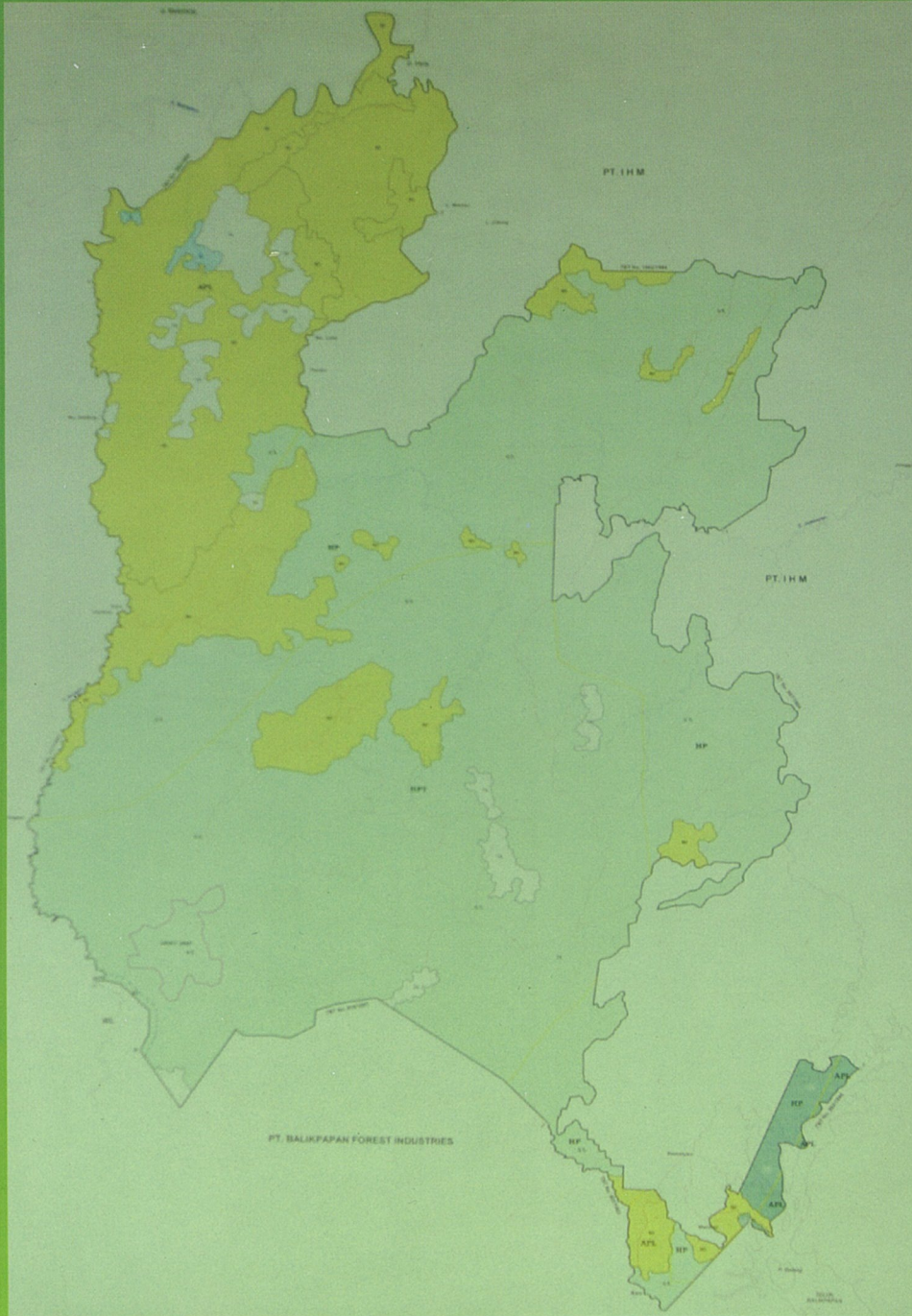


# TECHNICAL REPORT

## REVIEWING THE EXISTING MONITORING SYSTEM AND IMPROVING INTERNAL MONITORING PERFORMANCE GUIDELINES AT FOREST MANAGEMENT UNIT LEVEL



ITTO PD 389/05 REV. 2 (F)

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

2007

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Asosiasi Pengusaha Hutan Indonesia



**ITTO PD 389/05 REV. 2 (F)**

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

**2007**

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## EXECUTIVE SUMMARY

The Government of Indonesia has encouraged forest certification as a market driven instrument on voluntary basis for achieving sustainable forest management (SFM). Some incentives have been given by the government for developing and implementing this certification for SFM. In 1994, the Indonesian Eco-labeling Institute (LEI) was established in response to calls for certified timber. As mentioned previously in this report, LEI is a non-governmental organization and independent institution, has established a "voluntary certification" program to assess forest concessionaires make progress towards SFM.

Implementation of forest certification by LEI has not been followed by a readiness of forest management units (FMU) to achieve LEI's standards on SFM. Furthermore, through Ministry of Forestry Decree (No. 4795/Kpts-II/2002), Criteria and Indicators for Sustainable Natural Production Forest Management (PHPL) at the FMU has been launched. This regulation is being used as a policy instrument to evaluate forest concession performance as a requirement for permit renewal. For implementing this regulation, the Ministry of Forestry invites independent auditors (LPI or *Lembaga Penilai Independen*) to evaluate FMU applying the C&I.

Late in year 2000, ITTO Project PD 42/00 has conducted Training of Trainers for the Application of the ITTO Criteria and Indicators for SFM at FMU Level. The project was designed to (a) improve the understanding among forest managers in conducting a sustainable managed forest area at FMU level, and (b) improve capability of forest managers to prepare forest certification assessment by applying the Indonesian Eco-label Institute (LEI's) C&I for forest certification. The training project reached managers of more than 12 million hectares of forest areas all over Indonesia.

The achievement of SFM through mandatory verification program and voluntary certification is encouraged by the government. Furthermore, a harmonized standard of legality of timber has been developed as well as a mechanism for verification, through multi-stakeholders involvement. The legality standard is a step forward in SFM, Currently, several mechanisms to achieve SFM are also introduced in Indonesia, such as Voluntary Partnership Agreement (VPA), phased approach to certification, step wise certification. Therefore, there is a need to develop an instrument for self-assessment, which can be applied in FMU level, to assist FMU for applying the above approaches.

To develop instrument for self-assessment which include criteria and indicator for FMU level, a synthesis on several standard of performance assessment for forest management unit has been conducted. Criteria and indicator used for internal assessment should fulfill some characteristics, among others: (i) it has a legal basis on existing regulation; (ii) based on SFM principles; (iii) under control of (FMU); (iv) clearly and easily formulated and easy to be implemented; (v) decision making process based on real value which is defined clearly.

For the above purpose, internal assessment standard for SFM was reviewed in this study based on 3 (three) standards, which are: (i) criteria and indicators of SFM for FMU in the Ministerial Decree No. 4795/Kpts-II/2002; (ii) criteria and indicators of SFM for internal

monitoring in the FMU level as a synthesis from the *ITTO's Criteria and Indicators for Sustainable Management of Natural Tropical Forests (revised version, 1998)* as an output of ITTO Project PD 42/00 Rev.1 (F); (iii) verification standard of timber legality which is developed under multi-stakeholder process. Synthesis of these standards is an output of this study.

Based on the above result of synthesis on three standards, a curriculum and syllabus was developed to be applied in the training program of ITTO's Project PD 389/05 Rev.2 (F). Basically, there are not so many changes in the new curriculum and syllabus compared with the previous one. Nevertheless, the new curriculum will give more emphasis on the importance of corrective action requests (CARs) in determining further action plans development. So, the training will be designed to apply internal assessment for FMU. Training program will be conducted in 5 (five) regions which is aimed especially for managers of FMU. They will be expected to have a comprehensive understanding on the procedures and steps of monitoring assessment.

Evaluation of indicators should be conducted by determining (i) key-indicators which has a higher degree of interest than other; (ii) indicators which have a low grade (low level of intensity scale). Action plan based on evaluation should be recommended for determining improvement strategies for each indicator which has low grade, and it consists of (i) indicator; (ii) assessment result (weighted indicators/intensity scale); (iii) interest indicator; (iv) improvement; and (v) improvement schedule.

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# CHAPTER I. INTRODUCTION

## 1.1. Background

Forestry paradigm plays a very important role in determining the nature of forest management in Indonesia. The old paradigm of forest management is regarded to cause the impossibility of reaching the goal of equitable and sustainable forest management. As a consequence, shifting of forest management paradigm is needed. The shift in forest management paradigm need to be supported by a shift of national development paradigm.

The old paradigm of national development has positioned forest as as a reliable source of acquiring national foreign exchange earning and this was done through export enhancement strategy. In the forestry sector, this has been translated into forest utilization policy which has an exploitative inclination as reflected by various indications such as overcapacity of national wood industries, the lively emergence of illegal logging practices and the heightened forest deforestation level. Forest management policy was not practiced in accordance with equitable and sustained forest management principles. These various phenomenon strengthened the implication that a shift of paradigm has become a necessity to save the forest from its speeding destruction. Other implications show that the shift has to be done as soon as possible and must become a very urgent priority.

The Ministry of Forestry has issued policies that pushes the FMU holding a permit to cut trees from natural forest (IUPHHK) to manage the forest based on Natural Production Forest SFM (PHAPL). The policy is expressed in Forestry Minister Decree No. 4795/Kpts-II/2002 about Criteria and Indicator on Natural Production Forest SFM Forest Minister Decree No. 4796/Kpts-II/2002 jo. Forest Minister Decree No. 208/Kpts-II/2003 on Methods on Evaluation of Natural Production Forest SFM. To follow up the said decision, the Decision of the Director General of Forest Production No. 34/Kpts/VI-Set/2002 jo. No. 42/Kpts/VI-PHP/2003 was issued on Technical Guidance on Performance Evaluation of Sustainable use of Production Forest at the FMU having the Tree Felling Permit in Natural Forest. Therefore, evaluation of performance standard of SFM including for FMU becomes important to be improved and agreed upon by all stakeholders.

## 1.2. Purpose

The final purpose aimed is the readiness of FMU in reaching SFM. Specifically, this initiative will produce an instrument in the form of criteria and indicator for self assessment of readiness level for SFM, and an instrument to enhance capacity in the form of curriculum and syllabus to prepare the human resource in FMU having the duty of initiating this readiness.

## 1.3. Scope of Activities

The scope of activities consist of :

1. Analysis of the general condition of the forestry sector in problems faced related to the implementation of SFM at the FMU level.

2. Appraisal on the monitoring system of existing SFM and on the internal monitoring of the performance of SFM by FMU as produced by Project PD 42/00
3. Formulate improvement action and crash program needed to put up with problems faced at FMU level for adoption in the training curriculum and modul.
4. Assessment on the curriculum and syllabus adapted in the training under the PD 42/00 program and formulate its improvement.
5. Facilitate workshop to evaluate and refresh ability of participants in internal monitoring of SFM performance of the FMU as a result of Project PD 42/00)

## **CHAPTER II. GENERAL SITUATION ANALYSIS (FORESTRY SECTOR) AND PROBLEMS RELATED TO IMPLEMENTATION OF SFM AT THE FMU LEVEL**

### **2.1. Conditions of Wood Sector**

Prior to the 1997 monetary crisis, total assets of the wood sector in Indonesia is noted as USD 28 billion. In year 2001 all segments of wood sector contributes about 20% to the Gross Domestic Product (GDP). This sector provides direct employment to 2.35 million people, and 1.5 million in indirect employment. Therefore the wood sector was able to provide living to 16 million people in Indonesia. Foreign exchange produced during 1995 – 2005 reaches about US\$ 7-8 billion every year.

The role of wood sector in relation to the total non-oil foreign exchange earning was significant until year 1995 where it dropped from 16% to 12% in year 2005. The biggest value added in the value chain is controlled by exporter and downriver industries, while the most upriver segment (logs) controls the smallest margin. In other words, forest business segments such as tree cutting permit holders from natural forest (IUPHHK), community forest, plantation forest regeneration and others have the smallest market incentive and become less attractive for investment.

Wood industries in Indonesia experience a decline in the last several years. The main cause is inadequate raw material for the industry in the form of logs. Forest conversion, deforestation and forest degradation are main causes for the lack of raw material supply for the wood industries. Deforestation and degradation is caused by rampant illegal logging practices and the lack of disciplines of tree felling permit holders especially at the natural forest. These damages has caused concern to the government which decides to apply national wood production quota which in turn is translated into FMU of natural forest quotas in the field level.

The subject of forest management in producing raw material for wood industries becomes more problematic and has always become one of the biggest hindrance for the growth of the wood sector. Synthesis of three studies on wood industry revitalization (FORDA through ITTO PD 85, CIFOR, National Development Planning Board, 2006) has found out some decidedly detrimental factors on the internal situation of forest industries which are:

- The deficiency of legal and sustainable wood as raw material.
- Inadequate area of plantation forest,
- Obsolete machines, not efficient and high waste.
- Poor available data which is not conducive to good decision making.
- Poor forest management practices.

### **2.2. Competitiveness**

Competitiveness of wood sector from the demand side, that is the ability of a country to market its product in the international market is sufficiently good but began to be

threatened by competitor countries especially Cina and Malaysia. The demand side lack monitoring and control.

Competitiveness of wood industry from the supply side is distressing. Basic capital is only good at the forest resource, although it is continually declining. On the aspect of industrial institution, it could be observed that concentration of industrial scale is not balanced, ownership structure has a trend on conglomeration on middle and big industries with low specialization and diversification. On the other hand, sector contribution is adequately high although relative added value against end product is not too big with low production growth. The scope of international market segment is high but is declining. Import dependency and the role of FDI in export is low. The supply side competition is being helped by the high proportion of export and a low import. As also discovered by the synthesis of the three studies, it is also mentioned that the efficiency of raw material use is low.

### 2.3. Capacity Situation of Round Wood Production

The source of wood supply as raw material for industry comes from natural and planted forest areas. The pattern for natural forest utilization is in the form of issuance of forest concession or known as Permit to Fell Trees in Natural Forest (IUPHHK-Hutan Alam), while for forest plantation outside Java with the Forest Industrial Plantation scheme known as (HTI/IUPHHK-Hutan Tanaman). To have the information of the magnitude of these forest resource potential covering the natural forest, plantation forest and community forest, the following is a picture of wood supply potential from the various sources in the last five years.

Table 1. Recapitulation of Roundwood Production based on Source of Production in Last Five Years

No.	Year	Source of Production					TOTAL (CuM)
		Natural Forest (CuM)		Forest Plantation (CuM)		Community Forestry (CuM)	
		Annual Work Plan	Timber Utilization Concession	State-Owned Enterprise	Industrial Forest Plantation		
1	2	3	4	5	6	7	8
1	2001	1,809,100	2,323,614	1,455,403	5,567,282	-	11,155,400
2	2002	3,019,839	182,708	1,559,026	4,242,532	-	9,004,105
3	2003	4,104,914	956,472	976,806	5,325,772	59,538	11,423,501
4	2004	3,510,752	1,631,885	923,632	7,329,028	153,640	13,548,938
5	2005	5,720,515	3,614,347	757,993	12,818,199	1,311,584	24,222,638
	<b>TOTAL</b>	<b>18,165,120.34</b>	<b>8,709,026.44</b>	<b>5,672,860.00</b>	<b>35,282,813.09</b>	<b>1,524,762.25</b>	<b>69,354,582.12</b>

It can be seen from the above table that one of the production source is from natural forest as a result of annual allowable cut of companies having the permit to fell trees (IUPHHK-Hutan Alam). The following table shows growth in number and work area covered by IUPHHK-Hutan Alam.

Table 2. Growth of number of IUPHHK Hutan Alam (HPH)

<b>No.</b>	<b>Years</b>	<b>UNITS</b>	<b>Areas (Million Ha)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
1	1991/1992	567	60.48
2	1992/1993	580	61.38
3	1993/1994	575	61.70
4	1994/1995	540	61.03
5	1995/1996	487	56.17
6	1996/1997	447	54.09
7	1997/1998	427	52.28
8	1998/1999	420	51.58
9	1999/2000	387	41.84
10	2000	362	39.16
11	2001	351	36.42
12	2002	270	28.08
13	2003	267	27.80
14	2004	287	27.82
15	2005	285	27.72

Source : Directorate General of Forest Production Development

The growth of Forest Industries Plantation outside Java as one of the sources of wood production is presented as follows:

Table 3. Growth of Forest Industries Plantation (HPH Tanaman)

<b>No.</b>	<b>Years</b>	<b>PP (Ha)</b>	<b>CWP+CWT (Ha)</b>	<b>LSS (Ha)</b>	<b>MPF (Ha)</b>	<b>SOFP (Ha)</b>	<b>Total Plantation (Ha)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
1	1989/1990	29,160.00	102,494.82	-	-	-	131,654.82
2	1990/1991	65,661.36	104,213.11	-	-	-	169,874.47
3	1991/1992	104,221.85	109,769.18	-	-	-	213,991.03
4	1992/1993	83,962.00	150,891.16	-	-	-	234,853.16
5	1993/1994	113,066.00	188,645.61	71,895.00	-	-	373,606.61
6	1994/1995	117,940.00	100,873.21	77,973.00	-	-	296,786.21
7	1995/1996	162,199.78	102,999.97	61,248.00	-	-	326,447.75
8	1996/1997	172,320.18	123,897.36	94,324.00	-	-	390,541.54
9	1997/1998	100,882.87	77,183.50	88,542.49	-	2,500.00	269,108.86
10	1998/1999	82,603.84	52,365.83	45,536.00	-	2,072.00	182,577.67

No.	Years	PP (Ha)	CWP+CWT (Ha)	LSS (Ha)	MPF (Ha)	SOPF (Ha)	Total Plantation (Ha)
1	2	3	4	5	6	7	8
11	1999/2000	85,744.00	51,749.00	1)	-	1,169.00	138,662.00
12	2000	58,151.56	21,596.52	1)	-	2,569.00	82,317.08
13	2001	56,299.00	10,672.89	-	-	500.00	67,471.89
14	2002	87,614.00	13,873.00	-	1,121.00	15,900.00	118,508.00
15	2003	100,497.00	18,755.00	-	1,456.00	3,983.00	124,691.00
16	2004	112,714.00	19,200.00	-	-	-	131,914.00
17	2005	142,598.00	20,527.00	-	-	-	163,125.00
<b>JUMLAH/Total 2)</b>		<b>1,675,635.44</b>	<b>1,269,707.16</b>	<b>439,518.49</b>	<b>2,577.00</b>	<b>28,693.00</b>	<b>3,416,131.09</b>

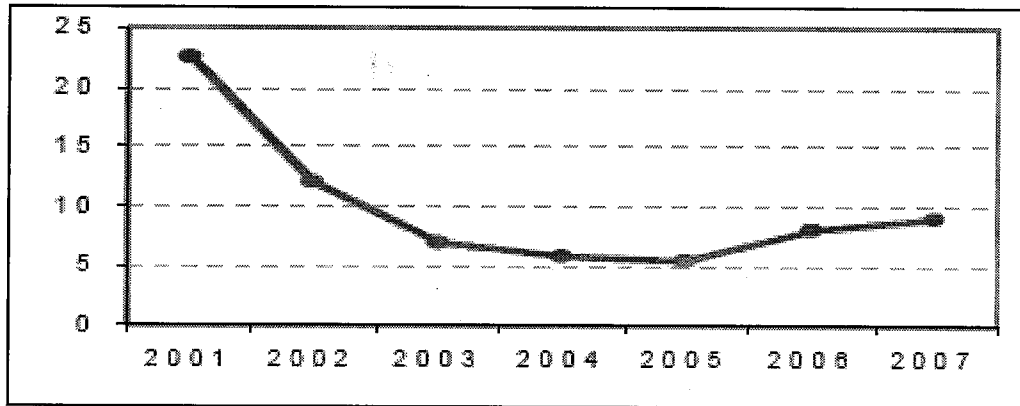
Source : Direktorat Jenderal Bina Produksi Kehutanan  
Directorate General of Forest Production Development

Note :

- 1) : Dependable Plantations includes HTI (Forest Industry Plantation) Pulp, HTI Furniture & HTI Transmigration
- 2) : Data shows annual accumulative planting that do not show current real condition of forest plantation
- PP : Pulp Plantation
- CWP : Construction-Wood Plantation
- CWT : Collaborated with Transmigrans
- LSS : Local Spesific Species
- HTI Pulp : Including among others the specieses of: Pinus, Eucalyptus spp, Acacia mangium, Meranti, Sungkai, Gmelina arborea
- HTI Furniture : Including among others the specieses of: Jabon, Rubber, Jelutung, Gmelina, Acacia mangium, Eucalyptus deglupta, Paraserianthes falcataria, Peronema canescens, Pinus, Meranti, Sungkai, Ulin, Ramin
- HTI Trans : Including among others the specieses of Jabon, Karet, Tengkawang, Gmelina, Acacia mangium, Eucalyptus deglupta, Paraserianthes falcataria, Peronema canescens, Tectona grandis, Meranti, Sungkai, Jelutung, Balsa
- HPHTC : FMU Mixed Planting
- MPF : Mixed Plantation Forest
- SOPF : Self-operated Forest Plantation
- (-) : No activities

In addition to the decline of forest entrepreneur, the quality of forest management becomes poorer. There are 161 units of FMU/IUPHHK which are inactive and from 103 active FMU/IUPHHK which are audited by LPI, 48 of them have poor or very poor performance (BPHA, 2007)

Annual allowable cut at national level is continually being lowered since year 2001, it increases again in years 2006-2007 (see graph below). This policy was intended to naturally reduce production in the forest industry segment. Over capacity of wood processing are frequently being blamed as the reason for illegal logging practices.



Source: ITTO, 2007

#### 2.4. Policies Related to Fulfilling SFM Principle

In accordance with its duties and function, the government has issued various policies in the form of law and regulations, hopefully to reduce forest destruction rate and to direct the effort of reaching mandatory SFM. In addition, many initiatives in reaching SFM in voluntary way were being done in the form of certification scheme. The government, in this case the Ministry of Forestry, has decreed five policy priorities in the effort to slow down the forest destruction rate. These are: 1) Eradication of illegal logging; 2) Forest fire control and mitigation; 3) Revitalization of forestry sector; 4) Improvement of the economies of communities near forest; and 5) Forest area gazetting. Through the five mentioned policy priorities it is hoped that activities of forestry development could be more focussed on the effort to reach sustainable forest management.

The government also actively endorses certification of SFM as a voluntary market instrument. It is a strategic effort to reach SFM because this effort has a two pronged objectives which are to reach the SFM objective and to attain trade objectives. Some incentives have been endeavoured by the government to push the development and implementation of this sustainable forest certification. The LEI has succeeded in developing the SFM certification scheme in Indonesia which form a national potential which role must be continually supported to give more contribution in attaining SFM in Indonesia,

It was found out that the readiness of certification indicator developed by LEI was not followed by the readiness of FMU to fulfill the SFM criteria and indicator standard created. The role of government and the community is badly needed to increase the ability of FMU to abide to the said standard.

Besides policies which support SFM, there are many government policies in the effort to realize SFM in the form of laws and regulations. Specifically some technical directives have been issued in response to international agreement as decreed during the 8th ITTC meeting in Bali in year 1990 which specified that year 2000 is an indicative year where principles of SFM will be applied. The policy was translated among others into:

- a. Minister of Forestry Decree No. 252/Kpts-II/1993 which has been improved through Decree No. 576/Kpts-II/1993 on Criteria and Indicator for SFM in Natural Production Forest.



- b. Minister of Forestry Decree No. 610/Kpts-IV/1993 on Criteria and Indicator for SFM in Natural Production Forest at the FMU level. The decreed technical directives was found out to be ineffective in pushing the effort to reach SFM in Indonesia to fulfill the said international accord.

In conformity with the enactment of Law No. 41 / 1999 on Forestry which is a replacement and improvement of Law No. 5 / 1967 on Basic Rules of Forestry, Government Rule No. 34 / 2002 was published on Forest Spatial Arrangement and Formulation of Forest Management Plan, Forest Use and Utilization of Forest Area. Specifically, articles on certification of SFM were implied:

- a. Article 50, line (2) letter b said that "Extension of permits to fell trees (IUPHHK) in natural forest or forest plantation can be given if it abides to the requisite in the form of performance evaluation of permit holder by the Minister, given as a *certificate of sustainable forest use* by the Minister".
- b. Article 81 line (3) stated "Evaluation activities as mentioned in line (1) letter b is an activity to evaluate implemented results of SFM done periodically according to type of permit". Furthermore in explaining article 81 line (3) it is mentioned "The success of SFM is mirrored in forest management performance measured by SFM criteria and indicator which is proven by certificate of SFM issued by LPI accredited by the Minister"

As implementation of Government Regulation 34/2002, the Minister of Forestry has decreed a mandatory certification which is meant to replace and improve the context on criteria and indicator decreed in 1993, as follows:

- Performance evaluation of IUPHHK in Natural Forest:
  - a. Forestry Ministerial Decree No. 4795/Kpts-II/2002 on Criteria and Indicator on the Sustainable Use of Natural Production Forest at the FMU;
  - b. Forestry Ministerial Decree No.208/Kpts-II/2002 replacing No. 4796/Kpts-II/2002 on Methods of Performance Evaluation in Utilization of Wood Product of Natural Forest at FMU in the SFM context.
- Performance Evaluation of IUPHHK in Forest Plantation:
  - a. Decree of the Minister of Forestry No. 177/Kpts-II/2003 on Criteria and Indicator on SFM at FMU of Plantation Forest Utilization;
  - b. Decree of Minister of Forestry No. 178/Kpts-II/2003 on Methods of Performance Evaluation of Forest Plantation Utilization at FMU in the SFM context.

Through the performance evaluation of SFM program (mandatory certification) it is hoped that technical directives could be more effectively implemented in the field. Based on this performance evaluation, a picture of the performance of each FMU could be seen that will be used for determining the form of guidance that is needed.

This mandatory certification is conducted by the Independent Evaluation Institute (LPI) to be applied on the IUPHHK holder on natural forest as well as forest plantation as a pre-requisite for extension of expired permits. This will also be done every three years for ongoing permits as a means of evaluation. Besides applying to the IUPHHK holder on

natural forest as well as forest plantation, the performance evaluation is also applied to the primary wood industries (IPHHK) as decreed in Government Regulation 34/2002 article 57 line (2) and (3) as follows:

- 1) ***Line (2) : "Evaluation of wood product primary industries is done at least in every 3 (three) years";***
- 2) ***Line (3) : "Criteria and methods of evaluation on wood product primary industries is regulated by Ministerial Decree".***

In implementing the said Article 57, the following have been decreed:

1. Forestry Minister Decree No.6884/Kpts-II/2002 on Criteria and Methods of Evaluation of Wood Product Primary Industry;
2. Forestry Minister Decree No. 303/Kpts-II/2003 on Methods of Performance Evaluation of Wood Product Primary Industry.

Performance Evaluation of IPHHK is also done by LPI. It aims to establish a dependable, efficient and competitive primary forest industry based on the support of a sustainable forest.

## **2.5. Certification Development of SFM on Production Forest**

As explained earlier, the Ministry of Forestry strongly endorses the voluntary certification program which is a market driven instrument as one of the tools which is hoped to help the acceleration of the attainment of SFM in Indonesia.

Since the beginning of the formation of LEI in 1994 which started as a working group until its current status as a legal institution in the form of a foundation, the Ministry of Forestry has always communicated in following the development of LEI institutionally as well as the certification system being built up.

The Ministry of Forestry is fully aware of the existence of an independent institution to find answers to the global requirement to manage forest in a sustainable way, among others through requisites of transparency, democracy and credibility. Problems of social conflicts in the field is a proof of the need to involve local communities and stakeholders in the management of forest which can be facilitated through the formation of the said independent institution. Effort to strengthen the institution through transformation leading to LEI-CBO should find support because through the transformation the scope of stakeholder's involvement will be broader so that it can enhance the credibility in creating mutual understanding and responsibility of stakeholders on sustainable forest management.

The effort to strengthen institution through transformation toward LEI-CBO ought to be supported because through this transformation the involvement of stakeholders will be widened and ought to develop mutual understanding and responsibility of stakeholders on sustainable forest management.

Specifically, to push the success of this voluntary certification, the Ministry of Forestry issued incentives for FMU having given the certificate of sustainable forest as follows:

## 1. Moratorium on felling and marketing of Ramin (*Gonystylus spp*)

Based on the Forestry Minister Decree No. 27/Kpts-V/2001, stated that beginning 11 April 2001 a temporary cancellation on the moratorium on all felling and marketing of ramin (*Gonystylus spp.*) is enacted. Furthermore, based on Forestry Minister Decree No. 168/Kpts-IV/2001 on use and distribution of Ramin (*Gonystylus spp.*) wood that beginning on 11 Juni 2001, and exception is given for HPH/IPHHK having a Certificate of SFM (SPHL) from an independent institution or LEI where the said moratorium rule is annulled.

## 2. Setting up quota for production of wood from forest

In the framework of a *soft landing* policy through the Decision of the DG of Forest Product No. SK 195/VI-BPHA/2004 for year 2005, calculations on production quota for each HPH/IUPHHK takes into consideration the proportional reduction on the production quotas for each HPH/IUPHHK except for those who has received SFM Certificate (SPHL) from LEI. Their production target is given according to the actual ability of each HPH/IUPHHK.

## 2.6. Some Current Development Influencing Performance of SFM

### 2.6.1. Enactment of Government Rule PP 6/2007 to replace PP 34/2004

All forest management schemes will be under the structure of FMU (KPH). FMU is a forest management area commensurate with its basic function and use which is managed efficiently and in a sustainable manner. To establish SFM, all forest area is fully divided into FMU which is part of a strengthened national as well as provincial and regency/city governments forest management system. As an organization, the head of FMU is the responsible leader in the management of forests in the area under his jurisdiction. The implementation of such forest management is the translation of policies in forest management at national as well as provincial and regency/city governments forest management system. The said forest management includes:

- Forest spatial arrangement and formulation of forest management plan;
- Forest Utilization;
- Forest Area Use;
- Forest Rehabilitation and Reclamation; and
- Forest Protection and Nature Conservation.

Above forest arrangement is implemented in every FMU. On certain locations in the forest area, government is authorized to decree a community forest, traditional law forest, village forest, and forest area for specific purpose. Activities of forest spatial arrangement in FMU includes border delination, forest inventory, division into blocks and zones, allocation of lots and sub-lots, and mapping. The result of forest spatial arrangement in the form of forest inventory is made into a book form and map of the spatial arrangement of the FMU.

The Head of FMU formulates forest management plan based on the national spatial forest arrangement as well as the provincial and regency/city levels as well, taking into account the aspirations and culture of local communities and local environmental conditions. Forest management plan covers long term and short term plans. Long term forest

management plan is made by the Head of FMU while short term plan, based on long term plan, is made by officials appointed by the Head of FMU.

Forest utilization is based on forest management made by the Head of FMU. For certain area, the Minister can order the Head of FMU to utilize forest including the sale of forest stands. This can be done in certain areas based on directives, criteria and forest utilization standard for the area. The Minister allocates and gazette certain areas to develop community forest based on proposal from FMU or an appointed official. Based on the FMU management plan, wood utilization within community forest is done through sale of forest stand. The sale of wood through forest stand includes harvesting, safeguarding and marketing. The sale of forest stand is done in one lot unit proposed by the Head of FMU or by an official appointed by the Minister.

Performance evaluation of an FMU is done by the Minister and can be delegated to an independent evaluation institute.

### **2.6.2. Development of Voluntary Partnership Agreement (VPA) in Wood Marketing**

Forest Law Enforcement, Governance and Trade (FLEGT) is the response of the European Union on the problem of illicit tree felling and illegal trade of forest product in the global market including in Indonesia. This response forms at the same time a commitment of the European Union to help eradicate illegal logging and illegal marketing of forest products. This commitment was communicated at the world summit meeting on sustainable development at Johannesburg in 2002. This commitment was further acted upon by an action plan called *FLEGT Action Plan* adopted in May 2003. This action covers support, among others, in developing *Voluntary Partnership Agreements* with wood producing countries to prevent illegal wood products to enter the European Union market.

The *Voluntary Partnership Agreement (VPA)* is a form of an agreement or bilateral negotiation which is voluntary between members of wood producing countries and the European Union. This bilateral agreement is in the framework of commitment and action of both parties in the effort to overcome the various illegal activities. The European Union wishes to begin as soon as possible the negotiations on VPA with main wood producing countries which are Indonesia, Malaysia, Cameroon, Ghana, Gabon and Kongo-Brazza, and the Democratic Republic of Congo. Until 2002, the European Union plans to begin the negotiation process with more than 20 wood producing countries from Asia, Africa and Latin America.

The main components in the VPA mechanism are:

1. Existence of a definition on legality and standard legality agreed upon by stakeholders and legalized by the government,
2. timber tracking or chain of custody where origin of logs can be traced,
3. legality verification,
4. licencing system based on legality, and
5. independent monitoring on the whole system.

The negotiation on cooperation agreement has begun at end of March 2007. Therefore when this agreement is enacted all FMU is obliged to get a legal license before doing business transactions with member countries of the European Union.

Trade agreement based on verification of wood legality has also been started bilaterally between the government of Indonesia with Japan and with the United States of America.

### **2.6.3. Development of phased-approach to certification**

In the ASEAN level a program has been agreed which is called the phased-approach to certification. Member countries of ASEAN agree to aim at certified forest management although it will have to be done in phases. The first phase of this program is the verification of wood legality. It means that practitioners of forest enterprise can participate in the phased certification program if it has acquired a legality license.

Of similar development cycle, NGO initiative takers which is motored by WWF are diligently doing a *stepwise certification* program. It has the same principles as a phased certification but participants registered at this program received international marketing facilities under the umbrella of GFTN (*global forest trade network*), which in Indonesia is given the name of *Nusa Hijau*.

### **2.7. General Condition of SFM Implementation at the FMU level**

In the macro sector performance context, a strong signal is recognized that the national wood sector is in an unhealthy condition and that the condition of forest management in producing wood is being increasingly threatened.

On the other side, the government has been implementing policy measures aimed at increasing the performance of forest management. Latest developments include the enactment of Government Regulation (PP) No 6/2007, development of wood trade agreements based on legality verification, and the effort to promote forest certification. These has opened vast opportunities to improve the performance of forest management at the FMU level.

However, observations on some FMU has found many unfavourable condition leading to performance improvement in sustainable forest management. Some of the observations are summarized as follows:

#### **Prerequisite for an enabling conditions**

- Area delination with continuous border marking, commitment of FMU holder in actual implementation in practice, health of company or its holding company of most HPH/IUPHHK have inadequate capacity in supporting the attainment of sustainable forest management of production forest (PHAPL).
- Low wood production from its forest area, remoteness of felling blocks from base camp and log yards, old machineries and in inadequate number are significant factors influencing the attainment of PHAPL.
- Lack of skilled labour in forest management is also another reason for the difficulty of reaching PHAPL.
- Lack of field data such as forest condition, wood species, topography, local communities, and lack of up to date data have caused poor management plan formulation. This condition is worsened by the lack of maps (location map, work map, tree map) as a tool for working properly.

### **Production**

- Timber Cruising is not done according to how it should be, causing difficulties in right allowable cut calculation of forest potential.
- Selective Felling and Planting System (TPTI) is not done fully and properly. Enrichment and planting of bare land is seldom done.
- Felling efficiency is seldom done, wood waste from logging is still high.
- Log numbering is not done with discipline.

### **Environment**

- Have not done reduced impact logging (RIL).
- Delineation of protection areas with clear borders have not been done properly.

### **Social**

- Have not included local population in forest management.
- Have not done effective and fair distribution of incentives as well as cost and benefit among shareholders.

### **Problems faced by permit holders of felling from natural forest for doing SFM**

- Non conducive situation, external disturbance in the form of illegal logging, land conflicts and others.
- Existence of local rules that burdens IUPHHK such as other retribution in addition to DR & PSDH (Reforestation Fund and Forest Resource Rent Provision).
- Inadequate guidance from Ministry of Forestry or Regency as well as Provincial Forestry.



## CHAPTER III. ASSESSMENT ON PERFORMANCE EVALUATION SYSTEM OF PHPL

### 3.1. Assessment of Performance Evaluation Standard

In the framework of reaching one of the the goals of this project which is to produce an instrument in the form of criteria and indicator for self assessment on level of readiness of reaching sustainable forest management, it is regarded necessary to make a synthesis on the various standards on performance evaluation currently available, either already implemented or still in the process of dialogues.

This is deemed necessary to anticipate or to synergize with policy changes being contemplated by the government to have improved forest management. Performance standard or criteria and indicator to be used by FMU to make an internal evaluation in this context must of course comply with certain characteristics which are: (i) having a legal base on existing regulation reference, (ii) mirrors the principles of sustainable forest management, (iii) within the span of control of the FMU, (iv) formulated clearly and easily understandable to be implemented, (v) Decision making is based on clearly defined references.

To support the above, the standard on performance evaluation of sustainable utilization of production forest (PHPL) consisted of three sets of standards on criteria and indicator evaluation which are:

- 1) Standard as stated in Appendix of Minister of Forestry Decree No. 4795/Kpts-II/2002, about Criteria and Indicator of Sustainable Management of Natural Production Forest at the FMU level. This standard have been implemented in the performance evaluation of FMU conducted by the LPI since year 2002 where 103 FMU has up to now been evaluated on certification, 55 units for permit extension, and 41 units on issuance of new permit. (Directorate of Natural Forest Development, 2007).
- 2) Standard on Criteria and indicator for PHPL internal monitoring at the FMU level. This is the result of synthesis of ITTO's Criteria and Indicators for Sustainable Management of Natural Tropical Forests (revised version, 1998), which was made as the reference for Ministerial Decree No. 4795/Kpts-II/2002 mentioned above. Standard for internal monitoring of PHPL is one of the outputs of ITTO Project PD 42/00 Rev.1 (F).
- 3) Standard on "*Verification of Wood Legality*". The name of this standard is still not popularly known because it is still being processed especially its implementing agency by the Ministry of Forestry and other related stakeholders. This standard is the result of multistakeholders process which was initially in the form of cooperation between the Indonesian and British Governments to cope with the illegal logging issue. Within the year 2003 until 2006 various discussions and field trials were conducted in the framework of the formulation of this standard. Indicator and verifier in this standard is based on the implementation of regulations and laws related to wood produced from an FMU. This standard is part of the main component in the VPA mechanism as explained in point 2.6.2 above.



Synthesis is done with the following phases:

- 1) Identify main issue out of the three standards above. Based on assessment of indicator statements, three main issues group can be identified which are: (i) the security of a longterm management by an FMU, (ii) commitment and practices of FMU in the management of production, ecological and social aspects of forestry, and (iii) the health condition of the FMU. The security of a long term management of the forest is meant to be within the span of control of the FMU. Commitment and practices of FMU in the management of each aspect of sustainable aspect is scrutinized through available inputs needed, punctuality of implementation of technical managerial procedures and an output that show some sensitivity of management performance. The health condition of an FMU should be separated individually from the general evaluation because this issue is an important management input which in practice however is limited by standard procedures and specific documents related to financial management.
- 2) Grouping the indicators of the three standards having the main idea relevant to the identified main issue. The identification of the main idea is done through assessment of indicator statement, meaning, verifier, as well as norm of evaluation or existing scale of intensity. This is to evaluate which main idea is represented by the indicator statement in relation to the main issue. Existing indicators sometimes show that one indicator expresses more than one idea which are dissimilar and need a different technical verification also. One indicator statement ought to have only the purpose to evaluate an indication of one issue only.
- 3) Identify redundancy of existing indicators. By grouping the indicators in main issue groupings as mentioned above, redundancy in one or more indicators can be identified. Note is made on this repetition of ideas or its tendency of aligning to other ideas or to a different issue group.
- 4) Grouping existing indicators in one issue group according to types; input indicator, process indicator as well as output indicators. At the existing indicator is is often found that one indicator evaluate input and process in a simultaneous manner Differentiation of indicators of input, process and output is meant to have a clearer focus on the evaluation and its recommended improvement. Therefore it will be easier for an FMU to assign its improvement to subordinate division or work unit responsible for the duty. From the grouping based on existing indicator types it is seen that there are more input and process indicators compared to output indicators. This can be understood because these standard are concerted to push improvement of forest management practices at FMU by providing necessary input to implement proper technical management practices with the assumption that if these were provided, expected output will be gained. The indicators on performance evaluation is in general identified through output indicators where input and process is part of the verification techniques.
- 5) Checking and re-formulate indicators of the same type and are within the same issue group. Thi is to make a choice or formulate indicators that may represent the same ideas, are of the same types and is within the same issue group. Formulation of indicators as a result of this synthesis must represent the ideas of the original indicators.

- 6) To check verifier indicators as the result of synthesis. Avoid redundancy and make sure that it represent all verifiers of the original indicators. It is hoped that these new verifiers, when implemented, will be simpler and carries only the significant verifiers.

Map of the synthesis process of the indicators (step 1 until 6) is presented in Table 4 with explanation on the Result of Synthesis of PHPL Standard of Performance Evaluation and Internal Monitoring of FMU can be seen in page 21.

### **3.2. Assessment of Implementation of PHPL Performance Criteria**

Effort to achieve SFM (Sustainable Forest Management) is a continuing process to reach a harmonious value in the form of integration between sustainable production, environmental and social functions. The above functions are optimal, balanced and solid in their sustainability.

To reach such a condition, ample effort by FMU is needed in accordance with the scope defined by the character of the natural forest. There are at least two managerial efforts needed. The first is area management as the basis of measurement of sustainable functions and the second is sustainable capacity of management in production, environmental and social aspects.

These processes are being done continuously through good planning which is supported by ample information and data. Field implementation requires meticulous evaluation to discover deviations from the plan that has been made. Evaluation result becomes a feedback on subsequent planning and implementation through necessary improvements. This process is continually being done through the PDCA (plan, do, check, action) pattern.

Sustainable forest management (SFM) is a managerial activity executed consistently from planning, implementation, evaluation and improvement. SFM is also a sustainable entrepreneurial activity aimed at profit making. The profit is not only economical but also in its social aspect due to its welfare generating impact to communities living in the vicinity of the forest. Environmental benefit is also an important factor in the form of safeguarding the forest biodiversity and hydro orological function of the forest.

Because SFM is a form of an enterprise of an FMU permit holder, business principles need to be committed in managing the forest in a sustainable manner. This commitment is implemented through needed management conditions necessary to support sustainable functions such as company health, adequate funds, adequate number of qualified manpower availability, means and infrastructure, enough data and information on the character of the forest, all of which are pre-requisites of a sustainable forest management process and becomes the basis for evaluation for field implementation.

Result of evaluation will ascertain notches of deficiencies in the implementation of forest management and starting from these notches continuous improvements could be done, after which improvements in the management aspects could be done from indicators with a low value. Not all weak indicators must be improved because the sustainable principle is the integration of all functions of production, environmental and social functions which means that improvement of one indicator could have an influence on another enabling condition of a managerial function.

Table 4. Mapping of Synthesis of Standard Indicators Decree No. 4795, ITTO 42 and Wood Legality Standard

SK 4795 (A)	ITTO 42 (B)	Legality Standard (C)	Issue Group	SK 4795 (A)	ITTO 42 (B)	Legality Standard (C)	Indicator Synthesis and Verifier for each issue group
1.1	1.1	1.1.1	Long term Forest Management Security	1.1	2.1	1.1.1	1.1. Area Security of FMU for Natural Forest 2.1. 2.2 2.3 2.4 1.1.1 1.2 1.4 4.1 4.4 4.8 4.1 7.7 1.1.2 2.1. 1
1.2	1.2	1.1.2		1.2	2.2	1.1.2	
1.3	1.3	2.1.1		1.4	2.3	2.1.1	
1.4	1.4	2.2.1		4.1	2.4		
1.5	1.5	2.2.2		4.4	4.1		
1.6	2.1	2.3.1			4.6		
2.1	2.2	2.3.2			7.7/7.5		
2.2	2.3	2.3.3					
2.3	2.4	2.4.1		1.5	1.3	2.2.1	2.1. Availability of Human Resource supporting SFM on production aspects
2.4	2.5	3.1.1		1.6	1.4	2.2.2	1.5 1.3
2.5	3.1	3.1.2		2.1	1.5	2.3.1	2.2. Availability of procedures needed for SFM
2.6	3.2	3.2.1		2.2	2.2	2.3.2	4.2 4.4 4.7 2.3 4.9 2.4 4.8 1.5 1.5 6.6
2.7	4.1	3.2.2		2.3	4.2	2.3.3	2.3. Availability of means of production and compatible technology on qualification and need
3.1	4.2			2.4	4.3		2.4 1.4 2.2.2
3.2	4.3		SFM on Production Aspects	2.6	4.4		2.4. Compatible procedures and implementation of SFM in its production aspects
3.3	4.4				4.5		4.2 4.4 4.7 2.3 4.9 2.4 4.8 1.6 1.5 6.6
3.4	4.5				4.7		2.5. Realization of harvest area and inventory of cut over area (ITT) commensurate with the fixed guideline
3.5	4.6				4.8		4.10
3.6	4.7				4.9		2.6. Level of harvest of wood species and forest type
4.1	4.8				4.10		2.2 2.6 4.3
4.2	4.9				6.6		2.7. Harvest efficiency
4.3	4.10				7.1		7.1
4.4	5.1						2.8. Compatible amount of wood volume and accompanying document from felling lot to logpond (outgate)
4.5	5.2						2.3.2 2.3.3
	5.3						

SK 4795 (A)	ITTO 42 (B)	Legality Standard (C)	Issue Group	SK 4795 (A)	ITTO 42 (B)	Legality Standard (C)	Indicator Synthesis and Verifier for each issue group		
SFM on Ecological Aspect	5.4			3.1	2.5	3.1.1	3.1. Availability of Human Resource supporting SFM on aspects of ecology		
	6.1			3.2	3.1	3.1.2			
	6.2			3.3	3.2		3.2. Availability on Procedures to control forest disturbances		
	6.3			3.4	5.1				
	6.4			3.5	5.2		3.3. Availability of Procedures to identify flora-fauna and evaluation biodiversity changes		
	6.5			3.6	5.3				
	6.6						3.4. Availability of Procedures for Conservation Area management , protection of important flora and fauna		
	7.1								
	7.2						3.5. FMU have documents on Environmental Impact Analysis and management and monitoring of environmental impacts (RKL and RPL) on all activities of forest management and scoping of impact area according to existing rules and enacted by authorized official.		
	7.3								
	7.4						3.6. Harmony in implementing procedures of ecological aspects. (Indicator 3.2 - 3.5)		
	7.5								
	7.6						3.7. Disturbed forest area due to human activities		
	7.7								
									3.8. FMU has report on management and monitoring of ecological aspect commensurate with RKL and RPL
	SFM on Social Aspects					4.2	7.2	3.2.1	4.1. Availability of human resource supporting SFM on its social aspect
			4.3	7.3		3.2.2			
			4.5	7.4			4.2. Availability of procedures on social aspects of management covering public consultation, identification of community traditional rights, voluntary acquisition of agreement, conflict resolution, study on community social economics, and community development.		
							4.3. Result of monitoring and evaluation on implementation of social management activities procedures		
							4.4. FMU has notified plan of action to the community , taking into account their need and its implementation in the field		
							4.5. FMU adopts rules on human resource employment		

SK 4795 (A)	ITTO 42 (B)	Legality Standard (C)	Issue Group	SK 4795 (A)	ITTO 42 (B)	Legality Standard (C)	Indicator Synthesis and Verifier for each Issue group
			Company Health	1.3	1.1		5.1. Company Health 1.3 5.2. Adequate investment and re-investment compatible with need. 2.7
				2.5			
				2.7			

**Note:** statement of indicator 7.6B is unclear. If what is meant is as stated, it cannot be used as evaluation indicator of FMU. However, if what is meant is the availability of data or information on the number of dependent people on the forest for subsistent living, traditional life style and adat, then the said matter has been accommodated in the indicator as the result of synthesis number 4.2.

It must be noted that problem solving could be done concisely if data and facts are complete. Therefore observations to improve can be done through available data collected periodically that can give very important clues on the timely improvement of IUPHHK (permit to fell trees).

The result of Synthesis on Sustained Production Forest Management (PHPL) for Evaluation of Performance and Internal Monitoring of FMU are as follows:

#### **A. CRITERIA-1. SECURITY OF LONG TERM FOREST MANAGEMENT BY FOREST MANAJEMEN UNIT (FMU)**

##### **1.1. Work Area Security of FMU**

###### **Perception:**

Secured work area for FMU is an important factor in materializing SFM. Secured work area for a long term management is acquired by FMU through established management right given by the government. Borders of working area of the management right of FMU should be marked clearly in the maps as well as in the field. The guarantee of management right must be supported by proofs of honoured commitment of FMU related to work area. Included in this are the availability of apt human resource working in the work area employed by the FMU.

###### **Verifier:**

- Availability of SK IUPHHK HA/HT (tree felling rights on natural and planted forest) document
- Proof of paid contribution (levies) for IUPHHK HA/HT
- Proof of paid land and building tax (PBB) and income tax (PPh-21) commitments
- Boder delination, markings with attached map documents
- Documents on area change of function if there is any
- Data on land area of forests, based on forest type and land coverage in the context of spatial use of area
- Border markers condition
- Border area condict.

###### **Evaluation norms / intensity scale:**

**Very Good** : guarantee of area for FMU covers all of its legal aspects, area delineation is done and border markers are in place and accepted by all stakeholders, there is proof of participative area delineation, availability of data on spatial use of FMU area and its surrounding area, borders and border markers are in good condition.

**Good** : guarantee of area for FMU covers all of its legal aspects, area delineation is done and border markers are in place and accepted by all stakeholders, there is proof of participative area delineation, availability of data on spatial use of FMU area and its surrounding area, *conditions of borders and border markers are not so good.*

- Fair** : guarantee of area for FMU covers all of its legal aspects, area delineation is done and border markers are in place and accepted by all stakeholders, there is proof of participative area delineation *but supporting documents are not complete and conditions of borders and border markers are not so good.*
- Poor** : guarantee of area for FMU covers all of its legal aspects, *more than 50% of its area have not been delineated and border marked, there is still unresolved border conflicts, there is no data on spatial use of FMU area and its surrounding area, poor conditions of border and border markers.*
- Very poor** : *Legal aspects have not been fulfilled.*

## 1.2. Existence of a Forest Management Plan covering total span of management time

### Perception:

Forest management plan covering the total span of management time ought to be the commitment of FMU for the long term SFM. This commitment is formulated in FMU policies and translated into the various level of planning. Allocation of work area for specific purpose ought to take into consideration the characteristics of the area and the traditional use of land by local communities. This has to be clearly and rightly described in planning maps and marked clearly in the field. In addition, record of planning process which takes into account the need of the local communities will become an important proof in supporting the implementation of the FMU commitments.

### Verifier:

- SFM commitment of FMU
- Consideration on area need of local adat communities is included in work area planning
- Survey for ownership identification of forest resource is done
- Planning documents legalized by authorized officials
- Map indicating unallowed felling in annual plan and work schedule and proof of its implementaton in the field
- Marking of cutting blocks / annual workplan clearly drawn on map and proven in the field

### Evaluation Norms / Intensity Scale:

- Very Good** : all-inclusive and legal forest management plan available covering various time span planning, allocation of area based on data collected accurately in the field taking into account the need and rights of local communities as well as existing conservation regulation / considerations. Proof of management plan borders made properly and rightly are found in the field.
- Good** : all-inclusive and legal forest management plan available covering various time span planning, allocation of area based on data collected accurately in the field taking into account the need and rights of local communities as well as existing conservation regulation / considerations. *However, physical proof of borders of management plan in the field is poorly done.*

- Fair** : legal forest management plan covering various time span planning is available, allocation of area takes into account the need and rights of local communities as well as existing conservation regulation / considerations, *however, basic planning documents is not complete and physical proof of borders of management plan in the field is poorly done.*
- Poor** : legal forest management plan is available, *however it does not completely cover the various time span of management, the area allocation does not take into account the need and rights of local communities as well as existing conservation regulation / considerations, basic planning documents is not complete and physical proof of borders of management plan in the field is poorly done.*
- Very poor** : forest management plan document is incomplete and basic data for planning formulation is incomplete.

## **B. CRITERIA-2. FOREST MANAGEMENT PRODUCTION ASPECT**

### **2.1. Availability of Human Resource supporting SFM in its Production Aspect.**

#### **Perception:**

One of the important requirements in sustainable production is the availability of human resource in number as well ample qualification in each management levels as specifically needed. Manpower that support SFM must be professionally trained and have the ability to work together to support cross disciplinary cooperation to create synergy in all management fronts. FMU must have a policy and strategy for manpower enhancement as one form of re-investment for the improved management of forest.

#### **Verifier:**

- Number of proper manpower in all production lines covering planning, implementation, monitoring, research and extension.
- Existence of production manpower enhancement activities in each level and line.
- Availability of reward and punishment for production personnel.

#### **Evaluation Norms / Intensity Scale:**

- Very Good** : ample qualified personnel in the production line available proportionally in all aspects of work.
- Good** : ample qualified personnel in the production line available *but not proportionally in some aspects of work.*
- Fair** : number of professionals in the production line *does not fulfill requirement eventhough it is available proportionally in all aspects of work.*
- Poor** : number of professionals in the production line *does not fulfill requirement and is not available proportionally in all aspects of work.*
- Very poor** : professionals in the production aspect is not available and there is no clear policy in human resource development.



## 2.2. Availability of Procedure aimed at SFM in its Production Aspects

### Perception:

Clear guidelines or work procedure is very much needed in the field to reach the aim of better forest management. This is to guarantee replication of management to be done in other locations in the FMU area. Therefore guidance and procedure must be made for every major activity in production management. The guideline should be formulated in an easy to be understood language in order for it to be applied correctly in the field.

### Verifier:

- Planning Procedure for sustainable harvesting
- Operational Procedure for harvesting
- Management Procedure for major wood species harvested
- Evaluation Procedure for stand damage.
- Evaluation Procedure on regeneration effectivity
- Procedure on Reduced Impact Logging (RIL)
- Evaluation Procedure on implementation of guidelines
- Periodical Monitoring Procedure on feed back results

### Evaluation Norms / Intensity Scale:

- Very Good** : availability of specific and clear guidelines for every aspect of production activities as a transformation of company value policies and guidelines including monitoring guidelines and evaluation on its implementation, complete for each activities.
- Good** : availability of specific and clear guidelines for every aspect of production activities as a transformation of company value policies and guidelines, *but monitoring guidelines and evaluation on its implementation is less complete.*
- Fair** : availability of specific and clear guidelines for every aspect of production activities *but it does not have clear connection to company value policies and guidelines* eventhough monitoring guidelines and evaluation on its implementation is complete.
- Poor** : availability of guidelines *but not specific and unclear* for every aspects of production as a transformation of company value policies and guidelines, guidelines and evaluation on its implementation is incomplete.
- Very Poor** : clear and specific guidelines are unavailable.

## 2.3. Availability of Facilities dan Infrastructure and Production Technology in concurrence with Qualification and Need

### Perception:

Availability of facilities and infrstructure as well as technologies for production activities will decide the attainment of production targets. Synchronization of production facilities with the resource potential is needed to guarantee that there will be no over-exploitation of the forest resource. On the other hand, the availability of correct applied technology that corresponds

with the area characteristics is needed to minimize the negative impacts of forest production management aspects.

**Verifier:**

- All equipments used in harvesting activities own permits for its use and is proven physically in the field.
- The choice of correct applied technology in harvesting activities for specific conditions.

**Evaluation Norms / Intensity Scale:**

- Very Good** : production facilities commensurate with existing requirement and based on analysis of forest resource potential and environmental condition, in adequate number and conditions.
- Good** : production facilities commensurate with existing requirement and based on analysis of forest resource potential and environmental condition, *however the number is less than optimum need.*
- Fair** : production facilities *does not measure up* to existing requirements, based on analysis of forest resource potential and environmental condition, *however the number is less than optimum need..*
- Poor** : production facilities commensurate with existing requirement and based on analysis of forest resource potential and environmental condition, *however the number is more than optimum need.*
- Very Poor** : production facilities *does not measure up* with existing requirement and *the number is more than maximum need.*

**2.4. Compliance of Procedure Implementation with SFM of Production Forest**

**Perception:**

Procedures existing within FMU must be implemented in the field. The more conformity it is implemented in the field, the more it will lead to the attainment of sustainable function of production function.

**Verifier:**

- Implementation level of Planning Procedures of sustainable harvest
- Implementation level of Planning Procedures on harvest operation
- Implementation level of Planning Procedures on main species to be harvested
- Implementation level of Evaluation Procedures on stand damage.
- Implementation level of Evaluation Procedures on regeneration effectivity
- Implementation level of Reduced Impact Logging (RIL) Procedures.
- Implementation level of Evaluation Procedure on implementation of guidelines.
- Implementation Level of Procedure on Periodical Monitoring of feed back reports

**Evaluation Norms / Intensity Scale:**

- Very Good** : work procedure for all production aspects and its monitoring and evaluation can be proven as correct in the field.

- Good** : work procedure for most activities of production aspects and its monitoring and evaluation can be proven as correct in the field.
- Fair** : work procedure for all production aspects and its monitoring and evaluation can be proven as inaccurate in the field
- Poor** : only a small part of work procedure for production aspects and its monitoring and evaluation is done correctly in the field.
- Very Poor** : implementation of production aspects do not pay attention to document on work procedure.

## 2.5. Realization of Harvest Area and Inventory of Logged over Stand Commensurate with Established Guideline

### Perception:

Realization of harvest area and inventory of logged over area in accordance with guidelines indicated the ability of FMU in forest harvesting. The organization of manpower by FMU in implementing guidelines or procedures determined its level of achievement. However, the result of evaluation of the harvest can also be used as an input for evaluating the guideline itself.

### Verifier:

- Harvested area based on management guideline made
- Harvested area where inventory of logged over area (ITT) is done.

### Evaluation Norms / Intensity Scale:

- Very Good** : harvested area where ITT has been done in accordance with target, harvesting and ITT guidelines as well as time schedule.
- Good** : harvested area where ITT has been done *less than the target*, in accord with harvesting and ITT guidelines as well as time schedule.
- Fair** : harvested area where ITT has been done in accordance with target, harvesting and ITT guidelines *but time schedule of harvesting and ITT is off target*.
- Poor** : harvested area where ITT has been done in accordance with target *but not in accordance with harvesting and ITT guidelines nor time schedule between harvesting and ITT*.
- Very Poor** : harvested area where ITT has been done is *over the fixed target*.

## 2.6. Compatible Level of Sustainable Harvesting in accordance with Wood Species and Forest Type

### Perception:

In reaching sustainable aspect of production function, the principle that what is harvested is the increment of stand growth must become the certainty. Naturally, sustainable production could be realized if the annual allowable cut (AAC) is not higher than the ability of the natural forest to reproduce itself. The regularity of forest harvesting which is compatible with re-

planting / re-generation at the right time will simplify sustainable production for the next growth rotation.

**Verifier:**

- Availability of Permanent Sample Plot (PSP) in every ecosystem.
- Methods of PSP data measurements in the field
- Compatible level of stand increment with Annual Cutting Production (ACP)
- Compatible cutting block location with plan.
- Compatible annual harvested forest area
- Compatible wood production with plan

**Evaluation Norms / Intensity Scale:**

- Good** : annual wood production compatible with annual sustained production plan originating from legal cutting location.
- Fair** : annual wood production below natural production ability of forest and originating from legal cutting location.
- Poor** : annual wood production surpassed production plan and originating from illegal felling location

**2.7. Harvesting Efficiency**

**Perception:**

The high volume of productivity could be mirrored by comparison between production and forest potential. It could be reached if forest harvest is conducted efficiently. Exploitation factor, minimum waste and species utilization are important factors in applying forest product harvesting techniques.

**Verifier:**

- Magnitude of exploitation factor

**Evaluation Norms / Intensity Scale:**

- Very Good** : high value of exploitation factor as well as species utilization combined with minimal permanent waste
- Good** : high value of exploitation factor, low permanent waste but low species utilization
- Fair** : high value of exploitation factor, high permanent waste
- Poor** : low value of exploitation factor, high utilization of species, low waste
- Very Poor** : low value of exploitation factor, low species utilization, high waste

## **2.8. Compatible Wood Volume and Document Accompanying Wood Movement from Cutting Block until Outlet of Forest Management Unit**

### **Perception:**

FMU must prove that wood owned and transported from the outgate are wood harvested from its work area in accordance with existing rule and has contributed its financial duties to the country. The tracing of wood movement from cutting block until the FMU outgate must be proven through compatible informations on harvest location, physical existence of wood, and the documents that accompany its movement.

### **Verifier:**

- Permanent identity of logs tagged at both log ends
- Identity on stump
- Wood identity consistently applied by FMU of Planted Forest
- Archives (SKSHH) and List of Forest Products (DHH) attached (for natural forest)
- Transport document (for planted forest)

### **Evaluation Norms / Intensity Scale:**

**Good** : all wood owned and transported outside the FMU could be proven that the wood is compatible physically with its physically tagged identity and accompanying documents based on wood administration system that guarantees its origin from the felling block until its outgate.

**Fair** : all wood owned and transported outside the FMU could be proven that the wood is compatible physically with its physically tagged identity and accompanying documents , *however, wood administration system does not guarantee compatibility of wood from the cutting block until the outgate.*

**Poor** : part or all of the wood owned and transported out of the FMU area *is not compatible physically, its physical tags and the accompanying documents*

## **C. CRITERIA-3. ECOLOGICAL ASPECTS OF FOREST MANAGEMENT**

### **3.1. Availability of Professional Human Resource Specializing in Ecological Issues**

#### **Perception:**

Sustainable management of ecological function necessitates qualified human resource in ample number in every level in accord with specific role need. Human resource supporting sustainable management of production forest ought to be professional and trained as well as having the ability to support necessary synergy in cross discipline approaches in all level of management. FMU ought to have policies and strategy to enhance the quality of human resource as one form of re-investment to manage forest in a better way.

#### **Verifier:**

- Number of personnel and compatible professionally in the field of ecology in the various related aspects of management covering planning, implementattion, monitoring, research and extension.

- Existence of activities in enhancing capacity of human resource in the field of ecology in every level and aspects.
- Existence of reward and punishment personnel working in the field of ecology.

**Evaluation Norms / Intensity Scale :**

- Very Good** : Number of professional personnel in the field of ecology fulfills qualification, proportionally distributed in all levels and aspects of work
- Good** : Number of professional personnel in the field of ecology fulfills qualification, *but not distributed proportionally in some levels and aspects of work*
- Fair** : Number of professional personnel in the field of ecology *has not fulfilled qualification. However, it is proportionally distributed in all levels and aspects of work*
- Poor** : Number of professional personnel in the field of ecology *has not fulfilled qualification and is not proportionally distributed in some levels and aspects of work*
- Very Poor** : No professional personnel in the field of environment/ecology and no clear policy in human resource.

**3.2. Availability of procedures to control squatting, fire, shepherding, illegal forest exploitation and other human activities causing forest destruction.**

**Perception:**

In the sustainable management of natural production forest (PHPL), the forest resource as the basis of natural capital ought to be free of forest disturbances in the form of squatting, animal shepherding, forest fire, and illegal forest exploitation. Procedures for protective measures against all those activities are made into Standard Operation Procedures (SOP) which is an important input for handling the said forest disturbances.

**Verifier:**

- Availability of activities in enhancing the capacity of human resource in the field of ecology in all levels and aspects.
- Procedure on Control of Squatting
- Procedure on Control of Fire
- Procedure on Control of Shepherding
- Procedure on Control of Illegal Forest Exploitation

**Evaluation Norms / Intensity Scale:**

- Very Good** : availability of clear and specific guidelines on all activities related to ecology / environment, be it for prevention, protection or control that is the translation of company policies on qualities or references, including guidelines on monitoring and evaluation on its implementation, complete for all activities.

- Good** : availability of clear and specific guidelines on all activities related to ecology / environment, be it for prevention, protection or control that is the translation of company policies on qualities or references, *however, guidelines on monitoring and evaluation on its implementation is incomplete.*
- Fair** : availability of clear and specific guidelines on all activities related to ecology / environment, *however it has unclear connection to company policies on qualities or references.* Guidelines on monitoring and evaluation on its implementation is complete.
- Poor** : there is an *unclear and unspecific guidelines* on all activities related to ecology / environment, be it for prevention, protection or control that is the translation of company policies on qualities or references, *guidelines on monitoring and evaluation on its implementation is incomplete.*
- Very Poor** : clear and specific guidelines is unavailable.

### **3.3. Availability of Identification Procedure for crucial flora-fauna (infrequent, rare and threatened by extinction) and evaluation of biodiversity changes.**

#### **Perception:**

Inventory of flora-fauna resources in the context of forest ecological function is very important. It forms the database to be used in evaluating the ecological impact of managing forest on the flora-fauna. Evaluation of biodiversity on two different locations with similar vegetation formation/type can be used as a measure of change of the biodiversity condition.

#### **Verifier:**

- Identification Procedure of flora-fauna
- Procedure for evaluation of biodiversity change.

#### **Evaluation Norms / Intensity Scale:**

- Very Good** : availability of identification procedure on crucial flora-fauna (infrequent, rare and threatened by extinction) and satisfactory evaluation procedure on changes in biodiversity implemented in the field with results documented properly.
- Good** : availability of identification procedure on crucial flora-fauna (infrequent, rare and threatened by extinction) and satisfactory evaluation procedure on changes in biodiversity implemented in the field *but results are not properly documented.*
- Fair** : availability of identification procedure on crucial flora-fauna (infrequent, rare and threatened by extinction) and satisfactory evaluation procedure on changes in biodiversity implemented in the field , *but results are poorly documented.*
- Poor** : availability of *poor* identification procedure on crucial flora-fauna (infrequent, rare and threatened by extinction) and *unsatisfactory* evaluation procedure on changes in biodiversity implemented in the field

**Very poor** : *there is no* identification procedure on crucial flora-fauna (infrequent, rare and threatened by extinction) and *no* evaluation procedure on changes in biodiversity.

**3.4. Availability on Procedure of Identification and Area Management within the PMU area for the purpose of: (a) soil and water conservation within the harvest area, (b) protection of crucial or local specific floral species, and (c) protection of crucial or local specific faunal species.**

**Perception:**

Within the production forest area in Indonesia Presidential Decree No. 32/1990 on Basics on Protection Area Management is also applicable as well as other related laws and regulations. Many of the protection areas are designed for soil and water conservation, for example river banks, areas around water springs, area above 2,000 meter in elevation above sea level, peat lands, steep areas etc. In addition, protection areas are created with consideration for the important reason of the preservation of crucial species (infrequent, rare and protected). The extend and percentage of these protected areas is very vital in the magnitude of contribution of Forest Management Unit (FMU) in preserving soil quality and water management which is important for the preservation of the ecological/environmental function as well as for floral and faunal species.

**Verifier:**

- Identification procedure on the extent of protection area within FMU, managed specifically for soil and water conservation
- Identification procedure of area with steepness of more than 40%
- Identification procedure to determine area 2.000 meter above sea level
- Identification procedure to determine banks of water bodies and river
- Identification procedure to determine area around spring
- Identification procedure to determine area for preservation of gene pool
- Identification procedure to determine area for wildlife sanctuary

**Evaluation Norms / Intensity Scale:**

**Very Good** : availability of identification procedure and management area for the purpose of: (a) soil and water conservation in harvesting area, (b) protection of crucial or local specific floral species and (c) protection of crucial or local specific faunal species. These procedures are complete and sufficient for the above three purposes.

**Good** : availability of identification procedure and management area for the purpose of: (a) soil and water conservation in harvesting area, (b) protection of crucial or local specific floral species and (c) protection of crucial or local specific faunal species. These procedures are complete *but not sufficient* for the above three purposes.

**Fair** : availability of identification procedure and management area for the purpose of: (a) soil and water conservation in harvesting area, (b) protection of crucial or local specific floral species and (c) protection of



crucial or local specific faunal species. These procedures are sufficient technically *but incomplete*.

**Poor** : availability of identification procedure and management area for the purpose of: (a) soil and water conservation in harvesting area, (b) protection of crucial or local specific floral species and (c) protection of crucial or local specific faunal species. *However these procedures are insufficient and incomplete.*

**Very Poor** : *un-availability* of identification procedure and management area for the purpose of: (a) soil and water conservation in harvesting area, (b) protection of crucial or local specific floral species and (c) protection of crucial or local specific faunal species.

**3.5. FMU owns document on EIA (AMDAL) as well as environmental management plan (RKL) and environmental monitoring plan (RPL) for all activities on forest management and the entire impact area in accordance with existing regulations and legalized by authorized official.**

**Perception:**

FMU needs to do an environmental impact analysis for all activities of forest management it plans to do as well as to make a strategy to manage the activities to minimize negative impacts and maximize positive impacts in all its impact area. In addition to that, a periodical monitoring to evaluate performance of impact mitigations is necessary and make improvements to attain its management goal. AMDAL or EIA (Environmental Impact Analysis) is an activity to predict types of significant impacts caused by the activities of forest utilization in the form of wood. The output of this initiative is an RKL document on environmental management plan and an RPL document on environmental monitoring plan which further on will be used as basis for environmental management and monitoring by the FMU. AMDAL and RKL-RPL documents must be legalized by authorized personnel.

**Verifier:**

- Availability of AMDAL document
- Availability of RKL-RPL documents

**Evaluation Norms / Intensity Scale:**

**Very Good** : availability of complete AMDAL and RKL-RPL documents, based on comprehensive forest management plan, compiled based on commensurate field data through proper processes.

**Good** : availability of complete AMDAL and RKL-RPL documents *but based on incomprehensive forest management plan*, compiled based on commensurate field data through proper processes.

**Fair** : availability of complete AMDAL and RKL-RPL documents, based on comprehensive forest management plan, compiled based on commensurate field data *but through improper notations and incomplete processes.*

**Poor** : availability of AMDAL and RKL-RPL documents *which is incomplete*, substance of RKL-RPL do not comply with result of impact analysis in AMDAL document.

**Very Poor** : AMDAL dan RKL-RPL.documents are unavailable.

### **3.6. Appropriate Implementation of management procedures on ecological aspects in the field**

#### **Perception:**

Available procedures owned by FMU must be implemented properly in the field which will lead to achievement of sustainable ecological function in the field.

#### **Verifier:**

- Accurate implementation of procedures on management of ecological aspects (verifier 3.2 dan 3.4).
- Reports on management of ecological aspects

#### **Evaluation Norms / Intensity Scale:**

**Very Good** : all procedures on the management of ecological aspect (verifier 3.2 and 3.4) are correctly implemented and properly documented

**Good** : all procedures on the management of ecological aspect are correctly implemented *but with improper and poor documentation result.*

**Fair** : *almost all* procedures on the management of ecological aspect are correctly implemented and properly documented

**Poor** : *only a small part of* procedures on the management of ecological aspect are correctly implemented and properly documented

**Very Poor** : management of ecological aspects do not refer to established procedures.

### **3.7. Forest area disturbed as a consequence of human activities**

#### **Perception:**

In the sustainable management of production forest (PHPL), disturbed forest area with certain intensity will affect the sustainability of forest resource in such manner that it can change the scheme of forest planning and its spatial arrangement already implemented. Area disturbance has a negative impact on the achievement of PHPL.

#### **Verifier:**

- Mode of disturbances
- Range of area disturbed

#### **Evaluation Norms / Intensity Scale:**

**Very Good** : no disturbance by forest squatting, change of function, pilferings, fire as well as other forest disturbances.

- Good** : forest disturbance existed but which can be overcome and does not alter forest type and function. Forest management can still be conducted through existing plans on sustainable production
- Fair** : forest disturbance existed, does not necessitate change in forest type and function, revision on a small portion (no more than one year of production planning) of existing production planning.
- Poor** : forest disturbance resulted in change in forest type and function which necessitate existing production plan to be revised.
- Very Poor** : forest disturbance caused radical changes in forest type and function which necessitate alteration of vision and purpose of forest management.

**3.8. FMU owns reports of RKL and RPL implementation showing the way to actions leading to overcoming environmental impact.**

**Perception:**

Environmental management based on RKL and RPL documents must be properly documented. Report on the monitoring of environmental management ought to become an input for evaluation and improvement of implementation of subsequent environmental management.

**Verifier:**

- RKL and RPL documents
- Proof of implementation of management and monitoring of significant impacts
- Evaluation document on implementation of RKL and RPL

**Evaluation Norms / Intensity Scale:**

- Very Good** : all plans on environmental impact management are done according to location, target and time schedule, periodically monitored and properly documented as well as evaluated in both implementations of management and monitoring activities.
- Good** : all plans on environmental impact management are done according to location, target and time schedule, periodically monitored and properly documented *but evaluation in both implementations of management and monitoring activities are less properly done.*
- Fair** : all plans on environmental impact management are done according to location, target and time schedule, periodically monitored and properly documented *but evaluation in both implementations of management and monitoring activities are not yet done.*
- Poor** : impact management and its monitoring are only partially done and on improper location, target as well as time schedule.
- Very Poor** : impact management and monitoring are not done.

#### D. CRITERIA-4. SOCIAL ASPECT OF FOREST MANAGEMENT

##### 4.1. Ample number of professionally trained personnel and technical staff on all level to implement and support the management of social aspect covers: planning, implementation, research and development, and extension

###### Perception:

One of the requirement for sufficiency for sustainable management of production forest (PHPL) especially in the management of sustainable social function is the availability of human resource in umber and qualification on all levels in accordance with required specific roles. Human resource supporting PHPL must be professional and trained and have the dependable ability to cooperate to support cross discipline approaches requiring synergy in all fronts of management. FMU must have policies and and strategy on enhancing the capacity of human resource as one form of re-investment for an improved management of the forest.

###### Verifier:

- Number and synchronization of professionals in the social field in all lines covering planning, implementation, monitoring, research and extension.
- Existence of activities in enhancing the capacity of human resource in the social field in all levels and lines.
- Existence of reward and punishment for personnel and staff in the social field.

###### Evaluation Norms / Intensity Scale:

- Very Good** : Available number of professional personnel in the social field for aspects of planning, implementation, research and development, and extension are qualified with proportional distribution at all level of work.
- Good** : Available number of professional personnel in the social field for aspects of planning, implementation, research and development, and extension are qualified *but not proportionally distributed at some level of work.*
- Fair** : Available number of professional personnel in the social field for aspects of planning, implementation, research and development, and extension *are not qualified but proportionally distributed at all level of work.*
- Poor** : Available number of professional personnel in the social field for aspects of planning, implementation, research and development, and extension *are not qualified and not proportionally distributed at some level of work.*
- Very Poor** : Un-available professional personnel in the social field and there is no clear human resource policy

**4.2. Availability of procedure on implementation of social management which consists of (1) Notification of activity plan to the community, (2) Identification of traditional rights of communities, (3) Conflict resolution, and (4) Monitoring and evaluation of social management**

**Perception:**

Clear guidelines or work procedures is very much needed in the field for a better achievement of management aims. These guidelines or work procedures is to guarantee replication of these management activities in other locations inside the FMU area. Therefore guidelines and work procedure must be made for every major activity in managing social aspects. Work guidelines is formulated in language easy to be understood in order for it to be applied accurately in the field.

**Verifier:**

- Procedure on notification of planned activities to the communities.
- Procedure on identification of traditional rights of the communities.
- Procedure on conflict resolutions
- Procedure on monitoring and evaluation of social management

**Evaluation Norms / Intensity Scale:**

- Very Good** : availability of implementation procedures on social management about (1) Notification on planned activities to the community, (2) Identification of community traditional rights, (3) Conflict resolution and (4) Monitoring and evaluation on social management which is complete and satisfactory.
- Good** : availability of implementation procedures on social management about (1) Notification on planned activities to the community, (2) Identification of community traditional rights, (3) Conflict resolution and (4) Monitoring and evaluation on social management which is complete *but not satisfactory*.
- Fair** : availability of implementation procedures on social management about (1) Notification on planned activities to the community, (2) Identification of community traditional rights, (3) Conflict resolution and (4) Monitoring and evaluation on social management which is satisfactory *but technically incomplete*.
- Poor** : availability of implementation procedures on social management about (1) Notification on planned activities to the community, (2) Identification of community traditional rights, (3) Conflict resolution and (4) Monitoring and evaluation on social management *is incomplete and not satisfactory*.
- Very Poor** : *un-availability* of implementation procedures on social management about (1) Notification on planned activities to the community, (2) Identification of community traditional rights, (3) Conflict resolution and (4) Monitoring and evaluation on social management.

#### **4.3. Result of monitoring and evaluation on implementation of procedures of social management activities**

##### **Perception:**

Implementation of each procedures in the management of social aspects must be monitored to measure its level of achievement. In addition, monitoring is also needed to evaluate the accuracy of guidelines and procedures itself commensurate with the dynamics of the community.

##### **Verifier:**

- Progress of activities in social management
- Use of monitoring and evaluation result in improving procedures and implementation.

##### **Evaluation Norms / Intensity Scale:**

**Very Good** : all procedures for managing social aspects is accurately implemented in the field, the result properly documented and evaluation is done on those procedures for the purpose of improvement.

**Good** : all procedures for managing social aspects is accurately implemented in the field, the result properly documented *but evaluation of the procedures for improvement is insufficiently done.*

**Fair** : all procedures for managing social aspects is accurately implemented in the field, the result properly documented *but evaluation of the procedures for improvement is not yet done.*

**Poor** : *only a small portion* of the procedures to manage the social aspects is correctly done and properly documented.

**Very Poor** : the management of social aspects do not refer to existing procedures.

#### **4.4. FMU notifies planned activities to communities, heed community need and implement community aspirations in the field.**

##### **Perception:**

Communities affected by impact of forest management activities has the right to receive correct notice about the plan of activities, benefit as well as impacts predictions that will occur. If there were to be any negotiations between FMU and the community, it ought to be done voluntarily and without pressure to reach consensus and documented properly. The same is true in conflict resolution on the management of the resource. Identification of traditional rights of the local community in the framework of community development forms the initial step that must be done concisely by the FMU.

##### **Verifier:**

- Document summarizing public consultation
- Document on local community traditional rights
- Document on voluntary agreement with local communities in enhancing local community welfare.

- Document on conflict resolution on area or natural resource affected by impact in conjunction with traditional local community rights.
- Document on community development program
- Documents on study results of social economy and culture of communities near FMU

**Evaluation Norms / Intensity Scale:**

- Very Good** : FMU has notified community about plan of activities, heed their need and implemented their aspirations in the field. Process and results are documented completely and properly
- Good** : FMU has notified community about plan of activities, heed their need and implemented their aspirations in the field. Documentation of process is complete *but results are documented insufficiently.*
- Fair** : FMU has notified community about plan of activities, heed their need and implemented their aspirations in the field. *Process documentation is insufficient but results are documented completely and properly*
- Poor** : FMU has notified community about plan of activities, heed their need and implemented their aspirations in the field. However, *process and results are not documented completely and properly*
- Very Poor** : *There is no proof that FMU has notified community about plan of activities, pay attention to their need and implement their aspirations in the field*

**E. CRITERIA-5. COMPANY HEALTH**

**5.1. Health of Company or Holding Company**

**Perception:**

Profitable FMU which is liquid and has proper solvability shows a well managed business.

**Verifier:**

- Rentability
- Liquidity
- Solvability

**Evaluation Norms / Intensity Scale:**

- Very Good** : Liquidity > 200 % solvable and rentability  $\geq$  interest rate
- Good** : Liquidity 100-200 %, solvable and rentability  $\geq$  interest rate
- Fair** : Liquidity < 100 %, solvable and rentability  $\geq$  interest rate
- Poor** : Liquidity < 100 %, solvable and rentability < interest rate

**5.2. Satisfactory investment and re-investment level and adequate in meeting the need of forest management, administration, research and development, as well as enhancement of human resource capability.**

**Perception:**

To accommodate the sustainable use of forest resource, sufficient fund is needed for spatial arrangement of forest use, forest protection, management of protected area and biodiversity including protected/endemic/rare specieses, production and forest development, market and consumer services, provision of facilities and infrastructure, equipment and tools, as well as human resource development.

**Verifier:**

- Availability of fund (capital) for forest management comprising funds for production management, ecology and social aspects.
- Channeling of fund (capital) for forest management comprising funds for production management, ecology and social aspects.

**Evaluation Norms / Intensity Scale:**

- Very Good** : there is proof of adequate investment and re-investment and confirmed in the field as such that performance of forest management, administration, research and development, and human resource capability are enhanced.
- Good** : there is proof of adequate investment and re-investment and confirmed in the field, *however* performance of forest management, administration, research and development, and human resource capability are *stable*.
- Fair** : there is proof of *inadequate* investment and re-investment and confirmed in the field, *however* performance of forest management, administration, research and development, and human resource capability are *stable*.
- Poor** : there is proof of *inadequate* investment and re-investment and confirmed in the field, performance of forest management, administration, research and development, and human resource capability are *declining*.
- Very Poor** : there is *no proof* of adequate investment and re-investment and confirmed in the field, performance of forest management, administration, research and development, and human resource capability.





## CHAPTER IV. ASSESSMENT OF CURRICULUM AND SYLABUS OF PD 42/00

During the implementation of ITTO PD 42/00 Rev.1 (F) activities, Training of Professional Personnel of Forestry Companies, each group was allocated ten days or equivalent of to 98 study hours divided into 30 hours of theory classes and 68 hours of practical field courses. Materials on the field of Production, Environment and Social aspects are given to participants separately because professional forestry personnel need to be familiar with sustained management of production forest (PHPL) issues. Learning process in classes of this training are in most part classical (theory, practice/simulations, report writing) while field work (PKL) activities is conducted in order for participants to better understand field conditions in accordance with the criteria and indicator of PHPL. Effort is made that PKL activities are commensurate with materials learned during class sessions.

Training curriculum conducted by PD 42/00 are as follows:

### a. Theoretical Materials

No.	Subject	Total class hours	
		Each	Total
1.	Law and Regulations and Policies		4
2.	Sustained management of production forest		4
3.	Landscaping		8
4.	Production Management	6	
5.	Environmental Management		
6.	Social Management		
7.	Methods and Techniques of data Collection and data Presentation		2
8.	Report making and decision making ( <i>analysis guidelines</i> )		4
9.	Presentation Techniques		2
	Total Theoretical Material		30

### b. Material for Field Practice and Simulation

No.	Subject	Total hours of lesson
1.	Landscaping	16*
2.	Production Management	
3.	Environmental Management	
4.	Social management	
5.	Methods and Techniques of Data Collection and Data Presentation	4
6.	Field Work	34
7.	Report Making and Decision Making ( <i>analysis guidelines</i> )	8
8.	Presentation Techniques	6
	Total Practice Material	68

\*) Filling ITTO user friendly document and Simulation

Training syllabus used by PD 42/00 is presented at Table 5 as follows:

Table 5. Training Syllabus PD 42/00

No	Subject Matter	Hours	Purpose of Specific Instruction	Subject Discussed	A. Accessory Tools B. Metod
1	LAWS REGULATIONS AND POLICIES RELATED TO FOREST MANAGEMENT	4	After following this SM participants are able to: 1. Understand the legal aspects of forest management 2. Know existing rules, laws and policies	a. Legalties of Forest Management b. Existing regulations, laws and policies c. Criteria and Indicator of PHPL (P1.1 & 1.1)	A. OHP, OHT, White board, Flipchart B. Talks, discussions
2	SUSTAINABLE MANAGEMENT OF PRODUCTION FOREST SYSTEM	4	After following this SM participants are able to: 1. Understand Criteria and Indicator of PHPL 2. Forest Typology 3. Understand the scope of Forest Certification (Natural Forest, Log Tracing) 4. Documents and Standards related to aspects of PHPL 5. Certification system of PHAPL 6. Organization of FMU toward PHPL	a. Unit Management b. PHPL criteria and indicator c. Forest typology d. Scope of forestry certification (Natural Forest, Log Tracing) e. Documents and Standards related to aspects of PHPL f. PHAPL Certification System	A. OHP, OHT, White board, Flipchart B. Talks, discussion
3	PHPL CRITERIA AND INDICATOR A. LANDSCAPING/FOREST SPATIAL ARRANGEMENT 1. PRODUCTION AREA 2. CONSERVATION AREA 3. LIVING COMMUNITIES	30	After following this SM, participants can understand: 1. Landscaping of PHPL within Production Area, Environmental Area and Community Area 2. To design Landscaping 3. To make spatial mapping	Inter-relation of TPTI with PHPL criteria and indicator a. Sustainability of Forest Resource b. Sustainability of product c. Sustainability of Enterprise d. Stability of Ecosystem e. Homerange of Rare/ Endemic/ Protected species f. Guaranteeing Tenurial System of Community Forest g. Guaranteeing the Tenacity and Economic Development of Communities and Manpower h. Realization of responsibility on rehabilitation of Nutrition Status and the handling of Health Impact i. Pledge on workers right.	A. OHP, OHT, White board, Flipchart B. Talks, discussions, simulation and case study (filling user friendly ITTO formats)

No	Subject Matter	Hours	Purpose of Specific Instruction	Subject Discussed	A. Accessory Tools B. Method
	B. PRODUCTION MANAGEMENT	30	<ul style="list-style-type: none"> <li>a. Silviculture system</li> <li>b. JPT, RKP, RKL, RKT</li> <li>c. RIL</li> </ul>	<ul style="list-style-type: none"> <li>a. Sustainability of forest resource</li> <li>b. Product sustainability</li> <li>c. Enterprise sustainability</li> </ul>	<ul style="list-style-type: none"> <li>A. OHP, OHT, White board, Flipchart</li> <li>B. Talks, Discussions.</li> </ul>
	C. ECOLOGY MANAGEMENT		<ul style="list-style-type: none"> <li>a. Biodiversity of flora and fauna, unique ecosystem</li> <li>b. Soil and water conservation</li> <li>c. Spatial arrangement of protected area</li> </ul>	<ul style="list-style-type: none"> <li>a. Ecosystem Stability</li> <li>b. Home range of Rare / Endemic / Protected species</li> </ul>	
	D. SOCIAL MANAGEMENT		<p>Tenurial System, Community Economics Development, Cultural Integrity, Public Health, Manpower</p>	<ul style="list-style-type: none"> <li>a. Assurance of Tenurial System of Community Forests</li> <li>b. Assurance of Tenacity and Development of Community Economies and Manpower</li> <li>c. Assurance of continuity of social integration, community cultures, and manpower</li> <li>d. Realization of responsibility of rehabilitation of nutritional status and the handling of health impact</li> <li>e. Guarantee on Manpower Rights</li> </ul>	
4	METHODS AND TECHNIQUES ON COLLECTION AND PRESENTATION OF DATA	6	<p>After following this SM, participants are able to do:</p> <ul style="list-style-type: none"> <li>a. Data collection of all PHPL criteria and indicator through interview, observation, library studies</li> <li>b. Framework on technique of data presentation</li> <li>c. Present information / analysis through quantitative / qualitative data analysis, scoring, histogram as well as other forms of classification</li> </ul>	<ul style="list-style-type: none"> <li>a. Interview techniques, observations (research) as well as book references.</li> <li>b. Data collection</li> <li>c. Data presentation techniques</li> <li>d. Data analysis</li> <li>e. Quantitative/qualitative data analysis</li> <li>f. Scoring, histogram as well as other forms of classifications</li> </ul>	<ul style="list-style-type: none"> <li>A. OHP, OHT, White board, Flipchart</li> <li>B. Talks, discussions.</li> </ul>

No	Subject Matter	Hours	Purpose of Specific Instruction	Subject Discussed	A. Accessory Tools B. Metod
5	FIELD PRACTICE	34	After following this SM, participants can do: a. Data collection through observations and interviews and reference book studies / information gathering through secondary data b. Formulation of draft report	a. Sampling methods b. Methods on data collection c. Analysis methods	A. Map, measuring tools, reports, secondary data, B. Field Practice
6	REPORT WRITING AND DECISION MAKING	12	After following this SM, participants is able to: a. Make Management Unit Typology b. Use certification methods c. Make evaluation d. Formulate reports in accordance with LEI guidelines	a. Stages in the process of PHPL certification b. Guidelines on implementing field evaluation on PHPL certification c. Reference for implementing evaluation d. Guidelines on report writing about results of evaluation e. Reference used for report writing	A. OHP, OHT, White board, Flipchart, PC B. Discussions, Group Seminar, Report Writing
7	TECHNICAL PRESENTATION	8	After following this SM, participant can explain and socialize PHPL	a. Presentation techniques	A. OHP, OHT, White board, Flipchart, PC B. Seminar

From explanation about curriculum and syllabus implemented during PD 42/00 training, it is clear that materials used for training is the derivation of PHPL criteria and indicator from LEI, ITTO as well as principles published by FSC. Assessment done after the training has completely ended, where PHL criteria and indicator published by ITTO was scrutinized gave result of a shorter list of PHPL criteria than before, namely to only 7 criteria and 39 indicators.

Based on assessment result on performance evaluation of PHPL in Chapter III, there is the need to improve the training curriculum and syllabus for activities in the upcoming PD 389/05. For materials on law, regulations and policies, attention ought to be concentrated on explanations about the newest regulations and policies such as stated in Government Regulation PP No. 6/2007 and Rule of the Minister of Forestry No. 55/2006, in order that training participants can also study the newest regulations and policies.

Teaching material on Sustainable Management of Production Forest (PHPL) is improved to become Sustainable Management of Production Forest and its Performance Evaluation which covers materials on policies, field condition, and performance monitoring of PHPL, by which participants get a better picture of the flow of process toward sustainable management of production forest. Material on the subject of Typology of FMU is regarded necessary to be presented as a separate subject to give a more comprehensive understanding on the condition of the FMU itself.

Teaching material for Landscaping ought to be focussed on the spatial arrangement of FMU work area which are for production, protected area, as well as for social purposes. Further on, additional material should be given on the Security of Long Term Management of the Forest by the FMU where discussions will be conducted on how will the FMU area will be managed in the long term and how can the formulated FMU management plan give a picture on the effort to protect the security of the long term management by the FMU.

Teaching material for Production Management ought to be directed to give a picture about inputs for production management, process on production planning, and monitoring and evaluation on production management. Further on, for environmental management, the teaching material ought to be directed to give a picture about inputs for environmental management such as process for ecological planning and monitoring and evaluation on managing the environment. As materials for social management, it ought to be directed to give a picture about input for social management which are process for social planning, monitoring and evaluation of managing social aspects.

Materials and methods on techniques for compilation and presentation of data will study data and information types needed and method for its collection. Teaching material for report making and decision making contains ways of organizing data and information, synthesis and analysis as well as decision making. Further on, teaching materials for presentation techniques is directed at ways to present reports to superior management on results of internal assessment of PHPL.

Complete curriculum and training syllabus for theoretical as well as field practice for impending Project ITTO PD 389/05 are as follows:

a. Theoretical Subject Matter

No.	Subject Matter	Total class hour	
		Each	Total
1.	Laws, Regulations and Policies		4
2.	Sustainable Management of Production Forest and its performance evaluation		4
3.	FMU Typology		3
4.	Landscaping	4	12
5.	Longterm Security of Forest Management by FMU	2	
6.	Production Management	6	
7.	Environment Management		
8.	Social Management		
9.	Methods and Techniques of Data Collection and Presentation		2
10.	Report Making and Decision Making (guidelines analysis)		3
11.	Determination of <i>Corrective Action Requests (CARs)</i>		3
	Total Materi Teori		31

b. Subject Matter on Field Practice and Simulation

No.	Subject Matter	Total Hours
1.	Landscaping	18
2.	Security of Long Term Management of Forest by FMU	
3.	Production Management	
4.	Environment Management	
5.	Social management	
6.	Methods and Techniques on Collection and Presentation of Data	4
7.	Field Parctice	25
8.	Report Making and Decision Making (guidelines <i>analysis</i> )	6
9.	Technique of compilation of plan and implementation of CARs	4
10.	Presentation Techniques	6
	Total Field Practice	63

Table 6. Training Syllabus PD 389/05

No	Subject Matter	Hour	Purpose of Instruction	Issues Discussed	A. Accessory Tools B. Method
1	REGULATIONS, LAWS AND POLICIES RELATED TO FOREST MANAGEMENT	4	After following this SM participants can understand: 1. Legalities of forest management 2. Existing rules, laws and policies	a. Legality of Forest Management b. Existing Regulations, Laws and Policies focussed on PP 6/2007 and Minister Regulation No. P.55 Year 2006 c. Criteria and Indicator on PHPL (P1.1 & 1.1)	A. OHP, OHT, White board, Flipchart B. Talks, Discussion.
2	SUSTAINABLE MANAGEMENT OF PRODUCTION FOREST AND EVALUATION OF PHPL PERFORMANCE	4	After following this SM participants can understand: 1. Criteria and Indicator of PHPL 2. Scope of performance evaluation of PHPL (Natural Forest, Log Tracing) 3. Documents and Standards related to PHPL aspects 4. PHAPL certification system 5. FMU strategy toward PHPL	a. Forest Management Unit b. PHPL Criteria and Indicator c. Scope of Performance d. Evaluation of PHPL (Natural Forest, Log Tracing) e. Documents and Standard related to PHPL aspects f. PHAPL Certification System g. FMU Strategy toward PHPL	A. OHP, OHT, White board, Flipchart B. Talks, Discussion.
3	TPOLOGY OF FOREST MANAGEMENT UNIT	3	After following this SM participants can understand: 1. Context and characteristics of FMU 2. Typological concepts to formulate PHPL strategy 3. Typological concepts in evaluating significant levels are not biased and decision making in PHPL performance evaluation	a. Typology based on ecological aspects b. Typology based on social aspects c. Typology based on production / management d. Control of variables to correct typology	A. OHP, OHT, White board, Flipchart B. Talks, Discussions.
4	PHPL CRITERIA AND INDICATOR A. LANDSCAPING / WORK AREA SPATIAL ARRANGEMENT 1. WORK AREA FOR PRODUCTION 2. WORK AREA FOR PROTECTION 3. WORK AREA FOR SOCIAL	18 4	After following this SM participants can 1. Formulate sustainable strategy efficiently 2. Understand the Landscaping of PHPL within production area, work area for protection and work area for social 3. Correcting work area arrangement existing within FMU if incompatible with landscaping design.	Area characteristics for purpose of: a. Allocation of production work area b. Allocation of protection area c. Allocation of social work area	A. OHP, OHT, White board, Flipchart B. Talks, Discussions C. Simulations, and Case Studies (filling ITTO user friendly format).



No	Subject Matter	Hour	Purpose of Instruction	Issues Discussed	A. Accessory Tools B. Method
	B. LONG TERM MANAGEMENT	2		<ul style="list-style-type: none"> <li>a. Security of Area</li> <li>b. Management Plan</li> </ul>	
	C. PRODUCTION MANAGEMENT	2	<p>After following this SM participants can understand:</p> <ul style="list-style-type: none"> <li>a. Input for production management including the choice of silviculture system</li> <li>b. Sustainable long as well as short term planning and its implementation procedure</li> <li>c. Implementation technique on production management procedure</li> <li>d. Monitoring of actuation of aspects of production management</li> </ul>	<ul style="list-style-type: none"> <li>a. Input for production management</li> <li>b. Process of production management</li> <li>c. Output measurements for production management</li> </ul>	<ul style="list-style-type: none"> <li>A. OHP, OHT, White board, Flipchart</li> <li>B. Talks, discussions</li> </ul>
	D. ECOLOGICAL MANAGEMENT	2	<p>After following this SM participants can understand:</p> <ul style="list-style-type: none"> <li>a. Input for ecological management</li> <li>b. Planning and spatial arrangement of protection area</li> <li>c. Technical implementation of ecological management procedures</li> <li>d. Monitoring of implementation of ecological aspect management</li> </ul>	<ul style="list-style-type: none"> <li>a. Input for ecological management</li> <li>b. Process on ecological management</li> <li>c. Output measurements for ecological management</li> </ul>	
	E. SOCIAL MANAGEMENT	2	<p>After following this SM participants will comprehend:</p> <ul style="list-style-type: none"> <li>a. Input for social management</li> <li>b. Planning and work area identification for social aspects</li> <li>c. Technical implementation for procedures in social management</li> <li>d. Monitoring on implementation of social aspect management</li> </ul>	<ul style="list-style-type: none"> <li>a. Input for social management</li> <li>b. Social management process</li> <li>c. Output measurements for social management</li> </ul>	

No	Subject Matter	Hour	Purpose of Instruction	Issues Discussed	A. Accessory Tools B. Method
5	METHODS AND TECHNIQUES OF DATA COLLECTION AND PRESENTATION	6	<p>After following this SM participants can carry out:</p> <ol style="list-style-type: none"> <li>Data collection on all PHPL criteria and indicator through interviews, observations and library studies</li> <li>Frame and techniques of data presentation</li> <li>Presentation of information / analysis through quantitative and qualitative analysis, scoring, histogram or other forms of classifications</li> </ol>	<ol style="list-style-type: none"> <li>Techniques of interview, observation (research) as well as library studies</li> <li>Data collection</li> <li>Technique on data presentation</li> <li>Data Analysis:</li> <li>Quantitative / qualitative data analysis</li> <li>Scoring, histogram as well as other forms of classifications</li> </ol>	<ol style="list-style-type: none"> <li>OHP, OHT, White board, Flipchart</li> <li>Talks, Discussion.</li> </ol>
6	FIELD PRACTICE	25	<p>After following this SM participants can perform:</p> <ol style="list-style-type: none"> <li>Collection of field data through observation and interviews as well as library study / secondary data information</li> <li>Compose a report frame</li> </ol>	<ol style="list-style-type: none"> <li>Sampling methods</li> <li>Data Collection Methods</li> <li>Methods of analysis</li> </ol>	<ol style="list-style-type: none"> <li>Map, measuring tools, reports, secondary data</li> <li>Field Practice</li> </ol>
7	REPORT COMPILATION AND DECISION MAKING	9	<p>After following this SM participants are able to carry out:</p> <ol style="list-style-type: none"> <li>Formulating FMU Typologies</li> <li>Applying methods of PHPL performance evaluation</li> <li>Implement evaluation</li> <li>Report making commensurate with guidelines made by system and guidelines of PHPL performance</li> </ol>	<ol style="list-style-type: none"> <li>Steps in the process of PHPL Certification</li> <li>Implementation Guidelines on Field Evaluation of PHPL Certification</li> <li>Reference for implementing evaluation</li> <li>Guidelines on Report Writing about evaluation results</li> <li>Reference used for compiling report</li> </ol>	<ol style="list-style-type: none"> <li>OHP, OHT, White board, Flipchart, PC</li> <li>Discussion, Group Seminar, Report Compilation</li> </ol>

No	Subject Matter	Hour	Purpose of Instruction	Issues Discussed	A. Accessory Tools B. Method
8	TECHNIQUES FOR COMPILATION OF CORRECTIVE ACTION REQUESTS (CARs)	7	After following this SM, participants are enabled to: a. Understand the ruling on Corrective Action Requests after performing internal assesment b. Able to classify improvement activities based on its priority scale c. Organizing components within within company organization in carrying out improvement d. Compile Plan and Implementation of CARs	a. Determination of CARs b. Strategy of handling of CARs c. Creating action programs based on strategy of handling CARs d. implementation of CARs by mobilizing existing dengan mobilisasi sumberdaya yang ada	A. OHP, OHT, White board, Flipchart, PC B. Discussions, Group Seminar, Report Compilation
9	PRESENTATION TECHNIQUES	6	After following this SM, participants are able to present and socialize PHPL	a. Presentation Techniques	A. OHP, OHT, White board, Flipchart, PC B. Seminar

## CHAPTER V. RECOMMENDATION ON ACTION PLAN FOR PERFORMANCE EVALUATION OF FOREST MANAGEMENT UNIT

The enactment of Decision of Minister of Forestry No. 4795/Kpts-II/2002 and No. 4796/Kpts-II/2002 jo. 208/Kpts-II/2003, and Decision of the Director General of Forest Product Development No. 34/Kpts/VI-Set/2002 jo. No. 42/Kpts/VI-PHP/2003 obliged the FMU to adopt the sustainable principles in the utilization of forest. From aspects of policies, these decisions ought to be supported by all stakeholders because it is a positive step of the Ministry of Forestry in promoting sustainable forest management including by Forest Management Units.

Action Plans in the context of performance evaluation of mandatory certification by the Ministry of Forestry is the making of field work plans by FMU. This is to facilitate internal monitoring and performance evaluation on the attainment of Sustainable Management of Production Forest (PHPL). Action Plan must be made by FMU in preparing itself to face the performance evaluation by the Ministry of Forestry, if the FMU were to reach the target of a certain degree of passing grade in the attainment of PHPL. Without it, FMU face certainty of having no strategy in facing the mandatory certification.

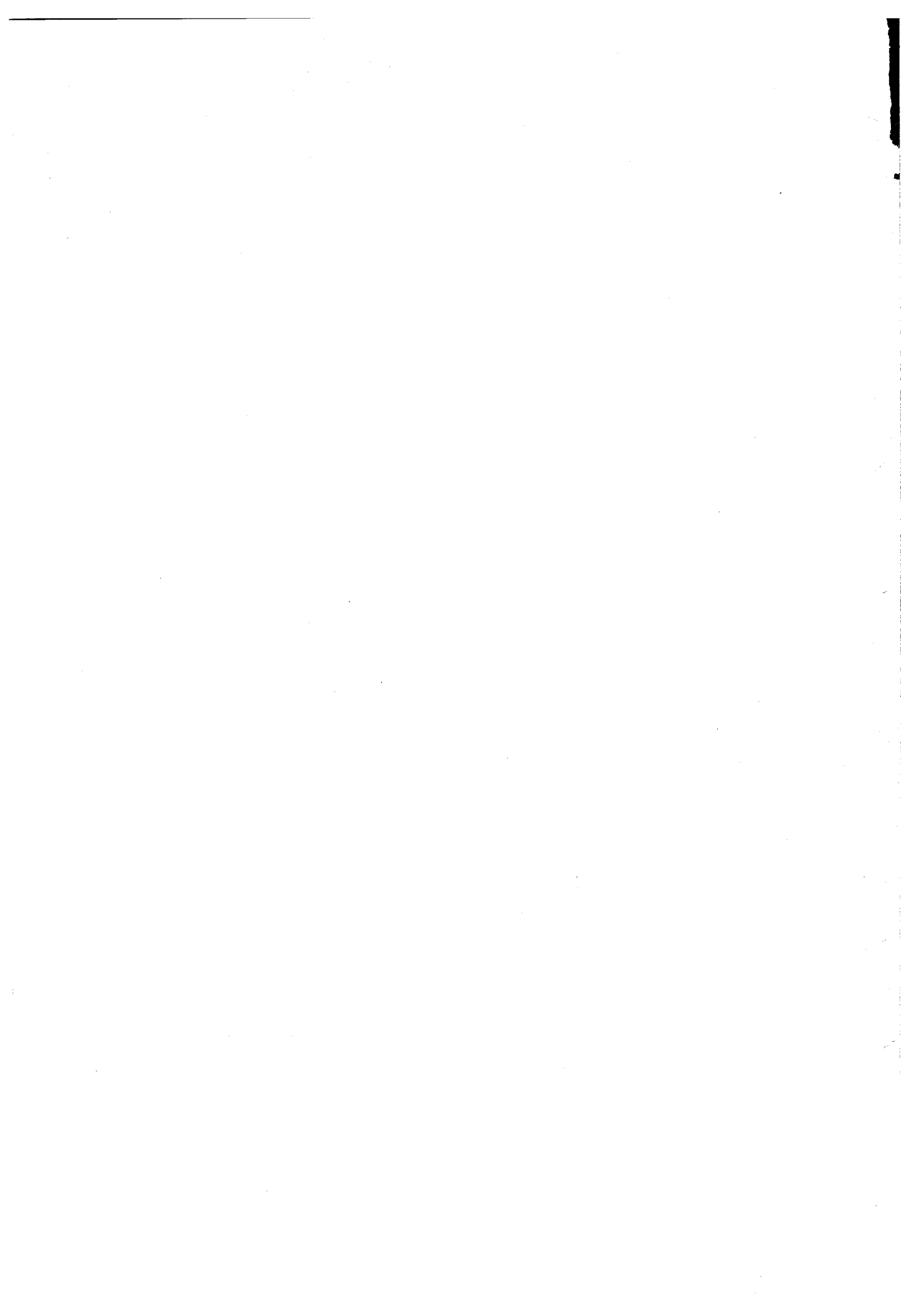
Action Plan of the FMU could be developed with the following basis:

- 1) Evaluation on input data on Criteria and Indicator developed by PD 42/2000 and Decree of the Minister of Forestry No. 4795/Kpts-II/2002, where result of indicator classification at the two regulations will later become matters to be evaluated by each FMUs.
- 2) Evaluation with Standard Mandatory Certification. This is a performance evaluation contained in Decree of Director General of Forest Product Development No. 34/Kpts/VI-Set/2002 to be used to make action plan by doing: (i) resolution of FMU typology, (ii) resolution of intensity scale for each indicator (weighted value), (iii) resolution on indicator significance (based on typology), (iv) decision making on performance evaluation.
- 3) Evaluation on indicator is done by determining (i) indicators which have higher importance than others (*key indicators*), (ii) indicators having poorer value than others (small intensity scale).
- 4) Recommendations of action plans based on evaluation results to determine improvement strategy for each indicator regarded as weak and contain points about (i) indicator, (ii) evaluation results (indicator weight / intensity scale), (iii) indicator importance, (iv) improvement, and (vi) improvement schedule.
- 5) Formulation of criteria and indicator in the monitoring system of sustainable management of production forest ought to be always developed through interactive process and include as many as possible stakeholders.
- 6) Improvement plans commensurate with CARs are done with:

- a. Assessment of FMU capacity in preparing the implementation of management aspects activities as well as management ability in planning, organization, implementation and control. All of the said management actions is also evaluated on aspects of its component completeness such as manpower, tools and equipments, physical materials and other resources.
- b. With the knowledge of the management capacity of IUPHHK holder (permit to extract wood prodcuts), the next activity is to determine the crucial indicators that must be improved. Crucial indicators are indicators which will give impact to other indicators if it is improved. Based on these crucial indicators, priority scale is made to improve performance.
- c. The following tabulation is a tool to help identify crucial indicators and its scale of priority in improving their performance.

No	Indicator Group having poor performance	Determination of significant indicator	Priority Scale of Improvement	Action Plan		Explanation (Filled by related FMU department)
				Documenta-tion Scale	Field Scale	

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