



Forest Management Public Summary

for

Koperasi Hutan Jaya Lestari (KHJL)

Certification Code: SW-FM/COC-1511

Date of Certification: May 20, 2005

Date of Public Summary: June 2005

This document was produced according to the guidelines of the Forest Stewardship Council (FSC) and the SmartWood Program. No part of the report should be published separately.

Certifier:

SmartWood Program¹
c/o Rainforest Alliance
665 Broadway, 5th Floor
New York, New York 10012 USA
TEL: (212) 677-1900 FAX: (212) 677-2187
Email: info@smartwood.org
Website: www.smartwood.org

¹ SmartWood is implemented worldwide by the nonprofit members of the SmartWood Network. The Network is coordinated by the Rainforest Alliance, an international nonprofit conservation organization. The Rainforest Alliance is the legally registered owner of the SmartWood certification mark and label. All uses of the SmartWood label for promotion must be authorized by SmartWood headquarters. SmartWood certification applies to forest management practices only and does not represent endorsement of other product qualities (e.g., financial performance to investors, product function, etc.). SmartWood is accredited by the Forest Stewardship Council (FSC) for the certification of natural forest management, tree plantations and chain-of-custody.

TABLE OF CONTENTS

INTRODUCTION.....	3
ACRONYMNS, ABBREVIATIONS, AND TERMS	4
1. SCOPE OF THE CERTIFICATE	7
1.1. SCOPE OF THE CERTIFICATE	7
1.2. EXCLUSION OF AREAS FROM THE SCOPE OF CERTIFICATE	11
2. ASSESSMENT PROCESS.....	12
2.1. CERTIFICATION STANDARD USED.....	12
2.2. ASSESSMENT TEAM AND QUALIFICATIONS	12
2.3. REPORT PEER REVIEWERS	12
2.4. ASSESSMENT SCHEDULE	12
2.5. EVALUATION STRATEGY	13
2.6. STAKEHOLDER CONSULTATION PROCESS.....	14
3. ASSESSMENT FINDINGS AND OBSERVATIONS	16
3.1. STAKEHOLDER COMMENTS RECEIVED	16
3.2. MAIN STRENGTHS AND WEAKNESSES	17
3.3. IDENTIFIED NON-COMPLIANCES AND CORRECTIVE ACTIONS	19
3.4. FOLLOW-UP ACTIONS BY CLIENT TO MEET CERTIFICATION	21
3.5. OBSERVATIONS	21
3.6. CERTIFICATION RECOMMENDATION	22
4. CLIENT-SPECIFIC BACKGROUND INFORMATION	23
4.1. OWNERSHIP AND LAND TENURE DESCRIPTION.....	23
4.2. ENVIRONMENTAL CONTEXT	23
4.3. SOCIOECONOMIC CONTEXT.....	23
APPENDIX I: FSC Reporting Form - Detailed FMO information.....	26
APPENDIX II: Public summary of the management plan.....	28

INTRODUCTION

To earn SmartWood certification, a forest management operation must undergo an on-site field assessment. This Public Summary Report summarizes information contained in the initial assessment report, which is produced based on information collected during the field assessment. Annual audits are conducted to monitor the forest management operation's activities, to review the operation's progress toward meeting their certification conditions, and to verify compliance with the SmartWood standards. Addenda providing the updated information obtained during these annual audits are included as attachments to the Public Summary Report.

This report presents the findings of an independent certification assessment conducted by a team of specialists representing the SmartWood Program of the Rainforest Alliance. The purpose of the assessment was to evaluate the ecological, economic and social sustainability of the forest management, as defined by the Forest Stewardship Council, of the cooperative known as Koperasi Hutan Jaya Lestari (KHJL or Sustainable Teak Forest Cooperative²).

The purpose of the SmartWood program is to recognize conscientious land stewardship through independent evaluation and certification of forestry practices. Forestry operations that attain SmartWood certification may use the SmartWood and FSC labels for public marketing and advertising.

Metric units are used throughout this report. A bibliography of documents consulted is included. Some of the documents are cited in the report narrative. Abbreviations and important terms in the report and major documents are listed below.

² Legal entity number 518.15/DKK/18/III/2004 established 18 March 2004.

ACRONYMNS, ABBREVIATIONS, AND TERMS

AAC	Annual Allowable Cut / <i>Jatah Tebangan Tahunan</i>
Adat	Traditional or indigenous community
Aoreo	One of 12 KHJL villages under assessment for forest certification
Anggoroboti	One of 12 KHJL villages under assessment for forest certification
Akte Waris	Testament of Inheritance (Will)
AHM	<i>Anggota Hutan Masyarakat</i> / Community Forestry Member
Anggota	Member of KHJL or LKAK or Badan Pengawas
APPKD	<i>Anggaran Pendapatan Pembangunan Desa dan Kelurahan</i> / Revenue Fund for Village Development
Audit	Audit of certified forest conducted annually
Badan Pengawas	Control Body
Bappeda	<i>Badan Perencanaan Pembangunan Daerah</i> / Agency for Area Development Planning, at District and Provincial levels
BPD	<i>Badan Perwakilan Rakyat</i> / Elected village council
BAP	<i>Berita Acara Pengukuran</i> / Notice of Yield Measuring
BKDH	<i>B /</i>
BPDAS	<i>Balai Pengelolaan Daerah Aliran Sungai</i> / Agency for Watershed Management, regional, under MoF
BPN	<i>Badan Pertanahan Nasional</i> / National Land Agency
c.	circa or about
CAR	Corrective Action Request
CB	FSC-Accredited Certification Body, e.g., SmartWood
Certification	Formal acknowledgement that an assessed FMU has met the FSC and SmartWood P&C of sustainability. Valid for 5 years.
CITES	Convention on Trade of Endangered Species
C&I	Criteria and Indicators
Dana Taktis	Petty cash
dbh	Tree diameter at breast height, 130 cm
Desa	Village
DepHut	<i>Departemen Kehutanan</i> / Ministry of Forestry, MoF
DfID	Department for International Development, U.K.
DHH	<i>Daftar Hasil Hutan</i> / Forest Harvest List
DPRD	<i>Dewan Perwakilan Rakyat Daerah</i> / People's Regional Representative Council (at Provincial and District levels)
Dusun	Sub-village
Dinas Kehutanan	Provincial or District Forestry Service
Dinas Perkebunan	Provincial or District Estate Crops Service
Eewa	One of 12 KHJL villages under assessment for forest certification
FMO	Forest Management Organisation
FMU	Forest Management Unit
Fresh Green	Media forum including Kendari Express and Kendari Pos newspapers; also Kendari Television.
FSC	Forest Stewardship Council
FWI	Forest Watch Indonesia
GIS	Geographic Information System
GPS	Global Positioning System
Girik	Local formal acknowledgement of land ownership
Group Certificate	Group certificate with Group Manager and Group Members under one certificate
Ha	Area in hectares
HKons	<i>Hutan Konservasi</i> / Protected Forest

HKonv	<i>Hutan Koversi</i> / Conversion Forest Area
HL	<i>Hutan Lindung</i> / Protection Forest
HM	<i>Hutan Masyarakat</i> / Community Forest
HP	<i>Hutan Produksi</i> / Production Forest
HPT	<i>Hutan Produksi Terbatas</i> / Limited Production Forest
Hutan	Forest
IFBWW	International Federation of Builders and Wood Workers
inv	Inventory number
intv	Interview(ed)
IPKTM	<i>Ijin Pemungutan Kayu pada Tanah Milik</i> / License for Harvest of Wood from Private Land
ITTA	International Tropical Timber Agreement
ITTO	International Tropical Timber Organisation
JAUH	<i>Jaringan Untuk Hutan</i> / Network for Forests, includes SUAMI, YASCITA, LAPAM, WGF, LEPMIL. JAUH represents FWI for Sultra.
Jati	Teak, <i>Tectona grandis</i>
jt	Teak, <i>Tectona grandis</i>
Kab.	<i>Kabupaten</i> / District
Karantaruna	Village youth organisation
Kayu Bulat	Log
Kec.	<i>Kecamatan</i> / Sub-district
Kelompok	Farmer Group, village-level management unit (state land)
KHJL	<i>Koperasi Hutan Jaya Lestari</i> / Sustainable Teak Forest Cooperative
Koeono	One of 12 KHJL villages under assessment for forest certification
Komite Anggaran	Finance Committee
KonSel	District (Kabupaten) of Konawe Selatan
KU	<i>Kordinator Unit</i> / Unit Coordinator
Lambakara	One of 12 KHJL villages under assessment for forest certification
LAPAM	<i>Lembaga Pelestarian Lingkungan dan Pembinaan Masyarakat</i> / Insitute for Environmental Conservation and People Guidance. NGO member of JAUH NGO network
LEI	<i>Lembaga Ekolabel Indonesia</i> / Indonesian Ecolabelling Institute
LEPMIL	<i>Lembaga Pemberdayaan Masyarakat Pesisir dan Pendalaman</i> / Institute for Empowerment of People in Coastal Areas and the Interior. NGO member of JAUH NGO network
LHC	<i>Laporan Hasil Cruising</i> / Cruising Report
LHPn, LHP	<i>Laporan Hasil Pemanenan</i> / Production Report
LHP-KB	<i>Laporan Hasil Pemanenan Kayu Bulat</i> / Log Production Report
LKAK	<i>Lembaga Komunikasi Antar Kecamatan</i> / Inter-Kecamatan Communication Institute
MAI	Mean Annual Increment, m ³ / ha / yr = total volume of wood produced divided by age
MFP	Multi-Stakeholder Forestry Programme, a DfID-funded project with a facilitator for Sulawesi supporting the SosFor initiative.
m	Metre
m ³	Cubic Metre
Masyarakat	Community
Matabubu	One of 12 KHJL villages under assessment for forest certification
Mekar Sari	One of 12 KHJL villages under assessment for forest certification
MoF	Ministry of Forestry
NI	FSC National Initiative
Non-SFA	Non-SFA / <i>Kawasan Budidaya Non-Kehutanan</i> , outside the development authority of the MoF and Dinas and other state forestry agencies
Onembute	One of 12 KHJL villages under assessment for forest certification
Pamandati	One of 12 KHJL villages under assessment for forest certification
P	FSC or SW Principle
P&C	FSC Principles and Criteria

Pemda	District or Provincial Government
Pengurus	Management
Perda	Provincial or District Regulation issued by local parliament or DPRD
phn	Tree / <i>Pohon</i>
PBB	<i>Pajak Bumi dan Bangunan</i> / Land and Building Tax
PM	Public Meeting
PSDH	<i>Provisi Sumber Daya Hutan</i> / Forest Resource Rent Tax
Putobu	Adat leader, traditionally responsible for tree harvesting decisions
PT. SW	SmartWood (Limited Company), Indonesia
P2LHP	<i>Pejabat Pengesahan Laporan Hasil Produksi</i> / Official responsible for approving production reports
P2SKSHH	<i>Permohonan Penunjukan Pejabat Pengesahan Laporan Hasil Hutan</i> / Request to appoint an official responsible for approving production reports
P3KB	<i>Petugas Pemeriksaan Penerimaan Kayu Bulat</i> / Official tasked to check log receipt
P3KG	<i>Petugas Pemeriksaan Penerimaan Kayu Gergaji</i> / Official tasked to check receipt of sawn timber
RA	<i>Rapat Anggota</i> / Members Meeting
Rahamenda	One of 12 KHJL villages under assessment for forest certification
Re-certification	Five years after the original certification, built upon the original assessment report
Retribusi	Service Fee
RM	SmartWood Regional Manager
RTA	<i>Rapat Tahun Anggota</i> / Annual Members Meeting
sawah	Irrigated rice field
Sawah	One of 12 KHJL villages under assessment for forest certification
Sertifikat	<i>Sertifikat Hak Milik</i> / Land Title (full and formal ownership)
SFA	State Forest Area / <i>Kawasan Hutan Negara</i>
SKAPT	<i>Surat Keterangan</i> / Letter of Authenticity (Issued by village head re land ownership)
SKSHH	<i>Surat Keterangan Sahnya Hasil Hutan</i> / Letter of Forest Product Authenticity
SLIMF	Small and Low Intensity Managed Forest(s)
SOP	Standard Operating Procedures
SosFor	Social Forestry / <i>Perhutanan Sosial</i> . One of three major national sites in SFA Production Forest (HP) in Kab. Konawe Selatan, involving 34 villages including the 12 selected for KHJL certification. Not part of the certification assessment.
SPPT	<i>Surat Pemberitahuan Pajak Terutang</i> / Letter of Notice of Tax Due
SSFWC	Social Standards for Forest Workers in Certification
SUAMI	<i>Swadaya Masyarakat Indonesia</i> / Self-reliance Indonesian People. NGO member of JAUH NGO network
Sultra	Province of Sulawesi Tenggara
Swara Alam	Local Sultra radio station, 99 FM
SW	SmartWood
TFT	Tropical Forest Trust
Tim Pokja SF	<i>Tim Kelompok Kerja Kehutanan Sosial</i> / Social Forestry Working Group Team, MoF
Tim Survei	Survey team
TM	SmartWood Task Manager
Tolaki	Major ethnic group in Kab. Konawe Selatan and in KHJL
TPn, TPK	<i>Tempat Penyimpanan Kayu</i> / Log yard
Trans	<i>Transmigrasi</i> / Transmigration
UMR	<i>Upah Minimal Regional</i> . / Minimum Regional Wage
Unhalu	<i>Universitas Halu</i> / University of Halu
Unit	Farmer-level, village-level management unit (private land)
Walhi	<i>Wahana Lingkungan Hidup Indonesia</i> / Indonesian Forum for the Environment (NGO).
Wanua Raya	One of 12 KHJL villages under assessment for forest certification
WGF	World Green Foundation. NGO member of JAUH NGO network
YASCITA	<i>Yayasan Cinta Alam</i> / Foundation for Love of Nature. NGO member of JAUH network
Yr	Year

1. SCOPE OF THE CERTIFICATE

Scope of the certificate

The certificate is for a group of Small and Low Intensity Managed Forests (SLIMFs). The certificate holder and forest manager will be the Koperasi Hutan Jaya Lestari or Cooperative for Sustainable Teak Forests, referred to in the present assessment report as KHJL. KHJL was legally established in March 2004.

The certificate covers the group of small landholdings managed by KHJL in 12 village units. At the time of the forest assessment there were a total of 152.35 ha of smallholder teak wood lots individually and privately owned by 196 farmers across 12 villages in Kabupaten Konawe Selatan, Sulawesi Tenggara Province, Indonesia (see Table 1.) The legal status of this teak land allows private ownership unlike adjacent state forest areas (see Table 2). All 196 teak farmers are members of a cooperative. The membership and total certified area can expand over time based on monitoring audits by SmartWood.

The KHJL is comprised of a central management team and 12 village units. Figure 1 illustrates the village - management team arrangement of the KHJL together with its monitoring and control body, the Badan Pengawas (BP), a legal requirement of legally-constituted cooperatives in Indonesia.

The KHJL engages with other institutions to enable its functioning. A parallel organization, the Institution for Inter-Kecamatan Communication or Lembaga Komunikasi Antar-Kecamatan (LKAK) at village and central levels, has more of a legislative role. LKAK and KHJL representatives meet at the Annual Members Meeting or Rapat Tahunan Anggota (RTA) for policy- and rule-setting as well as elections of LKAK and KHJL officials. The NGO network JAUH provides organization and facilitation assistance to the above institutions. The Tropical Forest Trust (TFT) provides technical assistance for forest management and wood business development.

Teak farmers in the cooperative own one to several plots typically ranging from 0.1 to 1.0 ha. Mature teak areas are either monocultures or mixed stands, e.g., intercropping with cocoa, pepper, coffee, cashew, sago and various fruit trees. Recently planted or coppiced areas are often intercropped with food crops, e.g., cassava, corn, dry rice, chili peppers. Teak farmers may also own irrigated rice or *sawah*, own livestock, primarily cattle.

More detailed information about the FMO and areas covered by the certificate are in Appendices I and II.

Table 1. Villages with Private Teak Farms in the KHJL Cooperative, Kab. Konawe Selatan, Sulawesi Tenggara, as of 01 February 2005 /1/

Village /2/	Sub-district	KHJL Teak Area (Ha)	Number of Inventoried Teak Trees in KHJL	Number of Teak Farmers in KHJL
01. Lambakara	Lainea	19.2	1,410	20
02. Aoreo	Lainea	11.7	570	13
03. Pamandati	Lainea	8.3	2,278	8
04. Anggoroboti	Lainea	6.7	1,600	7
05. Eewa	Palangga	4.8	1,690	11
06. Onembute	Palangga	18.2	14,920	18
07. Wanua Raya	Andoolo	17.0	22,043	31
08. Matabubu	Andoolo	25.0	12,420	25
09. Rahamenda	Andoolo	8.6	1,671	15
10. Mekar Sari	Palangga	20.5	2,210	28
11. Koeono	Kolono	1.5	3,300	3
12. Sawah	Kolono	9.0	248	7
Totals	12	159.9 ha	58,296 trees	186 farmers

Sources: Members' List of 01 February 2005 (KHJL 2005h); teak area

Notes:

/1/ Total number of farmers (196) and area (152.35 ha) was tallied at the time of the assessment in the last week of February 2005 and differs slightly from the above data by village.

/2/ Villages are adjacent to SFA production forest areas with plantation teak proposed as part of the Social Forestry program that is not included in the KHJL or the present assessment.

Table 2. Land Classification in Konawe Selatan District and KHJL Location

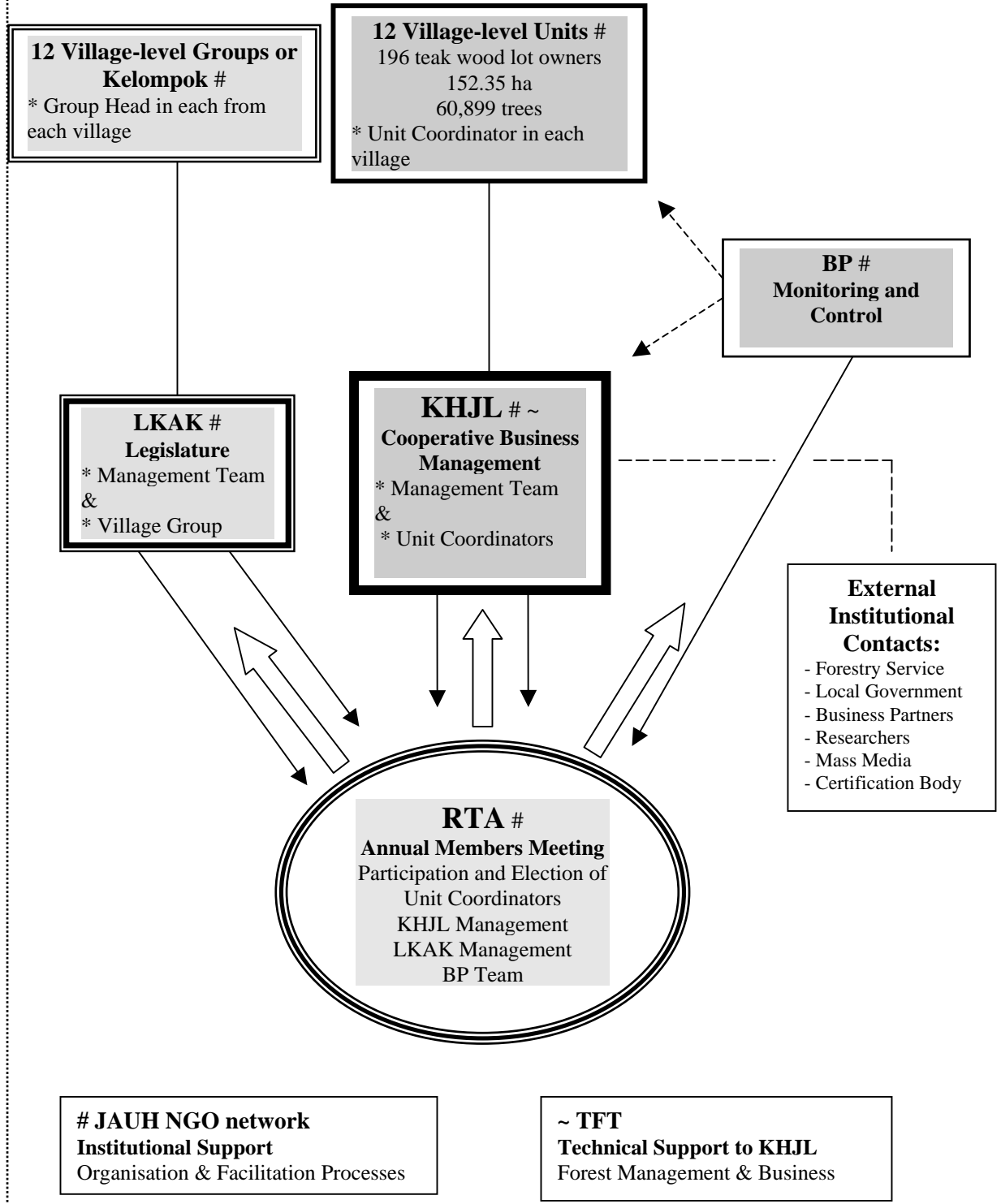
Land Classification	District Land Area		KHJL Area Assessed for Certification	Proposed Social Forestry Area /1/
	Ha	%	Ha	Ha
1. State Forest Areas	212,097	50.4	0	39,000
a. Protected Forest (<i>H Kons</i>)	79,540	37.5	0	0
b. Protection Forest (<i>HL</i>)	42,759	20.2	0	0
c. Limited Production Forest (<i>HPT</i>)	3,705	1.7	0	0
d. Production Forest (<i>HP</i>)	86,093	40.6	0	39,000
e. Conversion Forest (<i>H Konv</i>)	0	0	0	0
2. Non-Forestry Cultivation Areas	208,909	49.6	152.35	39,000
Totals	421,006	100	152.35	39,000

Sources: KHJL Management Plan (KHJL 2005p),

Notes:

/1/ The proposed Social Forestry area is not part of the assessment for certification.

Figure 1. Inter-institutional Relationships of the KHJL



Exclusion of areas from the scope of certificate

Each of the 12 villages and participating landowners included in the certificate shares a common border with teak plantation areas established 20-30 years ago in state forest areas (SFA) land classified as production forest (HP). The LKAK was set up as part of the development of a Social Forestry program (SosFor) to assign some 39,000 ha of teak plantation (see Table 2) to community management. The program, supported by the Ministry of Forestry (MoF) and facilitated by the NGO network JAUH with assistance from the TFT, covers some 43 villages but has yet to complete the formal approval process.

None of the SFA teak plantations fall within the scope of the present certificate.

The KHJL, however, plans in future to add a total of 34 village cooperative units to the KHJL certificate in stages, applying the same organizational and business structure. All but three of the additional villages are members of the SosFor initiative. None of the additional smallholder teak plantations added to the scope of this certificate will be from the SosFor plantations.

2. ASSESSMENT PROCESS

Certification Standard Used

The certification standard and version used for the assessment is SmartWood's Interim Guidelines for Assessing Forest Management in Indonesia (SmartWood 2003) and available in English and Indonesian languages at www.smartwood.org. SLIMF policies and procedures were also applied (SmartWood 2004).

One month in advance of the certification stakeholders were invited to comment on the proposed certification through local newspaper notifications and an email list including people from NGOs, private companies, research institutions, donor agencies, and the MoF.

Assessment team and qualifications

The assessment team consisted of two consultants:

- Social, Economic and Institutional Focus - Chris P.A. Bennett (Team Leader), Agroforestry Specialist and Professor Rural Development, University of British Columbia, Vancouver, Canada. Participation in SmartWood certification and scoping assessments in Indonesia and Laos. Work in rural and natural resource management in Indonesia since 1976.
- Timber production and transport systems, and Ecology - Teddy Rusolono, Forest Management, BA in Forestry, MSc in Applied Statistics, PhD student in Forestry Science, Bogor Agricultural University, Bogor. Lecturer in Forest Management and Forest Biometrics at Faculty of Forestry IPB, fifteen years experience in forestry project appraisal, forestry survey and consultancy. Certification work includes several scoping evaluations and audits for SmartWood, and assessment under LEI system.

Report peer reviewers

As the total area of the SLIMF group is under 1,000 ha, peer review was not required.

Assessment schedule

Table 3. Assessment schedule

2005 Dates	General Location* (main sites)	Main activities
15 January 24 January	(a) Kendari Express newspaper (b) NGO-forestry sector emailing list	Pre-assessment notification of certification intent in (a) newspaper and (b) email list.
21 February	Kendari	Plane flight to Kendari from Jakarta for initial meeting with JAUH and TFT.
22 February	Lambakara, KHJL village	(a) Meeting with senior officials of KHJL and LKAK in KHJL headquarters. (b) Visit teak nursery and (c) Several pure and mixed teak stands in KHJL member wood lots and interview owners.
	Anggoroboti, KHJL village	(d) Log yard
	Koeono, KHJL village	(e) Visit KHJL member teak wood lots (f) Interview wood lot owner
	Kendari	(g) Consultation with JAUH NGO network members, SUAMI, YASCITA, LAPAM, WGF, LEPMIL

23 February	Lambakara, KHJL village	(a) Public meeting about the certification assessment. Participants: KHJL, LKAK, BP, Pemda Konawe Selatan, Kecamatan administration, University researcher, JAUH, Kendari T.V. (b) Interview BP, KHJL, LKAK, teak farmer KHJL members and Kecamatan administration
	Pamandati, KHJL village	(c) Visit teak (pure and intercropped) wood lots and riparian area.
	Punggaluku village	(d) Observe illegal logging problem in SFAs
	Kendari	(e) Meeting with Walhi and JAUH NGOs, and (f) DfID Facilitator for Sulawesi
24 February	Kendari	(a) TFT interview
		(b) Interviewed by Kendari TV
		(c) Consultation with KHJL, LKAK, TFT and JAUH
	Wona Raya, KHJL village	(d) 5 wood lot owners and their Unit Coordinator interviewed.
	Onembute, KHJL village	(e) Wood lot owners and their Unit Coordinator interviewed.
Meka Sari, KHJL village	(f) Wood lot owners and their Unit Coordinator interviewed.	
25 February	Kendari to Jakarta	(a) Intra-team discussions
<p>Total number of person-days used for the assessment: 12. = number of assessors participating - 2 - times total number of days spent for the audit (including pre-assessment activities) - 6 person days.</p> <p>Notes: /1/ Details on who the team met and more site detail provided in Appendix VI and VII</p>		

Evaluation strategy

This evaluation follows the FSC streamlined evaluation procedures documented in the following FSC document:

- FSC-POL-20-101 SLIMF Streamlined Certification Procedures: summary
- FSC-POL-20-100 SLIMF Eligibility Criteria.

Evaluation of the field sites over the three days planned for on-site certification assessment of the KHJL's forest management, organizational framework and institutional arrangements began with inviting the cooperative and its partner institutions to set up meetings with stakeholders and visits to representative sites. During such meetings the team decided on where else and with whom else they should meet on the third day. The second day was devoted primarily to the public meeting.

As far as possible, visits were made to teak wood lot locations to cover the following variations:

- Pure, boundary and mixed mature teak stands with important intercrops, e.g., coffee, cocoa, cashew, pepper and sago.
- Teak nurseries and planting in comparison with coppiced teak
- Villages where farmers were predominantly from the traditional Tolaki ethnic group with minority groups in comparison with villages with large Javanese (e.g., transmigration sites) or Bugis populations.
- The few women owners, e.g., widows.
- Relationship of the KHJL teak wood lots in private land to the SosFor sites in state forest areas (SFA).
- Planting, maintenance and protection against theft of teak in private and SFAs.

In all, 8 of the 12 villages were chosen for visits. These were Lambakara, Anggoroboti, Koeono, Pamandati, Lainea, Wanua Raya, Onembute and Mekar Sari. The first three villages were selected by the KHJL for field visits, while the remainder selected by the assessment team. Each of the sites was reached by road and visited on foot, with the team splitting up to meet with different individuals and observe different areas alone or in company of KHJL and related organizations. Appropriate photographic records were kept. Around 30 of the 196 KHJL members were met for at least some informal discussion.

Every opportunity was taken for impromptu one-on-one meetings with KHJL, BP, LKAK, JAUH and TFT staff as well as individual farmer members of the KHJL. Before and after the Public Meeting proved to be good opportunities for such interviews. Every effort was made by the management teams and other representatives of these organizations to allow the team uninhibited access to those they wanted to interview. Other stakeholders outside the immediate KHJL orbit were similarly interviewed, e.g., Village and Sub-District Administrations and Bappeda, Konawe Selatan Selatan District, a university researcher, and DfID's Multi-Stakeholder Forestry program (funding much of JAUH's work). Despite repeated attempts, however, it was not possible to meet any Dinas Kehtunan staff. The following various aspects of forest management were observed by the assessment team.

Table 4. List of management aspects reviewed by assessment team:

Type of site	Sites visited	Type of site	Sites visited
Road construction	0	Illegal settlement	0
Soil drainage	1	Bridges/stream crossing	1
Workshop	0	Chemical storage	0
Tree nursery	3	Wetland	0
Planned Harvest site	7	Steep slope/erosion	0
Ongoing Harvest site	2	Riparian zone	2
Completed logging	2	Planting	1
Soil scarification	0	Direct seeding	1
Planting site	1	Weed control	0
Felling by harvester	2	Natural regeneration	5
Felling by forest worker	2	Endangered species	0
Skidding/Forwarding	2	Wildlife management	0
Clearfelling	0	Nature Reserve	0
Shelterwood management	0	Key Biotope	0
Selective felling	4	Special management area	1
Sanitary cutting	0	Historical site	0
Pre-commercial thinning	0	Recreational site	0
Commercial thinning	0	Buffer zone	0
Logging camp	0	Local community	7

Stakeholder consultation process

The purpose of the stakeholder consultation strategy for this assessment was threefold:

- 1) To ensure that the public is aware of and informed about the assessment process and its objectives;
- 2) To assist the field assessment team in identifying potential issues; and,
- 3) To provide diverse opportunities for the public to discuss and act upon the findings of the assessment.

The process followed was not just stakeholder notification, but wherever possible, also meaningful stakeholder interaction. Indeed, the process of stakeholder interaction extends beyond a certification decision. Thus, SmartWood welcomes at any time comments on certified operations. Such comments often provide important input guiding field assessment, annual audits and re-certification processes five years after a certification decision.

With input from the KHJL and TFT, the first step of stakeholder consultation was to prepare a list of major stakeholders. Stakeholder consultation itself began with advertising the planned certification assessment, giving SmartWood contact opportunities by telephone, fax, mail and email. A public meeting was held. All major stakeholders were invited and two thirds attended. Members of the KHJL and its closely-tied partner organizations were interviewed as well as local government officials and NGOs.

Table 5. Generalized list of Stakeholders Consulted (details of individuals met in Appendix VII)

Stakeholder Type (NGO, government bodies, local inhabitants, contractor, buyer, etc.)	Stakeholders informed (#)	Stakeholders consulted or providing input (#)
Heads of the 12 KHJL villages	12	11
Sub-District Local Government	6	4
District Local Government	3	1
District Bappeda	1	1
Dinas Kehutanan, District	1	0
Dinas Kehutanan, Province	1	0
Local University, Province	1	1
DfID's MFP	1	1
Across Indonesia through the NGO forestry sector email list National and local NGOs (including LEI, FWI and Walhi), researchers, government agencies and donor institutions, private sector	300	13
Shopkeepers	3	3
KHJL management team	1	
BP team	1	1
LKAK management team		
Teak farmers not in KHJL	0	3
JAUH network NGOs	5	5
Tropical Forest Trust	1	1
Kendari T.V. and Radio	2	2
Kendari Express & Kendari Post newspaper	2	2

3. ASSESSMENT FINDINGS AND OBSERVATIONS

Stakeholder comments received

The stakeholder consultations gave participants the opportunity to provide comments according to general categories of interest based upon the assessment criteria. The table below summarizes the issues identified by the assessment team with a brief discussion of each based upon specific interview and/or public meeting comments.

FSC Principle	Stakeholder comment	SmartWood response
P1: FSC Commitment and Legal Compliance	Local communities have insufficient awareness of the FSC and certification requirements to adhere to its principles if certification status is granted.	There was widespread awareness among KHJL members of what certification is. The awareness of FSC and certification was detected down to the ordinary teak farmer member level. Awareness, however needs to be heightened by being a part of various management processes, e.g., updating of the management plan and AAC determination. See CAR 5 – 2005
P2: Tenure & Use Rights & Responsibilities	After two years, local communities have still not obtained government approval for management of SosFor teak areas in state forest areas (SFA).	First, although many of the KHJL teak farmer members are also in SosFor program, no KHJL teak plantation proposed for certification is grown inside SosFor or any other SFAs. Second, all KHJL members have title to the land where they are growing teak. Though documentary proof varies in type, no land ownership conflicts were reported or found. This is private land outside state forest areas. If in the future the SosFor program reaches the point of harvesting, it will be important to make greater efforts to keep it separate from the existing certified areas and timber for the 12 (and any additional) villages.
P3 – Indigenous Peoples’ Rights	No tribal groups in the 12 certified villages, though minority groups present and might be at a disadvantage regarding selection of participants.	SmartWood actively sought and found no evidence of tribal groups. There was no evident basis for ethnic discrimination, whether one ethnic group predominated or was mixed with others.
P4: Community Relations & Workers’ Rights	Will ordinary laborers also benefit?	Workers are paid consistent to the government-approved minimum wage guidelines. A more systematic process of conflict resolution is needed to ensure benefits are equitable. See CAR 3-2005.

P5: Benefits from the Forest	<p>Concern raised that local member community groups would minimally benefit, the major benefit accruing to the buyers of certified teak.</p> <p>Another concern was that the certificate might be arbitrarily withdrawn at a later date, disappointing participants and a waste of investment in certification</p>	<p>There was universal acceptance by KHJL members that the prices being offered for certified teak were more attractive than prevailing market prices, prices that far exceed the cost of certification compliance.</p> <p>Certificates are neither withdrawn arbitrarily nor quickly unless gross and obvious abuse is evident. A pattern of continual lack of remedial action by the certificate holder must be established over a time period and non-compliance determined by SmartWood prior to certificate withdrawal.</p>
P6: Environmental Impact	<p>There is a risk that illegally (and destructively) logged teak might be disguised as certified teak.</p>	<p>The present log tracking system goes a long way to ensuring that criminal activity does not take place. More can and should be done to reduce this possibility, e.g., better site maps and integrated with records of all KHJL timber to stump. See CAR 1-2005</p>
P7: Management Plan	<p>The management plan is not a sufficiently bottom-up process</p>	<p>The management plan is familiar to all KHJL officials as they have been involved in its preparation. Nonetheless, more needs to be done to increase a sense of ownership of KHJL members in the management plan. See CAR 4-2005</p>
P8: Monitoring & Assessment	<p>Will abuse be properly monitored and appropriate action taken?</p>	<p>The BP can prevent some abuse but needs to be strengthened beyond financial oversight to effect field and office monitoring at all levels. See CAR 2-2005</p>
P9: Maintenance of High Conservation Value Forest (HCVF)	<p>No comments</p>	<p>No response warranted.</p>
P10 - Plantations	<p>Successful certification might prompt clearing of natural forest to plant teak.</p>	<p>No natural forest cleared after 1994 and established as plantation would be eligible for certification.</p> <p>As far as could be ascertained, only small areas of natural forest areas remain in most of the 12 KHJL villages. Members have not undertaken to clear natural forest to plant teak. No natural forest has been cleared to plant teak from 1990 onwards. Not since the 1970s has appreciable forest clearing taken place where teak is now planted.</p>

Main strengths and weaknesses

Principle	Strengths	Weaknesses
------------------	------------------	-------------------

P1: FSC Commitment and Legal Compliance	Widespread awareness of the certification rationale.	Insufficient awareness of the critical importance of demonstrating and maintaining genuine compliance especially with regard to wood tracking.
P2: Tenure & Use Rights & Responsibilities	All 196 KHJL members own the land where they farm the teak to be certified. Property ownership documentation exists. None of the land recognised as owned by KHJL members is inside state forest areas.	Until the existing maps prepared under the SosFor are made public and used, and teak plots geo-located on them, there will be the risk that critics of certification will claim that certified teak is being mixed with teak harvested illegally from SFAs.
P3 – Indigenous Peoples’ Rights	The traditional Tolaki people’s rights to their land are not under any threat.	No weaknesses noted.
P4: Community Relations & Workers’ Rights	Wages paid to laborers are above the minimum wage. Community relations are generally good.	No weaknesses noted.
P5: Benefits from the Forest	The present AAC determination and implementation system offers fair benefits to member teak wood lot owners.	A systematic and robust conflict resolution process is lacking, although the few minor conflicts have been handled well by the KHJL.
P6: Environmental Impact	The traditional teak planting and selective system and its modernization (e.g., even spacing, pruning, thinning) result is an environmentally benign production system.	When modern monoculture teak is ready for harvest and especially if prices of certified teak strengthen consistently over time, there may be an incentive to clear cut, although the KHJL membership agreement expressly prohibits this. This is unlikely to be an issue during the present five -year period.
P7: Management Plan	A clear management plan has been written and is in Indonesian language.	Insufficient ‘bottom-up’ element to the plan preparation, which may reduce the sense of ownership that members have with the plan.
P8: Monitoring & Assessment	A monitoring institution (Badan Pengawas) is in place.	The monitoring institution’s scope is limited in its focus and would need to be broadened to cover the areas which need more monitoring oversight, such as chain of custody.
P9: Maintenance of High Conservation Value Forest (HCVF)	Only HCVF 4 for water resource protection is applicable. HCVF 4 is largely ensured by the traditional multi-storey agroforestry system for teak cultivation among the farmer members in the KHJL.	When modern monoculture teak is ready for harvest and especially if prices of certified teak strengthen consistently over time, there may be an incentive to move towards even aged management, including clearcutting. The KHJL membership agreement expressly prohibits this, though future management plans should explicitly cover the issue.
P10 - Plantations	The traditional multi-storey agroforestry system for teak cultivation among the farmer members if the KHJL has been sustained as a tree plantation system for over 30 years.	No weaknesses noted.
Chain of custody	Record-keeping tracks teak logs and squares transferred at Kendari harbour to the buyer from stump to ship loading site.	Individual wood lots are not geo-located, and their presence noted on public and sufficiently detailed maps as part of an integrated mapping system. This is needed for the KHJL to establish beyond any reasonable doubt that illegally harvested teak or teak harvested from member properties not within the

		certified group are not mixed with certified wood production and transport.
Group Certification Requirements	These systems are in place, most notably re: land ownership, sustainable AAC determination, wood tracking system, benefit- and responsibility-sharing, and management plan.	Procedure for notification of SmartWood of changes to the certified pool and up to date lists of landowners, addresses, and date of entry to certified pool need to be improved. See CAR 7 and 8 - 2005

Identified non-compliances and corrective actions

A non-compliance is a discrepancy or gap identified during the assessment between some aspect of the FMO's management system and one or more of the requirements of the forest stewardship standard. Depending on the severity of the non-compliance the assessment team differentiates between major and minor non compliances.

- **Major non-compliance** results where there is a fundamental failure to achieve the objective of the relevant FSC criterion. A number of minor non-compliances against one requirement may be considered to have a cumulative effect, and therefore be considered a major noncompliance.
- **Minor non-compliance** is a temporary, unusual or non-systematic non-compliance, for which the effects are limited.

Major non compliances must be corrected **before** the certificate can be issued. While minor non-compliances do not prohibit issuing the certificate, they must be addressed within the given timeframe to maintain the certificate.

Each non-compliance is addressed by the audit team by issuing a corrective action request (CAR) CARs are requirements that candidate operations must agree to, and which must be addressed, within the given timeframe of a maximum of one year period.

CAR #1 -2005	Reference to standard: 8.3	Major: <input type="checkbox"/>	Minor: <input checked="" type="checkbox"/>
Non Compliance: Not yet a tamper-proof wood tracking system. Not yet sufficiently defensible to outside stakeholders that the system would exclude non-certified timber.			
Corrective Action: The KHJL shall use GPS to geo-locate each wood lot of the current KHJL members, adding this information to (a) the wood-tracking recording system (from stump to transfer to buyer authority) and (b) use available maps of each of the villages prepared under the Social Forestry program (though separate from the SosFor initiative) clearly indicating the boundary between private land and state forest areas (SFA). Integrate all this information in its mapping system.			
Deadline for completion of corrective action: Six months after certification is approved by SmartWood.			

CAR # 2 – 2005	Reference to standard: 8.3	Major: <input type="checkbox"/>	Minor: <input checked="" type="checkbox"/>
Non Compliance: Present monitoring and control of the KHJL by the Badan Pengawas is not sufficient, particularly with respects to Chain of Custody.			
Corrective Action: The KHJL shall establish a random auditing system by the Badan Pengawas (BP) or Control Body to include close monitoring of the KHJL wood tracking system, keeping records of the system and responses to detected problems.			
Deadline for completion of corrective action: One year after certification is approved by SmartWood.			

CAR # 3 – 2005	Reference to standard: 2.2.3, 2.3.1, 2.3.3, 2.3.4, 3.2.3, 4.5	Major: <input type="checkbox"/>	Minor: <input checked="" type="checkbox"/>
<p>Non Compliance: The conflict resolution mechanism is insufficiently developed institutionally. This is probably because disputes and conflict have been so rare.</p> <p>This harmonious situation may likely be challenged after certification when (a) KHJL farmers in villages may be enjoying much higher sale prices than their fellow non-member farmers, (b) there may be accusations that some KHJL farmers are accessing teak plots that have not been inventoried or trying to sell more than assigned under the AAC, (c) the SosFor program begins harvesting, and (d) vested interests try to undermine the KHJL by making spurious claims of mismanagement.</p>			
<p>Corrective Action: KHJL shall develop a formal and credible conflict and dispute resolution procedure with written guidelines.</p>			
<p>Deadline for completion of corrective action: Six months after certification is approved by SmartWood.</p>			
CAR # 4 – 2005	Reference to standard: 7.1.5, 7.2	Major: <input type="checkbox"/>	Minor: <input checked="" type="checkbox"/>
<p>Non Compliance: A process for increasing KHJL members' sense of ownership in the management plan has not been properly established. This is important to ensuring that the management plan becomes the key and unifying document for KHJL practices.</p>			
<p>Corrective Action: KHJL shall instruct all Unit Coordinators in writing to ask that they and their members read the management plan and urge them to comment on it in any way they choose to the KHJL management team or to the Unit Coordinator.</p>			
<p>Deadline for completion of corrective action: Six months after certification is approved by SmartWood.</p>			
CAR # 5 – 2005	Reference to standard: 7.2	Major: <input type="checkbox"/>	Minor: <input checked="" type="checkbox"/>
<p>Non Compliance: There shall be a more developed process to encourage and incorporate periodic feedback from KHJL members on the management plan and a mechanism to generate appropriate response to this feedback, i.e., in the formulation of a later version of the management plan. An appropriate time table for management plan revisions shall be set.</p>			
<p>Corrective Action: KHJL shall demonstrate that it has solicited feedback and comment with regards to the management plan from members and that comments provided by members (via their Unit Coordinators and/or directly to the KHJL management team) are responded to accordingly.</p>			
<p>Deadline for completion of corrective action: One year after certification is approved by SmartWood</p>			
CAR # 6 – 2005	Reference to standard: 1.1	Major: <input type="checkbox"/>	Minor: <input checked="" type="checkbox"/>
<p>Non Compliance: KHJL lacked a complete, centralized, and well-organized compilation of hard copies of relevant rules, regulations, procedures, and locations of KHJL activities. Auditors had to collect documents from various locations and individuals.</p>			
<p>Corrective Action: KHJL shall provide a central and easily-accessed record system with complete and up-to-date hard copies of the relevant rules, regulations, procedures, and locations of KHJL activities.</p>			
<p>Deadline for completion of corrective action: One year after the certification is approved by SmartWood.</p>			
CAR # 7 – 2005	Reference to standard: Appendix IV, GC 5	Major: <input type="checkbox"/>	Minor: <input checked="" type="checkbox"/>

Non Compliance: Procedures for the notification of SW of changes in membership within 30 days of changes not yet in place.
Corrective Action: KHJL shall establish procedures for the notification of SW of changes in membership within 30 days of changes and appropriate adjustment of KHJL records and operations. KHJL informs the RTA accordingly.
Deadline for completion of corrective action: 6 months after certification is approved by SmartWood

CAR # 8 – 2005	Reference to standard: Appendix IV, GC 9	Major: <input type="checkbox"/>	Minor: <input checked="" type="checkbox"/>
Non Compliance: The KHJL group manager lacks an adequate system for maintaining the following records up to date at all times, (a) List of names and addresses of group members, together with date of entry into group certification scheme.			
Corrective Action: KHJL group manager shall maintain systematic and up-to-date records of: list of names and addresses of group members, together with date of entry into group certification scheme.			
Deadline for completion of corrective action: 6 months after certification is approved by SmartWood			

Follow-up actions by client to meet certification

During the certification assessment, the client expressed unreserved willingness to improve the wood tracking system through geo-location of each wood lot in available detailed maps that also show the boundaries between private and state land. There also seemed to be acceptance of the need to make the management plan process more bottom-up and to have a more formal system of conflict resolution. These were the primary issues that needed to be addressed. For example, in the period following the assessment, the KHJL obtained up-to-date maps from the provincial *Balai Pengelolaan Daerah aliran Sungai* 'BPDAS' of each Kecamatan in Konawe Selatan, showing the boundaries of all forest areas and social forestry areas. KHJL trained two inventory staff in the process for taking GPS readings of members' woodlots and dedicated them specifically to this task and they had completed gathering points for a portion of the total membership of KHJL.

Observations

Observations are voluntary actions suggested by the assessment team, but are not mandated or required.

Observation	Standard Reference
Enhanced Wood Tracking Capacity. Given present GPS technology, geo-location of individual, harvested tree stumps should be feasible. This may further strengthen the KHJL's claim to legitimacy to stewardship of state forest areas where rampant illegally logging of teak is taking place.	FSC 8.3
Increased Independence and Credibility of the BP. The BP explicitly makes the wood tracking audit findings and information available to the Annual Members Meeting (RTA). It should be considered to rotate membership of the BP among Unit Coordinators. Invite outside observers to scrutinize the BP itself, e.g., NGOs and Local Government. It will probably be necessary to add personnel to the BP.	FSC 8.1
Dialogue with Policy Makers to Reduce the costs and risks of Certified Teak Management. The establishment of a credible, robust and efficient system of tamper-proof wood tracking can provide a compelling argument to local and national policy-makers to allow deregulation and de-bureaucratization of the high-cost processes of obtaining IPKTM and SKSHH licenses for privately-produced teak on private land. It will	FSC 1.4

also make it more difficult for those with a vested interest in maintained the existing wood tracking regulatory system to unreasonably criticize the certification system.	
Association of Certified Community-based Forest Management Systems. Increasing the Voice of Community-based Certified Forest management in forestry policy development at the local and national levels could exert pressure for reform towards a regulatory framework more conducive to such systems.	FSC 1.4
Research. Researchers should be invited to make critical comparisons between teak managed by communities where tenure is secure and where it is not, helping the SosFor to press its case before forestry agencies that are skeptical that poor smallholder farmers can sustainably manage tree planting systems.	FSC 1.4
Waste Utilisation. Utilisation of current teak waste could be increased through the local production of teak handicrafts certified as from sustainable sources, e.g., key rings, signs etc. Perhaps, teak pencils are an option for pencil and pencil-slat manufacturers.	FSC 5.2
Water resources. The KHJL should identify all water sources (wells, springs, lakes, and rivers) inside or adjacent to the work area of the farmers and determine which areas should be actively protected.	FSC 5.5
Growth and Yield/Inventory. The KHJL should complete the tree inventory of member lands in all 12 villages and update the AAC determination based upon this inventory data.	FSC 5.6
Management Plan Revisions. The KHJL management team should present feedback on the findings of management plan feedback at the next RTA.	FSC 7.3
CAR Awareness. KHJL should inform the RTA of all CARs, how important they are and how they must be met.	General

Certification Recommendation

Based on a thorough field review, analysis and compilation of findings by this SmartWood assessment team the FMO has demonstrated that their described system of management is being implemented consistently over the whole forest area covered by the scope of the evaluation, namely the group management system for 12 villages with currently 152.35 ha of privately-owned teak wood lots cultivated by 196 members of the KHJL cooperative. SmartWood concludes that FMO's management system, if implemented as described, is capable of ensuring that all the requirements of the certification standards are met across the scope of the certificate.

A FSC/SmartWood Forest Management and Chain of Custody (FM/COC) Certification will be issued based upon agreement to the stipulated corrective action requests.

In order to maintain certification, the FMO will be audited annually on-site and required to remain in compliance with the FSC principles and criteria as further defined by regional guidelines developed by SmartWood or the FSC. The FMO will also be required to fulfil the corrective actions as described below. Experts from SmartWood will review continued forest management performance and compliance with the corrective action requests described in this report, annually during scheduled and random audits.

4. CLIENT-SPECIFIC BACKGROUND INFORMATION

Ownership and land tenure description

Teak production is from privately-owned smallholder wood lots outside state forest areas within the District of Konowe Selatan. Owners have full rights to harvest and sell their teak subject to prevailing rules and regulations for timber harvesting and transport in Indonesia.

Individual private ownership of teak wood lots inside the KHJL is established through possession by the farmer of one of the following written documents recognised by village and local government, none of which can be given for any land inside state forest areas and either of which provide sufficient certainty of ownership as a condition of membership of the KHJL:

- (1) *Hak Sertifikat Tanah* / Land Rights Certificate issued by the local office of the National Land Agency or Badan Pertanahah Nasional, BPN
- (2) *Girik* / village acknowledgement of ownership
- (3) *SKK, Surat Keterangan Kepemilikan* / Information Letter of Ownership issued by the village head
- (4) *SPPT, Surat Pemberitahuan Pajak Terhitung* / Declaration Letter of Calculated Tax, re the area subject to the land and building tax or PBB

Unlike forest management in state forest areas, government policies and regulations for teak grown in private land are restricted to rules on timber harvesting and wood transport. An array of bureaucratic processes must be and are followed by the KHJL to obtain first a cutting license of IPKTM and then a wood transport document, SKSHH, for logs and squares the cooperative produces. The landowners, as organized though the Koperasi Hutan Jaya Lestari cooperative, comply with the rules and regulations.

The teak production system is long-established in this part of Southeast Sulawesi. Teak is grown in pure stands, or planted in lines along land boundaries, or intercropped in an agroforestry system with other cash crops such as coffee, cocoa, cashew, pepper or sago palm. Most farming households with members in the group certification scheme have been growing teak in this manner for more than 20 years.

Environmental Context

Teak forest plantations in the villages of Konowe Selatan, South Sulawesi form part of a much wider agroforestry landscape. This is a long-established and environmentally-benign and culturally prevalent pattern of landuse that is only broken by irrigated rice areas, village settlements, and related mixed food crop agriculture. Teak wood lots range from uneven-aged pure stands to those intercropped with other important cash crops such as coffee, cocoa, cashew, pepper and sago palm.

Very little natural forest area remains within the 12 village areas. The bulk of remaining natural forest area is found inside state forest areas over which the KHJL has no authority. KHJL members undertake explicitly not to hunt or harm but to allow harbour of any threatened or endangered species of flora and fauna that are found in their wood lots.

Socioeconomic Context

Konowe Selatan, Southeast Sulawesi, where the KHJL operates, includes the predominant Tolaki ethnic group as well as others living in the same villages or in separate villages, e.g., Javanese transmigrant villages. There are no significant indications of ethnically-based disputes relate to teak production and the

KHJL system. Neither are there any signs of the kind of Muslim-Christian religious strife that has plagued other parts of Sulawesi.³

Teak is a major source of income for special expenditures such as paying for children's schooling, repairing and building houses, marriage ceremonies and going on pilgrimages to Mecca. Other cash sources include livestock and various teak intercroops such as coffee, cocoa, cashew, pepper and sago palm. Irrigated and dry rice as well as other food crops are grown by some of the teak farmers.

No teak farmers would only farm teak, but teak cultivation does strongly-define the farmers and their socioeconomic setting. They cherish the teak, and encourage its regeneration after harvesting. They are affronted by the rampant uncontrolled illegally felling and sale of teak in the state forest plantation area and have repeatedly urged law enforcement agencies to be more effective, volunteering to help in any way they can. Teak theft from privately-owned teak wood lots is extremely rare.

There are no mining or other industrial activities in the KHJL area proposed for certification. Some hunting goes on in natural forests, but is not the mainstay activity of KHJL farmers (who explicitly agree to desist from hunting endangered or threatened species).

³ The site shared by a mosque and a church in Kendari town, each sharing a dividing wall is testimony to the greater religious harmony that exists in the region in comparison with some other parts of Sulawesi.

APPENDIX I: FSC Reporting Form - Detailed FMO information

The present section draws upon written input submitted by the cooperative (KHJL 2005 e) and verified by the assessors during the assessment.

SCOPE OF CERTIFICATE

Type of certificate:	Group		
SLIMF status:	Group SLIMF		
Number of group members:	196		
Total number of Forest Management Units FMUs:	196		
Division of the FMUs within the scope:			
	# of FMU-s	total forest area FMU group	
< 100 ha	0	0	
100 – 1000 ha	0	0	
1000 – 10 000 ha	0	0	
> 10 000 ha	0	0	
SLIMF FMUs	196	152.35 ha	
List of each FMU included in the certificate:			
FMU	FMU Owner	Area	Forest Type
Group of FMU's under the KHJL cooperative Details of the 196 teak wood lot owners are in KHJL 2005 h and Appendix V "Certification Pool"	Private landowners	152.35 ha total area	Planted teak in mixed and pure stands
Product categories included in the scope			
Type of product:	Description		
Round wood	Teak logs (gelondongan) or squares (balok); and, possibly lumber (sawn timber) in future.		

FMO INFO

Location of certified forests	Latitude: E 122 degrees 30 minutes Longitude: S 4 degrees 20 minutes
Forest zone	Tropical
Management tenure:	Privately managed by owner
Number of FMO employees:	6
Number of forest workers (including contractors) working in forest within the scope of certificate:	6 + c.12 (each village contracts chainsaw operators as needed)

Species and annual allowable cut

Botanical name	Common trade name	Annual allowable cut	Actual harvest in last year	Projected harvest for next year
<i>Tectona grandis</i>	Teak (jati)	761 m3	0 m3	761 m3
Total		761 m3	0 m3	761 m3
Total annual estimated log production:		761 m3		
Total annual estimates production of NTFP:		0 m3		

--	--	--

FOREST AREA CLASSIFICATION

Total certified area	152.35
Total forest area in scope of certificate	152.35
Forest area that is:	
Privately managed	152.35 ha
State managed	0 ha
Community managed	0 ha
Area of production forests (areas where timber may be harvested)	152.35 ha
Area without any harvesting or management activities (strict reserves)	0 ha
Area without timber harvesting and managed only for production of non-timber forest products or services	0 ha
Area classified as plantations ⁴	152.35 ha

Area or share of the total production forest area regenerated naturally	0 ha
Area or share of the total production forest area regenerated by planting or seeding	c. 125 ha
Area or share of the total production forest area regenerated by other or mixed methods (describe)	c. 25 ha (coppicing)

Conservation values present in the forest (High Conservation Value Forests or HCVF) and respective areas

HCVF Attributes	Description: Location on FMU	Area (ha)
A forest contains globally, regionally or nationally significant: concentrations of biodiversity values (e.g. endemism, endangered species, refugia)		0
A forest contains globally, regionally or nationally significant: large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance		0
They are in, or contain rare, threatened or endangered ecosystems		0
They provide basic services of nature in critical or unique situations (e.g. watershed protection, erosion control);		0
They are fundamental to meeting basic needs of local communities (e.g. subsistence, health) and/or critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).		0

⁴ According to FSC definition “plantations” in this context should be understood as forest areas lacking most of the principal characteristics and key elements of native ecosystems as defined by FSC-approved national and regional standards of forest stewardship, which result from the human activities of either planting, sowing or intensive silvicultural treatments.

APPENDIX II: Public summary of the management plan

The present section draws upon written input submitted by the cooperative (KHJL 2005 f) and verified by assessors during the assessment

Priority objectives of forest management by the KHJL are,

Main - Increased income from sales of higher-quality roundwood harvested in KHJL member wood lots

Secondary - Production of other useful items such as charcoal, firewood and handicrafts

Other - Longer term productive investment strategy of higher value

Forest composition: Monoculture and mixed-crop teak wood lots managed in privately-owned smallholdings typically ranging in size from 0.1 to 1 ha. Generally uneven age stands. Intercropping with food crops in the early years before canopy closure, e.g., maize, cassava, capsicum and various legumes; also yams that tolerate shade. Wide range of intercropping with perennial cash crops, e.g. cocoa, coffee, cashew, pepper. Coconut and sago palm as well as fruit trees are sometimes sparsely interspersed with the teak. Occasionally rows of teak trees indicate the boundary between farm plots. The mixed crop system is typically multi-layered conferring soil conservation properties even during the leaf fall of dry periods.

Description of Silvicultural system(s) used:

Selective logging typically at wide intervals and having a minimal gap-opening effect. In 5 to 10 years time (after the present five year certification validity period), even-aged management may become significant as improved silvicultural practices are applied, e.g., replanting rather than coppicing, thinning, pruning and even spacing (see below).

Silvicultural system	% of forest under this management
Even aged management	0%
Clearfelling	0%
Shelterwood	0%
Uneven aged management	100%
Individual tree selection	0%
Group selection (group harvested of less than 1 ha in size)	0%
Other types of management	0%

Harvest methods and equipment used:

Manual - chainsaw, human or cattle skidding to roadside

Estimate of maximum sustainable yield for main commercial species:

761 m³

Explanation of the assumptions upon which estimates are based and reference to the source of data upon which estimates are based upon:

Determination of a sustainable annual allowable cut (AAC) represents a conservative modification of the long-established local method of teak harvesting, applying some principles of teak management practiced by the parastatal teak plantation company, Perum Perhutani. Local growth data and research have also been gathered and extrapolated. In outline, the following harvesting characteristics will generally apply:

1. Teak stands are of uneven age, although in the future a higher proportion of even-aged

- stands can be expected as plantation management becomes more efficient.
2. Harvesting depends upon the mutual approval of the KHJL and its member wood lot owners.
 3. Harvesting decisions are limited by (a) a minimum allowable dbh, (b) owner willingness, in turn based upon his or her needs and (c) market demand.
 4. The overall AAC of the KHJL recognizes site-specific variations therefore takes into account village-level factors. The harvestable yield from each village must reach a level that makes inclusion in the overall AAC economically viable.
 5. Based upon a complete inventory of KHJL members' teak and projections from what is known about teak growth in the area and elsewhere, the rotation cycle was calculated.
 6. Based upon the above available sources of knowledge about teak growth in the areas and teak science in general, an annual growth diameter of 1.5 cm is assumed, reaching 30 cm (representing about a third of a m³ wood volume (0.35 m³) of marketable teak logs after 20 years.
 7. 30 cm dbh is the minimum allowable dbh for harvest. (Previously, teak was deemed harvestable locally when it reached 20 cm dbh). The rotation cycle is 20 years.

Inventory data from existing smallholder wood lots includes all teak trees 10 cm dbh and larger in three size classes, namely, 10 - 19 cm, 20 - 29 cm and 30 cm up. Based on detail inventory data from Lambakara village, on average, the dbh of about 25% of all inventoried trees is 30 cm or greater. As of 14 February 2005, among the wood lots of the 196 KHJL members in 12 villages, 60,899 trees in 152.35 ha had been inventoried. Some 15,225 trees were 20 cm up. Given the assumed annual growth rate of 1.5 cm, it will take about 7 years for a 20 cm tree to reach the acceptable dbh for harvest of 30 cm dbh and an AAC of 2,175 can be expected equivalent to 761 m³ which is the current AAC.

The first cut's threshold may exceed the AAC somewhat because it will include trees larger than 30 cm up and as such exceed this number. Subsequent AAC's will increase as members are added to the KHJL to a planned maximum of 635 as illustrated in the following schedule in Table 6, below.

Table 6. AAC by Trees and Volume (m³) for KHJL Teak, 2005 to 2009

	2005	2006	2007	2008	2009
Members	196	294	441	529	635
Tree Total	60,899	91,349	137,023	164,427	197,313
Tree AAC	2,175	3,262	4,894	5,872	7,047
AAC volume	761	1,142	1,713	2,055	2,466

Forest management organizational structure and management responsibilities from senior management to operational level:

The organizational structure of the teak forest management system assessed for certification is tri-partite (see Figure 1), consisting of the

- **KHJL** (Koperasi Hutan Jaya Lestari or Sustainable Teak Forest Cooperative), a legally-constituted Indonesian cooperative, representing the executive.
- **BP** (Badan Pengawas or Control Agency) that is a legal requirement for all formal cooperatives in Indonesia, representing a supervisory body.
- **LKAK** (Lembaga Komunikasi Antar Kecamatan or Inter-Kecamatan Communication Institute (legislative body), the first of the three institutions to be formed through a grass-roots initiative facilitated by NGOs, and representing the legislature.

RTA. Overarching this tri-partite structure, and considered by teak farmer members of the KHJL as

the foremost of all the related institutions, is the Annual Member Meeting or Rapat Tahun Anggota (RTA). The LKAK serves as the elected and legislative arm of the KHJL, setting general policies and rules for the cooperative, as well as monitoring the work of its management. The LKAK convenes the RAT. The RTA includes participation of all the component Units of the KHJL and is its formal democratic expression. The RTA exerts ultimate authority over all rule-setting, procedures and activities of both the cooperative and the management of the LKAK itself. All rules must be approved annually by the RTA. The RTA elects the management teams for the KHJL and LKAK. It also appoints the BP's three-person monitoring and control team of the BP that works directly with the KHJL on a regular basis. (see LKAK 2005).

The KHJL, serving as the executive body, is responsible for the daily management of all forest management, wood purchasing and processing, and product selling (see KHJL 2005). The KHJL became a licensed cooperative under Indonesian law on 18 March 2004. It receives advice and training from the Sulawesi Program of the Tropical Forest Trust (TFT). The TFT signed a Memorandum of Understanding (MoU) with the KHJL in June 2004 for collaborative forest, processing and business management (KHJL & TFT 2004). The KHJL is the legal forest management entity applying for SmartWood certification. It is responsible to its members and contracts it openly negotiates in their name. If successful, it will be the sole holder of the certificate.

Both the KHJL and LKAK have management teams comprised of Chairperson, Vice-Chairperson, Secretary, Vice-Secretary and Treasurer. Each position holder was elected for three years by a district-wide meeting of village representatives of the Social Forestry Program (SosFor) in May 2004. In future, no linkage with the SosFor will be required as elections will be held among KHL members only. Management teams will be chosen at the RTA.

The election meeting of May 2004 was facilitated by a regional network of NGOs known as **JAUH** (Jaringan Untuk Hutan or Network for Forests). JAUH continues to advise the KHJL on matters of social organization and collaborates with TFT (JAUH & TFT 2004).

At the village or **Desa** level, the cooperative structure is a **Unit** comprised of KHJL member teak farmers and headed by an elected Coordinator or Koordinatur Unit (KU) who represents the KHJL and speaks for his village unit at the RTA. Each unit includes an elected representative of the LKAK who also serves as the head of the SosFor group or kelompok for the village.

12 KHJL villages with a total membership as of 14 January of 196 teak wood lot owners covering 152.35 ha with 60,899 trees are included in the present certification assessment (see Table 2, above).

The following documentation about the mandates and duties of the above institutions is referred to in the list of documents reviewed,

KHJL and BP - KHJL 2005 b, g, k, l, m, o, p; KHJL & TFT 2004
RTA - KHJL 2005 k
LKAK - KHJL 2005 f, k, m; TFT 2004 a, d
JAUH - JAUH & TFT 2004
TFT - TFT 2004 b, d; KHJL & TFT 2004

Structure of forest management units:

Each individual member of the KHJL cooperative effectively operates his or her teak wood lot as a forest management unit or FMU. Private decision-making is coordinated at the village level by a Unit Coordinator who represents members before the KHJL Management Team (Pengurus). In each village there are 3 to 31 members.

All members agree to abide by the rules of the KHJL. Amongst themselves they agree who will cut teak, where and how much, consistent with the AAC based upon inventories of harvestable teak 30 cm up.

There are 12 villages in the KHJL ready for certification. The KHJL plans to add another 34 villages in Konawe Selatan district in stages to come under the forest management certificate, applying the same organizational and institutional arrangements.

Monitoring procedures:

Monitoring systems are in place for marketable teak timber, research into growth rates for refinement of AAC determinations (including regeneration and replanting rates). Similarly, evidence of protected species is recorded. Costs, productivity and efficiency of forest management are also tracked (KHJL b, c, d). A comprehensive annual monitoring system and reporting has been instigated (KHJL 2005 j).

Environmental protection measures:

KHJL land management rules include conservation of buffer zones for streams and other riparian areas as well as protection measures for Rare Threatened and Endangered. Guidelines are provided (2005 o, p) with added information as necessary, e.g., leaflets (KHJL 2005 n). Environmental considerations are a major component of the core KHJL agreement signed by each KHJL member as a condition of joining the cooperative (see below). Adherence to the agreement is monitored through an initial environment impact assessment and inventorying visit, as well as harvest supervision.

Membership Agreement:

Sustainable Community Teak Forest Management Activities for Members of KHJL

Person signing below:

Name:

Place and Date of Birth:

Address:

Membership No:

I hereby declare as follows that as a member of the Sustainable Teak Forest Cooperative, hereafter referred to as KHJL, I am willing to follow the principles and criteria of sustainable teak forest management as determined by the KHJL and by the prevailing Indonesian rules and regulations:

- 1. I will maintain an inventory of all the teak trees on my land, updating it as needed and sharing the information with my KHJL Unit Coordinator. I will also ensure that an inventory of all the teak has been carried out and approved by the KHJL before any teak harvesting takes place.*
- 2. I will provide legal documentation that the land I have inventoried belongs to me, and I will give a copy of this proof to the KHJL.*
- 3. I will take part in teak management activities as determined by my KHJL Unit Coordinator, including nursery maintenance, planting, pruning and thinning.*
- 4. I will only harvest teak trees that the KHJL has identified and notified me as being part of the AAC for that year. I will then give the KHJL first refusal to buy the trees.*
- 5. I will ensure that there are always some teak trees on my land and that the teak trees are never all cut at one time in a single harvest.*
- 6. I will not disturb the existing native flora and fauna found on my land.*
- 7. I will replant and tend enough teak seedlings to ensure that the same number of trees harvested will survive to maturity for a future harvest.*
- 8. I will maintain all water bodies and water sources on my land and not cut trees surrounding them.*
- 9. Regarding harvest and wood transport, I will follow the technical procedures that are determined by the KHJL.*
- 10. I will agree to allow any representative of the KHJL or the certification body to which KHJL subscribes to inspect my land and documents related to my membership.*
- 11. I will follow other rules which are made by the KHJL and / or LKAK as long as I am a member.*
- 12. I will guarantee that all the information I give the KHJL related to my membership is true to the best of my knowledge.*

I agree to follow these procedures willingly and with full responsibility as a member of the KHJL and I am also willing to accept punishments or sanctions imposed by the KHJL if I break the above agreement. I recognize that joining the KHJL is a long term commitment to manage my teak according to KHJL principles for many years into the future.

Known by

.....

(.....)

Head of the Cooperative

Kab. Konawe Selatan

.....

(.....)

Member Name

