

PROJECT COMPLETION REPORT

ITTO PD 389/05 REV. 2 (F): Application of the Internal Monitoring of SFM Performance at Forest Management Unit Level

Period:
2 January 2007 – 31 December 2008
(with 4 months extension from 2 January to 30 April 2009)



ITTO PD 389/05 REV. 2 (F)

Application of The Internal Monitoring of SFM Performance at Forest Management Unit Level

Jakarta, April 2009

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PREFACE

The completion report of ITTO Project PD 389/05 Rev.2 (F) “Application of the Internal Monitoring of SFM Performance at Forest Management Unit Level” was prepared in accordance with the format provided in Annex D of ITTO manual for Project Monitoring, Review and Evaluation, ITTO, May 2006. The report constitutes all project activities implemented during the period of 2 January 2007 – 30 April 2009.

The headings in the contents, including the content of the Completion Report, followed the heading and subject matter as stated in the aforementioned Annex D.

Directorate of Natural Forest Development (Direktorat BPHA) as the Project Executing Agency, would like to thank the ITTO, Ministry of Forestry of the Republic of Indonesia (MoF), Association of Indonesian Forest Concessionaires (APHI), the Director General of Forest Production Development, Dr. Hiras Sidabutar, and all project partner such as Concession Management Units for their valuable commitments and supports during the project implementation.

In this occasion, we would like to express our sincere thanks and appreciation to all members of the Project Steering Committee and the national experts for their support, worth inputs, guidance and constructive critics during the PSC meetings.

Special thanks also given to the project coordinator and the Project Management Team who has successfully implemented the project activities.

Jakarta, 30 April 2009



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PROJECT COMPLETION REPORT

PROJECT IDENTIFICATION

a. Title :	Application of the Internal Monitoring of SFM Performance at Forest Management Unit Level
b. Serial Number :	PD 389/05 Rev. 2 (F)
c. Executing Agency :	Directorate General Forestry Production Development
d. Host Government :	Republic of Indonesia
e. Starting Date :	2 January 2007 to 31 December 2009 with 4 months extension from 5 January to 31 April 2009
f. Actual Duration (months):	24 months (+ 4 months extension)
g. Actual Project Costs (US\$):	US\$ 608,738

JAKARTA, APRIL 2009

PART I. EXECUTIVE SUMMARY

1.1. Background and Information about the Project

1.1.1. Project Development

This project is a follow-up of the project PD 42/00 Rev. 1 (F). It was designed to systemically and continuously tackle the unresolved problems encountered in practicing Sustainable Forest Management at operational level identified in the previous ITTO project PD 42/00 Rev. 1 (F): Training of Trainers for SFM (Sustainable Forest Management).

1.1.2. Pre-project Situation

As formulated in the Project Document PD 389/05 Rev.2 (F), the project was proposed to solve the slowly progress in achieving Sustainable Forest Management. The absence of the internal monitoring of SFM performance in forest management unit level is one of the reasons why forest management units have progress slowly toward sustainable forest management.

Efforts to encourage the achievement of Sustainable Natural Production Forest Management have been carried out simultaneously by both Government and Non-Governmental Organizations. Among the efforts were the implementation of the ITTO Projects PD 42/00 Rev.1 (F) : Training of Trainers for SFM.

ITTO Project PD 42/00 Rev.1 (F) found that there were two main factors causing the slow achievement of sustainable forest management practices at the Management Unit level in Indonesia :

1. Lack of trained professionals knowledgeable about the internal monitoring system of SFM Performance, and
2. Weak implementation of the internal monitoring system of SFM performance by Management Units.

Based on above conditions, Project PD 42/00 Rev. 1 (F) have produced a document namely Internal Monitoring Performance Guidelines (IMPG).

The Internal Monitoring Performance Guideline need to be applied and disseminated between forest managers and government officers to prove its effectiveness.

The success of the application of this instrument will be indicated by the increase in number of FMUs getting sustainable forest management certification either in mandatory or voluntary scheme.

Through the ITTO Project PD 389/05 Rev. 2 (F) : Application of Internal Monitoring of SFM Performance at FMU level, several training and workshops has been conducted. The training activities have trained forest managers and few of government staff on using set of Criteria and Indicators for Monitoring of SFM Performance.

By disseminating the monitoring and evaluating system to the government staff level will enhance the effectiveness of government control over forest management units performance.

1.1.3. Specific Objective (s) and outputs

As described in the Project Document PD 389/05 Rev. 2 (F), the project has one development objective and two specific objectives. The development objective is to accelerate the implementation of sustainable forest management practices carried out by forest management units as the members of the Association of Indonesian Forest Concession Holders (APHI).

The two specific objectives, with each output, were:

1. To improve the capability of human resources on the application of Performance Monitoring System initiated in the previous project PD 42/00 Rev. 1 (F)
Output 1.1. Training design formulated
Output 1.2. Forest Management Unit's and Government Officers are trained on the use of IMPG
2. To promote the government policy on regulating the application of Internal Monitoring Performance Guidelines (IMPG) as a compulsory task among forest management units
Output 2.1. The Internal Monitoring Management Performance Guidelines (IMPG) is disseminated and implemented
Output 2.2. Government policy on IMPG is formulated

1.1.4. Strategy adopted in carrying out the project

This project aims to improve the capability of human resources through the implementation of a Performance Monitoring System in their forest management unit. Activities include training of government officers and forest managers all over Indonesia. Training Site was located in East Kalimantan, West Kalimantan, and Central Kalimantan.

To improve the knowledge of the training participants, the training design has been emphasized on field practices. The trainers were coming from the assessor body, university, government and trainer institution. Some of them who were employed in the previous project, engaged in this project. The locations for field practice were selected based on the quality performance of the management unit to be used as training sites, accessibility, capacity (facilities and personnel), and more importantly the willingness to be chosen as training site.

The training participants were invited from regions subject to existing and availability of forest management units.

After the training has been completed, an ex-post evaluation following the training then was conducted to detect impacts of the training on the performance of the participants in doing their jobs within their respective organizations.

1.1.5. Project Duration and Overall Costs

The project was planned for two years starting 2 January 2007 to 31 December 2008. As agreed in the third Project Steering Committee meeting on 15 January 2009, the project was extended until end of April 2009. A four months extension, from 2 January to 30 April 2009, was granted by ITTO without additional funds, to complete the remaining activities. The overall cost of the project was USD 608,738 included ITTO contribution (USD 381,888) and GOI contribution (BPK USD 15,800 and APHI USD 211,050).

In the forestry sector, a highly degraded forest is as a result of unsustainable managed forest resources.

Since the Guideline for Internal monitoring of SFM Performance has not been disseminated to the FMUs, the capability of the FMU managers for the application of the monitoring system has not been performed yet, and the improvement of management performance cannot be realized.

By taking into account of the above problems, this project is systematically designed to tackle the remaining tasks in order to operationally contribute to the achievement of SFM practices in the field level. The proposed project would also be a realistic step to help individual forest management unit to get into Phase Approach to certification gate that has been growing as a global initiative.

1.2. Project Achievements;

1.2.1. Output; Achieved

Achievement

Output 1.1. Training design formulated

1.1.1. The existing monitoring system reviewed and IMPG document (formulated during project PD 42/00 Rev. 1) improved.

Document of Internal Monitoring Performance Guidelines (IMPG) has been reviewed and revised. The Document is prepared as an instrument for self-assessment which include criteria and indicator for forest management unit level toward sustainable forest management; hence a synthesis on several standard of performance assessment for forest management unit has been carried out. The criteria and indicator has fulfilled some requirements for internal-assessment, i.e.: (i) it has a legal basis on existing regulation; (ii) based on SFM principles; (iii) under control of forest management unit; (iv) clearly and easily formulated and easy to be implemented;

The Document also contains curriculum and syllabus to be applied in the training program of ITTO's Project PD 389/05 Rev. 2 (F). The new curriculum has given more concern on the importance of corrective action requests (CARs) determination for developing further action plans and giving a comprehensive understanding on the procedures and steps of monitoring assessment for FMU.

1.1.2. Training curriculum, training modules, include materials needed and participant criteria designed and formulated.

The training curriculum, training modules, include materials needed and participant criteria were designed.

1.1.3. Conducting expert discussion to evaluate the established training curriculum, modules, training materials and participant

The expert discussion was conducted to evaluate the established training curriculum, modules, training materials and participant.

1.1.4. TOR for training instructors formulated and selecting training instructors were discussed.

TOR for training instructors was formulated. Discussion was conducted on selecting training instructors and training instructors selected.

1.1.5. Training materials produced.

The training materials were formulated and produced. The complete set of training material provided in Bahasa Indonesia.

Achievement

Output 1.2. Forest Management Unit's and Government Officers are trained on the use of IMPG system

1.2.1. Feasibility of training site in the region surveyed and assessed.

The site in ten (10) locations have been surveyed and assessed. The eligible site were seven (7) locations.

1.2.2. Participants recruited.

Participants has been recruited. The candidate of participants of training were invited based on the region site that appropriate to training location.

1.2.3. Training activities conducted for about 7 (seven) days in each establishment training site

Eight training sessions has been conducted in seven (7) established training site.

Each training was conducted in 9 (nine) days; include D-1 for preparation, 7 (seven) days for training activity and D+1 for finalization. Total hours is 70 (seventy) training hours consist of (i) Ice breaking, (ii) Spiritual Quotations, (iii) Sustainable Forest Management Policy, (iv) Sustainable Production Forest Management, (v) Sustainable Forest Management Performance Appraisal, (vi) SFM Standard as Point of Reference for Internal Monitoring Design (Assurance on Long-term Forest Management, Production Aspect of Forest Management, Ecological/Environmental Aspect of Forest Management and Social Aspect and Company Legality Aspect of Forest Management), (vii) Internal Appraisal for Monitoring and Evaluation, (viii) Development of Action plan or Correction Action Request (CAR) in the internal monitoring and (ix) Development of post training action to develop internal monitoring system in each forest management unit.

Additional training workshop in the extension period has been conducted for three days effective. The subject delivered in this training workshop were an improvement of internal monitoring system, preparation of Action plan to revise the performance of FMU, and preparation of Standard Operational Procedures for each forest management activity.

Facilitators and training instructors were consist of 7 (seven) persons from different background such from Assessor Body, university, government and training instructor.

Achievement

Output 2.1. The Internal Monitoring Management Performance Guideline (IMPG) is disseminated and implemented.

2.1.1. Conducting workshop to disseminate the IMPG among related parties

The workshop on Dissemination of the Internal Monitoring of SFM Performance Guidelines (IMPG) had been conducted in three days in Twin Plaza Hotel, Jakarta on 26 August 2008 and Via Renata Hotel, Cimacan, West Java on 27 to 28 August 2008.

The discussion session on 3 days workshop were aim to get more information on Certification Issues both mandatory and voluntary, and Legality in International Market,

importance of application of the internal monitoring of SFM performance toward certification, and mandatory certification as government tool to assess the management unit performance; and to get inputs and advice to revise the Documents of Internal Monitoring Performance Guidelines.

First day workshop in Twin Plaza Hotel, Jakarta was attended by 103 participants from the target 110 participants.

On the 2nd and 3rd day workshop in Via Renata Hotel, West Java were attended by the 146 participants from the target 236 participants. The participants were coming from East Region (Province of Papua, Maluku, Sulawesi), Central Region (Province of East Kalimantan, Central Kalimantan, West Kalimantan, South Kalimantan), West Region (Province of Riau, Jambi, West Sumatera, South Sumatera) dan Non Government Organization (NGO).

The recommendation of the workshop among others are:

1. Workshop's participants agree to apply the IMPG system. But, on the implementation they still need to be supported by the strong commitment from the owner to implement the programs on increasing the UM performance in field.
2. Strong legality from the government (Ministry of Forestry) is required for sustainability on IMPG implementation at management unit level, so that application of the IMPG at FMU Level more useful to overcome the obstacles and also to increase internal performance toward SFM.
3. The experience from each Management Unit on applying the IMPG criteria and indicators are very useful in assess the strength and weakness of FMU Performance to face performance appraisal.
4. Institution or organization as a forum from all level of management unit is required to discuss and share the problems of FMUs in achieving SFM in the field.
5. To increase the MU performance toward SFM, more incentive from government for management unit that has achieve the SFM is needed. The real incentive will be more useful for MU to become more spirit and effort to achieve SFM.

2.1.2. Conducting a joint team (APHI – MoF) on the evaluation of the training impact on the progress of SFM

In relation to the training on the application of IMPG for SFM under ITTO Project PD 389/05 Rev.2 (F), an evaluation of the training impacts has been conducted for discovering the benefits to the participants and the employing MUs.

The evaluation has also been conducted to assess the status of the application of IMPG along with their supporting factors and constraining factors. The project want to know and identify the effectiveness level of the training measured using training impacts on the achievement of SFM.

Field visit in term of conducting the evaluation have been completed. There were 5 locations of forest management unit in 3 regions; East Kalimantan, West Kalimantan and Central Kalimantan region.

Based on results of the evaluation, following are some of the recommendations:

1. It is necessary to define indicators for evaluation of performance based on the silviculture system applied by MUs, such as those systems for natural forests on dryland and wetland as well as on plantation forests.

2. Many key problems in achieving PHPL were beyond the control of MUs, e.g. legal assurance of working area and boundary marking; and social problems like illegal logging and shifting cultivation. Therefore, verifiers of the indicators of the aforementioned issues are best confined only to measuring performance whose achievement process is under the control of MUs. In this manner, MUs are not burdened with performance issues that beyond their control.
3. It is strongly recommended that the Ministry of Forestry establishes a permanent unit of organization within the Ministry, specifically assigned to handle forestry related conflicts; personnel of this unit must represent the main stakeholders.
4. As regards laws and regulations, the Central and Local Governments have to be strong, consistent and harmonies such that MUs could enjoy legal and working area assurances.
5. In order IMPG to be beneficial and recognizable, it is strongly recommended to link this scheme to other mandatory programs to avoid overlapping of existing policies.
6. The alumni and management of MUs feel that they are still facing problems in the application and internalization of the results of IMPG training as the routine activity in the field. For this reason, there is a need to continue the training focusing on technical matters, such as monitoring, reporting, mapping, SOP development, including technical manuals for individual MUs activities.

Achievement

Output 2.2. Government policy on IMPG is formulated

2.2.1. Analyzing the government policies which are suitable with nowadays and future demands

Specifically, this assessment is aimed at: (1) finding and identifying various policies and regulations which support or impede the achievement of SFM; (2) proposing improvement of policies and regulations in order to accelerate the achievement of SFM; (3) formulating alternative internal monitoring systems in MU toward a mandatory policy for SFM; (4) studying IMPG result from synthesis of ITTO PD 389/05 Rev.2(F) in its relation with SFM standard and wood legitimacy of some countries; and (5) producing concepts of alternative incentive system for SFM.

Result of all the assessments will be summarized as an evaluation of government policies which either pushes or impede achievement of SFM. In addition, it will also recommend on incentive giving to MUs which have received the certificate with good qualification. Recommendation will also be made to adopt an internal monitoring system and evaluation for MUs which can form as an obligation in achieving SFM.

OUTPUT

The output of this assessment are:

- (1) Report on evaluation of government policies to push the effort to achieve SFM, covering the identification of various policies and and regulations supporting and or impede the achievement of sustainable management of production forests;
- (2) Recommendation/proposal of improving policies in the management of natural production forest in the endeavor to achieve mandatory SFM;

- (3) The choice of policies on applying internal evaluation system by MUs as a tool in monitoring the achievement of SFM ;
- (4) Recommendation and concept of incentive system which can move forward the acceleration on the achievement of SFM at MU level.

2.2.2. Workshop conducted on formulated government policy

The workshop concerning Sozialization on Analysis of Government Policies to Support Sustainable Forest Management was held in Menara Peninsula Hotel, Jakarta on 18 February 2009, attended by 109 participants.

The objective of this workshop were:

- a. Socialization and dissemination on the result of Analysis of Government Policies to Support Sustainable Forest Management formulated on ITTO PD 389/05 Rev. 2 (F) to all stakeholders such as Forest Manager, Government, Forestry Service in Province/and State Government representatives in region.
- b. Encompass input and recommendations for improvements on policy of Internal Monitoring SFM Performance System to be directed as a mandatory policy.

Achievement

Output 3.1. Reports establishing progress and final reports completed

Several reports has been produced and accomplished such bi-annual project progress report (4 volumes), technical report (3 volumes) and project completion report (1 volumes).

1.2.2. Specific objective achieved

The two specific objectives have been achieved, such:

- 1. The capability of human resources on the application of Performance Monitoring System has been improved. Through 9 sessions of training and one workshop, 277 persons have been trained.

An evaluation of the training impacts has been conducted to assess the comprehension of Internal Monitoring issues by individual trainees, changes in process as a response to the training outcomes, and indication of positive changes in performance of the Forest Management Units.

Based on the evaluation, the training alumni could recognize the key problems hampering implementation of SFM.

- 2. The government policy on regulating the application of Internal Monitoring Performance Guidelines (IMPG) as a compulsory task among forest management units has been promoted.

Three institutional experts have been hired for three months to analyze the existing policy on SFM and to formulate the recommendation policy on the implementation of Internal Monitoring system. A workshop has been conducted to disseminate the result of the government policies analyses.

1.2.3. Contribution to the Achievement of the Development Objective

The Project used a multi-stakeholder approach, meaning that coordination and collaboration amongst stakeholders is necessary. Project Collaboration with the Indonesian Forest concession holders Association (APHI) has been effective and useful. The participants were coming from the member of APHI, had given response very positive to participate in

the trainings. The Project - Steering Committee member have been very co-operative and clearly giving direction to the project implementation. The trainers and facilitators are very professional in their field and have delivered the training material very useful to the participants. And the last but not least, a support from the concession holder whose their area chosen to be a site for field practiced were very welcome. Those matters are meaningful- contribution to the achievement of the specific objective.

The achievement of the two specific objectives fully contributed to the promotion of the acceleration of SFM Progress (Development Objective).

The situation prevailing after project completion, as compared to the pre-project situation is as the following:

- Forest management units have capability in applying the monitoring SFM performance system to evaluate the current management performance and action plan required for a continuous performance improvement.
- Clear view on the future forest management development, goals and enabling conditions required.
- Enhance the effectiveness of sustainable forest management policy.

General results after project completion is that all relevant parties (government and forest management units) have the same view of future forest management development, and apply the same system of monitoring of SFM performance on the basis of criteria and indicators for SFM. Strong communication and flow of information between government and private sector had been established.

1.3. Target Beneficiaries Involvement

Direct beneficiaries of the Project are:

- Forest Management Units, Forest Managers
Through this project, forest managers and field staff in forest management units who involved on trainings activities on Application of the Internal Monitoring of SFM Performance in process to achieve SFM will improve their capability and capacity. With the improved capability, it is expected that they could implement the internal monitoring system to evaluate the progress of SFM achievement.
- Government Officers
This project also involving government officers to be trained to increase the capacity building of human resources on the use of Internal Monitoring Performance Guidelines.
- Consultants and NGOs, whose could use the standard for the monitoring system to evaluate the SFM performance.

1.4. Lessons Learned

1.4.1. Development Lesson

Aspects of project design which most contributed to its success in achieving the development objectives among others are:

- a. Defining a main problems faced by the Forest Management Unit in achieving SFM, was discussed in advanced together with related parties/stakeholders.
- b. The problems were arranged in a problem tree diagram to find the root of problems.

- c. Logical framework was formulated to see the inter link between the project objectives, output, and activities. Some indicators have to be defined to measure the successful of project achievement. And assumptions were very important to consider if the project cannot achieve its target/objectives.

Fortunately there were no changes in inter-sector link which affected the project's success. No additional arrangement needed to improve the cooperation between the relevant parties in the project.

Factors which will most likely affect project sustainability after completion could be internally from the FMU and externally from the government. The predominant ones are existence of serious commitment from the company's owner to implement SFM, shown by strong motivation from the Executives and strong motivation from the staff force to implement the Internal SFM performance Monitoring and Evaluating system in their management. On the external site, support from central and local government policy will enhance the achievement of SFM.

1.4.2. Operational Lessons

1.4.2.1. Project Organization and Management

Project Steering Committee (PSC) is the highest project structure body that was responsible for approval of the project programs and budget, annual evaluation and review of the implementation performed by the executing agency. All actions in implementing the Project have been followed accordingly as recommended by the PSC.

The Project Management team consists of Project coordinator were assisted by four staff: one assistance for training, one assistance for data base and policy, one secretary and one financial staff (treasurer). Day to day project activities were conducted by the project management team.

Several National consultant/experts were hired to accomplish such activities, after getting approval (NOL) from the ITTO.

1.4.2.2. Project Documentation

All administrative matters as well as the implementation of Project activities, are well documented in the forms of Project Document, Yearly Plan of Operation (YPO, 2 volumes), minutes of PSC meetings, Progress reports (4 volumes), technical report (3 volume), workshop reports (2 volume), training reports (2 volumes), and project completion report.

1.4.2.3. Monitoring and Evaluation

The PSC meetings (one in each year) were held to discuss and review the progress of the Project. The meetings were always attended by ITTO representative and members of PSC. Daily monitoring and evaluation was carried out by The Project Coordinator through intensive communication with the staff and regular consultation with the Director of Natural Forest Development.

Project monitoring and evaluation was conducted every six months by Project Coordinator and the results of the monitoring process were presented in the internal PSC meeting (without ITTO and donor representatives)

Regular report have also delivered to the Director General of Forest Production Development to inform the project progress.

1.4.2.4. Roles and Responsibilities.

The project involved stakeholders with different interest, but they all have a common goal such as achieving Sustainable Forest Management. The Government (Ministry of Forestry) concern with the improvement of SFM performance at FMU level, the concessionaires are willing to improve the capability of their staff and the local government intent to enhance their capacity in monitoring and evaluation. Certainly, their roles and responsibilities have had significant contributions to the success of the Project.

1.4.2.5. Controls over Plan and Implementation.

The Project Document and the availability of Work Plan, presented and discussed in each PSC meeting, were instruments to avoid gaps between the plan and the implementation. Regular internal meeting among the Project management staff have given great contribution in controlling the project implementation. The actual project implementation either in budget and schedule were based on the work plan. Budget was audited by an independent financial auditor which was approved by ITTO Secretariat.

1.4.2.6. Foreseeable external Factors

The most probably problem will come from unavailability of training instructors as scheduled in the operational planning, and lack of awareness from the board of director of FMUs, specifically in assigning training participants. Fortunately, however, there has no problem encountered during the training conducted. The detail run downed before each of training session especially concerning with the instructor's schedule has solved this problem.

Regarding the participants attendants, detail recruiting plan has been implemented and letter of endorsement from the Director of Natural Forest Development has been prepared. Total of participants attended of each training session then more than the required plan.

1.4.2.7. Unforeseen External Factors.

Two training locations have been changed during the training implementation. The first one is training site located in Riau Province (Sumatra Region), at PT. Diamond Raya Timber. At first surveyed, it seems possible to conduct the field practice in the concession areas that actually is a swamp area. When the location was discussed with the training instructors, however, there will not enough time to implement the field practice. The availability of local transport in the field (using lorry system), was not enough, and there was a time limitation to have a field practice in the swamp area.

The second changed training site was in Central Kalimantan, at PT. Erna Djuliawati. When the 5th training session will be run, the training could not be implemented in that area since the concession was facing an independent evaluation for certification. So, those two training site has been changed. To overcome this problem, there were two training site has been decided to conduct two times training session. The site was at PT. ITCI Kartika Utama at East Kalimantan Province, and PT. Balikpapan Forest Industry, in East Kalimantan as well.

1.5. Recommendations

Upon completion of all activities, some recommendation to improve the effectiveness and efficiency of similar future projects are as the following :

A baseline data and information on Forest concession performance should be measured and documented when the project started. This data and info will be useful if we want to compare the result after project completion.

Standard will be using for Internal monitoring system to evaluate the progress of SFM Performance should be endorsed first by the government. Some criteria and indicators that beyond the control of FMUs should be separated. Therefore, verifiers of indicators about those issues are best confined only to measure the level of performance achieved which is fully under the control of MUs.

Before the training session was started, the training instructors/resource persons should hand out a sheet of pre face-to-face activity that had to be filled in by the participants. It is intended to identify knowledge level of the participants related to the teaching materials. In the final session, on the other hand, the instructors/resource persons should give an evaluation assignment in a questionnaire form related to the materials that had been introduced during the training.

The project activities entitled "Application of the Internal Monitoring of SFM Performance at Forest Management Unit Level is potential to be replicated. Similar training activities could also be carried out either for FMU staff or government staff. The role of government as controlling institution, and forest managers as the actors for field practicing is critical for this monitoring instrument to succeed.

Part II. Main Text

2.1. Project Content

This project title “Application of the Internal Monitoring of SFM Performance at Forest Management Unit Level” is the collaboration project between Directorate General of Natural Forest Production (Dirgen BPK) Ministry of Forestry (MoF), The Association of Indonesian Forest Concessionaire (APHI) and International Tropical Timber Organization (ITTO). This project period is for two year with 4 months extension. The execution is from January 2007 up to April 2009 (28 months).

The development objective of this project is to accelerate the implementation of sustainable forest management practices carried out by forest management units as the members of the Association of Indonesian Forest Concession Holders (APHI).

There were two specific objectives: (1) To improve the capability of human resources on the application of Performance Monitoring System initiated in the previous project PD 42/00 Rev. 1 (F); (2) To promote the government policy on regulating the application of Internal Monitoring Performance Guidelines (IMPG) as a compulsory task among forest management units.

The outputs from specific objectives 1 were (1.1.) Training design formulated and; (1.2.) Forest Management Unit’s and Government Officers are trained on the use of IMPG. And from the specific objectives 2 were (2.1.) The Internal Monitoring Management Performance Guidelines (IMPG) is disseminated and implemented and (2.2) Government policy on IMPG is formulated.

This project aims to improve the capability of human resources through the implementation of a Performance Monitoring System in their forest management unit. The strategy to achieve that aims include training of government officers and forest managers all over Indonesia.

The training was designed to provide participants with knowledge, skill and attitude to implement internal monitoring system towards sustainable forest management. The training system give benefit to guide the forest management unit to prepare themselves for a fulfillment of evaluation standard defined as a syntheses of three standards that are Forest Minister Decree No 4795/Kpts-II/2002, the final draft of Log’s Legality Verification Standard, and the standard of ITTO Project PD 42, provide wider accommodation on the scope of criteria-indicators defined by each standard. After completion the training, participants are expected to prepare their forest management units in complying of both scheme of SFM certification, mandatory or voluntary.

In generally, all the 8 (eight) training activities are well conducted. The training location selected were included as PT ITCI Kartika Utama, Province of East Kalimantan; PT Gunung Gajah Abadi, Province of East Kalimantan; PT Suka Jaya Makmur, Province of West Kalimantan; PT Sarpatim, Province of Central Kalimantan; PT Balikpapan Forest Industries, Province of East Kalimantan; and PT Hutan Mulya, Province of Central Kalimantan.

Training on the implementation of Internal Monitoring of SFM performance is significantly needed by the Management Unit. The total of participants are 226 persons, included 205

persons from management unit, 18 persons from staff government and 3 persons from consultant.

After the training has been completed, an ex-post evaluation following the training then was conducted to detect impacts of the training on the performance of the participants in doing their jobs within their respective organizations.

Based on the training impact evaluation, there is a need to continue the training focusing on technical matters, such as monitoring, reporting, SOP development including technical manuals for individual MUs activities.

To accommodate this issue, the project conducted additional training workshop that was held in the project extension period (29 March to 1 April 2009). Total participants attended this course was 51 persons. So, the total participants have participate in the project training was 277 persons, came from total 160 Forest Management Units.

Workshop to disseminate the IMPG among related parties was conducted for 3 days (26-28 August, 2008); for the top level of FMU, and 2 days in Bogor for top middle and operational level of FMU and government officers staff (CFET and BPHA). Total Participants in first day was attended by 95 participants, at second and third day were attended by 149 participants (114 FMU, 1 plantation concession, 2 government institution).

The project agreement was signed and formally approved by ITTO on 27 October 2006. The effective period of implementation was from 2 January 2007, and should end on 31 December 2009. As agreed in the third Project Steering Committee meeting on 15 January 2009, the project was extended until end of April 2009, without additional funding, to complete the remaining activities (additional training workshop).

The project overall cost is US USD 608,738 included ITTO contribution (USD 381,888) and GOI contribution (MoF/BPK USD 15,800 and APHI USD 211,050).

Rationale of the project was due to the fact that slowly progress in achieving Sustainable Forest Management. The absence of the internal monitoring of SFM performance in forest management unit level is one of the reasons why forest management units have progress slowly toward SFM achievement.

2.2. Project Context

Indonesian forestry sectors have made significant changes in terms of activities and policies such as transitions from timber management into resource based management, from conglomeration into community based management, from economic development into social, ecology and economic orientation, and from sector-based conception into regional development orientation. The Government of Indonesia has also taken number of initiatives to address the problem of forest degradation and deforestation including formulation of an Indonesia Forestry action Program.

By the end of 2004 the Ministry of Forestry has announced five priority programs of Forestry for year 2005-2009, as follow : 1) combating illegal logging inside state forests and illegal timber trading; 2) revitalizing the forestry sector, especially the forest industry; 3) rehabilitating and conserving forest resources; 4) economic empowering of people within and around the forest areas, and 5) stabilizing the forest area and preventing forest fires.

Some of the most notable development taking place in the last three years are as follows:

1. Certification Initiatives

▪ Mandatory certification

The Ministry of Forestry initiated the mandatory verification of SFM in 2002. It imposes assessments of the performance of all Forest Management Unit (FMU) /concession holders in meeting the SFM requirements. The verification process requires eligible Independent Assessor Institutions ('LPI') recognized by the Ministry. To date, mandatory assessment has been conducted in 297 FMU's, and the mandatory certificate has been delivered to 112 FMUs who has satisfactory performance for a total area of 11,11 million hectares.

▪ Voluntary certification

a. As per October 2005, certification assessment in the scheme of Joint Certification Protocol (JCP) of Forest Stewardship Council (FSC) and Lembaga Ekolabel Indonesia (LEI) has been conducted in 14 FMUs of natural forest, of five among them have passed the LEI's scheme, yet result of the JCP's scheme has not been announced. Under the JCP scheme, one FMU of natural forests with the total areas of ± 91,000 hectares in Province of Riau has been certified. Moreover, another four FMUs with the total areas of ± 851,466 hectares have also gained SFM Certificate under the FSC scheme. Total of FMU's area that has achieved SFM certificate is 942,423 ha.

b. One unit of plantation forest management unit obtained FSC certification: PT. Riau Andalan Pulp and Paper in Riau province with area certified: 159,000 ha.

c. In community based forest management, there are five units that obtained LEI scheme of certification (Sumberejo and Selopura in Wonogiri District, Central Java) with total area certified : 809,95; and in Gunung Kidul, and Sukoharjo, Central Java with the total area 4,413 ha. So, the total community based forests management that have been certified are 5,222.95 ha.

2. Combating forest crime including illegal logging and its related trade:

- Engaged international communities through multilateral and bilateral MoUs in addressing illegal logging and associated trade, such as with United Kingdom, China, Japan, and European Union.
- Political commitments by President and Minister of Forestry have been stated in a series of meeting in handling forest crime.
- Issuance of Presidential Instruction No.04/05 on combating illegal logging

3. Legal and Policy development

- To accelerate the process of decentralization, in 2004 Government of Indonesia revised a number of laws: Law No 32 of 2004 to replace Law No. 22 of 1999 concerning Regional Governance; and Law No 33 of 2004 to replace Law NO. 25 of 1999 concerning fiscal balancing between central and regional governments.

Following Law No. 25 of 2004 on National Development Planning System, the Government Regulation No. 44 of 2004 on Forestry Planning was issued to assure that forestry planning should be incorporated with the national development system.

The change of those Government policies is designed to achieve sustainable management of the Production Forest area by considering present circumstances of

forest ecosystem and to contribute to the International efforts for the conservation and sustainable development.

2.3. Project Design and Organization

Based on the identification of problem tree, the two main causes of Sustainable Forest Management achievement were : (i) lack of capable human resources on the use of the established internal monitoring management performance guideline (IMPG); and (ii) lack of FMU Internal Evaluation on SFM practices. These two causes were absolutely true and consistent with the project findings in the field. The causes were properly tackled by the project.

By formulating the guideline or standard for Internal Monitoring of SFM Performance, the FMUs could use this guideline as a tool to monitor and evaluate their performance. By conducting training and workshop to disseminate the guideline/standard, the knowledge and capability of FMUs staff and Government staff were improved.

Government policy analysis has resulted several recommendations as follows:

1. Report on evaluation of government policies to push the effort to achieve SFM, covering the identification of various policies and and regulations supporting and or impede the achievement of sustainable management of production forests;
2. Recommendation/proposal of improving policies in the management of natural production forest in the endeavor to achieve mandatory SFM;
3. The choice of policies on applying internal evaluation system by MUs as a tool in monitoring the achievement of SFM ;
4. Recommendation and concept of incentive system which can move forward the acceleration on the achievement of SFM at MU level.

The conceptual foundation of the project was sound enough. The main barriers impede implementation of SFM practices by forest management units have been identified. Setting technical understanding on the application of ITTO C&I on the ground, selecting the applicable ITTO C&I for Indonesian situation and establishing an instrument for SFM as a quantifiable and verifiable measure for SFM is a base line for Indonesia to move forward to progress SFM. Those elements were integrated in the document for audit system namely Internal Monitoring Performance Guidelines. This document has been reviewed and improved in the early stage of project to produce an instrument in the form of criteria and indicator for self assessment of readiness level for SFM achievement.

Time and other resources devoted for project formulation were adequate. The institutions related to the project have been involved from the very beginning of the project formulation. The understanding and appropriateness of the roles and responsibilities of the institutions involved was continuously developed and improved during the project implementation. The Forest Management Units as main beneficiaries of the project were very cooperative. They were very enthusiastic in joining the training activities. The total participants attended the training were over the target. The Government officers especially in the province have supported the project activities.

2.4. Project Implementation

The Project Agreement was formally signed by ITTO on 27 October 2006. Upon the signing of the agreement, the Executing Agency started to commit itself in the realization of the Project objectives and the intended outputs.

The Project was initially planned for 24 months (January 2007 to December 2008). However, due to some unfinished activities, the Project was extended until end of April 2009, without additional funding. The approval for extension was granted as decided on the third PSC meeting.

The total Budget for this project is USD 608,738. ITTO contribution is USD 381,888 and the contribution from the Executing Agency is USD 226,850 in the form of cash and in-kind contribution.

The synergy in working together among parties according to their roles, i.e. the Indonesian Forest concessionaires Association (APHI), the Directorate of Natural Forest Production Development, the local Government, the Forest Management Units and the training instructors have made all activities accomplished satisfactorily. There were minor modifications here and there; however, all the expected outputs were achieved as originally planned. The budget inputs have been disbursed and used appropriately in compliance with the ITTO rules and procedures as stipulated in the agreement.

There were some changes in the training locations, slightly deviated from the original plan. However, these changes did not hamper the achievement of the Project.

The assumptions made and risks involved in the project document were really in line with the real project implementation. For example, the project execution was strongly supported by government. Participants of training and workshop from government and FMUs were actively involved.

Project sustainability was always being questioned by most participants of PSC meeting. In the future operation, training activities could be continued either by the Indonesian concessionaires Association (APHI) and the Ministry of Forestry. The Directorate General of Forest Production Development has decided that the application of Internal Monitoring of SFM Performance will be a compulsory to Management Units. So, it is expected that there is an increasing role of APHI in bridging the Central and Local Governments with Management Units by more frequently organizing technical trainings and providing assistance in SFM achievement. In implementing these trainings, APHI could cooperate with credible national and international NGOs.

Appropriateness of Project Inputs (Quantity and Quality).

Actually, the project received a total fund of USD 343,600 from the ITTO during the two-year project implementation. The project inputs were properly allocated in the project document. Total of project expenditures as of 31 December 2008 was USD 299,087.08. There were remaining balance as USD 45,337.18 then being used for the project activities during the extension period.

The counter budget provided was USD 226,850 consist of Government contribution as USD 15,800 and APHI contribution was USD 211,050. The counter budget contribution were in cash and in-kind in the form of salary government staff, office rents and facilities, and contribution from training participants.

Up to 30 April 2009 the project has spent the budget 100% during project implementation period from 2 January 2007 to 30 April 2009 (including the 4-month extension). Therefore the balance of the budget in the project bank account is USD 0.0 at the end of project.

The spent budget including the committed budget for the remaining activities are as shown in Table 1.

Table 1 : Project Financial Statement at the end of the project

Status of Expenditure of ITTO Budget Allocation to Project Activities
 Period ending on: April 2009

	Component	Approved Total	Up-to-date Committed by E.A but not spent	Up-to-date spent	Spent + committed in period	Remaining Values	Explanation of Remaining Values
		(A)	(B)	(C)	(D)	(A)-(B+C)	
					(B+C)		
10	Project Personnel	158.400,00			170.800,00	(12.400,00)	
20	Sub-contract	30.000,00			29.929,00	71,00	
30	Duty Travel	98.700,00			93.837,62	4.862,38	
40	Capital items	2.500,00			2.500,00	-	
50	Consumable items	52.000,00			44.729,54	7.270,46	
60	Miscellaneous	2.000,00			2.500,00	(500,00)	
70	Executing Agency	-					
	Management Costs						
80	ITTO Adm. Mon. & Evaluation	38.288,00				38.288,00	
	Other Revenue					696,16	
100	Grand Total	381.888,00			344.296,16	38.288,00	

2.5. Project Results

2.5.1. Existing Situation at Project Completion (compared to the Pre-Project)

After project completion, there were 277 staff from Forest Management Units and local government has been trained on the using of standard for Internal monitoring system. It means the capabilities of human resources in implementing Internal Monitoring of SFM Performance have been improved. It is expected the Forest Management Units have capability in applying the monitoring SFM performance system to evaluate the current management performance and action plan for a continuous performance improvement.

Recommendation of improving policies in the management of natural production forest in the endeavor to achieve mandatory SFM has been proposed;

The choice of policies on applying internal evaluation system by MUs as a tool in monitoring the achievement of SFM has been decided as a compulsory. Furthermore, it has been recommended to link the internal monitoring system to other mandatory programs to avoid overlapping of existing policies.

In fact, many key problems in achieving SFM were beyond the control of FMUs, e.g legal assurance of working area and boundary marking; and social problems like illegal logging and shifting cultivation. Therefore, verifiers of the indicators of the aforementioned issues are best confined only to measuring performance whose achievement process is under the control of FMUs. In this manner, FMUs are not burdened with performance issues that beyond their control.

2.5.2. Achievement of Specific Objectives.

The two specific objectives of the project were : (1) to improve the capability of human resources on the application of Performance Monitoring System initiated in the previous project PD 42/00 Rev. 1 (F), and (2) To promote the government policy on regulating the application of Internal Monitoring Performance Guidelines (IMPG) as a compulsory task among forest management units.

The specific objective (1) was achieved through series of project outputs namely: (1.1.) Training design formulated; (1.2.) Forest management unit's and Government officers are trained on the use of IMPG.

The specific objective (2) was also obtained through the establishment of project outputs such as : (2.1) The Internal Monitoring Management Performance Guidelines (IMPG) is disseminated and implemented. (2.2) Government policy on IMPG is formulated.

2.5.3. Impact of the Project result on the sectoral programmes, on the physical environment, on the social environment, on target beneficiaries.

Sectoral (local development and growth of local economy) program has been approached by the project through the improvement the capability of Forest Management Unit in obtaining forest certification.

By applying the Criteria and Indicator for Internal Monitoring of SFM, It will promote the awareness of FMUs owner to produce legal timber. Price of legal and certified timber in fact higher in certain market.

The application of Internal Monitoring will facilitate forest industry in restructuring programs, achieving efficiency and reducing management costs.

Physical environment was changed through the implementation of Internal Monitoring of SFM performance guidelines (IMPG). The introduced guidelines has its ability to differentiate strategic management approach taking into account given-specific circumstances of each FMU. Forest typology identification will clarify understanding and knowledge, that specific site will have specific strategic approach to reach SFM.

Forest typology is one important point introduced in the guideline. Its firstly recognized and limited as a scientific knowledge. This knowledge is important to understand the given biophysical, social and cultural circumstances within the area of forest management unit.

Identifying forest typology will simplify in developing strategic approach to forest management unit to achieve SFM. As the forest certified and SFM achieved, the environment quality will be improved.

In the SFM standard, criteria and indicator on ecology and social aspects plays an important role because factors of environmental damage and forest degradation caused by illegal occupation of forest land are part of the global issues. In addition, related to the issue of climate change, forest plays an important role in absorbing and retaining carbon (CO₂). This is later related to the Reducing Emission from Deforestation and Forest Degradation (REDD) scheme. The Sustained Managed Forest could considered as mitigation activities in the REDD scheme which is presently still being developed and is in the process of making demonstration plots which later will be related to SFM.

As explained above that forest typology also important to understand the social and cultural circumstances, therefore, the certified forest has also considered the social problems

encountered. The social conflict in the forest management unit could be reduced if the social problems have been considered in the strategic approach to achieve SFM.

Impact of the project results on the target beneficiaries could be seen from the several benefits received by:

- Forest Management Units, Forest Managers
Through this project, forest managers and field staff in forest management units who involved on trainings activities on Application of the Internal Monitoring of SFM Performance in process to achieve SFM will improve their capability and capacity. With this improved capability, the implementation of SFM could be accelerated.
- Government Officers
Since project also involving government officers to be trained, this is will increase the capacity building of human resources on the use of Internal Monitoring Performance Guidelines. The capability of government as controlling institution will be improved.
- Consultants and NGOs, whose could use the standard for the monitoring system to evaluate the SFM performance. Any third party could use the document of IMPG to evaluate the progress of SFM in FMU level.

2.5.4. Project sustainability after project completion as a result of project conceptualization, assumptions made and conditions prevailing at completion

The project was implemented in 28 months; however, the development objectives of the project which is to accelerate the implementation of Sustainable forest management practices carried out by forest management units, would be completely attainable in a longer time. Therefore, the project activities should be continued by the collaborating partner : the Association of Indonesian forest concession holders (APHI). APHI and government should play bigger role in bridging the gaps between local government and FMUs through advanced training programs for SFM. In implementing the training and assistance programs APHI could collaborate with credible national and international NGOs.

2.5.5. Synthesis of the Analysis

Table 2: Summary of Achievement and status of work

Item	Summary	Status
<p>a. Specific Objective achievement:</p> <p>1. The capability of human resources on the application of Performance Monitoring System improved.</p>	<p>Training activities had been conducted 9 times.</p> <p>Total persons had been trained: 277 persons, from 160 Forest Management units.</p>	<p>Realised</p>
<p>2. Government policy on regulating the application of Internal Monitoring Performance Guidelines (IMPG) as a compulsory task among FMU, formulated.</p>	<p>A report of policy analysis has been produced.</p> <p>The report has recommended to adopt an internal monitoring system and evaluation for MUs which can form as an obligation in achieving SFM.</p>	<p>Realised.</p>

Item	Summary	Status
<p>b. Outputs:</p> <p>1.1. Training design formulated</p> <p>1.2. Forest Management Units and Government officers were trained on the use of IMPG</p>	<p>Training design including TOR for training instructors, training curriculum, modules, training materials and training participants criteria have been formulated and produced</p> <p>Training activities had been conducted 9 times. Total persons had been trained: 277 persons, from 160 Forest Management units.</p>	<p>Realised</p> <p>Realised</p>
<p>2.1. Document of IMPG is disseminated and implemented.</p> <p>2.2. Government policy on IMPG is formulated</p> <p>c. Schedule</p> <p>d. Actual Expenditure</p> <p>e. Potential for Replication</p> <p>f. Potential for scaling-up</p>	<p>Three-days workshop has been conducted to disseminate the Internal Monitoring system and document IMPG has been distributed.</p> <p>Three institutional experts have been hired for three months to analyze the existing policy on SFM and to formulate the recommendation policy on the implementation of Internal Monitoring system. A workshop has been conducted to disseminate the result of the government policies analyses.</p>	<p>Realised</p> <p>Realised</p> <p>4-months extension</p> <p>As planned</p> <p>Significant potential</p> <p>Significant potential</p>

Part III. Conclusions and Recommendations

Efforts to encourage the achievement of Sustainable Natural Production Forest Management have been carried out simultaneously by both Government and Non-Governmental Organizations. Among the efforts were the implementations of the ITTO Projects PD 42/00 Rev.1 (F): Training of Trainers for SFM. This project found that there were two main factors causing the slow achievement of sustainable forest management practices at the Management Unit level in Indonesia:

1. Lack of trained professionals knowledgeable about the internal monitoring system of SFM Performance, and
2. Weak implementation of the internal monitoring system of SFM performance by Management Units.

Based on above conditions, the Internal Monitoring Performance Guidelines (IMPG) which is set of standard consists of criteria and indicators for internal monitoring of SFM performance were developed by ITTO Project PD 42/00 Rev.1 (F). This guideline then improved by ITTO Project PD 389/05 Rev.2 (F).

ITTO Project PD 389 Rev.2 (F) titled: "Application of the Internal Monitoring of SFM Performance at Forest Management Unit Level" has spread the cognisance of IMPG to the forest managers and government staffs through the training package. In total 9 (nine) training sessions had been completed with total participants 277 persons came from 160 FMUs. By participating in those training, it was expected that the capability of human resources (FMU and government staff) in implementing the Internal Monitoring system, improved.

The evaluation has also been conducted to assess the status of the application of IMPG along with their supporting factors and constraining factors. The project want to know and identify the effectiveness level of the training measured using training impacts on the achievement of SFM.

Policy analysis had been conducted to evaluate of government policies to push the effort to achieve SFM, covering the identification of various policies and and regulations supporting and or impede the achievement of sustainable management of production forests; Recommendation had been made to adopt an internal monitoring system and evaluation for MUs as an obligation in achieving SFM.

The training activities should be continued by the collaborating partner: the Association of Indonesian forest concession holders (APHI). APHI and government should play bigger role in bridging the gaps between local government and FMUs through advanced training programs for SFM. In implementing the training and assistance programs APHI could collaborate with credible national and international NGOs.

3.1. Development Lessons

Aspects of project design were most contributed to its success in achieving the specific objectives and project outputs. It was very important to define main problems faced by the Forest Management Unit in achieving SFM, being discussed in advanced together with related parties/stakeholders.

Logical framework is also important tool that was formulated to see the inter link between the project objectives, output, and activities. Some indicators have to be defined to

measure the successful of project achievement. And assumptions were very important to consider if the project cannot achieve its target/objectives.

3.2. Operational Lessons

Project Steering Committee meeting is very important and helpful for the project management. All actions in implementing the Project activities have followed accordingly as recommended by the PSC.

The atmosphere of sense of belonging for the project should be continuously built by the project management and the Executing Agency. This would be a strategic action for better understanding and active participation of the whole stakeholders.

Many key problems in achieving SFM were beyond the control of Management Units, e.g. legal assurance of working area and boundary marking; and social problems like illegal logging and shifting cultivation. Therefore, verifiers of the indicators of the aforementioned issues are best confined only to measuring performance whose achievement process is under the control of MUs. In this manner, MUs are not burdened with performance issues that beyond their control.

Presently, the sustained management of production forest has become mandatory for MU commensurate with Minister of Forestry decree SK Menhut 4795/Kpts-II/2002. Those who do not pay attention to implement SFM (poor performers) will get administrative sanction which can result in termination of permit. To follow field development, monitoring tools are used such as the Internal Monitoring Performance Guideline (IMPG). By using IMPG, it is hoped that MU's efforts in achieving SFM could be accelerated done in a mandatory or voluntary manner.

In order IMPG to be beneficial and recognizable, it is strongly recommended to link this scheme to other mandatory programs to avoid overlapping of existing policies.

3.3. Recommendation for Future Projects

3.3.1. Identification

FMs feel that they are still facing problems in the application and internalization of the results of IMPG training as the routine activity in the field. For this reason, there is a need to continue the training focusing on technical matters such as monitoring, reporting, mapping, SOP development, including technical manuals for individual MUs activities

3.3.2. Design

In designing the future project, it should be oriented to more field practicing work than the theory in class. The training participants should bring their actual management plan and the action plan needed. Monitoring and reporting matters should be focused, including monitoring on the implementation of IMPG. Design on cost of project should also be carefully considered and formulated including budget for the meetings

Project design (including terms of reference for all project activities) should be communicated and discussed through a series of project meetings for obtaining more advice and recommendation.

3.3.3. Implementation

For smooth and better implementation, the intensive meetings with the project partners should be periodically carried out. Regular control and monitoring to the progress of project should be consulted with the Executing Agency.

3.3.4. Organization and Management

The organization structure of this Project could be repetitively formed to ensure that all activities in the next project are planned and implemented accordingly. Project organization structure and appointed personnel should be closely linked to the existing organization structure of the Executing Agency for clear and better responsibility.

Responsible for the Report

Jakarta, 30 April 2009

A handwritten signature in black ink, appearing to read 'LASHMINI', written over a horizontal line.

Ir. LASHMINI
Project Coordinator

ANNEXES

Annex 1. Logical Framework Matrix

PROJECT ELEMENT	INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Development Objective</p> <p>To accelerate sustainable forest management practices by forest concession companies</p>	<p><i>The number of good FMU performance increase 20%</i></p>	<p>The Report of FMU Performance by Independent Consultant to the government</p>	<p>Commitment of the Government in monitoring of SFM Mandatory scheme</p>
<p>Specific Objectives</p> <p>1. To improve the capability of human resources on the application of the internal monitoring of SFM performance system as resulted from previous project PD 42/00 Rev. 1 (F)</p>	<ul style="list-style-type: none"> - From total 9th sessions training they are 277 personnel from forest management units and government officers are trained - IMPG handbooks are distributed 	<ul style="list-style-type: none"> - Report of training activity: Training on Application of The Internal Monitoring System of SFM Performance For Natural Production Forest. - Workshop Proceeding on Dissemination of IMPG 	<ul style="list-style-type: none"> - Project execution is strongly supported by government
<p>2. To promote the government policy on regulating the application of Internal Monitoring Performance Guidelines (IMPG) as a compulsory task among forest management units</p>	<ul style="list-style-type: none"> - <i>The number of FMU which has defined effective strategy for SFM improvement increase 20%</i> 	<ul style="list-style-type: none"> - Report of Policy Analysis 	<ul style="list-style-type: none"> - FMU willing to implement C&I toward to sustainable forest management practices.
<p>Output 1.1. Training design formulated</p>	<p>Training design including TOR for training instructors, training curriculum, modules, training materials and training participants criteria have been formulated and produced</p>	<p>Technical Report on Design Training Curriculum, Modules, Materials and Participants</p>	<p>Training materials in line/compatible with C&I in IMPG</p>

PROJECT ELEMENT	INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Output 1.2. Forest Management Units and Government Officers are trained on the use of IMPG	Training activities had been conducted 9 times. Total persons had been trained : 277 persons, from 160 Forest Management units.	Training reports	-Information on training instructors are available. - Training instructors are available for each training subject -The expertise of training instructors fit to the TOR
Output 2.1. Document of IMPG is disseminated and implemented.	Three-days workshop has been conducted to disseminate the Internal Monitoring system and document IMPG has been distributed.	Workshop Proceeding	Participants from Government and FMUs are actively involved.
Output 2.2. Government policy on IMPG is formulated	Three institutional experts have been hired for three months to analyze the existing policy on SFM and to formulate the recommendation policy on the implementation of Internal Monitoring system. A workshop has been conducted to disseminate the result of the government policies analyses.	Report of Policy Analysis	Government policy has to encourage the SFM achievement.

Annex 2. Photo Documentation of Training activities



Figure 1. 1st Training on Application of the Internal Monitoring of SFM Performance in PT ITCI-KU, East Kalimantan



Figure 2. 2nd Training on Application of the Internal Monitoring of SFM Performance in BDK Samarinda & PT Gunung Gajah Abadi, East Kalimantan



Figure 3. 3rd Training on Application of the Internal Monitoring of SFM Performance in Wella Hotel & PT. SARPATIM, Central Kalimantan



Figure 4. 4th Training on Application of the Internal Monitoring of SFM Performance in Perdana Hotel & PT Suka Jaya Makmur, West Kalimantan



Figure 5. 5th Training on Application of the Internal Monitoring of SFM Performance in Mega Lestari Hotel & PT Balikpapan Forest Industries, East Kalimantan



Figure 6. 6th Training on Application of the Internal Monitoring of SFM Performance in Grand Tiga Mustika Hotel & PT Balikpapan Forest Industries, East Kalimantan



Figure 7. 7th Training on Application of the Internal Monitoring of SFM Performance in Batu Suli Hotel & PT Hutan Mulya, Central Kalimantan



Figure 8. 8th Training on Application of the Internal Monitoring of SFM Performance in Grand Tiga Mustika & PT ITCI-KU, East Kalimantan



PELATIHAN KOORDINASI PELAKSANAAN INTERNAL MONITORING
PENGELOLAAN HUTAN ALAM PRODUKSI LESTARI PADA TINGKAT UNIT PENGELOLAAN
HOTEL SANTIKA BOGOR, 30 MARET – 1 APRIL 2009

Figure 9. Training on Coordination of the Application of the Internal Monitoring of SFM Performance at Forest Management Unit Level



Figure 10. Project Management Team of ITTO PD 389/05 Rev.2 (F)



Figure 11. Field Work Activity Production Group



Figure 12. Field Work Activities of Ecology Group



Figure 13. Field Work Activities of Social Group



Figure 14. Atmosphere in classroom

Annex 3. Memorandum of Agreement between The Direktorat General of Forest Production Development (Ditgen BPK) and The Association of Indonesian Forest Concession Holders (APHI)

MEMORANDUM OF AGREEMENT
between
THE DIRECTORATE GENERAL OF FOREST PRODUCTION DEVELOPMENT
(Dit.Gen. BPK)
and
THE ASSOCIATION OF INDONESIAN FOREST CONCESSION HOLDERS (APHI)
ON THE APPLICATION OF PROJECT PD 389/05 REV.2 (F)
"APPLICATION OF THE INTERNAL MONITORING OF SFM PERFORMANCE AT
FOREST MANAGEMENT UNIT LEVEL"

We, the undersigned authorized representatives of Dit.Gen BPK and APHI; endorse this agreement as the formal document guiding project implementation by both agencies in accordance with Article III section 3.03 (a) of the Project Agreement.

SECTION 1. GENERAL RESPONSIBILITIES

The Dit.Gen BPK is the Executing Agency for the project. It will be in charge of general management and administration of all Project activities, and will also be directly responsible for reporting all result to ITTO and other agencies/groups represented in the Project Technical Committee. Together with its partner (APHI) It will be responsible for receiving, disbursing, and managing all funds released by ITTO to the project in accordance with ITTO's rules and regulations.

The APHI will be a Collaborating Agency for project implementation. APHI and its member will support, as appropriate, implementation of the project in accordance with the workplan approved by the ITTO.

Both agencies agree to deploy one representative and one alternate representative each to the Project Technical Committee

SECTION 2. COUNTERPART CONTRIBUTION

Dit.Gen BPK and APHI agree to share each counterpart contribution in cash and in kind to support project implementation. Dit.Gen BPK will contribute \$ 15,800 (cash and in kind) ; and APHI will contribute \$ 211,050 (in kind) to the project; The contributions of Executing Agency shall include the provision of office facilities and appropriate official accommodation for all project activities including any monitoring, review and evaluation meetings at no cost to the ITTO contribution to the Project Budget.

SECTION 3. REPORTING REQUIREMENTS

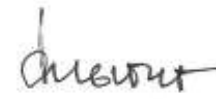
Dit.Gen BPK shall be responsible for preparing and submitting to ITTO all progress reports, technical reports, and completion reports in accordance with the project document and project agreement. It shall also submit to ITTO needed financial statements on use of projects funds and at the end of the project a final statement of account for ITTO and counterpart funds audited by recognized independent auditors in consultation with ITTO.

APHI shall assist in the reporting requirements by providing data and information as needed.

This agreement shall take effect upon signing by both agencies.


.....
Dit.Gen BPK

Date : DECEMBER 2006
Place : JAKARTA


.....
APHI

Date : DECEMBER 2006
Place : JAKARTA

Annex 4. List of Publications produced by ITTO PD 389/05 Rev. 2 (F)

- a. **Progress Reports No. 1 – 4**
- b. **Technical Reports**
 - 1. **Technical Report Reviewing The Existing Monitoring System and Improving Internal Monitoring Performance Guidelines at Forest Management Unit Level**
 - 2. **Technical Report on Design Training Curriculum, Modules, Materials and Participant's Criteria**
 - 3. **Technical Report of Documents Internal Monitoring Performance Guidelines**
- c. **Training Reports**
 - 1. **Training on Application of The Internal Monitoring System of SFM Performance for Natural Production Forest**
 - 2. **Training on Coordination of the Application of the Internal Monitoring of SFM Performance at Forest Management Unit Level**
- d. **Proceeding of Workshops**
 - 1. **Socialization on the Internal Monitoring of SFM Performance**
 - 2. **Socialization on Result of Analyzing Government Policies To Support Sustainable Forest Management**

