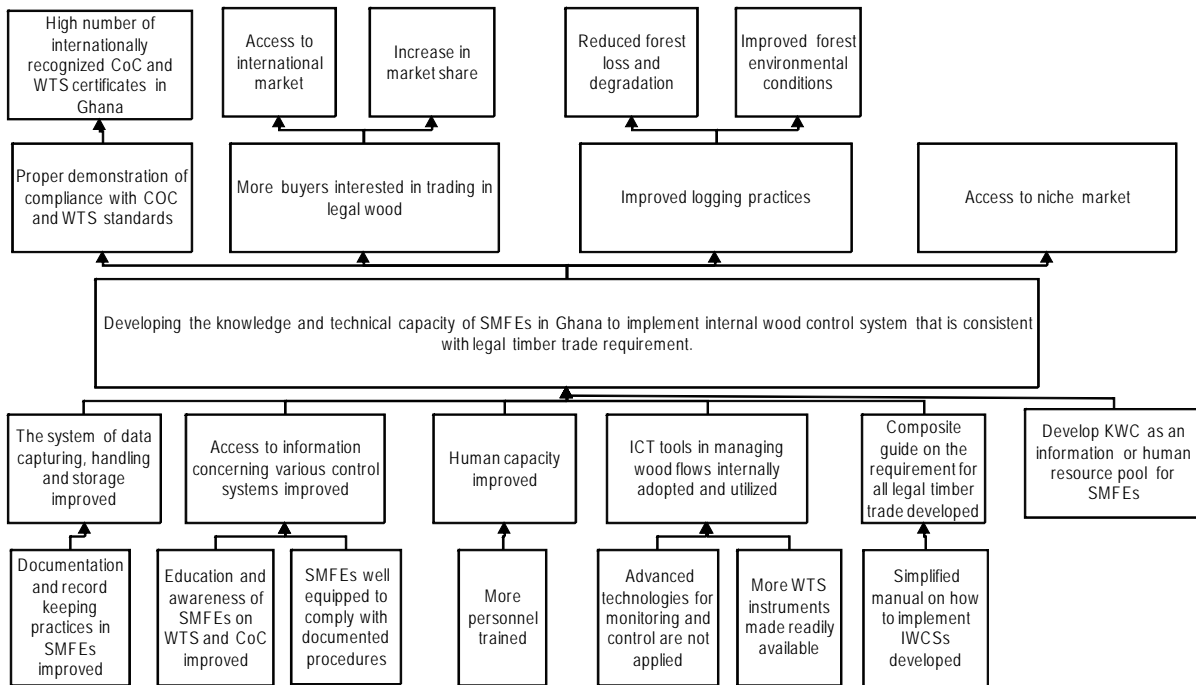
DESCRIPTION OF PROJECT INTERVENTIONS

2.4   Outputs
Output 1: Efficient management of wood flow information adopted by stakeholder institutions.

1. By the end of year 1, 15 future trainers from stakeholder institutions have been trained in improved methods of managing wood flow (wood data capturing, analysis, usage and storage) information..

Output 2: Improved human capacity to implement IWCS and adopt ICT tools.

1. 50 stakeholders including WG, GTMO, KWC and industry are aware of the use internal Wood Control System by the end of year 1.
2. 20 SMFEs have implemented their own IWCS with supervision from future trainers and are applying their knowledge on information management for data analysis, management decision making, reporting, and monitoring and evaluation of their operation by the end of year 2.
3. 20 SMFEs are operating computer based internal wood tracking system by end of year 2
4. 30 professionals including IT, accounts, administration, production officers and KWC staff are able to implement internal wood control systems using ICT tools by the end of year 2.

Output 3: Brochures and implementation guide on WTS and CoC developed

1. 1000 copies of brochures that fully explain the requirements of WTS (legality) and CoC (certification) standards produced by the end of year 1.
2. 200 copies of WTS/CoC implementation guide produced for SMFEs by the end of year 1.

Output 4: Capacity of KWC in WTS, CoC and ICT strengthened

1. KWC website upgraded and new links provided for the 20 participating SMFEs by end of year 2.
2. The technical capacity of KWC staff built to support SMFEs in WTS/CoC implementation, ICT application in internal wood control system and website administration by the end of year 2.

Output 5: Capacity of SMFEs to pursue WTS and CoC certificate improved

1. SMFEs requesting to go for certification (at least 5 SMFEs) have their internal wood control systems audited by KWC/TIDD/TVD and given adequate training to apply by the end of year 2.

Output 6: Project Governance. Effective project governance structure set up and operative.

2.5   Activities and inputs
For Output 1:
1. Develop templates & train 15 future trainers (FTs) on information capturing and record storage (tree data, log data, finished goods warehousing, sales documentation)

For Output 2:
1. Create awareness on IWCS tools for 50 stakeholders, including KWC, NWG, GTMO and Industry.
2. Train 30 Technicians/Operators from 10 SMFEs on how to implement IWCS (WT, CoC, Data analysis, etc.)
3. TOs supervised, coached, guided on the job by FTs to apply knowledge on information management (data analysis, information for management decision making, Information reporting and dissemination, Training to operationalise new information, Feedback and monitoring, Evaluation and data upgrading)
4. Develop IWCS software(s) for electronic data processing based on data capturing templates developed.
5. 30 IT, Accounts, Administration & Production Clarks trained on the use of ICT in IWCS [MS Word, MS Excel, Access, WTS Software(s)]

For Output 3:
1. Develop harmonised brochures for WTS (legality) & CoC (certification)
2. Develop guide/manual for WTS and CoC implementation.

For Output 4:
1. Upgrade the KWC website and provide links for SMFEs
2. Build capacity of KWC staff including skills to support SMFEs in WTS and CoC implementation
3. KWC staff retained to support SMFE ICT application and carry out trouble shooting
4. Administer website-uploading news, Q&A, etc.

For Output 5:
1. Provide internal auditing support to SMFEs pursuing CoCs.
2. Liaise with CBs, TVD, IM, TIDD to develop capacity and monitor compliance of SMFEs with WTS and CoC.

For Output 6:
1. Establish project steering committee.
2. Carry out project concept and methodology validation with stakeholders as project starts to be implemented.
3. Carry out internal monitoring, evaluation, sharing of knowledge and experience with stakeholders.
4. ITTO conducts its external monitoring and KWC undertakes a report writing and project conclusion

2.6   Strategic approach and methods
The project will adopt collaborative and participatory approaches involving SMFEs and stakeholders. Essentially, the strategic approach and methods will include the following:

Stakeholder involvement mechanism
Consultations with relevant stakeholder institutions to discuss the goals and objectives of the project and establish areas of common interests for collaboration, if any, will be carried at its inception. The capacity of stakeholder institutions will be assessed to identify skills and expertise that supports the objectives of the project. Suitable individuals within these institutions will be enlisted as future trainers and serve as the links between the project office and the various institutions.

SMFEs Participation
Preliminary workshops with SMFEs will assess their level of awareness, interests and motivation to meet the requirements of legal timber trade. Their strategies and plans to meet these requirements will also be sought and how the project will help them to meet some of their plans will be made known. Participation of SMFEs in the project will be voluntary; however, some obligations must be met in order to maintain membership. These will be similar to requierements of the KWC group membership.

Training and Capacity Building
Training and capacity building will take two forms:

- awareness creation, sensitisation and information sharing.
- Classroom type training and practical training sessions. The latterwill emphasise on hands-on practise and subsequently factory coaching and system set up support.

Training materials will be developed to facilitate training sessions and subsequently serve as reference guide to trainees.

Project Sustainability
Platform will be created for networking and information sharing among SMFEs and individual participants. The capacity of participating institutions will be built to enable them to pursue higher forms of sustainable forest management such as certification. KWC will continue to offer technical support and coaching to SMFEs. Project reviews will be carried out twice annually and will be done with a team of stakeholder members. Knowledge and lessons learnt from the project will be shared with the TVD/TIDD for mentaining the VPA program and with the WG to continue with certification development in Ghana. All reports will be sent to ITTO for its evaluation and adaption for other member country use, where appropriate.

2.7   Work plan

Outputs and Activities	Responsible Party	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Outputs 1: Improved data capturing, storage, analysis and usage																									
1.1. Develop templates & train the trainer on information capturing and record storage:	KWC/ Consultant(s)		█	█	█																				
1.2. 1. Tree data				█																					
1.3. 2. Log data				█																					
1.4. 3. Production data				█																					
1.5. 4. Finished goods warehousing				█																					
1.6. 5. Sales documentation				█	█																				
Outputs 2: Improved human capacity																									
2.1. Awareness on the use of IWCS tools	KWC/Consultant									█				█											
2.2. Train SMEs on how to implement IWCS (WT, CoC, Data analysis, etc.)										█	█	█		█	█	█	█	█							
2.3. Train SMEs on information management										█	█	█		█	█	█	█	█							
2.4. Data analysis										█	█	█		█	█	█	█	█							
2.5. Information for management decision making										█	█	█		█	█	█	█	█							
2.6. Information reporting and dissemination										█	█	█		█	█	█	█	█							
2.7. Training to operationalise new information										█	█	█		█	█	█	█	█							
2.8. Feedback and monitoring										█	█	█		█	█	█	█	█							
2.9. Evaluation and data upgrading										█	█	█		█	█	█	█	█							
2.10. Develop IWCS software(s) based on data capturing templates	KWC/Consultant(s)				█	█																			
2.11. Train SMEs on the use of ICT in IWCS (MS Word, MS Excel, Access, WTS Software(s)	KWC/Resource Person											█						█							
Outputs 3:A compsite guide developed																									
3.1. Develop harmonised brochures on WTS & CoC	KWC/Consultant(s)				█	█																			
3.2. Develop WTS and CoC implementation guide	KWC/Consultant(s)					█	█	█	█																
Outputs 4:KWC developed as a pool of expertise for SMEs																									
4.1. Upgrade the KWC website	IT Spcialist							█																	
4.2. Build the capacity of KWC staff	KWC																								
4.3. ICT application and trouble shooting	KWC								█	█	█	█	█	█	█	█	█	█	█	█	█	█			
4.4. Administer website-uploading news, Q&A, etc.	KWC								█	█	█	█	█	█	█	█	█	█	█	█	█	█			
Outputs 5: Support 10 SMEs to obtain WTS/CoC cert.																									
5.1. Provide internal auditing support to SMEs pursuing CoCs.	KWC/Consultant(s)															█	█	█	█	█	█	█			
5.2. Liaise with CBs, verifiers,TVD, IM, TIDD to develop capacity and monitor complinace of SMEs with WTS and CoC.	KWC		█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█			
Outputs 6: Project Governance																									
6.1. Establish project steering committee	KWC	█																							
6.2. Project concept and methodology validation with stakeholders	KWC/Facilitator	█																							
6.3. Internal monitoring, evaluation, sharing of knowledge and experience with stakeholders.	KWC														█								█		
6.4. External monitoring, report writing, project conclusion	Consultant(ITTO)/KWC																								█

Budget

1) ITTO REVIEWER CONCERN: It appears that the proponent is asking ITTO to cover the costs of Executing Agency (KWC) staff/personnel. Please clarify and justify.

In general such costs are expected to be covered by the EA as counterpart contribution. This is also strongly encouraged for this project, in particular as the counterpart contribution is rather modest.

The budget covered only activity related costs. The Executing Agency 's (KWC) four staff members at various points are included in training sessions or engaged in extension service to train and monitor in-plant knowledge or skill transfer to SMFE operators and staff. They will join other trainers to travel outside the city (away from their residences) and therefore out of station allowances (transportation, accommodation, feeding and incidental costs) was estimated for periods they stayed away from their homes to compensate for extra expenditure they may have incurred. KWC will contribute to some of such costs, as indicated by sources marked (E) in the activity budget worksheet. One of such line item under output 5: support 10 SMEs to obtain WTS/COC certificate previously allocated to ITTO has under this review been re-allocated to KWC to increase its contibution to financing the project.

Regular salaries of KWC are fully paid by it and are not included in the project budget.

2) ITTO Monitoring, Evaluation and Programme Support needs to be included. Under Item 2.8, page 15 such support is partially listed, but it seems that it is not included in the overall budget.

ITTO monitoring (Activity 6.4 of input spreadsheet of the budget) has now been provided for. There were however a few misalignment of cell links from the "Consolidated Annual " to the " By Source" spreadsheets. These are shown in red boxes in the generated values below. For example, the link from item 81 "Monitoring and Review Costs" in the Yearly Budget by Source –ITTO ("By Source" spreadsheet) was rather to Item 72 of the "Consolidated Yearly Budget" spreadsheet and therefore Activity 6.4 costs were entered directly into that cell. Again, the 8% value generated as ITTO Program Support Cost (item 83) in the Yearly Budget By Source – ITTO ("By Source" spreadsheet) was not correct. A manual estimation of the budget items would therefore be:

ITTO Costs

Sum of budget components 10, 20, 30, 40, 50, 60	130,962
Monitoring and review costs	20,000
Subtotal	150,962
Program support cost (8%)	12,077
ITTO Total	$163,039
Executing Agency	$17,665
Total	$180,704

Consolidated Yearly Project Budget
(featuring Input and Unit Costs)

Budget Components	Input	Unit Costs	TOTAL	YEAR 1	YEAR 2
10 Project Personnel					
11. National Experts (Long term)	-	$ -	$ -	$ -	$ -
11.1. Project Coordinator	-	$ -	$ -	$ -	$ -
11.2. Trainers	160	$ 25.00	$ 4,000.00	$ 2,000.00	$ 2,000.00
12. Other Personnel	-	$ -	$ -	$ -	$ -
12.1. Participants	-	$ -	$ -	$ -	$ -
12.2. Assistant 2	-	$ -	$ -	$ -	$ -
12.3. Other labour	-	$ -	$ -	$ -	$ -
13. National Consultants (Short term)	-	$ -	$ -	$ -	$ -
13.1. Consultant WTS and CoC	12	$ 300.00	$ 3,600.00	$ 2,700.00	$ 900.00
13.2. Facilitator	3	$ 300.00	$ 900.00	$ 600.00	$ 300.00
13.3. IT Consultant	34	$ 300.00	$ 10,200.00	$ 9,600.00	$ 600.00
14. International Consultants	-	$ -	$ -	$ -	$ -
14.1. International Consultant Brochure and Manuals/Guide	30	$ 600.00	$ 18,000.00	$ 18,000.00	$ -
14.2. Consultant 2	-	$ -	$ -	$ -	$ -
15. Fellowships and Training	-	$ -	$ -	$ -	$ -
15.1. KWC capacity building	-	$ -	$ -	$ -	$ -
15.2. Training 2	-	$ -	$ -	$ -	$ -
15.3. Training 3	-	$ -	$ -	$ -	$ -
19. Component Total	239	$ 1,525.00	$ 36,700.00	$ 32,900.00	$ 3,800.00
20 Sub-contracts					
21. Sub-contract (Topic e.g. Mapping, etc.)	-	$ -	$ -	$ -	$ -
22. Sub-contract (Topic 2)	-	$ -	$ -	$ -	$ -
29. Component Total	-	$ -	$ -	$ -	$ -
30 Travel					
31. Daily Subsistence Allowance	-	$ -	$ -	$ -	$ -
31.1. Consultant/Facilitator/IT/ Trainer meals	34	$ 20.00	$ 680.00	$ 480.00	$ 200.00
31.2. International Consultants	7	$ 80.00	$ 560.00	$ 560.00	$ -
31.3. KWC Staff	105	$ 38.33	$ 4,025.00	$ 1,400.00	$ 2,625.00
31.4. Consultant/Facilitator/IT accommodation	38	$ 80.00	$ 3,040.00	$ 2,080.00	$ 960.00
31.5. Training & workshop participants accommodation	320	$ 47.50	$ 15,200.00	$ 8,400.00	$ 6,800.00
31.6. Training & workshop participants meals	480	$ 15.00	$ 7,200.00	$ 4,650.00	$ 2,550.00
31.7. Steering Committee/Project Coordinator meals	52	$ 20.00	$ 1,040.00	$ 640.00	$ 400.00
31.8. Steering Committee/Project Coordinator accommodation	52	$ 80.00	$ 4,160.00	$ 2,560.00	$ 1,600.00
31.9. Steering Committee/KWC staff	40	$ 100.00	$ 4,000.00	$ 2,000.00	$ 2,000.00
32. International Travel	-	$ -	$ -	$ -	$ -
32.1. National Experts/Consultants	-	$ -	$ -	$ -	$ -
32.2. International Consultants	1	$ 1,500.00	$ 1,500.00	$ 1,500.00	$ -
33. Project staff transport	-	$ -	$ -	$ -	$ -
33.1. IT/Facilitator/Consultants/Liaison transport	19	$ 50.00	$ 950.00	$ 650.00	$ 300.00
33.2. International Consultants	7	$ 200.00	$ 1,400.00	$ 1,400.00	$ -
33.3. Steering Committee/Project Coordinator transport	46	$ 50.00	$ 2,300.00	$ 1,300.00	$ 1,000.00
33.4. Training & workshop participants tansport	816	$ 36.62	$ 29,880.00	$ 17,040.00	$ 12,840.00
39. Component Total	2,017	$ 2,317.45	$ 75,935.00	$ 44,660.00	$ 31,275.00
40 Capital Items					
41. Premises	-	$ -	$ -	$ -	$ -
42. Land	-	$ -	$ -	$ -	$ -
43. Vehicles	-	$ -	$ -	$ -	$ -
44. Capital Equipment	-	$ -	$ -	$ -	$ -
44.1. Computer Equipment (Laptop)	6	$ 1,773.67	$ 10,642.00	$ 10,642.00	$ -
44.2. Compact disc	100	$ 2.00	$ 200.00	$ 200.00	$ -
44.3. Pen drive	10	$ 15.00	$ 150.00	$ 150.00	$ -
49. Component Total	116	$ 1,790.67	$ 10,992.00	$ 10,992.00	$ -
50 Consumable Items					
51. Raw materials	-	$ -	$ -	$ -	$ -
52. Space	31	$ 200.00	$ 6,200.00	$ 3,800.00	$ 2,400.00
53. Utilities	-	$ -	$ -	$ -	$ -
54. Office Supplies	618	$ 30.10	$ 18,600.00	$ 17,400.00	$ 1,200.00
59. Component Total	649	$ 230.10	$ 24,800.00	$ 21,200.00	$ 3,600.00
60 Miscellaneous					
61. Sundry	2	$ 100.00	$ 200.00	$ 200.00	$ -
62. Auditing	-	$ -	$ -	$ -	$ -
63. Contingencies	-	$ -	$ -	$ -	$ -
69. Component Total	2	$ 100.00	$ 200.00	$ 200.00	$ -
70 National Managment Costs					
71. Executing Agency Management Costs			$ -		
72. Focal Point Monitoring			$ -		$ -
79. Component Total			$ -	$ -	$ -
SUBTOTAL			$ 148,627.00	$ 109,952.00	$ 38,675.00
80 Project Monitoring and Administration					
81. ITTO Monitoring and Review			$ 20,000.00	$ 10,000.00	$ 10,000.00
82. ITTO midterm, final, ex-post Evaluation Costs			$ -		
83. ITTO Programme Support Costs (8% on items 10 to 82 above)			$ 12,077.00	$ 8,860.00	$ 3,217.00
84. Donor Montoring Costs			$ -		
89. Component Total			$ 32,077.00	$ 18,860.00	$ 13,217.00
90 Refund of Pre-Project Costs (Pre-project budget)					
100 GRAND TOTAL			$ 180,704.00		

Yearly Project Budget By Source - ITTO

Budget Components / Annual Disbursements	Total	Year 1	Year 2	Year 3	Year 4	Year 5
10. Project personnel	$ 36,700.00	$ 32,900.00	$ 3,800.00	$ -	$ -	$ -
20. Sub-contracts	$ -	$ -	$ -	$ -	$ -	$ -
30. Duty travel	$ 58,270.00	$ 35,460.00	$ 22,810.00	$ -	$ -	$ -
40. Capital items	$ 10,992.00	$ 10,992.00	$ -	$ -	$ -	$ -
50. Consumable items	$ 24,800.00	$ 21,200.00	$ 3,600.00	$ -	$ -	$ -
60. Miscellaneous	$ 200.00	$ 200.00	$ -	$ -	$ -	$ -
Subtotal 1	$ 130,962.00	$ 100,752.00	$ 30,210.00	$ -	$ -	$ -
80. ITTO Monitor. Evaluation. Costs	$ -					
81. Monitoring and Review Costs (effective estimation)	$ 20,000.00					
82. Evaluation Costs (effective estimation)	$ -					
Subtotal 2	$ 150,962.00					
83. Program Support Costs (8% of Overall Budget)	$ 12,077.00					
90. Refund of Pre-Project Costs	$ -					
ITTO TOTAL	$ 163,039.00					

Yearly Project Budget By Source - E. Agency/Host Government

Budget Components / Annual Disbursements	Total	Year 1	Year 2	Year 3	Year 4	Year 5
10. Project personnel	$ -	$ -	$ -	$ -	$ -	$ -
20. Sub-contracts	$ -	$ -	$ -	$ -	$ -	$ -
30. Duty travel	$ 17,665.00	$ 9,200.00	$ 8,465.00	$ -	$ -	$ -
40. Capital items	$ -	$ -	$ -	$ -	$ -	$ -
50. Consumable items	$ -	$ -	$ -	$ -	$ -	$ -
60. Miscellaneous	$ -	$ -	$ -	$ -	$ -	$ -
70. Executing Agency Management Costs	$ -	$ -	$ -	$ -	$ -	$ -
EXECUTING AGENCY/HOST GOVT. TOTAL	$ 17,665.00	$ 9,200.00	$ 8,465.00	$ -	$ -	$ -

Yearly Project Budget By Source - Others

Budget Components / Annual Disbursements	Total	Year 1	Year 2	Year 3	Year 4	Year 5
10. Project personnel	$ -	$ -	$ -	$ -	$ -	$ -
20. Sub-contracts	$ -	$ -	$ -	$ -	$ -	$ -
30. Duty travel	$ -	$ -	$ -	$ -	$ -	$ -
40. Capital items	$ -	$ -	$ -	$ -	$ -	$ -
50. Consumable items	$ -	$ -	$ -	$ -	$ -	$ -
60. Miscellaneous	$ -	$ -	$ -	$ -	$ -	$ -
OTHERS TOTAL	$ -	$ -	$ -	$ -	$ -	$ -

Overall Project Budget By Activity and Component (in U.S. Dollars)

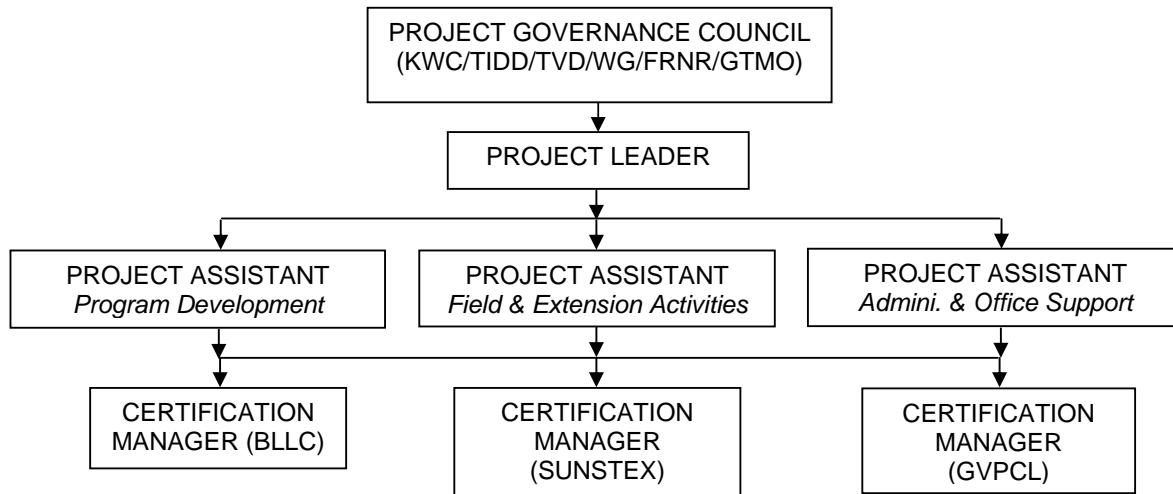| OUTPUTS / ACTIVITIES + Non-Activity Based Expenses	10. Project Personnel		20. Sub-Contracts	30. Duty Travel		40. Capital Items		50. Consumable Items		60. Miscella-neous		Year	GRAND TOTAL
BUDGET COMPONENTS													
Output 1: Efficient management of wood flow information adopted by stakeholder institutions													
Activity 1.1: Develop templates & train 15 future trainer	1,800.00	I	-	8,250.00	I	-		2,400.00	I	-		Y1	12,450.00
Subtotal 1	1,800.00	I	-	8,250.00	I	-		2,400.00	I	-			12,450.00
Output 2: Improved human capacity to implement IWCS and adopt ICT tools													
Activity 2.1: Create awareness on IWCS tools for 50 stal	600.00	I	-	5,800.00	I	-		800.00	I	-		Y1, Y2	7,200.00
Activity 2.2: Train 30 Technicians/Operators from 10 SM	1,800.00	I	-	10,400.00	I	-		4,800.00	I	-		Y1, Y2	17,000.00
Activity 2.3: TOs supervised, coached, guided on the job	2,000.00	I	-	-		-		-		-		Y1	2,000.00
Activity 2.4: Data analysis	-		-	2,400.00	I	-		-		-		Y1	2,400.00
Activity 2.5: Information for management decision maki	-		-	3,200.00	I	-		-		-		Y1	3,200.00
Activity 2.6: Information reporting and dissemination	2,000.00	I	-	-		-		-		-		Y2	2,000.00
Activity 2.7: Training to operationalise new information	-		-	2,400.00	I	-		-		-		Y2	2,400.00
Activity 2.8: Feedback and monitoring	-		-	3,200.00	I	-		-		-		Y2	3,200.00
Activity 2.9: Evaluation and data upgrading	-		-	-		-		-		-			-
Activity 2.10: Develop IWCS software(s) for electronic da	6,000.00	I	-	-		-		-		-		Y1	6,000.00
Activity 2.11: 30 IT, Accounts, Administration & Producti	1,200.00	I	-	4,420.00	I	350.00	I	1,600.00	I	-		Y1, Y2	7,570.00
Subtotal 2	13,600.00	I	-	31,820.00	I	350.00	I	7,200.00	I	-			52,970.00
Output 3: Brochures and implementation guide on WTS and CoC developed													
Activity 3.1: Develop harmonised brochures for WTS (le	12,000.00	I	-	3,460.00	IE	-		12,500.00	I	-		Y1	27,960.00
Activity 3.2: Develop guide/manual for WTS and CoC imp	6,000.00	I	-	-		-		2,500.00	I	-		Y1	8,500.00
Subtotal 3	18,000.00	I	-	3,460.00	IE	-		15,000.00	I	-			36,460.00
Output 4: Capacity of KWC in WTS, CoC and ICT strengthened													
Activity 4.1: Upgrade the KWC website and provide links	3,000.00	I	-	-		-		-		-		Y1	3,000.00
Activity 4.2: Build capacity of KWC staff including skills to	-		-	-		-		-		-			-
Activity 4.3: KWC staff retained to support SFE ICT applic	-		-	1,400.00	E	-		-		-		Y1	1,400.00
Activity 4.4: Administer website-uploading news, Q&A, e	-		-	3,080.00	E	10,642.00	I	-		200.00	I	Y1, Y2	13,922.00
Subtotal 4	3,000.00	I	-	4,480.00	E	10,642.00	I	-		200.00	I		18,322.00
Output 5: Capacity of SFEs to pursue WTS and CoC certifcate improved													
Activity 5.1: Provide internal auditing support to SMEs p	-		-	1,225.00	E	-		-		-		Y2	1,225.00
Activity 5.2: Liaise with CBs, TVD, IM, TIDD to develop ca	-		-	13,800.00	I	-		-		-		Y1, Y2	13,800.00
Subtotal 5	-		-	15,025.00	IE	-		-		-			15,025.00
Output 6: Project Governance													
Activity 6.1: Establish project steering committee	-		-	10,000.00	E	-		-		-		Y1, Y2	10,000.00
Activity 6.2: Project concept and methodology validatio	300.00	I	-	2,900.00	I	-		200.00	I	-		Y1	3,400.00
Activity 6.3: Internal monitoring, evaluation, sharing of k	-		-	-		-		-		-			-
Activity 6.4: External monitoring, report writing, project	-		-	-		-		-		-			-
Subtotal 6	300.00	I	-	12,900.00	IE	-		200.00	I	-			13,400.00
Subtotal (ITTO)	36,700.00		-	58,270.00		10,992.00		24,800.00		200.00			130,962.00
Subtotal (E. Agency)	-		-	17,665.00		-		-		-			17,665.00
Subtotal (Others)	-		-	-		-		-		-			-
TOTAL	36,700.00		-	75,935.00		10,992.00		24,800.00		200.00			148,627.00

PART 3.   IMPLEMENTATION ARRANGEMENTS

3.1   Executing agency and organizational structure

Kumasi Wood Cluster is an association of small-to-medium sized wood processing enterprises formed in 2003 in Kumasi. The association is using clustering as a means of retaining the market share of its members on the international timber market. KWC was registered in December 2004 as a **Company Limited by Guarantee** to develop and promote their businesses.

The secretariat comprising of Project Leader and four project assistants conduct the day-to-day business of KWC and reports to an Executive Council made up of the Manaaging Directors of KWC member companies. The project will be administered within the KWC system, but its supervision will be assigned to a Steering Committe to be constituted from five stakeholder organisations, including KWC, FC/TIDD/TVD, WG, FRNR,Industry/GTMO.

The organogram of the KWC is shown below:

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                    ┌─────────────────────────────────┐
                    │   PROJECT GOVERNANCE COUNCIL    │
                    │  (KWC/TIDD/TVD/WG/FRNR/GTMO)    │
                    └─────────────────────────────────┘
                                   │
                    ┌─────────────────────────────────┐
                    │         PROJECT LEADER          │
                    └─────────────────────────────────┘
                                   │
        ┌──────────────────────────┼──────────────────────────┐
┌─────────────────┐      ┌─────────────────┐      ┌─────────────────┐
│ PROJECT ASSISTANT│      │ PROJECT ASSISTANT│      │ PROJECT ASSISTANT│
│ Program          │      │ Field & Extension│      │ Admini. & Office │
│ Development       │      │ Activities       │      │ Support          │
└─────────────────┘      └─────────────────┘      └─────────────────┘
        │                         │                         │
┌─────────────────┐      ┌─────────────────┐      ┌─────────────────┐
│ CERTIFICATION   │      │ CERTIFICATION   │      │ CERTIFICATION   │
│ MANAGER (BLLC)  │      │ MANAGER         │      │ MANAGER         │
│                 │      │ (SUNSTEX)       │      │ (GVPCL)         │
└─────────────────┘      └─────────────────┘      └─────────────────┘
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3.2   Project management

The project management team will comprise the four staff of KWC and the three Certification Managers of member companies. The Project Leader is responsible for the general management (planning and execution) of the project. His first task will be to develop a detailed work plan and assign responsibilities to the project assistants. Project Assistants are will be in charge of program development, execution of field activities and extension, administration and office support. They will also liaise with the SMFEs and give feedbacks to the PL. The Certification Managers will spearhead the training of trainers and facilitate the implementation of IWCS at the SMFE level.

3.3   Monitoring and reporting

Internal monitoring will be undertaken every year and quarterly reports will be prepared and submitted to ITTO through the Steering Committee by the Project Leader. This will include accounting for resource provided, emerging issues, interests and position held by stakeholders and inputs for developing follow up programs and activities. Annual review of the progress of work and sharing of knowledge and experiences will be conducted.

Internal monitoring will be conducted in months 13/14 and 22 prior to project completion whilst external monitoring by ITTO will be carried out in months 23/24 at the conclusion of the project (see workplan; page 14).

BACKGROUND

Six Small-Medium wood processing firms were introduced to the concept of clustering as a means of creating the critical mass for SMFEs to enter and retain their positions on the export market when they attended a seminar on Market Development training sponsored by the Centre for the Promotion of Imports from Developing Countries (CBI) of the Netherlands in 20032. The firms resolved in 2003 to incorporate the Kumasi Wood Cluster (KWC) Association to promote their business objectives through such a cluster.

Vision

KWC's vision is to provide small-to-medium sized wood processing enterprises opportunity to network among them to secure the future of their investments through practicing sustainable forest management to safeguard the sources of their raw materials. By guaranteeing a secured material base, they can transform their low-level operations through higher investments, better management and increased efficiencies to high-value production and access to more profitable markets. By improving on their earnings, they can reinvest adequately to maintain a healthy forest environment and share greater benefits derived there from with the communities that collaborate to protect it.

Mission

The cluster is a means for members to co-ordinate and collaborate the efforts of the partners in overcoming the raw material, environmental pressure and marketing challenges that the wood industry in Ghana has to grapple with. Reasons for which their concerted efforts are necessary are that:

Objectives

Objectives for establishing the KWC are;

   a. To access adequate supply of raw material for their use;

   b. To develop new products using secondary species and non-timber forest resources for existing and new customers in traditional and new markets;

   c. To optimize the use of production capacities in line with, human resource skills, raw material and equipment availability in partner firms

   d. To develop new markets and maintain traditional ones for new products that they will manufacture.

   e. Establish a healthy and steady export environment for members of KWC. Carry out a phased-out-group certification for its members.

Main Successes

KWC has worked in partnership with the Production Unit of the RMSC in drawing TUC area Management Plans for four TUC areas that member companies are operating. The cluster has also in collaboration with the FC, WG of Forest Certification Ghana and major Timber firms like SAMARTEX, GAP, JCM, BLLC and SUNSTEX to carry out a conversion factor research on some selected timber species in Ghana. Currently, KWC is working with the CRMU of the RMSC to pilot some communities for SRA tracking and monitoring. KWC have been involving all other relevant forest stakeholders such as Research Institutions, Timber Associations, Timber Millers Organization, NGOs and Civil Society organizations in its training and capacity building workshops. The Cluster companies have also developed manuals of procedures for the various departments of the companies giving guidelines on how departments are to operate in conformity with certification requirements. Certification related company level policies have also been developed by the companies of the cluster. The cluster has conducted chain of custody (CoC) certification trainings for the field staff of the companies and has plans to continue to do so. An area of focus of CoC training is on wood tracking systems. More importantly, KWC has since September 2008 been collaborating with the FC to conduct a pilot study on determining conversion ratios for sawmill product types in order to facilitate CoC and wood tracking claims from sawmills in Ghana. This experience put KWC in the position to mobilize resources and expertise to train personnel from other companies with the requisite skills and technical capacity to go through forest certification and fulfil requirements for FLEGT license under the VPA. The three existing members underwent a pre-assessment by the Rainforest Alliance (Smartwood) in June 2009. They are in process of formulating Action Plans to carry out Corrective Action Plans (CAR) detailed out in the pre-

assessment and to a certification conclusion in 2010/2011. The cluster, at the moment, remains the only viable initiative to build the capacity of SMFEs in sustainable forest management and plans to support them in this regard. This proposal is therefore considered as an appropriate way forward.

Main challenges of the organization

1)   Lack credit to upgrade production facilities to resource efficient use levels.

The Government's is pursuing a policy to reduce excess processing capacity in the country by the introduction of tight rent appropriation measures. This is to force inefficient firms to decommission on naturally. Large operators have better extraction machinery and vertically integrated production facilities. They are able to achieve lower extraction cost and process wide range of different timber species as well as being able to make efficient use of each species through tertiary processing.

KWC members (all SMEs) are mostly not vertically integrated, logging, processing machines are obsolete, and do not have the capital to invest in extraction and processing capacity that can enable them achieve the required extraction cost and level of resource use efficiency. Consequently, most members are struggling to survive now and see the benefits of the cluster to be remote

2)   Lack of skilled personnel in some cluster member firms.

Most cluster member firms lack key skilled personnel for key forest and mill operations

TASKS AND RESPONSIBILITIES OF KEY EXPERTS PROVIDED BY THE EXECUTING AGENCY

Project Leader

The PL has over all responsibility of the project. His responsibilities will include the following.

- Responsible for project planning and execution
- Develop a detailed work plan
- Assign responsibilities and targets to the project staff
- Prepare and ensure prompt delivery of project reports to ITTO

Project Assistants

The project assistants will work under the project leader and will be responsible for:

- The day-to-day activities of the project
- Program development,
- Field activities and extension
- Administration and office support.

Certification Managers

The Certification Managers will have the following responsibilities:

- Spearhead the training of trainers and facilitate the implementation of IWCS at the SMFE level.

ANNEX 3. TERMS OF REFERENCE OF PERSONNEL AND CONSULTANTS FUNDED BY ITTO

Consultant

Tasks   Develop template for wood data capturing
               Train trainers on information management
               Develop harmonised brochure on WTS and CoC
               Develop WTS and CoC implementation guide

Qualification

The consultant shall be an impartial and independent organisation or individual that has proven comptence in wood tracking and chain of custody in the forest sector.

- Have a minimum of bachelors degree in natural resources management, environmental science, geography and other related field.
- Have proven track record on the auditing of forest management, timber processing, industry and chain of custody.
- Have a minimum of five years relevant working experience.

Information Technology Specialist

Tasks   Develop IWCS software based on data capturing template
               Upgrade the KWC website
               Train SMFEs and KWC staff on the use IWCS software
               Train SMFEs on the use of ICT in IWCS
               Build the capacity to administer the KWC website

Qualification

The specialist shall be an impartial and independent organisation or individual that has proven competence in developing softwares and programs for wood tracking.

- Have a minimum of bachelors degree in computer science and other related field.
- Have proven track record developing softwares and programs for wood tracking
- Have a minimum of five years relevant working experience.