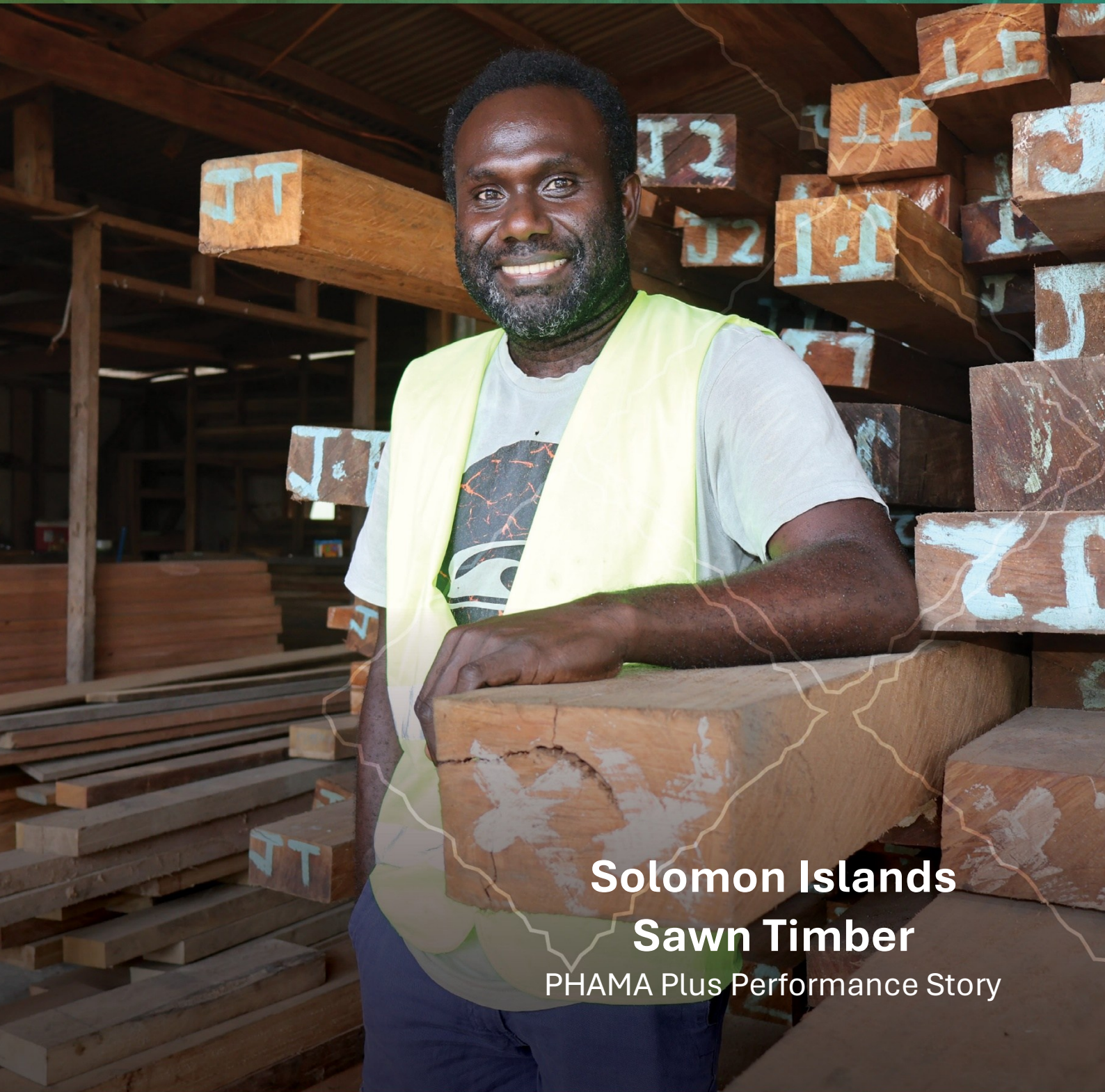




Pacific Horticultural
& Agricultural Market
Access Plus Program

Supported by Australia & New Zealand



Solomon Islands Sawn Timber

PHAMA Plus Performance Story



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

Solomon Islands Sawn Timber - PHAMA Plus Performance Story

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Quality Information

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Executive Summary

The Solomon Islands national economy draws heavily on the timber sector. For decades, round log exports have generated significant foreign exchange and rural income, peaking at around AUD390 million in 2018 and accounting for 70% of all exports, but they have also intensified pressure on natural forests. Sawn timber is smaller in scale than the round log trade, valued at around AUD25 million, but it remains economically important and strongly linked to rural employment and 6,500 household incomes (Sawn Timber Impact Assessment Report, 2025). As accessible timber resources decline and scrutiny increases, the sawn timber industry has an opportunity to drive better practices and to transition toward higher-value, lower-volume products that can sustain livelihoods while meeting global certification expectations.

Globally, key markets including Australia and New Zealand are tightening market access requirements, such as their Illegal Logging Prohibition Act (ILPA) and the Forests (Legal Harvest Assurance) Amendment Act respectively. This regulatory environment, combined with consumer demand for sustainable wood, means that certification has effectively become a market-driven requirement.

In response, the Australian and New Zealand funded PHAMA Plus program has supported the Solomon Islands sawn timber sector since 2013 to strengthen industry representation and public-private collaboration, meet international market requirements for traceability and legality, improve timber quality, and promote inclusive value chain development. Under PHAMA Plus Phase 2, this support was consolidated through an **audited Chain of Custody (CoC) Certification Pilot** with SITPEA and 3 member companies (VATA, Hatanga, and Top Timber) to help protect ongoing access to high-value markets such as New Zealand and Australia. PHAMA Plus support also included strengthening SITPEA as the coordinating platform linking exporters, suppliers and government counterparts, and brokering market partnerships—most notably the memorandum of understanding (MoU) with New Zealand industry counterparts—which supported the establishment of levy arrangements to contribute to the ongoing financing of SITPEA's core functions.

The CoC pilot focused on the practical systems that buyers and auditors look for, and included: establishing chain of custody management systems and record-keeping processes for SITPEA, VATA, Hatanga and Top Timber; creating and embedding new certification manager roles within participating businesses (with the majority of these roles filled by women); training for rural timber suppliers on CoC requirements, documentation and procedures; inclusion of Solomon Islands Government officials in training to build awareness of regulatory responsibilities; and support to strengthen workplace health and safety practices and formalise provincial business licence arrangements for suppliers. The pilot also included mock audits in preparation for the official audit, followed by an official audit by the Soil Association against the Programme for Endorsement of Forest Certification (PEFC) Chain of Custody standard. Importantly, the tools, templates and processes developed through the pilot are intended to be **replicable for expansion** beyond the initial cohort of businesses, and PHAMA Plus helped connect SITPEA to ongoing professional support networks (including PEFC and Responsible Wood) to enable continued private sector-led efforts beyond the life of the program. At the time of writing, SITPEA and participating companies had just received confirmation of achieving CoC certification and efforts were underway to expand the number of businesses covered under the group certification.

There is strong evidence that Australia and New Zealand's PHAMA Plus program, in partnership with government and industry stakeholders, has substantially contributed to maintaining access for the sawn timber industry to Australian and New Zealand markets, with attributable benefit from the pilot alone maintaining more than AUD17 million in exports and up to 400 formal jobs and over 3,600 supplier jobs.

Early benefits are most evident in Honiara-based operations and exporter yards, where the audit and mock-audit process has driven improvements in documentation discipline, clearer assignment of responsibilities, and stronger occupational health and safety practices. Stakeholders also reported clearer shared understanding of buyer requirements and more coordinated engagement across the sector.

However, key challenges remain. CoC certification verifies traceability and controls through the supply chain, but is only one step in the pathway to Sustainable Forestry Management (SFM) certification, which considers issues such as harvesting cycles, regeneration, replanting, and enforcement across dispersed customary landholdings. Initiatives in Solomon Islands to move towards both SFM and CoC certification in natural forests would add significant costs and complexity, and require a collective effort that includes forest managers, timber processors, regulators and communities, alongside other stakeholders. In addition, CoC certification progress can be slowed by the practical realities of demonstrating due diligence in a context of remote supply areas and constrained capacity.

Overall, PHAMA Plus’s work means the sector has protected immediate market access and is now better placed to move the CoC certification work forward and to engage further with partners on continuous improvement over time, including the longer pathway from CoC toward SFM approaches. It will be important for industry actors who have now achieved certification to continue to implement all of the requirements and ensure certification is maintained, while also responding to evolving importer expectations if market access is to be maintained in both the short and long term. These steps are critical to making certification business as usual and ensuring the Solomon Islands timber sector transitions from reliance on unsustainable log exports to a higher-value, inclusive and sustainable sawn timber industry.

Figure 1: Hatanga is a major employer in the Solomon Islands. Its Hardwood Division supplies a range of domestic markets, from construction to furniture manufacturing.



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Acronyms

AUD	Australian dollar
CoC	Chain of Custody
DFAT	Department of Foreign Affairs and Trade
EA	Environmental Assessment
EUDR	European Union Deforestation Regulation
EUTR	European Union Timber Regulation
ILPA	Illegal Logging Prohibition Act (Australia)
IWG	Industry Working Group
KAP	Knowledge, Attitude and Practice
MCILI	Ministry of Commerce, Industry, Labour and Immigration (Solomon Islands)
MEL	Monitoring, Evaluation and Learning
MFAT	Ministry of Foreign Affairs and Trade (New Zealand)
MoFR	Ministry of Forestry and Research (Solomon Islands)
MoU	Memorandum of understanding
MPI	Ministry of Primary Industries (New Zealand)
NEPCon	Nature Economy and People Connected
NSW	New South Wales
NZITTG	New Zealand Imported Timber Trade Group
PEFC	Programme for Endorsement of Forest Certification
PHAMA Plus	Pacific Horticultural and Agricultural Market Access Plus Program
SBD	Solomon Islands Dollar
SFM	Sustainable Forest Management
SIG	Solomon Islands Government
SINU	Solomon Islands National University
SITPEA	Solomon Islands Timber Producers and Exporters Association
SOP	Standard Operating Procedure
STIA	Solomon Islands Timber Industry Association
UKFRC	UK Forest Risk Commodities Regulation
UKTR	UK Timber Regulation
USD	United States dollar
VATA	Value Added Timber Association

1 Solomon Islands Sawn Timber Industry

1.1 State of the Market

The forestry sector is one of the most important drivers of the Solomon Islands economy. In 2018, round log exports generated AUD390 million, representing around 70% of national export revenue (Solomon Islands Timber Sector EA, 2023). However, this level of extraction was far above the sustainable limit, with annual logging exceeding one million m³ compared to the estimated sustainable yield of just 200,000 m³. Government policy has shifted to reduce dependence on unsustainable logging, while supporting diversification into higher-value timber products and value-added processing (Solomon Islands National Forest Policy, 2019).

The logging industry also provides major employment, with some estimates indicating around 5,000 jobs in formal operations and others suggesting up to 10,000, equivalent to about one-fifth of total national employment (STIA Report, 2025). Impact assessment modelling highlights that without diversification, household incomes from timber would decline by around 40% by 2030. Although the sawn timber sector is smaller, its scale is similar to cocoa and coconut industries. Annual exports of 12,000–14,000 m³ are valued at approximately AUD 25 million. At least 1,500 people are directly employed in mills and timber yards, and an estimated 6,500 households gain income from milling, transport, and supply chains (STIA Report, 2025).

It is also important to distinguish between round log exports and sawn timber production. Round log clearfelling has been the mainstay of foreign exchange earnings, but at great environmental cost: deforestation, biodiversity loss, and declining volumes (Katovai et al., 2015; Global Witness, 2019; SPREP data, Asia Times). This meant that harvest levels were about 5 times higher than sustainable yields – with logging at more than 1,000,000 m³ compared to the sustainable threshold of around 200,000 m³ – putting extraordinary pressure on forests and reinforcing the government’s case for diversifying away from round-log exports (SPREP data, Asia Times). Interview notes and government sources suggest the number of active logging licences has declined by 60% since 2018, underscoring the urgency of transitioning toward more sustainable approaches to forest management and use.

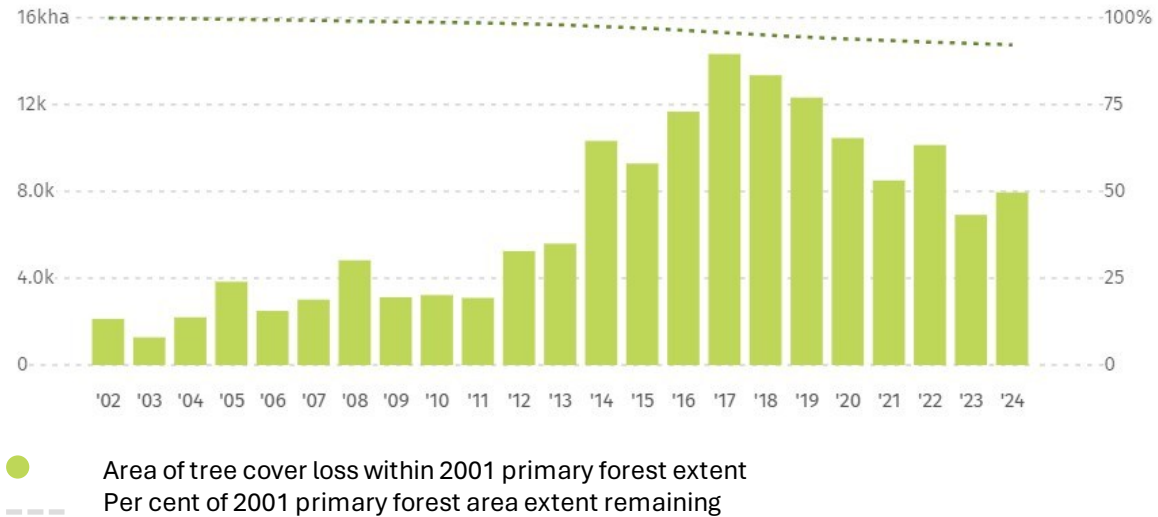
What is the difference between logs and sawn timber?

Round logs are whole tree trunks cut and exported largely unprocessed. They are sold by volume, often to Asian markets, and associated with large-scale clearfelling, rapid depletion of forests, and limited local value-adding. Typically, this will include a mix of local softwood and hardwood species. Sawn timber is milled locally into planks and boards. It is derived from selective harvesting of hardwood species like Vitex (50+ years to mature) and Rosewood (~75 years), with some fast-growing domestic species like Akwa (~20 years). Sawn timber adds more value per cubic metre, creates jobs in milling and processing, and supports rural households through cash and in-kind benefits. While still carrying sustainability risks if over-harvested, sawn timber has lighter environmental impacts and greater potential to meet certification standards.

Figure 2: Tree cover loss in Solomon Islands.

Primary Forest loss in Solomon Islands

From 2002 to 2024, Solomon Islands lost 160 kha of humid primary forest, making up 65% of its total tree cover loss in the same time period. Total area of humid primary forest in Solomon Islands decreased by 8.0% in this time period.



The methods behind this data have changed over time. Be cautious comparing old and new data, especially before/after 2015.

Source: SPREP (2025)

Table 1: Export Volumes and Values (5 Year Averages)

Metric	2018	Most Recent Data
Annual sawn timber export volume (m³)	12,500	12,000–14,000 (2024)
Annual sawn timber export value (AUD)	12 million	~25 million (2023)
Major markets	Australia, New Zealand, Malaysia	Australia and New Zealand (over 90%), Malaysia, and ad hoc consignments to Asia/Europe (2024).
Major species exported	Vitex, Rosewood, Kwila	Vitex, Rosewood
Major exporters	Top Timber, Hatanga, VATA cooperative	Top Timber, Hatanga, VATA cooperative, FairTrade
Households benefiting	~6,500 households	~6,500 households indirectly

Source: Solomon Islands Timber Sector EA (2023), STIA Report (2025), SITPEA data, and field notes.

1.2 Logging 101: Key Facts

There are very few plantations in the Solomon Islands, and the timber industry relies primarily on harvesting from natural forests. The few plantations that exist are largely oriented to fast-growing species (e.g., teak) for roundwood rather than the high-value export hardwoods that dominate sawn timber. Plantations struggle to compete on export markets with lower-cost Asian plantations. Therefore, most exportable species are harvested from natural forests, (Solomon Islands Market Study, 2014), though the level of selectivity and sustainability is highly varied.

Key species and maturation. Akwa is a relatively fast-growing indigenous species, reaching approximately 50 cm diameter in about 20 years and used mainly for domestic construction. Vitex (the main export species) typically requires 50+ years to mature and is prized in New Zealand for furniture and joinery. Rosewood matures at approximately 75 years and is in demand in Australia albeit at lower volumes. Kwila can take 75+ years, with some trees hundreds of years old; exports are now small and niche (Industry stakeholders, 2025; Solomon Islands Market Study, 2014).

Harvest and first processing. Unlike round-log clearfelling, sawn timber operators target individual trees predominantly in logging concessions. Exporters prefer stems ≥ 80 cm diameter, though in practice felling often occurs from approximately 50 cm upwards. Milling commonly occurs in the forest using portable Lucas Mills; oversight at this stage is limited, with quality control and grading only occurring once timber is transported to yard storage (STIA Report, 2025; field observations and industry stakeholders, 2025).

Production flows and losses. Between 25–35% of felled trees never reach market because of conversion losses, damage, or quality downgrades. Landowners are compensated by a mix of cash and in-kind timber retained for community uses (e.g., housing, churches, schools), which is rarely captured in formal statistics (STIA Report, 2025). Roughly 50–60% of sawn timber is sold domestically (predominantly Akwa and lower-grade hardwoods). Exports account for approximately 20–30% and are dominated by Vitex and Rosewood; stocks of these high-value species are declining (Solomon Islands Market Study, 2014; Field Notes, 2025).

Harvest frequency. Logging concessions are typically reharvested after 5-7 years, with anywhere from 1-3 reharvests in a single coupe. This focuses on previously undersized stems as they grow, but research shows repeated heavy selective logging suppresses regeneration and may require active restoration rather than relying on natural recovery (Katovai et al., 2015; Global Witness, 2019).

Figure 3: Sawn timber value chain, hanging on the walls of Align Timber Milling



1.3 Sawn Timber Business Models

There are 3 main types of business models in the sawn timber industry, each with distinct strengths and limitations (Solomon Islands Market Study, 2014; Field Notes, 2025; SITPEA Presentation, 2025; STIA Report, 2025):

1. **Vertically disintegrated exporters (e.g., Top Timber, Hatanga).** These companies operate at scale, buying and sourcing timber from broad, unaffiliated provincial supplier networks. They compete on price and volume, maintain direct relationships with overseas buyers, and dominate export tonnage. However, they offer limited upstream extension or compliance support, relying on market arrivals and opportunistic purchasing.
2. **Vertically integrated landowner exporters (e.g., FairTrade).** This model is typically landowner-driven. Landowners mill only from their own concessions, manage shipping, and export solely their own products. Volumes are smaller due to lack of purchasing competition, but integration enables species selection and timing of sales (e.g., holding Kwila during depressed prices) and strengthens incentives for stewardship of the resource over time. Interviews confirm that while vertically disintegrated companies dominate overall export tonnage, vertically integrated landowner models provide stronger incentives for sustainable management and more achievable pathways to Sustainable Forest Management certification, even though their overall scale remains limited.
3. **Cooperative associations (e.g., Value Added Timber Association (VATA)).** Member-based models pool small producers to overcome bottlenecks in processing and market access. Volumes are modest and may depend on government or alternative support, but these models broaden inclusion—linking remote households that may sell only one to 2 trees to meet urgent expenses (school fees, health costs). Impact modelling indicates cooperative channels can return a higher share of value to landowners (60-90%) compared with round-log royalty regimes (30–40%), with stronger social inclusion effects.

Across models, sustainability risks persist where shortened logging cycles reduce regeneration capacity. Although selective harvesting is less intense than clearfelling, it can still be carried out unsustainably. Research shows that repeated heavy selective logging undermines a forest's ability to regenerate and may require active restoration rather than relying on natural recovery, particularly in degraded areas (USP Fiji; Katovai *et al.*, 2015; Global Witness, 2019). Certification and clearer buyer expectations on legality and traceability are nudging all 3 models toward better practices.

2 The Role of Certification

Australia and New Zealand are the most established markets for Solomon Islands sawn timber, importing 75–80% of sawn timber exports, followed by Malaysia with smaller consignments. Both Australia and New Zealand have raised compliance expectations, and importers must comply with their countries’ laws and import regulations. For example, Australia has the *Illegal Logging Prohibition Act* 2012 (and subsequent 2024 amendment), which requires importers to prove that the timber they buy is legally harvested. New Zealand also has legislation called the *Forests (Legal Harvest Assurance) Amendment Act* 2023. Parties involved in the timber supply chain must register with the Ministry of Primary Industries (MPI) and implement due diligence systems to ensure timber has been legally harvested. Additionally, both countries have strong consumer and corporate demand for sustainably and ethically sourced wood, and major retailers, construction companies, and government procurement processes also require timber that meets these standards. Similar legal and social license requirements also continue to strengthen across other global markets.

There has been growing market access pressure over time, and by 2024 the New Zealand Imported Timber Trade Group (NZITG) warned that imports could be halted without credible certification (SITPEA Workshop Presentation, 2025). Failure to achieve certification is expected to lead to a decline in exports to premium markets and an increase in exports to lower-margin markets (SITPEA Workshop Presentation, 2025).

Figure 4: Key regulatory measures influencing the sourcing and trade of timber and agricultural commodities



Chain of Custody (CoC) certification under the Programme for Endorsement of Forest Certification (PEFC) offers a means by which Solomon Islands exporters can meet the legality requirements of Australian, New Zealand and other premium export markets. Exporters are also optimistic that with certification the market could further diversify into regions like Malaysia, Europe, Japan, the Philippines, and China.

Certification is also crucial for exporters to maintain their current market value. All exporters interviewed during the impact survey confirmed that buyers are willing to pay price premiums for certified timber products. Exporters mentioned that the current price reflects the values of 10 years ago, and their certification will help improve price negotiation and promote improved harvesting practices (STIA Report, 2025).

“Certification requirements from our buyers are really good. It is one way of trying to stamp out illegal logging, which is happening a lot... New Zealand and Australian buyers have said that we can only keep getting a better price with certification. We will also hopefully be able to access other markets like Europe”. SITPEA Secretariat Coordinator.

Looking more broadly, certification for sawn timber also offers an opportunity to offset the economic impact of declining round log exports. Currently, the bulk of exported timber comes from logging concessions. Impact data shows that if selective harvesting and certification were adopted widely, the sawn timber industry could offset around one third of the income losses from the decline in round log exports, helping stabilise rural economies (STIA Report, 2025). CoC certification could provide new opportunities to export more sustainably harvested sawn timber. With incentives from higher premiums for certified timber, this could boost exporters' profits and community income (STIA Report, 2025). Certification is therefore crucial in advancing traceability and legality of timber sources; promoting higher incomes for rural communities; demonstrating improved sustainability to external buyers; and further encouraging adoption of sustainable practices in Solomon Islands.

Figure 5. SITPEA Training Workshop



Chain of Custody versus Sustainable Forest Management certification

CoC certification and SFM certification serve different purposes, but they are closely linked.

CoC certification focuses on *traceability*— the systems and controls that allow a business to identify, separate (or correctly account for), document, and verify timber as it moves through the supply chain (e.g. from log purchase through sawn timber production, storage, sales and export). It is assessed through management systems, records, internal checks, and the credibility of product claims made on invoices and labels.

SFM certification, by contrast, focuses on *how forests are managed*— including legal compliance, harvesting and regeneration practices, environmental safeguards, worker safety, and community impacts within a defined forest management area.

PHAMA Plus has worked in partnership with industry stakeholders to support industry readiness and deliver a pilot for **CoC certification under PEFC standards**. This is a practical and achievable starting point because it strengthens the operational discipline needed to meet buyer requirements and demonstrate credible timber claims in domestic and export markets. Importantly, improving CoC systems is also a **pathway**: as traceability and compliance practices become embedded across companies and supply chains, the industry is better positioned to pursue **SFM certification in the future**, once enabling conditions for forest-level certification are in place.

Chain of Custody Certification and Social Safeguards

There are known vulnerabilities for women and children within logging supply chains. Chain of Custody Certification includes consideration of risk at the origin of the product, and ensuring timber has not come from anywhere that could be considered a 'controversial source'. This includes consideration of key human rights and labour rights risks, including all forms of forced labour, child labour, and safe working conditions. This is assessed as part of the audit processes, and satisfying the requirements of the standard is a pre-condition to achieving certification.

Over time, more formalised workplace practices required by Chain of Custody Certification can further reinforce improved safeguarding for women. Informal employment is known to expose women to higher levels of coercion and exploitation. Conversely, formal jobs provide legal and institutional protections, such as work contracts and grievance mechanisms. SITPEA members have demonstrated their commitment to these values through their member 'Commitment Statement', a Chain of Custody requirement which all businesses must actively sign agreement to as part of maintaining SITPEA membership. This includes commitment to ensure group members are not involved in violation of human rights in forestry operations.

3 From PHAMA to PHAMA Plus: Long term support for sectoral change

Since 2013, PHAMA and subsequently PHAMA Plus have worked to strengthen industry capability and protect market access for the sawn timber sector. Responding to changing market access requirements alongside the growing imperatives for more sustainable practices, the program has focused on strategic enablers across the value chain. These efforts have aimed to protect the immediate viability of the Solomon Islands sawn timber export industry, and drive sustainable systemic change that can continue to respond to changing market dynamics.

The strategy was grounded in 3 mutually reinforcing pillars, with investments across these pillars prioritised to address identified market system constraints:

<p>Supporting stronger industry governance</p>	<p>Protecting access to premium export markets</p>	<p>Building a long term support network</p>
<p>Enable more coordinated representation, advocacy and action by sawn timber exporters, including streamlined efforts for capability development at sectoral scale.</p>	<p>Establish exporter capabilities to meet the PEFC CoC certification standards, and position SITPEA to grow and manage the certification scheme over time.</p>	<p>Empower SITPEA to establish technical networks that can support them and their members to be responsive to changing market dynamics over time.</p>

Figure 6, below, maps interventions under each of these pillars. It shows where PHAMA and PHAMA Plus have invested in partnership with key stakeholders at different points in time. Further information about activities under each pillar is provided in the corresponding sections of this report.

Importantly, these interventions were deliberately supported to effect changes in different parts of the market system – from households supplying rural timber to international trading relationships. The different investments were mutually reinforcing so as to support sector-wide change that has growth potential beyond the life of the program.

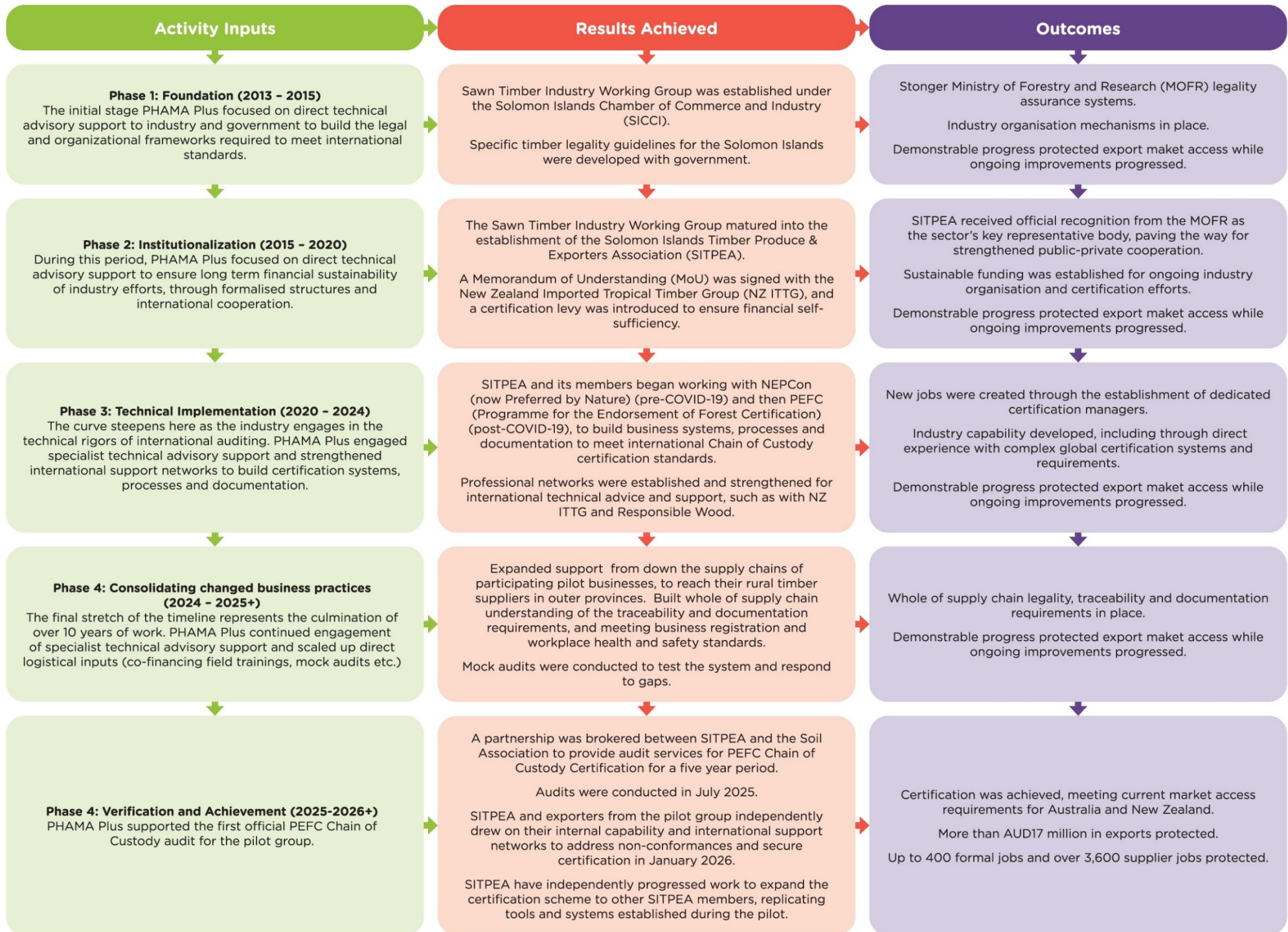
Table 2, below, shows the results chain for the program over time. It highlights the long-term approach that PHAMA and PHAMA Plus have taken to influence key strategic levers and help to shape incentives and behaviours within the sawn timber market system.

There is strong evidence that, through this suite of interdependent interventions, PHAMA Plus has contributed significantly to the successful establishment of CoC certification in the Solomon Islands, and, to building sectoral capability for further industry development.

Figure 6. PHAMA Plus Interventions mapped against strategic pillars over time

Supporting stronger industry governance		Protecting access to premium export markets		Building a long term support network	
PHAMA	<ul style="list-style-type: none"> Supported formation of Sawn Timber Working Group then its evolution into the Solomon Islands Timber Processors and Exporters' Association (SITPEA). Building SITPEA's capacity to represent the sector and manage a CoC system, including training in certification requirements. Establishment and support for new SITPEA Certification Manager role. 	PHAMA	<ul style="list-style-type: none"> Developed country specific guidelines on legality assurance for sawn timber. Conducted provincial awareness workshops with the Ministry of Forestry and Research on CoC systems. Supported installation and training of solar kiln drier for sawn timber. 	PHAMA	<ul style="list-style-type: none"> Trade missions to A/NZ for sawn timber. Helped establish an MOU between SITPEA and the NZ Imported Tropical Timber Group (NZ ITTG), protecting access to NZ markets while certification is progressed.
PHAMA Plus Phase 1	<ul style="list-style-type: none"> Agreement with SITPEA to deliver support towards CoC Certification for members (disrupted by COVID-19). 	PHAMA Plus Phase 1	<ul style="list-style-type: none"> Agreement with SITPEA to deliver support towards CoC Certification for members (disrupted by COVID-19). 	PHAMA Plus Phase 1	
PHAMA Plus Phase 2	<ul style="list-style-type: none"> Support to formalise provincial business licence arrangements for suppliers. Advisory and operational support for SITPEA. 	PHAMA Plus Phase 2	<ul style="list-style-type: none"> Establishing standardised PEFC compliant CoC management systems and record keeping processes for SITPEA and three member companies; including creating and embedding of certification officers (currently all women). CoC Certification training and capacity building provided for SITPEA members in the new systems, including record-keeping requirements, supplier lists and due diligence; and mock audits in preparation for the official audit. Developing and delivering tailored training for rural timber suppliers that translated complex CoC requirements into relatable material able to be implemented in the Solomon Islands context. Support to strengthen workplace health and safety practices and equipment - co-invested with companies for health & safety equipment and licences for suppliers. Official audit by the Soil Association against the PEFC CoC standard. 	PHAMA Plus Phase 2	<ul style="list-style-type: none"> Inclusion of Solomon Islands Government officials in CoC training to build awareness of regulatory responsibilities - support for Ministry of Forestry and Research and Ministry of Commerce.

Table 2. PHAMA/PHAMA Plus Results Chain with the Sawn Timber sector over time.



Top Timber's drive for sustainable certification

At the heart of Solomon Islands' largest sawn timber milling company, Top Timber, James Chottu and Priyan Fernando are navigating the daily challenge of keeping saws running and markets supplied. With over 300 employees, including around 100 full-time locals, 80 casuals, and over 120 expatriates from Indonesia, China, and the Philippines, Top Timber is a major employer and a key player in the country's timber sector.



Top Timber's purchasing manager, James Chottu, at the company's facility in Honiara

James, the company's purchasing manager, spends much of his time in the field, liaising with Indigenous landowners across every province.

"Sometimes it means long walks deep into the bush with landowners, searching for Rosewood and Vitex trees ready for harvest," he says. But the search is getting harder. Trees closer to roads and coasts have already been milled, and competition for logs is intensifying as more buyers enter the market.

Priyan, originally from Sri Lanka, manages Top Timber's finances. Together, he and James have seen demand rise to the point where domestic and export sales are evenly split. Local demand is booming as Solomon Islanders - especially seasonal workers - return home with greater purchasing power and build modern homes. To stay competitive, Top Timber even covers lodging and food for landowners waiting in Honiara to be paid for their timber.

But James and Priyan are also looking beyond today's demand. They know that without sustainable harvesting, there will be no timber industry tomorrow. Both are strong advocates for achieving chain-of-custody certification. "Certification isn't just about compliance," Priyan says. "It's about keeping markets open and making sure the mill can keep running for the next generation."

Top Timber was one of the 3 SITPEA businesses that participated in the Chain of Custody Certification pilot, supported by the Australian and New Zealand governments through the PHAMA Plus program. At the time of writing, SITPEA and participating companies including Top Timber had just received confirmation of achieving CoC certification and efforts were underway to expand the number of businesses covered under the group certification. This followed the CoC audit in July 2025 and follow-up actions by SITPEA and participating companies through to December 2025 to provide the additional or updated information requested by the auditor.

For James and Priyan, certification is not just a technical requirement; it is the commercial lifeline that secures jobs, protects forests, and keeps Solomon Islands timber flowing to homes and export markets alike.

PHAMA Plus was a great contribution to assist Top Timber... getting [us] to the peak of recognition and obtaining what we thought would be impossible. From the Director, Management and Staff, we applaud PHAMA Plus for the tremendous assistance and support. – James Chottu, Top Timber

4 Supporting Stronger Industry Governance

There is strong evidence that SITPEA, supported by PHAMA and PHAMA Plus, has strengthened industry coordination and consultation, acting as a lynchpin between government and the private sector and helping safeguard market access through structured engagement with New Zealand and Australian buyers (The SITPEA Journey, 2025; SITPEA Workshop Presentation, 2025).

SITPEA originally started as the Sawn Timber Industry Working Group, established with PHAMA support in 2013. Its relevance to stakeholders saw the group gain good momentum, and as its role matured over time, PHAMA Plus assisted the group to establish as a formal industry representative body in 2015. Key to SITPEA's success has been the sustainable financing model attached to its operations and governance. At the time of establishment, PHAMA Plus supported SITPEA to broker an MoU with New Zealand and Australian importers, introducing a certification levy on sawn timber exports which is paid back to SITPEA to fund ongoing costs (SITPEA, 2023). This is complemented by a modest annual membership fee paid by SITPEA's members.

In 2024, 18 active members were paying SBD1,000 each (SBD18,000 total). SITPEA collected levies on 2,468 m³ of sawn timber exported to Australia (AUD10/m³) and New Zealand (USD 10/m³), raising SBD 155,983. The total 2024 income was SBD173,983 (approximately AUD32,402). Current income is sufficient to support SITPEA's core operational, advisory and advocacy functions but is insufficient to cover the expansion and maintenance of chain of custody certification for a growing group - particularly considering levies are based on volumes that are in decline. Options currently being considered include revising levy/fee rates, securing Solomon Islands Government (SIG) support, or targeted cost-sharing with industry (STIA Report, 2025; SITPEA ID, 2024). Industry leaders have acknowledged that their and SITPEA's business models need to be revised to account for certification as a cost of doing business.

Since 2015, PHAMA Plus has continued to work alongside SITPEA, strengthening its organisational and certification capacity through sustained technical assistance. PHAMA Plus assisted SITPEA to progress certification readiness by training staff, establishing tailored reliable chain of custody systems and documentation required for CoC certification, developing replicable training programs for ongoing use with stakeholders across the supply chain, upgrading hardware/software, and brokering collaboration with relevant ministries—Ministry of Forestry and Research (MoFR), Ministry of Commerce, Industry, Labour and Immigration (MCILI), and labour authorities. SITPEA has grown into both an exporter support hub and industry advocate (The SITPEA Journey, 2025), and is the central coordinating agency for the PEFC group CoC certification process.

The association has successfully convened members, government, and buyers to align around traceability and legality standards, while its levy system, combined with industry investment, offers a pathway to a financially viable business model for certified operations. SITPEA's role as the industry's representative body also gives the sector a unified voice in policy dialogue with SIG and international stakeholders (SITPEA Workshop Presentation, 2025; The SITPEA Journey, 2025). Its engagement with New Zealand and Australian importers has been vital in safeguarding trade pathways during periods of high risk of suspension.

5 Protecting Access to Premium Export Markets

There is strong evidence that PHAMA Plus, in partnership with industry stakeholders, has substantially contributed to securing CoC certification for the first 3 SITPEA members (VATA, Hatanga and Top Timber), and to establishing a replicable CoC certification system for ongoing expansion. There is limited but growing evidence of changes in behaviour, attitudes, and performance associated with certification preparation.

In PHAMA Plus Phase 2, the program partnered with SITPEA to implement a chain of custody certification pilot. The pilot was twofold – to work with a small group of ‘early adopters’ (VATA, Hatanga and Top Timber) to achieve CoC certification, and to establish a replicable model for SITPEA to be able to independently expand the certification scheme to other members.

The CoC pilot activities included:

- creating and embedding new certification manager roles within participating businesses (with the majority of these roles filled by women);
- establishing standardised PEFC-compliant chain of custody management systems and record-keeping processes for SITPEA, VATA, Hatanga and Top Timber;
- providing training for SITPEA members in the new systems, including record-keeping requirements, supplier lists and due diligence. These efforts clarified roles and responsibilities inside firms and improved the consistency of paperwork needed for audits, providing managers with tools to track compliance and workers with clearer instructions (PEFC Chain of Custody Training Programme, 2021);
- developing and delivering tailored training for rural timber suppliers that translated complex CoC requirements into relatable material able to be implemented in the Solomon Islands context;
- including Solomon Islands Government officials in training to build awareness of regulatory responsibilities;
- support to strengthen workplace health and safety practices and equipment;
- support to formalise provincial business licence arrangements for suppliers;
- mock audits in preparation for the official audit;
- an official audit by the Soil Association against the PEFC Chain of Custody standard.

Overall, the evidence suggests certification requirements are beginning to shift norms—particularly in Honiara-based processing sites—with potential spillovers over time to provincial suppliers as group certification matures (CoC Audit Feedback, 2025). Achieving CoC certification in 2026 provides evidence of this behaviour change across the supply chain.

Processors have improved operational standards, are adopting better safety practices and are adhering to business registration requirements. PHAMA Plus supported awareness sessions, provision of sample personal protective equipment (PPE), and inductions on safe work practices. Audits in 2025 observed that this has resulted in early improvements such as the use of gloves, protective footwear, and high-visibility vests, as well as the introduction of safety signage and structured induction processes at exporter yards.

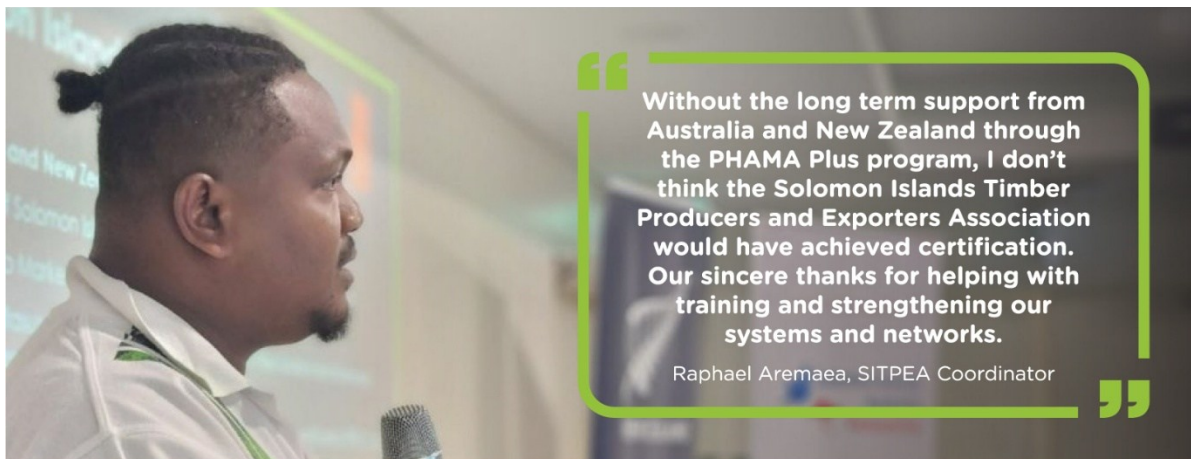
There has also been a distinct cultural shift from informal, ad-hoc business transactions, to more formalised practices. Anecdotal feedback has been that the ‘paper trail’ and administrative discipline required for CoC certification has required significant behaviour change from ‘business as usual’, evidenced by positive audit results. Establishment of CoC systems and processes has clarified roles and responsibilities within and between companies and suppliers, establishing clearer accountability for compliance. Documentation systems have become more consistent, with logs received, tallied, and stored under identifiable systems, helping firms meet traceability requirements. Rural timber suppliers

are also adopting stronger record-keeping and documentation practices, with supplier lists, input declarations, and due diligence checks now in place.

Rates of change have been strongest in Honiara export yards. Uptake remains weaker at remote milling sites, where resources and oversight are more limited. This is an area for further strengthening as the system matures and will be subject of ongoing monitoring through annual audit processes (CoC Audit Feedback, 2025; field notes, 2025).

Importantly, the July 2025 CoC certification audit delivered positive results, with only minor non-compliances requiring rectification. SITPEA drew upon its international networks to support members to address those non-compliances between September–December 2025 and certification was confirmed for VATA, Hatanga and Top Timber in January 2026. The successful results establish the viability of CoC certification for the first time in the Solomon Islands. The tools, templates and processes developed through the pilot were co-designed and co-delivered in direct partnership with SITPEA, and are replicable for expansion beyond the initial cohort of businesses. SITPEA is now utilising this framework to prepare for certification of 7 additional members in 2026.

PHAMA Plus’s emphasis has been to stand up SITPEA and guide member companies through the complex CoC certification journey. This has involved multiple layers of support: commissioning technical experts to advise on compliance, organising repeated mock audits to prepare companies for real inspections, and developing record-keeping templates adapted to the Solomon Islands context. PHAMA Plus also seed-funded staff positions in SITPEA and facilitated training for managers and frontline workers on health and safety, business compliance, and traceability (PEFC Chain of Custody Training Programme, 2021; DFAT/MFAT Update, 2025). In addition, PHAMA Plus convened forums and bilateral meetings with New Zealand and Australian buyers, ensuring exporters could directly communicate progress and build market confidence, while helping design levy arrangements that provide SITPEA with an emerging revenue stream.



Raphael Aremaea from the SITPEA secretariat addresses stakeholders at the PHAMA Plus Sawn Timber Knowledge Forum, Honiara, August 2025.

Evita champions safety and sustainability at Hatanga Timbers

In Honiara's bustling timber sector, where heavy machinery hums and barges ferry logs from Choiseul's forests, one woman is quietly reshaping workplace culture, from the forests to the timber mill. Through the Australia and New Zealand funded PHAMA Plus program, Evita Sogavare, the Chain of Custody Manager at Hatanga Timbers, has become a leading voice for safety, accountability, and certification.

She has championed the use of personal protective equipment (PPE), not just among Hatanga's 46 employees, but also within the broader network of local millers and landholders who supply timber. With support from PHAMA Plus, Hatanga received PPE and audit and safety awareness training that helped the company reach 90% compliance, a remarkable shift in an industry where workers often resist helmets and gloves, citing discomfort or tradition.

"Communities often tell me they've harvested timber for years without PPE and been fine," Evita admits. "But I remind them this is about protecting lives and protecting our markets. Certification brings us better prices for our timber, and ultimately, more income to build homes and pay for things."



Evita Sogavare champions changing practices for the safety of workers

Working towards certification is no small feat. To maintain PEFC Chain of Custody standards, Hatanga must meet 16 key requirements, from safe operations to strict record-keeping. Evita oversees the meticulous tracking of timber, Rosewood, Vitex, and Akwa, from the forests of Choiseul to the final export container. In 2024–2025, Hatanga recorded over 50% of sales in exports, highlighting the pull of international markets, and reinforcing why strong practices for milling workers are essential to certification and sustaining this demand.

Timber supply challenges also persist. Timber supplies are dwindling as Rosewood, Vitex and Akwa trees are harder to reach because roads are often narrow and frequently become inaccessible. Previously, access was supported by roads for logging of small-rounds, but these areas have since transitioned to alternative income activities such as nickel mining, and the roads have been left to deteriorate.

"Millers have to walk deep into the forests to reach the trees and then carry timber out of the forests to the roadsides," Evita said. "This means they must spend several months stockpiling timber before they can send it on barges to Honiara, in order to earn a good income. We carry out awareness with the communities on the importance of replanting and sustainable, selective harvesting as not just an important part of certification but also vital to ensuring we can be in this business in the future."

At Hatanga Timbers, milling has dropped to around 1,000 cubic metres per year, and export targets, 4 containers a month, remain difficult to achieve.

For Evita, though, the bigger picture is clear. "These are new practices for us and our communities. But if we want premium markets in Australia and New Zealand, if we want sustainable livelihoods, then we must commit to doing this right." Through her leadership, Hatanga Timbers is building not only stronger businesses but also stronger communities.

In a male-dominated industry, Josephine leads the way

Josephine Sebala is breaking new ground in the Solomon Islands' timber industry. As timber mill supervisor at FairTrade (SolPacific Timber), she manages the business and compliance operations that keep exports moving and prepares the company for the demanding world of certification.

In 2026, FairTrade will be among 7 timber companies pursuing PEFC Chain of Custody certification, required for exports to Australia and New Zealand. Certification promises premium prices, but it also brings paperwork, detailed records, and strict systems. Josephine's boss believed her "attention to detail" made her the right person to manage the process. Today, she oversees exports, payroll, conflict resolution in the mill, and meticulous record-keeping that traces timber from the Marovo Islands to Honiara, and finally into containers bound overseas.

Her role has expanded as FairTrade pushes to grow. The company currently exports 15 containers a year, each carrying 20 cubic metres of Rosewood, Vitex or Kwila, but aims for 4 containers a month. In 2024, only 13 containers left Honiara, short of the target. Scaling up requires not just timber supply, but also a workforce ready for modern compliance. Josephine is helping bridge that gap, ensuring skills transfer from FairTrade's 4 expatriates to local staff.

She has also joined training run by the Australian and New Zealand funded PHAMA Plus program and SITPEA, embedding new certification standards into company systems. It is demanding work, but she thrives on the challenge. "I'm excited about certification and the income it will fetch for us," she says.

In a workforce that is 90% male, Josephine is proving that leadership in timber is not confined to the mill floor. Her story is one of persistence, precision and trust, an example of how women's participation is reshaping an industry that is learning to meet global standards.



Josephine Sebala is breaking barriers as the supervisor of FairTrade

6 Building a long term network for continued improvement

As part of its partnership approach with SITPEA, PHAMA and PHAMA Plus have deliberately sought to foster the association’s leadership role while also assisting them to broker a wide stakeholder network that can continue to support its work beyond the life of the program.

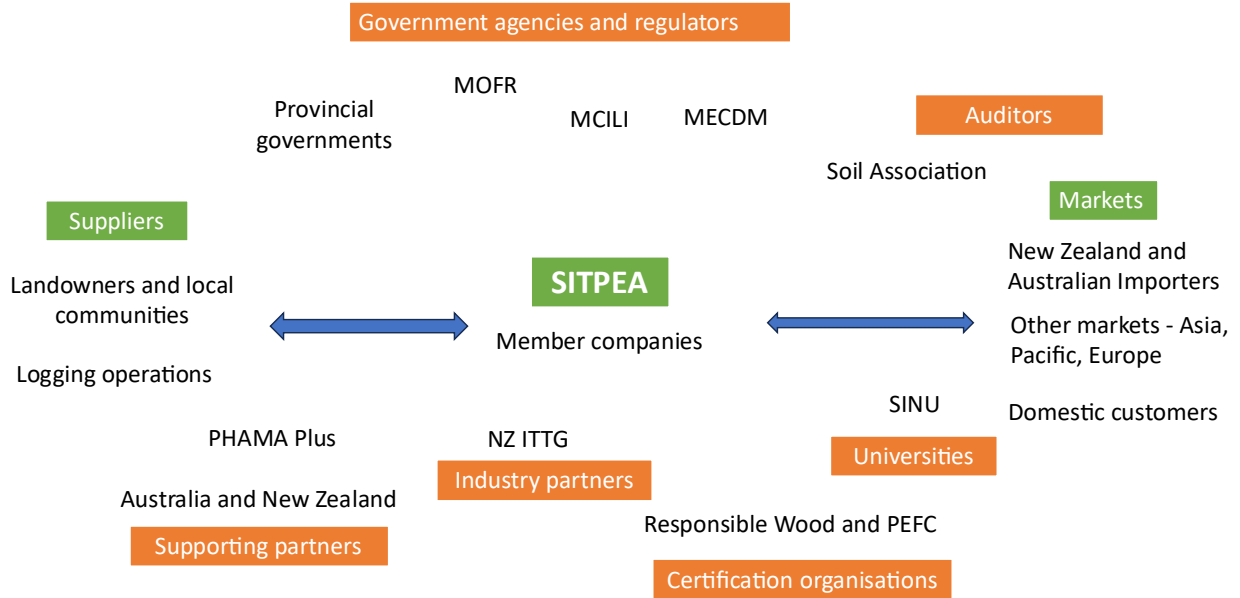


Figure 6. Stakeholders that SITPEA interacts with in relation to certification

Within the Solomon Islands, SITPEA has forged strong working relationships with the Solomon Islands National University (SINU) and relevant ministries of the Solomon Islands Government. Government officials participated in CoC certification training to build awareness of regulatory processes, and were directly engaged in audit processes. Furthermore, PHAMA Plus has helped position SINU as a key partner to SITPEA—supporting the sector’s shift to higher certification expectations by linking SITPEA’s CoC work with planned skills development and the potential for practical due diligence support (including leveraging SINU networks and provincial forestry officers to strengthen supply chain checks).



Figure 7. Solomons Island National University and Industry Partners Forge Pathway for Future Forestry Leaders, SINU press release, 16 September 2025. Photo captures PPE equipment being widely adopted across industry participants.

Internationally, SITPEA’s professional networks have been well established through the certification process. Professional relationships have developed through both the formal commissioning of technical advice and support for the CoC certification pilot, as well as informal relationships fostered around mutual interest in a more sustainable Solomon Islands timber sector. Key stakeholders include consultants from PEFC and NRE People, the team at Responsible Wood Australia, and importers in Australia and New Zealand. These networks were tested when SITPEA needed to respond to non-compliances identified through the audit findings in 2025. SITPEA and its members were able to independently access advice and guidance to help them address non-compliances efficiently and effectively in order to secure certification.

Finally, **formalised ongoing relationships** have been established with key entities. The MoU with the New Zealand Imported Timber Trade Group (NZITTG) dates back to the establishment of SITPEA, and it continues to provide critical mentoring and support for SITPEA’s role and the efforts of its members. With PHAMA Plus support, SITPEA has also established a long-term partnership with the Soil Association, in anticipation of continued expansion of its certification scheme.

“The buyers in New Zealand and Australia have really encouraged us to get the certification. And our friends at NZ ITTG, Malcolm Scott, who is so lovely, have really encouraged and supported us. And we would be so happy to have the certification, it would mean so much for us”. Fairtrade Timber Manager.

By strategically and proactively brokering a professional network of support for the sawn timber sector, PHAMA and PHAMA Plus have contributed to empowering SITPEA’s role and positioning their continued leadership grounded in locally-led partnerships.

7 Certification's Impact on Exporters and Communities

Exporters consistently frame certification as essential to *maintain* market access—especially for Vitex into New Zealand—rather than as an immediate profit maximiser (Solomon Islands Market Study, 2014; SITPEA Workshop Presentation, 2025). In the absence of certification, the most likely path is restricted access to established high-value markets, with knock-on effects for employment and household income in rural communities (STIA Report, 2025).

PHAMA Plus's impact assessment modelled the CoC certification pilot's contribution to profitability, prices and resultant household benefits (STIA Report, 2025).

In 2025, the pilot CoC certification group—Vata, Hatanga and Top Timber—secured profit of SBD 2.5 million (AUD 455,000) from compliance-certified exports, with SBD 7.75 million (AUD 1.411 million) of income flowing to community (1400 households, made up of 5,400 men, 4,320 women). The income was, and continues to be, safeguarded through the certification scheme and would otherwise have been lost if the Australian and New Zealand markets were closed. With regard to the impact of certification on employment, the pilot group employs 289 full-time and 107 casual workers. Their licensed suppliers are estimated to create approximately 3,645 jobs in milling, harvesting, and transport. Certification helps safeguard these jobs.

There is strong potential for these benefits to grow, in 2 different ways:

1. The pilot group were granted certification in January 2026. Based on feedback received from importers, the pilot group anticipates the price offered for compliance-certified timber to rise by 16.43% for Vitex and 19.60% for Rosewood, with commensurate increases to net profit and incomes for community suppliers.
2. SITPEA is already working to expand CoC certification to an additional 7 exporters using tools, systems and networks established through the PHAMA Plus pilot. Once secured, this certification will safeguard compliance-certified exports and incomes for an additional growing cohort of households.

The economic benefits already realised, and expected to grow, demonstrate the real opportunity for selective harvesting and certification of sawn timber to offset incomes from the decline in round log exports, helping to stabilise rural economies.

“This is the time for the Ministry to learn from SITPEA and PHAMA Plus with the certification of the 3 companies. If we had known about this and had undertaken certification 20 years ago, we would not have had the problem with logging and round logs going to China”. — Industry Stakeholder.

A small mill under big pressure

Three years ago, Clayton Ricky Gamese took a leap of faith. After years of milling timber in his own front yard, the 41-year-old from Choiseul Province moved his Align Timber Milling to Ranadi, Honiara. Clayton's vision is simple: build on his background in construction by owning a mill that could supply both the domestic market and overseas buyers. But the reality has been anything but simple. From day one, securing a reliable supply of quality timber has been his biggest battle. Align sources slabs from 4 concession areas across Makira, Choiseul and Bava islands, but forests are thinning. Rosewood and Vitex now lie deeper inland, far from transport routes. "Heavy lifting limits how much timber can be milled," Clayton explains.

Shipping timber to Honiara adds another hurdle. Without his own vessels, he hires barges at SBD40,000 a day. A 10-day trip leaves him with a staggering bill of SBD400,000. To offset the cost, he ferries cargo for island communities, but the margins remain thin.

Despite these pressures, Align Timber has already trialled exports, shipping Vitex to New Zealand and Rosewood to Australia. Now, Align Timber is joining the Second Batch of exporters targeting chain of custody certification in 2026, drawing on the systems and processes established through support from the Australian and New Zealand funded PHAMA Plus program. Clayton sees this as key to accessing higher-value markets. However, for smaller operators like Align, the journey involves substantial costs—from purchasing protective gear and delivering safety and sustainability training, to managing the extensive documentation required for compliance.

"I haven't received support to purchase personal protective equipment (PPE), and it's been quite a burden," he says. Training workers and communities in replanting has added further costs. Yet he presses on.

Align Timber's journey highlights both the opportunity and the risk for small Pacific mills, caught between the promise of global markets and the harsh realities of local supply chains.

For Clayton, the struggle continues. "I want to meet the interests of the export markets," he says. "But I also want to know what real premium we'll get through certification."



Clayton at his sawmill operations centre in Ranadi, Honiara.

8 Key learnings and recommendations for next steps

The recent achievements in CoC certification for Solomon Islands sawn timber highlight the transformative potential of consistent support, grounded in long-term, locally led partnerships.

PHAMA Plus has played a pivotal role in confirming the viability of CoC certification for the Solomon Islands sawn timber sector, and the opportunities this presents for primary industry traceability systems more broadly. However, while CoC certification is an important milestone and protects existing export markets, it is only the first step in a longer transition from *traceability* to *sustainability*.

Stakeholders repeatedly emphasised that the core risk facing the Solomon Islands timber sector is not simply proving where timber came from, but ensuring forests can keep producing timber — and livelihoods — in the future. Exporters face limited market growth due to reduced supply from over-harvesting. A leading exporter in the Solomon Islands reported a 40% decline in supply over the past decade, warning that this trend will persist unless sustainable harvesting and reforestation measures are implemented. Despite increases in competition for the timber and greater capacity of mills in Honiara, the supply of timber remains a major constraint.

Evidence to date suggests diversification away from round log exports into sawn timber remains limited, and improvements in environmental sustainability are not yet consistently observed across the sector. Some stakeholders note growing community awareness of the impacts of logging and a stronger interest in more sustainable practices. Interview notes emphasise that while these positive examples exist, they have not yet spread widely. Many communities remain willing, or compelled by economic necessity, to sell their timber unsustainably. For households with few income alternatives, the immediate financial incentive of logging is hard to resist. Repeated heavy selective logging, especially when cycles are shorter than natural regeneration times, significantly reduces the capacity of forests to recover. This practice depletes high-value species such as Vitex, Rosewood and Kwila, undermining both biodiversity and long-term economic prospects. Anecdotal evidence indicates that some landowners actively encourage faster repeat logging to meet short-term cash needs, exacerbating degradation (Katovai et al., 2015; Global Witness, 2019; Field Notes, 2025).

“The way that we see it, the current harvesting is not sustainable. ... We may need to shut some of the logging down for 40 years to give time to the forest to regenerate”.
MOFR Officer.

Establishing plantations has not proven a viable alternative, in part due to competitive markets dominated by low-cost Asian plantations. Discussion with stakeholders also emphasise the difficulties in establishing plantations, noting high upfront costs, land tenure complexities, limited technical expertise, and the long time horizons required before returns are realised. According to industry stakeholders, the historical approach to harvesting rather than farming makes it more difficult for attitudinal and practical change towards plantation approaches.

The key question is therefore the extent to which the industry can pivot from unsustainable selective harvesting and round-log exports to higher-value, certified sawn timber that provides ongoing rural income while reducing environmental damage. Limited replanting has been observed to date, with the sector largely reliant on natural regeneration. This reliance increases vulnerability to overharvesting and undermines long-term sustainability goals. Without diversification into certified sawn timber inclusive of replanting and sustainable harvesting practices, national revenues and rural livelihoods are at risk.

A small number of landholders, such as Gordon Mwakamwane from VATA, have chosen to protect customary land and invest in dedicated replanting for long-term sustainability rather than pursue short-term returns—decisions that some neighbouring landowners now reflect on differently in light of subsequent forest degradation (see Gordon’s story below).

“I have seen no example of landowners planting natural species like Rosewood or Vitex. But we do see them planting exotic species like teak or mahogany. It would be good to engage with MOFR to encourage people to do more planting and replanting, including native species”. –VATA Managing Director, in relation to replanting in the supply chain.

Certification can play a crucial role here, not only by safeguarding market access but also by promoting better practices that encourage replanting, longer harvest cycles, and restoration measures (STIA Report, 2025). CoC certification serves as an entry point to sustainable forest management practices, and progressing to PEFC’s Sustainable Forest Management certification offers a clear framework towards more sustainable practices.

Choosing Stewardship Over Short-Term Wealth

Gordon Mwakamane from Small Malaita has seen the stark contrast between forests left standing and those lost to logging. With 14 years of experience in timber, he could easily have cashed in by logging his family's land. Instead, he made a deliberate choice: to work through the Value Added Timber Association (VATA) and support small-scale, cooperative sales. VATA was one of the exporters that participated in the Chain of Custody certification pilot, supported by the Australian and New Zealand governments through the PHAMA Plus program.

For Gordon and his community in Eliote Village, the decision was rooted in long-term thinking. Neighbours who leased their land to loggers now look with regret at barren hillsides, silted rivers, and the loss of income once the logs were gone. By contrast, Gordon's block remains intact. On his advice, the community practices selective harvesting. In a hectare of around 50 trees, they cut just 2 mature ones and leave 48 to stand.

For every tree felled, 10 are planted.

They know that high-value species, such as Vitex and Rosewood, take generations to regrow, and once gone, they may not return in their lifetime.

As VATA's General Manager, Gordon oversees exports that return up to 90% of sales to resource owners, proving that sustainable harvesting can deliver more than quick royalties ever could.

He has watched royalty payments from commercial logging quickly disappear - SBD60,000 divided among more than a hundred clan members, leaving little lasting benefit. In contrast, a single container of processed Vitex can return more than twice that amount, funding school fees, homes, and village businesses.

"I feel pain watching landowners receive so little in return. In addition, not all manage their money wisely or reinvest it in important things like building their homes," he said. "Some income helps pay for school and church levies, and that is good. "Others use the money to go and have a good time."

Gordon lives simply—gardening, raising pigs and chickens—but he considers himself "a millionaire" because of the forest his tribe still holds. His story is one of patience, stewardship, and vision: a reminder that short-term cash may vanish quickly, but sustainable forests can secure livelihoods for generations.



8.1 Recommendations

- **Draw on learnings from the SITPEA CoC certification pilot to inform traceability systems for other primary industry commodities in the Solomon Islands, particularly agricultural produce.** Traceability is a growing expectation and requirement for global markets, supporting improved food safety as well as consumer trust. There are strong transferable lessons from the SITPEA pilot.
- **Continue work underway to expand the CoC certification scheme to other SITPEA members.** Importers have communicated the importance of this in securing ongoing market trust for Solomon Islands sawn timber. SITPEA has commenced this work to expand certification from 3 to 10 members in 2026.
- **SITPEA and its members should undertake business planning for the future, based on realistic resourcing requirements to establish and maintain certification.** The CoC certification pilot costings averaged approximately SBD77,000 for smaller companies able to be audited under the SITPEA group certification, and SBD154,000 for larger companies requiring their own audit (STIA Report, 2025; DFAT/MFAT Update, 2025). While economies of scale may be realised as processes mature and are streamlined, the costs still fall well short of income from the current certification levies. Business models and SITPEA membership fee structures need to be established to take certification into account as a cost of doing business. Advice from certification bodies and importers is that this planning should include a longer-term vision to help others in the industry to progress from chain of custody certification to full Sustainable Forest Management certification, to keep pace with continually strengthening international market access requirements. SITPEA has acknowledged that this would likely require an increase in staffing in the SITPEA secretariat. NZITG has noted that it is open to discussions about the levy rate paid on imports, pending certification being achieved and there being clear business planning in place.
- **Alongside CoC certification, SITPEA members should consider opportunities to improve their harvesting practices for long-term sustainability.** As a minimum, better practices should encourage replanting, longer harvest cycles, and restoration measures. Members may also consider progressing from CoC certification to SFM certification, using this as a framework to guide continuous improvement and simultaneously keep pace with international market requirements. Such improvements will be easier to implement for vertically integrated landowner exporters and cooperative associations than for vertically disintegrated exporters.
- **Continue to strengthen opportunities for inclusive economic benefits, including broadening the participation of women, youth and people with disabilities in viable roles across the value chain.** Certification processes bring with them new roles, functions and the need for different skill sets. Under the pilot, the introduction of certification manager roles was successfully used as an opportunity to engage more women in the sawn timber sector. Future recruitment opportunities could apply similar approaches, including for people with disabilities. The partnerships with SINU could also be further leveraged for youth employment pathways.

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Annex 1: Evidence Matrix

Key Question	Finding	Evidence
<p>Context</p> <p>What is the relevance of the Solomon Islands sawn timber sector strategy in light of social, environmental and economic priorities?</p>	<ul style="list-style-type: none"> The sawn timber strategy responds to the severe over-extraction of round logs, which peaked at about 1,000,000 m³/year compared to a sustainable threshold of 200,000 m³/year, by shifting emphasis toward lower-volume, higher-value sawn timber exports underpinned by legality and traceability. This diversification is central to maintaining economic stability, with sawn timber exports contributing approximately AUD25 million annually (12,000–14,000 m³) and supporting 6,500 households and 1,500 direct jobs as round log revenues decline. Certification is strongly aligned with Australia’s ILPA, New Zealand’s Legal Harvest Assurance Act, and the EU Deforestation Regulation (EUDR), providing a pathway to sustain exports to high-value markets and explore new ones. The strategy balances economic and environmental priorities, stabilising rural household incomes while reducing pressure on old-growth hardwood species. Market stakeholders, particularly NZITG, explicitly tied continued access to credible certification, reinforcing the urgency of this strategic shift. PHAMA Plus, in partnership with government and industry stakeholders, has substantially contributed to maintaining access for the sawn timber industry to Australian and New Zealand markets, valued at an estimated AUD25 million in exports and up to 1,500 jobs supporting 6,500 households. 	<ul style="list-style-type: none"> Solomon Islands Timber Sector EA (2023) – round logs peaked at 1m m³/year vs sustainable 200k m³/year. STIA Report (2025) – sawn timber exports AUD 10–14m; 12–14k m³; 1,500 jobs; 6,500 households. Australian ILPA; NZ Legal Harvest Assurance Act; EU Deforestation Regulation (EUDR) – compliance frameworks. SITPEA Workshop (2025) – NZITG warning access would close without certification. Field Notes (2025) – exporters confirm dependence on ANZ markets. Market Study for Solomon Islands (2014) – historical reliance on ANZ buyers. Asia Times / SPREP data – unsustainable log harvest. Human Interest Story – buyer expectations for sustainable timber. PHAMA Evaluation Report – PHAMA role in diversification.
<p>Producers: From attitudes to practices</p> <p>How has the behaviour, attitude, practice, and performance of timber producers evolved as a result of PHAMA’s support for market information and training?</p>	<ul style="list-style-type: none"> PHAMA Plus market information has improved producers’ awareness of compliance requirements for ANZ buyers, linking production practices to export opportunities. Access to reliable market data has helped producers understand why legality, sustainability, and traceability are preconditions for market access. There has been a cultural shift from informal, ad-hoc transactions to an understanding that proper paperwork is essential for continued access to ANZ markets. Training and outreach shifted producers’ perception of export markets from opportunistic to long-term, rules-based relationships. Provincial suppliers remain less informed about market requirements compared to producers linked to larger processors in Honiara. 	<ul style="list-style-type: none"> Market Study (2014) – highlighted ANZ as primary markets, importance of legality. Field Notes (2025) – “buyers ask us for legality proof now, not just price.” SITPEA Workshop (2025) – producer feedback on market access info. STIA Report (2025) – ANZ market share, producer awareness gaps. PHAMA Evaluation Report – PHAMA role in awareness and market info. Human Interest Story – rural producers’ lack of information.

Key Question	Finding	Evidence
	<ul style="list-style-type: none"> Sustained market information and awareness are essential to bridge knowledge gaps, particularly in rural areas where export links are weakest. 	<ul style="list-style-type: none"> Field Notes (2025) – provincial producers less aware of compliance rules. CoC Audit Feedback (2025) – documentation critical for market acceptance. Exporter interviews – “market access depends on what our suppliers understand too.”
<p>How have producers and suppliers responded to improved market opportunities supported by PHAMA Plus interventions?</p>	<ul style="list-style-type: none"> There is strong evidence that producers and suppliers, linked to the export opportunities, are seeking certification to maintain market access. There is evidence of MOFR supporting the industry, including through assistance linked to Japan, to access alternative markets such as Japan. Producers increasingly recognise ANZ markets as more stable and reliable compared to Asian alternatives. There is limited evidence, though some suppliers have begun adapting practices (selective harvesting cycles, better grading) in anticipation of certification requirements. Rural landowners respond to market demand selectively, often balancing short-term household needs with long-term opportunities. Producer participation in SITPEA forums has given them a stronger voice in shaping responses to market opportunities. Responses vary widely, with smaller and remote suppliers constrained by limited resources and knowledge gaps. 	<ul style="list-style-type: none"> Field Notes (2025) – “ANZ buyers give us certainty; others just buy and go.” SITPEA Workshop (2025) – producers adapting practices. STIA Report (2025) – supplier household reliance on timber incomes. Human Interest Story – landowner balancing conservation vs logging. PHAMA Evaluation Report – evidence of supplier response. CoC Audit Feedback – supplier-level adoption gaps. Market Study (2014) – household-level incentives. SITPEA ID (2024) – supplier participation in industry consultation. Exporter interviews – producers changing due to market pull.
<p>Processors: Certification and Business Performance How have the skills and practices improved in processing (e.g., use and condition of timber processing machinery and handling practices)?</p>	<ul style="list-style-type: none"> There is moderate evidence that PEFC and Chain of Custody certification has begun to lead to better conditions in the sector, particularly around health, safety, and environmental standards. Processing companies supported by PHAMA Plus and SITPEA have improved operational standards, particularly in Honiara export yards where compliance is most visible. Workers are increasingly using PPE, following induction checklists, and working under visible safety signage, which represents a clear step forward compared to previous practice. Documentation systems have become more consistent, with logs received, tallied, and stored under identifiable systems, helping firms meet traceability requirements. Remote provincial mills continue to lag behind, operating with outdated equipment, minimal PPE, and less structured processes than their urban counterparts. 	<ul style="list-style-type: none"> STIA Report (2025) – PPE adoption rates; “289 full-time, 107 casual workers.” Field Notes (2025) – “operators now wear gloves, high-vis, boots.” CoC Audit Feedback (2025) – documentation systems improved. SITPEA Workshop (2025) – processors using training manuals. Human Interest Story (2025) – safety changes at Hatanga. SITPEA ID (2024) – OHS templates. Audit findings – supplier records incomplete in provinces. Market Study (2014) – baseline practices limited. PHAMA Evaluation Report – training contribution to processors.

Key Question	Finding	Evidence
	<ul style="list-style-type: none"> Improvements to date have been catalysed by mock audits and coaching sessions, but sustaining these changes will require ongoing technical assistance and continued management commitment. 	
<p>How has the adoption of market information and certification practices improved supply chain relationships between producers, processors, and exporters?</p>	<ul style="list-style-type: none"> There is strong evidence that PHAMA Plus support, in collaboration with SITPEA, created the pathway for CoC certification—an achievement that would not have been possible, or would have been significantly delayed, without technical and financial assistance. PHAMA delivered chain of custody training to SITPEA members and provincial suppliers, including health and safety and business compliance support. Producers have begun to adopt record-keeping and documentation practices introduced through Chain of Custody (CoC) training, with supplier lists, input declarations, and due diligence checks now more common. The training clarified roles within companies, giving clearer accountability for compliance and documentation. Certification processes have formalised relationships by requiring documented supplier lists and contracts. Exporters report greater confidence in suppliers who follow documentation and compliance standards. Processors with reliable producer links are better positioned to meet ANZ buyer requirements. Rural suppliers benefit indirectly by being linked into certified exporter networks. Supply chain trust has improved, though challenges remain in remote provinces where oversight is weak. 	<ul style="list-style-type: none"> CoC Audit Feedback (2025) – supplier list completeness critical. Field Notes (2025) – exporter: “we trust suppliers who do paperwork.” SITPEA Workshop (2025) – supply chain case discussions. STIA Report (2025) – certified suppliers improve access. Market Study (2014) – supply chain dynamics baseline. Human Interest Story – small suppliers linked to exporters. PHAMA Evaluation Report – supply chain trust improved. SITPEA ID (2024) – multi-site certification linkages. Field Notes (2025) – rural suppliers weak compliance.
<p>Exporters: Certification and Business Performance What are the actual and projected benefits of certification for the 3 leading exporters (e.g., price premiums, market</p>	<ul style="list-style-type: none"> There is strong evidence that CoC certification will help maintain market access to New Zealand and potentially Australia, with moderate global evidence that certification can deliver price premiums of 1–30%. Through levy arrangements with NZ ITTG and engagement with Australian importers, PHAMA Plus helped sustain critical trade pathways at a time when New Zealand threatened to close access without credible certification. Certification has already safeguarded access to critical markets such as New Zealand, where buyers warned uncertified Vitex would no longer be accepted. Exporters project price premiums of 16–19% for Vitex and Rosewood, which could raise Early Adopters net profits by 20% and increase community supplier incomes by 25%. 	<ul style="list-style-type: none"> STIA Report (2025) – Baseline export registered with SITPEA: 1,454 m³ Vitex and 1,588 m³ Rosewood with total value SBD 27million. STIA Report (2025) – Scenario 1 (market access maintained due to PHAMA Plus’s continued commitment to the certification process): Export market valued at SBD17 protected protected for Early Adopters and net income valued at SBD7.5 million protected for community suppliers. STIA Report (2025) – Scenario 2 (Early Adopters granted certification in early 2026) premiums Vitex +16.43%, Rosewood +19.60%. STIA Report (2025) – Early Adopters net profit SBD 2.51m → 2.83m (+12.33%).

Key Question	Finding	Evidence
access, operational efficiency)?	<ul style="list-style-type: none"> • Certification has improved documentation systems, reducing disputes and increasing reliability in order fulfilment. • If Second Batch exporters also certify, overall sector revenue could grow by nearly 20%, directly benefiting over 2,100 households. • Certification is therefore both a defensive measure to preserve current markets and an offensive strategy to grow sector competitiveness. • There is strong evidence that the initial CoC certification of 3 SITPEA members is expected to expand across the industry, with further members likely to be certified in the coming years. 	<ul style="list-style-type: none"> • STIA Report (2025) – community cash income SBD 7.75m → 9.03m (+17%). • STIA Report (2025) – Scenario 3 (Early Adopters and Second Batch exporters expected to be certified) revenue SBD 27.67m → 32.84m. • STIA Report (2025) – 2,194 households: 8,227 men, 6,582 women, 2,918 young men, 4,388 young women. • Field Notes (2025) – exporter: “prices are like 10 years ago; certification helps us negotiate.” • NZITG (2025) – warning uncertified Vitex rejected. • SITPEA Presentation (2025) – certification expansion plans. • CoC Audit Feedback (2025) – better order fulfilment. • DFAT/MFAT Update (2025) – ANZ importers tied certification to access.
Exporters: Costs and Risks How do the benefits of certification compare with its costs (audit fees, compliance upgrades, labour/training)?	<ul style="list-style-type: none"> • There is strong evidence that the benefits will outweigh the costs at the industry level, though there is only moderate evidence that SITPEA will have the resources from industry levies to expand the certification process. • Certification costs are significant, averaging ~SBD77,069 for each company under the group certification (i.e. Hatanga and VATA), and ~SBD 154,000 for a single company (i.e. Top Timber) annually. • The SITPEA levy and membership fees covered only about half of certification expenses in 2024, creating a persistent financing gap. • Levies collected on 2,468 m³ exported to ANZ markets raised about SBD 155,983, but total SITPEA income of SBD173,983 fell far short of audit and operational costs. • Smaller firms are most vulnerable to these financial pressures, as compliance requires both cash outlays and significant time from management. • Without additional support or revised levy structures, there is a risk that some exporters will withdraw from certification. 	<ul style="list-style-type: none"> • STIA Report (2025) – average Early Adopters’ certification cost ~SBD77,069 for each company under the group certification (i.e. Hatanga and VATA), and ~SBD 154,000 for a single company (i.e. Top Timber). • SITPEA ID (2024) – 18 members, SBD 1,000 fee = SBD 18,000. • STIA Report (2025) – levies collected: NZD94,245; AUD61,738; total SBD 155,983. • STIA Report (2025) – total SITPEA income SBD173,983. • Field Notes (2025) – exporter: “audit fees and training time hit us hard.” • SITPEA Workshop (2025) – group-audit option explored. • Audit feedback – significant paperwork burden. • PHAMA Evaluation Report – cost-benefit framing. • DFAT/MFAT Update (2025) – financing gap flagged.
What would be the likely scenario for the sector without certification (declining volumes,	<ul style="list-style-type: none"> • There is strong evidence that without certification, market access to ANZ would be restricted or removed. • Without certification, access to New Zealand markets for Vitex would almost certainly be suspended, and Australian buyers would also impose stricter checks. 	<ul style="list-style-type: none"> • NZITG warning (2025) – uncertified Vitex not accepted; SITPEA Workshop minutes. • STIA Report (2025) – counterfactual: revenue fall from SBD 27.67m → lower baseline. • STIA Report (2025) – employment baseline: 289 FT, 107 casual, 3,645 supplier jobs.

Key Question	Finding	Evidence
prices, or market access)?	<ul style="list-style-type: none"> Export volumes and prices would decline, with exporters forced to redirect products to lower-margin Asian markets. This would undermine rural household incomes, with 3,645 supplier jobs and nearly 400 direct jobs at Early Adopter exporters at risk. The sector’s reputation for legality and sustainability would be damaged, limiting opportunities to secure new markets. Certification is therefore essential for both maintaining existing trade and ensuring future competitiveness. 	<ul style="list-style-type: none"> Field Notes (2025) – exporter: “If not certified, NZ is gone for us.” DFAT/MFAT Update (2025) – ANZ buyers tightening due diligence. CoC Audit Feedback (2025) – importer demand for certification evidence. Market Study (2014) – dependence on ANZ buyers for Vitex. Global Witness (2019) – uncertified timber faces rejection in markets. Katovai et al. (2015) – ecological risks underpinning market concerns. PHAMA Evaluation Report – certification as defensive tool against market collapse.
How likely are other businesses to seek certification and adopt the standards of the PHAMA-supported businesses?	<ul style="list-style-type: none"> There is strong evidence that among the Early Adopters, Second Batch, and to some degree industry stakeholders that certifications will be sought – though resourcing may be the challenge, along with implementing the documentation requirements. Interest in certification is increasing, with 3 companies having completed initial steps and more preparing for the 2026 cycle. Group certification reduces per-firm costs and shares knowledge, making certification more feasible for smaller exporters. Adoption is most likely among firms directly linked to ANZ buyers, who demand certification and are willing to pay premiums. Provincial suppliers face the biggest challenges due to documentation burdens and limited resources. Expansion of certification will depend on SITPEA’s levy sustainability, continued buyer pressure, and government support. 	<ul style="list-style-type: none"> SITPEA Workshop (2025) – list of firms preparing for next certification cycle. CoC Audit Feedback (2025) – recurring gaps: supplier lists, Due Diligence Systems, OHS. STIA Report (2025) – compliance 60–80%; potential >90% with premiums. SITPEA ID (2024) – governance structure supports group certification. Field Notes (2025) – “what do we get for the paperwork?” comment. The SITPEA Journey (2025) – membership expansion documented. PHAMA Evaluation Report – lead firm diffusion pathways. Market Study (2014) – exporter concentration patterns. DFAT/MFAT Update (2025) – evidence of importer certification push.
Industry: Diversification and sustainability To what extent has the industry diversified away from unsustainable round-logs towards higher-value and more	<ul style="list-style-type: none"> There is strong evidence that there has been limited diversification from round logs to higher value, rather than there has been a decline in round logs due to restrictions and access. The Solomon Islands has made modest progress in diversifying away from unsustainable round-log exports, with sawn timber exports stabilising at approximately AUD 25 million annually. Awareness of logging’s environmental impacts is growing, with landowner champions like Gordon from VATA choosing conservation over logging. Supply has declined by around 40% in the past decade, underscoring the urgency of shifting toward sustainable practices. 	<ul style="list-style-type: none"> STIA Report (2025) – sawn timber value AUD 10–14m; supply decline ~40% over decade. Human Interest Story (2025) – Gordon from VATA stewardship case. Field Notes (2025) – “we have less Vitex now; buyers wait longer.” Market Study (2014) – sawn timber relative to cocoa/coconut exports. Katovai et al. (2015) – regeneration undermined by repeat selective logging. Global Witness (2019) – unsustainable harvest cycles.

Key Question	Finding	Evidence
sustainable sawn mill exports?	<ul style="list-style-type: none"> • Certification provides a practical pathway for diversification, connecting sustainability standards with premium markets. • Plantation establishment remains limited due to high costs, tenure disputes, and long payback periods, leaving the sector reliant on selective harvesting and natural regeneration. 	<ul style="list-style-type: none"> • SITPEA Presentation (2025) – certification linked to diversification. • SPREP data – deforestation rates and ecological pressure. • PHAMA Evaluation Report – diversification evidence and gaps.
To what extent has the foundation and support to SITPEA resulted in improved industry coordination, consultation, best practices and adoption?	<ul style="list-style-type: none"> • SITPEA has become the central coordinating body for certification, providing members with documentation templates, SOPs, and compliance coaching. • There is strong evidence that PHAMA Plus, working alongside government and industry partners, has strengthened coordination, collaboration, and the establishment of SITPEA. SITPEA is currently generating revenue to pay for the current CoC certification requirements, though it will require additional levies/revenue to be financially sustainable and meet the expanded certification needs of the industry. • Its statutory recognition by MOFR has given the industry a stronger policy voice in government consultations. • Revenue from levies and membership fees (SBD173,983 in 2024) demonstrates an emerging model of financial sustainability. • PHAMA Plus support strengthened SITPEA’s capacity through staff secondments, hardware/software upgrades, and facilitation of knowledge forums. • Engagement with NZITG and Australian buyers through SITPEA has sustained confidence in the Solomon Islands timber sector. • PHAMA Plus supported the establishment of SITPEA in 2015 and helped it secure statutory recognition through MOFR, enabling the industry to have a stronger voice in policy and regulation. 	<ul style="list-style-type: none"> • SITPEA ID (2024) – membership 18 companies, levy + fees total SBD173,983. • STIA Report (2025) – levies NZ 94,245; AU 61,738; total 155,983. • SITPEA Journey (2025) – milestones in coordination. • Field Notes (2025) – SITPEA crucial for exporter compliance. • PHAMA Evaluation Report – PHAMA co-founding SITPEA. • CoC Audit Feedback (2025) – SITPEA coordination improved compliance. • Knowledge Forum Outline (2025) – SITPEA as hub for industry discussion. • Exporter interview – “we depend on SITPEA for paperwork.” • MOFR/SIG policy note – statutory recognition of SITPEA.
To what extent has support to SITPEA and market linkages improved/maintained market access for the industry?	<ul style="list-style-type: none"> • SITPEA’s coordination with NZITG prevented the suspension of Solomon Islands timber exports to New Zealand. • Australian buyers have also been reassured by SITPEA’s certification progress and levy arrangements. • Certification positions the industry to meet future requirements under the EU Deforestation Regulation and other international standards. • Exporters report improved negotiating power with buyers, as certification allows them to argue for higher prices. • Despite progress, market access remains fragile until final certification is fully achieved and renewed through subsequent audits. 	<p>SITPEA Workshop (2025) – NZITG dialogue recorded.</p> <p>DFAT/MFAT Update (2025) – ANZ buyers confirmed reliance on SITPEA progress.</p> <p>STIA Report (2025) – Scenario modelling shows market access at risk without SITPEA support.</p> <p>SITPEA Presentation (2025) – levy framework presented to buyers.</p> <p>Field Notes (2025) – exporter: “SITPEA keeps NZ doors open.”</p> <p>PHAMA Evaluation Report – SITPEA pivotal in market linkages.</p> <p>Human Interest Story – exporter confidence in certification process.</p> <p>CoC Audit Feedback (2025) – SITPEA coordination kept access viable.</p> <p>Market Study (2014) – NZ and AU as anchor markets.</p>

Annex 2: Solomon Islands Sawn Timber Results Chain for PHAMA Plus

