

Lambusango Forest Conservation Project, South East Sulawesi, Indonesia

GEF-MSP No. TF 054815

5th Progress and Implementation Plan Report



**Dr. Edi Purwanto
(Project Manager)**

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**Jl. La Balawa No. 25 Wajo, Bau-Bau
Tel +62 251 251106 - Fax +62 251106
E-mail: pkhl@magnet-all.com**

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Executive Summary

During the last three months (October-December 2005), the implementation activities of the Lambusango Forest Conservation Project (LFCP) have been running well. The most important outputs during the period are as follows:

1. The newly established Lambusango Community Forestry Forum (further called *Forum*) has developed its organization structure until village level. The roles and responsibilities of each position and working relations among positions have been defined and committed by the Forum members. The forum has also established a standard operating procedure for information gathering and delivery (*communication protocol*) from field level to Forum Secretariat and thereafter shares to relevant forests stakeholders. The project has conducted training needs assessment; materials development and its implementation design for institutional capacity building of the Forum.
2. By the end of November 2005, the provided ginger planting material has been grown in five villages, i.e. Kakenauwe, Lawele, Wajah Jaya (SP1), Harapan Jaya (SP7) and Wining. The project finally delivered 11.4 tons planting material (Kakenauwe = 2.1 ton, Lawele = 2.1 ton, Wajah Jaya = 2.2 ton, Harapan Jaya=2.9 ton and Wining = 2.1 ton). There are two major planting scheme, (1) Shade-ginger; gingers planted under (intercropped with) cashew plantation; (2) Sun-grown ginger; gingers planted on the open areas or intercropped with seasonal crop.
3. To guarantee market access for ginger, a memorandum of understanding between the *South East Sulawesi Chamber of Commerce and Industry (Kadin Sultra)* and LFCP on the ginger cultivation and marketing was signed on Tuesday, November 22, 2005. The main obligation of LFCP is to facilitate farmers to produce high quality ginger while *Kadin Sultra* guarantees the buying of the products at a reasonable price.
4. Efforts have been made to ensure that every ginger farmer who receives business incentive will become conservation agent in his/her own village. Conservation training workshops have been organized in six villages; the workshop has involved all key persons in six villages, and not limited those who have received business incentives. The outputs of the workshop are village commitments and actions plan to resolve the problem. Farmers who received business incentives will play as key-roles to ensure that all village commitments are manifested on every day's villager life. The farmer group performance in implementing their village conservation action plan will form a basis to provide business development's rewards and punishments to the village.
5. The cattle husbandry was originally considered a promising business, apart from the role for Anoa conservation. However, the implementation of cattle fattening scheme in Lasembangi village was cancelled, after the outbreak of *Anthrax (Bacillus anthracis)* disease in the South East Sulawesi. LFCP has replaced the business scheme in Lasembangi village with orange plantation development.

6. Other development incentives have been designed to stimulate the existing business conditions. Those consist of: (1) Oyster farming and processing in the Watumotobe and Lambusango Villages; (2) Orange Plantation in Lasembangi Village; (3) Seaweed farming in Lambusango and Wakalambe villages.
7. Apart from village-based business, efforts have been made to promote inter-villages/sub-districts level business. Those are (1) Training of Trainer on Cashew Processing in Barangka Village; (2) Linking Lambusango with National and International Ecotourism Market (including the development of Lambusango website); (3) Improvement of cashew farming system and trade to comply with Fairtrade Labeling Organization; (4) Promoting Buton District potential business on the Indonesian Investment Forum Event; (5) Improving land productivity with *Jatropha curcas L.*
8. A detailed rattan base-line survey has been conducted in Wolowa and Lasembangi. The standing stock in Wolowa (conservation areas) still considerably high (2.4 – 3.2 ton/ha) compared with Lasembangi (production forest), which has been depleted (0.4 – 0.6 ton/ha). Clear indications have been found that some commercial rattans under big market demand (such as *Batang/Daemomorops sp.* and *Lambang/Calamus ornatus*) have been highly over harvested. Collectors tended to harvest the whole rattan cluster rather than selective stem cutting. Under over harvesting pressure, the limit diameter and cane length (6 m) given by the middlemen has led rattan collector only considers the size of diameter (which fulfill market requirement) rather than the mature stage of rattan. Collector often cut the middle and the upper stems of young (unripe) rattan and left the lower stems dying. This condition has threatened the sustainability of rattan harvesting in the areas.
9. A Forest Crime Unit (FCU) has been established and started to conduct patrol and other law enforcement related activities together with forest rangers in four Buton District Forestry Office's technical implementing units/UPTDs (Pasarwajo, Lasalimu, Lasalimu Selatan and Kapontori). In each patrol, the FCU was equipped with 1 truck and 1 forest ranger patrol car, in addition, night patrol were also conducted on some forest products (delivery) investigation posts surrounding Lambusango forests. Tens of m³ illegal timbers have been confiscated. The patrol was designed as a shock therapy to stop the rampant illegal logging. The activities have started to take effects. Illegal loggers have realized that strong law enforcement has started.
10. LFCP has selected 13 forest guardians. Two main criteria for forest guardians are intellectual capacity and trustworthiness. The forest guardians will be trained regarding types of illegal activities and undercover investigation strategies; they will also be equipped with communication and documentation equipment. Training needs assessment (TNA) has been completed and training material development are in progress. When trained forest guardians have been in function, FCU plans to conduct patrol at least 4 times a month. Once target persons and their holdings are clearly

identified by the forest guardians, FCU as a response unit are called in. Every patrol will involve five forest rangers and equipped with one truck and one forest ranger car. Arrests and confiscations are then carried out in a complete and timely manner. Occasionally, journalist will also be invited to join the patrol.

11. Several big efforts have been made to promote community awareness, these consist of: (1) Conservation workshops at the village level; (2) Development of personal organizers/agenda-book with full illustration and awareness materials about Lambusango Forests; (3) Development of '*Lambusango Bioiversity and Conservation*' Handbook (in Indonesian language) entitled '*The Mystery of Biological Richness of Lambusango Forests*' ('*Misteri Kekayaan Hayati Hutan Lambusango*'); (4) Development and distribution of two posters; (5) Development and Distribution of monthly '*Lambusango Lestari*' Indonesian Newsletter; (6) Talk-show in Radio Lawero; (7) Writing conservation essay competitions for Senior High School student.

I. Introduction

The focus of Lambusango Forest Conservation Project (LFCP) is \pm 65,000 ha of uninhabited lowland evergreen rainforest in the central Buton, South East (S.E.) Sulawesi, Indonesia. This block of forests is popularly known as *Lambusango¹ Forest*. Much of this is intact and none faces the major pressures for forest clearance from oil palm plantations, pulp industry or sawmills that so threaten the forests in the rest of the country. This forest is made up of different categories: 29,320 ha of two protected areas, Kakenauwe Nature Reserve (\pm 810 ha²) and Lambusango Wildlife Reserve (\pm 28,510 ha³) which are managed by the Natural Resource Conservation Agency (*BKSDA*⁴) S.E. Sulawesi on behalf of the central government (Ministry of Forestry), and \pm 35,000 ha of protection forest and production forest which are managed by local government, i.e. the Buton District Forestry Office (*DFO/Dishut* Buton).

Illegal logging, rattan extraction, forest area encroachment, asphalt mining, and hunting are some of the greatest threats that are likely to raze the remaining Lambusango Forests. The nature and intensity of the threats is growing when the government cut the fuel subsidy to bring price to international market in the beginning of October 2005. This led to the increase of fuel prices more than 100 percent⁵. The problem is particularly severe, as the resource is the only extensive and intact natural forest in Southern Buton⁶. The continued economic crisis, compounded by the recent regional development setting, has put pressure on the current and future conservation of the Lambusango forest.

Following are the major areas of concern:

- (1) Preservation of protected areas (Kakenauwe Nature Reserve and Lambusango Wildlife Reserve) has probably been a lower priority for the Buton District Government because legislation decrees that the responsibility for conservation areas remains with the central government. To the extent that these areas at present are a lost opportunity for revenue generation in comparison with production forests, the existence of protected areas even could be perceived as a burden rather than a blessing.

¹ Lambusango is a name of the nearest village at the edge of the forest block.

² According to the Forest Functions Based on Consensus (*Tata Guna Hutan Kesepakatan/TGHK, 1981*), the area of Kakenauwe Nature Reserve was 5000 Ha. During boundary marking in 1986, some areas were excluded and the total area became 810 ha.

³ According to the Forest Functions Based on Consensus (*Tata Guna Hutan Kesepakatan/TGHK, 1981*), the area of Lambusango Wildlife Reserve was 25000 Ha. During field forest mapping in 1990, some areas were included and the total area became 28,510 ha.

⁴ *BKSDA* is the technical implementing unit of Directorate General of Protection and Nature Conservation, Ministry of Forestry

⁵ Premium price rose from Rp. 2400 to Rp. 4,500 (88%), solar from Rp. 2,200 to Rp. 4,300 (95%) and kerosene raised from Rp. 700 to Rp. 2,000/liter (186 %).

⁶ Apart from Lambusango forests, District Buton also manages 3,300 ha of teak plantation in Batauga and Sampolawa Sub-districts.

- (2) The division of the original Kabupaten Buton⁷ into four districts⁸ – Buton, Wakatobi, Bombana and Bau-Bau – has largely reduced the wealth of resources within Buton district itself. Most of the physical infrastructure and industrial facilities in the original district of Buton are now located within the jurisdiction of the new Bau-Bau town. Large production forest and irrigated agriculture land in SE Sulawesi mainland are now within the jurisdiction of the new Bombana district, while the internationally diver’s paradise of the Tukang Besi islands are now under jurisdiction of Wakatobi district. As a consequence, Lambusango has become an immediate source (‘money machine’) of District Buton revenue generation⁹ (PAD);
- (3) The partition has led the capital of Buton District to be moved (from Bau-Bau) to Pasarwajo, while Wakatobi has also built its own new District capital in Wanci. The development of both Buton and Wakatobi District capitals (Pasarwajo and Wanci) and Bau-Bau¹⁰ has remarkably raised sawn timber demand in the areas. Unfortunately, neither Wakatobi or Bau-Bau have forests, so the only source of timber for these areas is Lambusango;
- (4) Transmigration programs in Buton are mostly developed at the expense of Lambusango forests. After establishment of 10 (re)settlement areas (SP1 to SP 10) in Lasalimu Selatan Sub-district, a new transmigration was established on December 16, 2004 at Barangka village/Kapontori Sub-District. Rampant forest encroachment has occurred in settlement areas surrounding Lambusango Forest;
- (5) The increase of kerosene price more than 186 percent¹¹. This will certainly lead villagers surrounding Lambusango forest (including Bau-Bau and Wakatobi) to use fuel wood as alternative energy;
- (6) The big gap between legal supply (438 m³/year) and demand (4,125 m³/year¹²) of local sawn timber.

⁷ The division followed the release of Indonesia’s regional autonomy laws-Law No. 22 and 25 of 1999-which ostensibly aimed to improve the capacity of the District to administer the areas within their jurisdictions and to provide essential services to a broader spectrum of their respective population.

⁸ Buton district had a long history as an administrative unit, having originated from the Buton Sultanate established late in the 15th century.

⁹ In the year of 2004, 80 % Buton district-based revenues was mainly derived from Group C mining tax (for sand, stones, etc) and Group B mining (for asphalt). Only about 10 % was derived from Forest Resource Rent Provision (*Provisi Sumberdaya Hutan or PSDA*, Rp 26,500-90,500/m³); a volume-based royalty on each cubic meter of timber harvested; plus bond to support reforestation activities (*Dana Reboisasi or DR*, USD 10–18/m³). Those fees were mainly derived from thinning activities of teak forest in Sampolawa Sub-district.

¹⁰ For instance, the establishment of the new Bau-Bau government office will need at least 200 m³ sawn timbers or 400 m³ logs.

¹¹ The onsite kerosene price is until Rp. 3000/liter

¹² Buton District has 165 villages, if every village will build 5 new houses, while every house needs 5 m³ sawn timbers. The total need will be 4,125 m³ (165x5x5). While quota for timber production of the Buton District in 2005 is 876 m³ log or 438 m³ sawn timber.

- (7) Buton asphalt does not only supply internal Indonesian markets but is being exported to China. If, as seems probable, its production becomes a national priority, the pressures on those parts of the forest that containing economically exploitable deposits could well be greater than arise in other parts of Indonesia.
- (8) The issuance of the Ministry Forestry Decree No. 322/Kpts-II/1996 about the release (grant) of 5,112 ha state forestlands surrounding Lasembangi and Wasuamba villages to PT Wira Caraka Adi Lasalimu (Jakarta based company). The granted forestland planned to be converted into (oilpalm) plantation. The company has started to log their concession areas (\pm 100 ha) in 1999-2000¹³. Recently, the company has been looking over the possibility to restart their business.

Considering the large number of people living outside forests and the resultant competing interests for forestland and its products, the effective conservation management of Lambusango Forest is dependent on the capacity to manage stakeholders in a pro-active and collaborative manner.

LFCP has facilitated the establishment of an effective District-level management with the involvement of local communities around Lambusango Forest area. This could be conducted by bringing together under a single management system an area of forest currently controlled by national and local government. This will be achieved by establishing a management forum comprising all stakeholders; developing village business development contracts; facilitating community forestry models that allow exploitation of the production forest areas in exchange for preventing their own community members from continuing illegal logging and hunting in conservation forest, via a system of Forest Guardians¹⁴; increasing awareness of the biodiversity value of the forests by education and a series of training courses for local communities; developing an intensive biological and social assessment programme to assess the performance of the management scheme; increasing the capacity of Indonesian conservationists to carry out biodiversity assessments; and improving the effectiveness of a joint *BKSDA* S.E. Sulawesi and *Dishut* Buton enforcement team through a mentoring scheme. The final stage is the production and dissemination of the data from this project to demonstrate the financial benefits to local communities and governments so that similar schemes can be established in other Indonesian Districts without the need for initial investment.

Approval to start the project was given in July 2004 by the World Bank (WB) and the grant agreement was signed by Indonesia Country Director on March 29, 2005 and countersigned by the Chairman of Operation Wallacea Trust on April 11, 2005. In fact, due to some administrative procedures, the money did not arrive on the project site until June 27, 2005. The delay has caused significant effects for the progress of project implementation; among others, staff recruitment and field activities have not started

¹³ Flash-flood event in Lasalimu Selatan in 2001 is largely thought as an impact of logging conducted by the company.

¹⁴ Forest guardian is a self-motivated local community on curbing illegal logging in their own areas.

until June 1, 2005. Some field activities, which need considerable funding supports, have delayed.

This document describes project progress activities conducted during the period from 1 October until 31 December 2005, and planned activities for the coming three months (January-March, 2006). The progress report will outline the entire project components' activities during October, December 2005 to progress as described in the Lambusango Medium Size Project Brief (the MS Project Brief) submitted on July 13, 2004, and the Budget Guideline submitted to the WB on January 2, 2005. The project implementation plan will discuss some actions during January-March 2006. The proposed Implementation Plan also developed on the basis of the submitted MS Project Brief (version July 13, 2004) and Budget Guideline (version January 2, 2005).

Section II of this report gives description of the completed activities during the last three months. *Section III* outlines the summary of key developments activities by comparing between planned and implemented activities. *Section IV* outlines the follow-up actions needed over the January to March 2006 period. *Section V* gives a concise conclusion of the overall progress during three months period.

II. Completed activities under each project component

Component A: Forest management and village contract

A1. Formation of a forest management Forum bringing together the management of national and District-controlled forests, as an effective decision-making management body

A.1.1. Development of working mechanism and Communication Protocol

During the last three months, LFCP has facilitated the organization of Community Forestry Management Forum (further called 'Forum') working group's serial meetings to define organization structure and working mechanism, as well communication protocol. Those documents have been finalized and will be socialized to Forum Partners.

A.1.1.1. Forum Organization

The Forum organization structure consists of Advisory Boards, Forum Secretariat, Sub-District Coordinators and Forum Partners.

Political Advisory Boards

The Political Advisory Boards (PAB) of the Forum is composed of the Head of the Buton District, Head of the Buton Parliament, Head of the Buton District Army (*Dandim 1413 Buton*), Head of the Buton District Police (*Kapolres Buton*), Head of Buton District Court Office, and Head of the Buton Attorney Office. The main role of PAB is to provide policy direction and political support to the Forum. In principle, the existence of the Forum as a community-based organization (CBO) should be recognized, accepted and politically supported by Buton District authorities, despite its independence nature of the Forum organization.

Forum Secretariat

The Forum Secretariat (FS) is composed of Forum Chairman (FC), Forum Secretary (FSc) and supported by Forum Treasurer (FT) and Forum Administration Staff (FAS)¹⁵.

The main roles and responsibilities of FS are: (1) To facilitate the development of conservation movement at the District level; (2) To lead, coordinate and administer the day-to-day Forum implementation activities at the District level; (3) To conduct consultation and coordination with relevant government agencies at the District level; (4) To develop and maintain networking with Lambusango Forest stakeholders; (5) To raise capacity building of the Forum members and Forum Partners; (6) To influence policy makers and gain political and financial supports to conserve Lambusango

¹⁵ So far, FAS is provided by the Project.

Forests; (7) To conduct monitoring and evaluation on the overall management activities conducted by Lambusango Forests stakeholders.

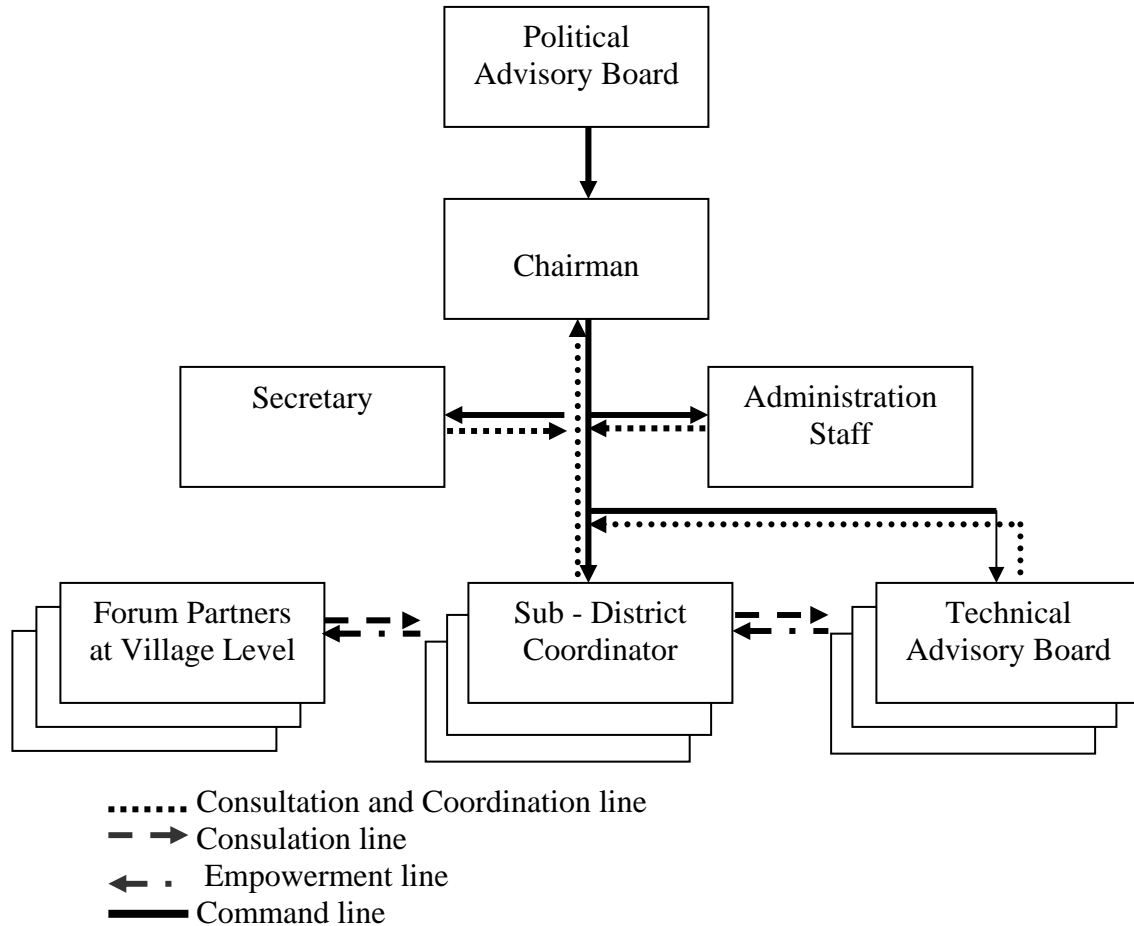


Figure 2.1. Forum organization structure

To do the jobs, Technical Advisory Boards (TAB) supports FS. The latter consists of six divisions, i.e. Forest Conservation, Law Enforcement, Forest Development Planning, Socio-economic Development, Faith and Education and Gender Empowerment. TAB is a ‘think tank’ of the Forum, TAB also serve technical and academic support to the Forum. The working relation between TAB with Forum members is consultation and coordination.

Sub-District Coordinator

There are 6 Sub-District Coordinators (SCs), i.e. SC Kapontori, SC Lasalimu, SC Lasalimu Selatan, SC Siontapina, SC Wolowa and SC Pasarwajo. SC acts as the

extended hand of the FS at the sub-district level. As such, SC has a structural working relation with FS.

The main role of SC is (1) To facilitate the development of conservation movement at the sub-district level; (2) To lead, coordinate and administer the day-to-day Forum implementation activities at sub-district level; (3) To conduct consultation and coordination with relevant government agencies at the sub-district level.

SC is functionally supported by TAB, and ‘structurally’ by all forum members living in the Sub-District level.

Forum Partners

Forum partners (*mitra Forum*) are the key people (three persons) at the village level who serve as the conservation and information agents of the Forum. FP main roles and responsibilities are (1) To facilitate the development of conservation movement at the village level; (2) To monitor the status of forest protection/management activities surrounding their village, including illegal activities (what, where, when, who and how).

A.1.1.2. Communication Protocol

The relatively large, remoteness, lack of staff, and the absence of advance technology (such as remote sensing and Geo information system), have lead Lambusango forest destruction process continuously occurring at alarming rate. The long information delay (from hotspots to decision makers) has made management actions ineffective, as they are often too late to resolve the problems. For example, the ‘Wabou case’ (illegal settlement, see *Box 2* in 4th Quarterly Progress Report), decision makers have just recently been informed that the ‘hamlet’ has long been developed at the expense of the limited production and conservation areas. Huge efforts are needed to resettle the hamlets. The availability of real time and reliable information are instrumental in building good forest governance. Forum as a CBO, which has a strong root at village level, could play an important role in supporting real time and reliable information to forest stakeholders.

Forum has developed *Communication Protocol* as a guideline or standard operating procedure for information gathering and delivery¹⁶ from field level to Forum Secretariat and thereafter shares to relevant forests stakeholders. In order to produce high quality information, all information should be thoroughly checked and rechecked, some supporting evidence (audiovisual documentation) will be provided by the forum.

¹⁶ This is composed of tally-sheet and forms for data collection.

Table 2.1. Flow of information from Forum to Lambusango Forests Stakeholders

No	Key Persons	Activities	Report to
1.	Forum Partners at village level	Monitoring the status of forest management/conservation related issues, such as illegal logging, encroachment, hunting/poaching, forest boundary conflicts, village conservation commitment, potential village business development etc.	Sub-District Coordinator and other Forum members
2.	SC supported with other forum members	Ensure the quality of information, enrich with audiovisual information (if necessary) and write the information in sistematic manner.	Forum Secretariat (FS)
3.	FS	FS will organize meeting to response the issue. Formulate strategy to follow-up and resolve the issue.	Lambusango Forests Stakeholders (LFS)
4.	LFS	FS will work together with relevant LFS to resolve urgent problems or strengthen conservation movements	

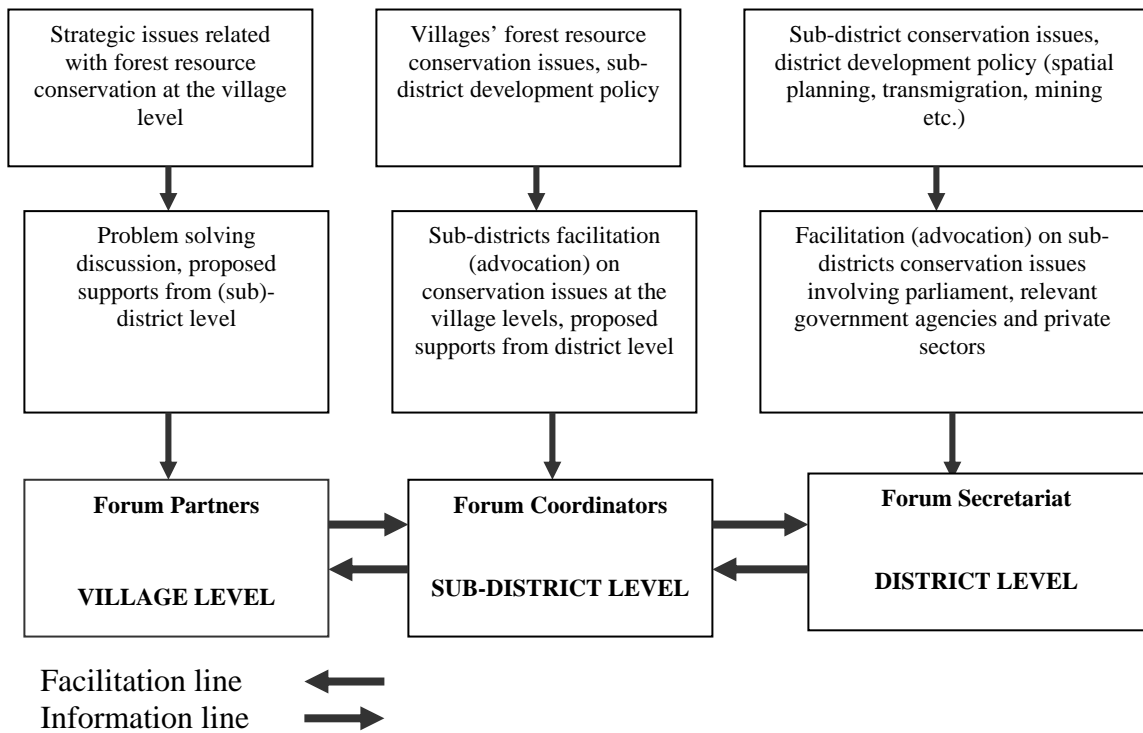


Figure 2.2. Flow of information and facilitation in the Forum

FP together with SC and other forum members at village level are the ‘spearhead’ of data and information collection in the field. Apart from their function as forum conservation agent, FP is also functioned as the ‘ear’ and ‘eye’ of the Forum. FPs conduct continuous monitoring and evaluation activities on the status of forest management/conservation related issues surrounding their residence. Their findings will be discussed at the village level. The meeting will result in a list of actions plan to resolve the issues and when necessary FP will ask for facilitation (advocation) supports from SC and Forum members living in other villages within the sub-district. In response to the request, SC will organize meeting involving all forum members within the sub-district and define facilitation (advocation) actions. When necessary, SC will request supports from FS to facilitate (advocate) the issues involving parliament, relevant agencies, and private sectors at the district level (see *Table 2.1, Figure 2.2*)

A.1.3. Training Material Development for Institutional Capacity Building of the newly established Forum

LFCP plans to raise capacity building of the Forum members and Forum Partners. To do so, three training workshops will be organized: (1) The one-day training workshop for Forum members, this will be held in Bau-Bau and involving all Forum members from 6 Sub-districts; (2) The one-day training workshop for Forum Partners, this will be held in Kakenauwe village and involve all Forum members from two Sub-districts (Kapontori and Lasalimu); (3) The one-day training workshop for Forum Partners, this will be held in Pasarwajo and involve all Forum members from four Sub-districts (Lasalimu Selatan, Siontapina, Wolowa and Pasarwajo Sub-districts).

As realized, that Forum was developed as part of the exit strategy of the project. At the current stage, Forum acts as a strategic working partner of LFCP, at the end of the project the organization should be mature enough to take over the overall LFCP mission. Therefore, training of Forum members on conservation practice are instrumental as away for institutional capacity building of the newly established Forum.

A proper designed training material and well-organized training implementation are required to ensure that transfer of knowledge will be effectively occurs within relatively short time training workshop. To do so, training needs assessment (TNA) for Forum members was conducted in the middle of November 2005. The information collected during TNA has been used as a basis to design training materials and one-day training workshop implementation. The following training materials have been prepared: (1) Introduction to Conservation and Forestry Law and Regulations; (2) Standard Operating Procedure of Forest Crime Investigation and Patrol; (3) The anatomy of forest crime in Lambusango Forests; (4) Ministry Forestry Decree No. 126/Kpts-II/2003 on the distribution administration of forest products.

A2. Introduction of management agreements for all the villages surrounding the forest management area to provide for sustainable exploitation of production forest areas in exchange for full cessation of illegal logging and hunting in the non-production forest areas.

Granting utilization rights and access to communities, living adjacent to forests, to manage forestland without disturbance impact on forest functions, is widely recognized as the community forest or social forestry (SF) concept. Forest utilization rights means the right to obtain optimum benefit from the forest for welfare of the whole community through the utilization of the land, environmental services, wood and non-wood products, as well as the collection of wood and non-wood forest products.

Huge interest and enthusiasm to develop SF began in the last decade in Indonesia, especially as long experiences with conventional forestry have proved that the practice almost successfully wiped forests off the map without alleviating poverty. However, insufficient time for developing complementary understanding among most stakeholders brought about diverse perceptions regarding concepts and approaches of SF, which ultimately put SF only in the ‘discourse-box’ of exhausting discussion and debates¹⁷.

The long discourse and diverse perceptions have led to unclear procedures for developing SF, despite very few lessons learned on SF development. During the last 7 years, government regulation on SF has changed several times, starting with Ministerial decree 677/Kpts-II/1998, then revised to become Ministerial Decree No. 31/Kpts-II/2001. The latter has been irrelevant since the issuance of Government Regulation No. 34/2002. Recently, the Ministry of Forestry issued Ministerial decree No. P.01/Menhut-II/2004. This last regulation is still under review by the Social Forestry Working Group.

Given the conditions, facilitating SF in Lambusango will take a long time and absorb invaluable resources to follow unstable regulations and long government bureaucracy. On the other hand, immediate actions are needed to provide alternative income sources to relieve community dependencies on forest resource. Given the above situation, LFCP has set SF development as a medium/long-term target/achievement, while immediate actions have been emphasized for village business development.

Village business development could be divided into two sub-components: (1) Village based business development (Business development at village level); and (2) Lambusango based business development. As the names suggest, the first is developed on the village level, while the later is developed on the inter-village/sub-district level (Business development at (Sub)-District level).

¹⁷ See Sardjono, M.A., 2003 and Campbell, J.Y., 2001.

A2.1. Business Development at Village Level

Village business development contract is designed as a village based commitment to stop illegal activities in the forest in exchange for technical and capital assistance given by LFCP to develop village business. The developed village business should be used as an alternative income, rather than only additional forms of income. There are so many projects where business have been developed and income obtained for local communities who have just treated it as additional income and carried on with the logging and hunting. There has to be a direct linkage between alternative incomes and conservation benefits.

There are two major problems in developing village business: (1) Business investment needs time to produce profits, while villagers' basic life needs often cannot wait until the time when the investment starts to produce revenue; (2) Given resource limitation, it is impossible to develop business investment for all villages surrounding Lambusango Forests, therefore business investment will only be developed on selected villages; (3) Among selected villages, it is also impossible to involve all villagers. As such, the first investment will only be given to selected villagers (10 – 20 households). The returned capital will be redistributed to other villagers in the village.

As a start, LFCP has selected ginger farming and cattle husbandry as the most feasible, quick and high financial impact village businesses. Ginger farming was planned to be implemented in five villages (Lambusango, Kakenauwe, Lawele, Harapan Jaya and Wining) while cattle husbandry will be tried-out on Lasembangi village. Below is the progress of this component during the last three months.

A.2.1.1. Planting ginger in five villages

The agribusiness development has selected ginger for several reasons: (1) The crop is free from pig raiding; (2) The land surrounding Lambusango forests is suitable for ginger farming; (3) There is a prospective ginger market in SE Sulawesi with a promising price¹⁸; (4) Farmers are highly interested in growing the crop. LFCP provided capital input (in-kind¹⁹) to farmer groups (every ginger farmer group is normally composed of 12 farmers) to grow 3 ha of ginger (average planting area per farmer is 0.25 Ha). The capital input is composed of (1) Ginger planting material about 2.1 ton (or 700 kg/ha); (2) Agriculture production inputs (organic fertilizer and pesticide) as needed. After harvesting, farmers will return the capital (in-cash) to LFCP, which will consist of: (1) Cost of ginger planting materials; (2) Cost of organic fertilizer and pesticide (this will vary among sites, and will be determined at the end of the season). The returned capital will be managed as a revolving fund, to provide capital input (in-kind) to other farmer groups to promote similar or other types of village business.

¹⁸ During the current harvesting season (September 2005), the farm gate price of ginger is Rp. 4000/kg.

¹⁹ To ensure that farmers will invest the credit, the loan is given in-kind rather than in-cash.

Farmers of five selected villages²⁰ [i.e. Kakenauwe, Lawele, Wajah Jaya (SP1), Harapan Jaya (SP7) and Wining] have planted the provided gingers planting materials during the end of November 2005, after the areas experienced a stable rainy season. The project finally delivered 11.4 tons planting material (Kakenauwe = 2.1 ton, Lawele = 2.1 ton, Wajah Jaya = 2.2 ton, Harapan Jaya=2.9 ton²¹ and Wining = 2.1 ton). Based on original design outlined above, one ha needs 700 kg planting material (planting space 40 cm x 50 cm), thereby the provided material could be planted on 15 ha land. Based on the first month performance assessment (conducted on 31 December 2005), the total current planting areas are about 20 ha; this means that planting realization areas is about 25 percent larger than originally design. Ginger planting is normally done by seeding two until three sprouts on every planting hole. However, some farmers germinate planting material prior planting. They put planting material on germination site, which make most sprout of ginger yam start to germinate prior planting. Farmer then moved the seedling to the field. This is the underline reason why planting areas are much larger than expected, apart from the irregular planting space (especially the case for stony arable land). There are two major planting scheme, (1) Shade-ginger²²; gingers planted under (intercropped with) cashew plantation; (2) Sun-grown ginger; gingers planted on the open areas.

To guarantee market access for ginger, a memorandum of understanding between the *South East Sulawesi Chamber of Commerce and Industry (Kadin Sultra)* and LFCP on the ginger cultivation and marketing was signed on November 22, 2005. The main obligation of LFCP is to facilitate farmers to produce high quality ginger while *Kadin Sultra* guarantees the buying of the products at a reasonable price.

A2.1.2. Linking business development with conservation

In this project, village business development is not merely for the sake of business but this should have a direct link with conservation. Efforts have been made to ensure that every ginger farmer who receives business incentive will become conservation agent in his/her own village.

Conservation training workshops have been organized in six villages; the workshop has involved all key persons in the villages, and not limited those who have received business incentives. The outputs of the workshop are village commitments and actions plan to resolve the problem. Farmers who received business incentives will play as key-roles to ensure that all village commitments are manifested on every day's villager life. The farmer group performance in implementing their village conservation action plan will form a basis to provide business development's rewards and punishments to the village (see *section C.2.1*).

²⁰ Village receiving gingers incentives has changed from Lambusango into Wajah Jaya Village, as the former prefers oyster farming and seaweed (see A2.1.7 in this report).

²¹ Harapan Jaya received the biggest amount of planting material as the village involved all farmers.

²² Ginger is high-demanding plant, but it still grows quite well until 60 % solar radiation.

A2.1.3. Procurement of agriculture production inputs (organic fertilizer and pesticide)

Agriculture inputs kiosk are mostly not available at the village level, while planting ginger in marginal soil (in the surrounding Lambusango forests) require agriculture inputs to gain considerable yield. As outlined on the previous section, LFCP has provided agriculture production inputs (mainly organic fertilizer and pesticide) for gingers farmers receiving loans. As stated in the contract (*Appendix 1*), the amount of agriculture inputs (spent by ginger farmers) will be considered as additional loans, which will be accounted for after ginger harvesting and selling.

The provision of agriculture inputs has been drawn interests of other farmers who have not received LFCP ginger loans. In response to the growing interest on agriculture intensification, LFCP has selected *Langkolabih*²³ farmer group in Lawele village to manage the cash selling of organic fertilizer. To monitor the transactions, LFCP have made a storage check (*stock opname*) every two weeks, the difference between current and the previous stock is considered as amount of sold agriculture production input.

A2.1.4. Cattle Husbandry

The cattle husbandry was originally considered as a promising business, apart from the role for Anoa conservation. The current main source of meat in Buton comes from Makassar, while a lack of meat sources at the village level has partly driven Anoa poaching. However, the implementation of cattle fattening scheme in Lasembangi village was cancelled, after the outbreak of *Anthrax*²⁴ (*Bacillus anthracis*) disease in the South East Sulawesi. LFCP has replaced the business scheme in Lasembangi village with orange plantation development (see section A.2.1.8).

A.2.1.5. Joint Training on home-stay management in Kakenauwe Village

On 15 August 2005, LFCP conducted program socialization in the Buton District Tourism Agency. The agency has shown their great interests and willingness to organize joint activities and share funding on relevant activities. List of planned activities were listed during the meeting, i.e. (1) Promote Lambusango tourism in the Royal Tourism Indonesia Mart Expo (Royal TIME²⁵) in Yogyakarta, 23-25 September 2005 (has been conducted, see the Fourth Quaterly Progress Report p. 28); (2) Joint

²³ The famer group was selected because of the head (*Pak Sihyanto Spd*) and the Secretary (*Pak Badar*) of the group has been familiar on the use and selling of organic products.

²⁴ *Anthrax* is cattle contagious decease caused by bacteria *Basillus anthracis*. The bacteria could infect human being trthrough contact with cattle or eating their meat.

²⁵ Tourism Indonesia Mart & Expo (TIME) is the biggest International travel market in Indonesia. TIME is designed to facilitate the Indonesian tourism community with international tourism tour organizers. The event was organized by Indonesia tourism network organiations such as *Garuda Indonesia*, *Air France*, ASITA, Indonesia Tourism Promotion Board and the Yogyakarta Province. The event was attended by 23 countries, it include *buyers*, *sellers* and *press*. Indonesian *sellers* were from the tourism business community from 17 provinces throughout Indonesia.

training on home-stay Management for Kakenauwe villagers, which was expected to be conducted in September 2005.

Since July 2005, the agency has built a wooden home-stay in the Kakenauwe village. The building, which intended as an ideal home-stay example, supposed to establish in September 2005. The joint training was originally conducted after the completion of the home-stay. However, due to some reasons, the building has not been ready until the end of November 2005. This led to the delay of the training implementation until the beginning of December 2005.

On November 15, 2005, the Project Manager (PM) had a meeting with the head of the tourism agency on the organization and share-funding agreement of the training implementation. The following points were committed: (1) the training would be attended with 45 persons, 30 from Kakenauwe Village, while 15 from other villages located in the surrounding of Lambusango forests; (2) The duration of the training would be 4 days (7-10 December 2005); (3) The LFCP would contribute to the cost of accommodation, consumption and transport of 15 persons (originated from outside Kakenauwe Village); (4) The LFCP would also bear the cost of consumption for the whole participants during the fourth day of the training; (5) The fourth day of the training would be used by the LFCP for conservation awareness program; (6) The training certificate would be signed by the Head of the District (*Pak Bupati*) and the PM.

The training officially opened by the head of the District (*Pak Bupati*) and attended by some high officials, i.e. Head of Environmental Impact Control (*Pak Mahufi Madra*), Head of Forest Protection section/District Forestry Office (*Pak Haji Adam Bachtiar*), and Assistant District Secretary on Economy and Development (*Pak Nasir Andi Baso*). In his opening remark, Pak Bupati stated the important roles of Lambusango forests for ecotourism development and environmental services provider. He expressed his gratitude to the Operation Wallacea Ltd, which has promoted Lambusango forest to an international level. He stressed the urgent needs to conserve the forest, '*Considering the great roles of the forests, we have to protect our forest from any destructive actions*'. In her reporting address, the head of the District Tourism Agency expressed her appreciation to the project "*LFCP has made this training gives bigger impacts to community living outside the Kakenauwe Village*'.

A.2.1.6. Training on oyster farming and processing in Watumotobe Village

Community based oyster farming is occurred in the Kapontori Gulf, as the gulf has clean, modest waves, and a flow of nutrients from the estuarine ecosystem. Farmers grow oyster juveniles (pearl snail nursery) for 4-8 months and sell to *PT. Selat Buton*²⁶

²⁶ *PT Selat Buton* was established in 1930 by a Japanese businessperson, which used to produce full-pearl. During 1960s, the business was handed over to an Indonesian businessperson (*Pak Syamsyul Arief*), who modified the main products from full to half-pearl. Since then, the factory has absorbed many local workers; the workers' settlement surrounding the factory in the early 1970s became a Palabusa village.

(Rp. 500 - 700/oyster). The company needs another 6 months to process oyster juvenile to half-pearl and finally into ready sold-made jewelry. The products are mostly exported to some Asian countries. So far, *PT Selat Buton* is the only buyer, as such the current market pattern is monopolistic and farmers always become the losers.

Pak Sahunu (senior oyster cultivator) has started to sell his product to Lombok (*PT Newmont*) and North Sulawesi with a better price. He has also produced half-pearl (as produced by *PT Selat Buton*) and oyster shell handicraft. Unfortunately, he lacks of capital and skillful labours. He needs considerable supports from the community living surrounding him to produce the products. *'I myself will have no capacity to produce half-pearl, as the production process is labour intensive'*. As such, he asked the project to facilitate training on half-pearl processing which involve all oyster farmers. The ideas were also supported by most of the farmers in Watumotobe village. *'If all farmers enable to produce half-pearl, it will rise value-added of oyster farming in the village, while reducing our dependency with PT. Selat Buton. I have received orders both on half-pearl and shell handicraft from Korean Industry in Kendari but I do not have enough energy to fulfill them'* Pak Sahunu said. In fact, the oyster business scale has been recently growing in the area.

With facilitation from the project, training material (both theory and practical exercise) has been completed. The training will be conducted on the middle of January 2006 and involve 50 participants. The trainers' team will consist of some skillful labours from *PT Selat Buton*.

A.2.1.7. Strengthening seaweed farming in Lambusango village

Buton Island is one of the biggest seaweed production sites in Indonesia. The average dry seaweed (*Eucheuma sp*, *Gracilaria sp*) production is 114 ton/year; about 45 percent originates from the Kapontori gulf (Barangka, Watumotobe and Lambusango villages). The business is currently being the most suitable alternative for fishermen in response to the oil price rising. Planting season is from April–November/dry season. Planting duration is 40-45 days or 6 - 8 times harvesting during a planting season. Price of dried-seaweed ranges from Rp. 3500-4500/kg (at farmer gate), ratio between wet and dry seaweed is 8:1.

In general, the business still faces the following problems:

The company is now led by Pak *Arief's* son (*Ir. Nasir Arief*). The site managers are *Pak Bance* and *Pak H. Udin*. The factory is located at the Palabusa Bay (it is about 20 km from Bau-Bau toward Kapontori Sub-District).

(1) Lack of capital

Due to lack of capital, farmers usually receive advance payment from intermediaries to start seaweed planting. In return, farmers have to sell their products at price defined unilaterally by the middlemen.

(2) Insufficient quality of seaweed seedling

Seaweed harvesting is conducted by coppice system. To maintain high-level production, a new seedling should be replanted after four consecutive harvests. Due to financial problems, farmers do not always replace the seedling in time.

(3) Poor market information

So far, there is no seaweed processing facilities in Sulawesi, dry seaweed²⁷ is sent to Java for product processing²⁸. This condition has created big room for intermediaries to dictate the price of seaweed to the farmer. The poor market information is being continually misused by the middlemen to maintain a low price by cheating/telling the farmer the price in Java continuously declines etc.

The LFCP intends to stimulate seaweed business in Lambusango village. Seaweed as non-land based agriculture business is considered economically viable and environmentally sustainable as alternative income for Lambusango villagers where their agriculture land shares the longest boundary with Lambusango forest. The successful development of the bussinees will reduce Lambusango forest pressure especially during the seaweed busy season (April-November). The total seaweed farmers in Lambusango village are 48 persons. On everage, every farmer have 12 rafts, there are four stretched rope installed in row on every raft. The length of stretched rope ranges from 40-50 m (see *Figure2.3*).

In response to the first and the second problems outlined above, LFCP will provide capital loan to relieve farmer's dependency against middlemen. The loan will not be given in cash (but in-kind, high quality seaweed seedling, plastic ropes etc), so as to avoid the loan being used for other irrelevant uses. The maximum loan for each farmer will be one million rupiah (USD 100). LFCP will select 30-40 farmers considered elegendible to receive capital loan. The main selection criteria are: (1) Having strong commitment on Lambusango forest conservation; (2) Having serious attention on the seaweed business.

LFCP will facilitate the development of saving-and-loan cooperative for seaweed farmers. The total amount of loan is about thirthy millions rupiah (\pm USD 3,000).

²⁷ Water content 2 – 5 %, salt content 5 – 10 %.

²⁸ Seaweed is normally processed into jelly and carrageen flour. The products can be used as the raw material for food industry and others, such as cosmetics, paper, ceramic, photography and insecticide.

Farmers will pay the loan in 6 times installment (\pm USD 17). Each payment will be collected right after they sell the harvested product (every 45 days).

When seaweed farmer group show their firm conservation actions against Lambusango forests and have a well performing loan, then LFCP will give authorization to the saving-and-loan cooperative to manage the same money (USD 3,000) for the next planting season. When the cooperative proves to have a satisfactory performance both in conservation and in business operation, then the grant of USD 1,500 will be awarded to stimulate the development of other business (non-seaweed) during quiet season (December-March).

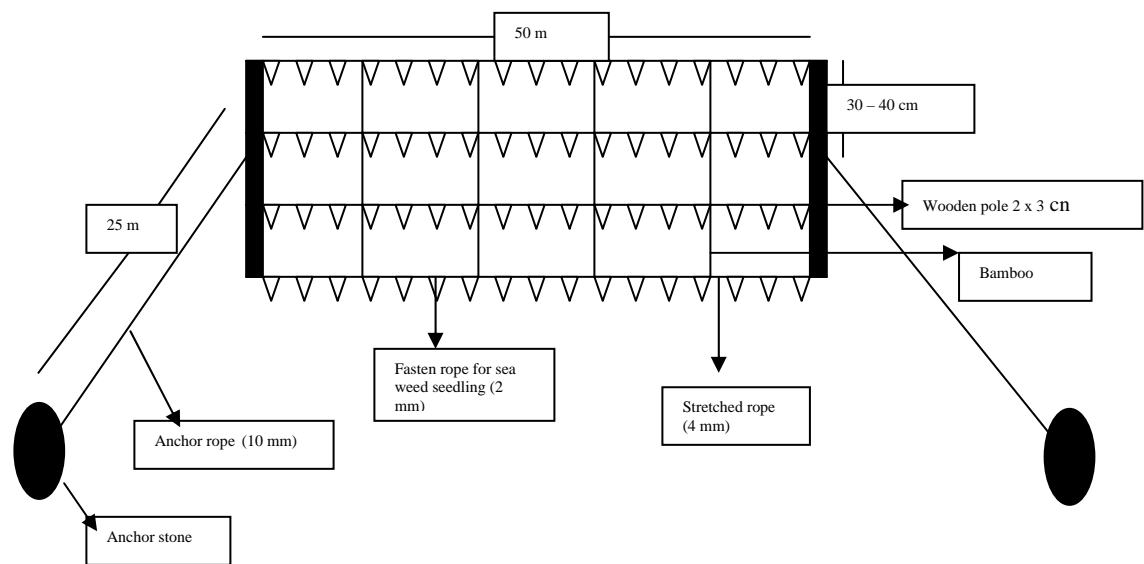


Figure 2.3. Schematic figure of seaweed farming raft

A.2.1.8. Development of orange plantation in Lasembangi Village

LFCP intends to enlarge the existing orange plantation (Jeruk Siam, *Citrus sinensis*) in Lasembangi village. The enlargement of plantation area will raise the economic scale of the product. At present, due to the limited production capacity, Labusango orange only trade among the villages within Lasalimu Sub-District. The average monthly production capacity is 2 tonnes during non-harvesting season, while during the peak harvesting season is until 3 tonnes. The limited production has hampered the possibility of inter islands/regions trade, as minimum weight for shipping is 15 ton or equal to one container. This is very unfortunate despite the high quality of the products. So far, Lasembangi orange is unknown by most Buton community. Most of orange

consumption in Bau-Bau comes from Muna (*Jeruk Kambara*) and Siompu Island (*Jeruk Siompu*²⁹).

Orange farming in Lasembagi Village has been developed since 1996. It was initiated by Pak Sukarno (see *Box 1*), and followed by two other Javanese migrants (Pak Bakri and Pak Mislán), now the total orange plantation area is six ha. In 1995, Pak Sukarno with his own initiative brought 20 orange planting materials from Tinangea (Konawe Selatan Sub-District, where orange plantation has been largely developed) upon his visit to his brother (Pak Agus) who had lived in Lasembangi as rattan collectors since 1992. He asked his brother to conduct trial planting. In 1996, Pak Sukarno revisited his brother and found that Lasembangi is highly suitable for orange plantation. Pak Sukarno then decided to move from Tenangea to Lasembangi, he bought some land and planted 200 grafted planting materials on his half-hectare land. Since then, he continuously produced planting material through grafting to enlarge his own orange plantation. In 1998, he followed on the job training given by CARE (Canadian based NGO) on grafting.

To produce high quality planting material, he grafted *C. sinensis* with *C. medica* and *C. aurantifolia* (*Jeruk nipis*/Ind). To do so, he made nursery³⁰ of *C. medica* and *C. aurantifolia* to produce understem. It takes 4 months after the seedling (stem diameter 2 - 3 cm, height 15 cm) are ready to be grafted with the sprout of *Citrus sinensis*. *Citrus medika* and *C. aurantifolia* are selected as understem due to the strength of the stem, better rooting system, and disease resistance and long life of the plants (compared with *C. medika*). It takes one year until the grafted planting materials are ready to plant. The grafted plant normally starts fruiting at 2 years age, the peak of production occurs between 6-8 years, while the plant should be regenerated on 10 years age.

LFCP will develop five ha orange plantation in one block. This will involve 20 local farmers (every farmer will plant 0.25 ha). To maintain short-term farmer's income, the plantation will be intercropped with rainfed rice during the first and second years. Due to the limitation of planting material production, the planting will be conducted into three phases. The first phase is in January 2006 (1.25 ha), the second is in March 2006 (2.25 ha), and the third will be in June 2006 (1.50 ha). Planting space is 5 x 5 m or 400 seedling per ha (see *Figure 2.4*). LFCP will provide a grant of 100 planting material (seedling) per farmer (Rp. 500.000/USD 50) or Rp. 10,000,000 (USD 1000) for five ha. Pak Sukarno and Pak Bakri will provide (sell) planting materials to the project. The underlined reasons for using local planting materials are: (1) Enable to stimulate small-scale planting materials business as initiated by Pak Sukarno and Pak Mislán; (2) Low transport cost to the planting sites; (3) Ease supervision of planting material quality. The project will also make use Pak Sukarno's experience to guide the farmers.

²⁹ Siompu Island is located near Bau-Bau; the island is well known as a source of endemic orange species called *Jeruk Siompu*. In 1997-2002, a provincial horticulture project (sponsored by OECF) was operated which aimed at spreading Siompu orange cultivation over the Buton Island. The project largely failed as most planting material provided by the project nursery were later found as 'Bali' orange (*Jeruk Bali*) rather than Siompu (*Jeruk Siompu*).

³⁰ The size of nursery is 120 cm x 10 m.

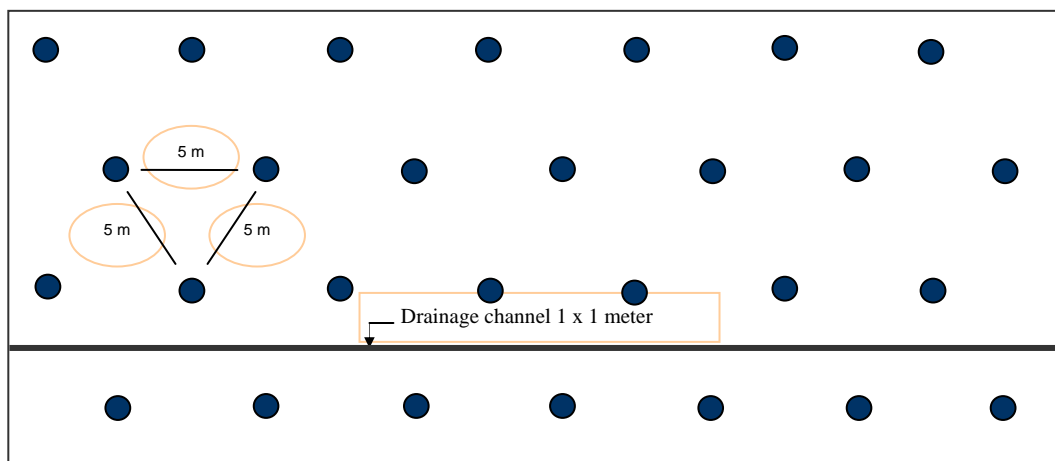


Figure 2.4. Proposed planting scheme of orange plantation in Lasembangi village

The orange plantation will be potential as an agro-tourism site involving paying Operation Wallacea volunteers. As a matter of facts, Operation Wallacea have been looking over suitable places surrounding Lambusango Forest as a tropical agriculture development site. Indeed, Lasembangi areas offer a promising site. The underlines reasons are: (1) Lasembangi village has a fertile soil and abundance water sources; (2) Lasembangi is located near Labundo-Bundo village (the center field site of Operation Wallacea); (3) The peak of orange harvesting season corresponds with Operation Wallacea research expedition; (4) Lasembangi farmers have the truth farming culture compared with other villages surrounding Lambusango Forests.

Box 1: Sukarno a pioneer farmer who successfully developed orange plantation integrated farming in Lasembangi Village, Lasalimu Sub-District

Lasembangi Village is located at the northern foot-slope of Siontapina Mountain. The area has a deep fertile mineral soil. The village does not experience water shortage as most villages surrounding Lambusango forest. Water sources, both from stream and well (only 10 m depth) are abundant all seasons allowing two planting seasons a year. However, only little farmers rely their livelihood on agriculture, as many of them still engage on (illegal) logging activities. Experience from Lasembangi village shows that loggers normally have unexpectedly poor welfare/economic conditions [based on the house and its belongings (i.e. television, motor-bike etc.) indicators], despite their easier to gain cash within short-period, in contrast with those who seriously concentrate on agriculture land, they normally have much better welfare. Below is a success story of innovative farmer who never rely their income from logging.

Sukarno (48 years old), a Javanese married man with three children, started his career as a professional farmer in 1981, when he followed a government's transmigration program in Konawe Selatan (South-East Sulawesi mainland). He visited Lasembangi village in 1995 and directly loved with Lasembangi environment. In contrast with common people who perceived Lasembangi as a source of rattan and timber, Sukarno discovered the area to have a great

potential (to be developed) as an intensive agriculture areas.

To make his dream come true, he decided to sell some of his land in Konawe Selatan and bought a new land, built a house and moved his family to Lasembangi in 1996. *'The village has a good quality of soil and water, while land resources are still abundant. If we concentrate our efforts to cultivate the land, we will certainly have much better life. Unfortunately, some people have no patience and want to earn money easily by cutting trees'* said Sukarno. He also express his unhappiness to young generation who are reluctance to be a farmer, *'If the youth of today do not want to be farmers, who will cultivate the large land resources in the village, cutting Lambusango forest will only give short-lived income while put our lovely environment in never ending danger'*

He was the first person who started to establish an orange plantation in the area; he brought 'Siamese' orange planting material from Konawe Selatan and grew them in the village in the year 1996. His experiment was successful and he recently has been followed by several farmers in the village. Now he has a 2 ha productive orange plantation (4.5 years old), while the other 1 ha is still in the development stage (1- 2 years). Orange fruiting season is all year around and harvest can be conducted everyday. On average, he can harvest 30 kg per day; the price is Rp.1000 per kg, or about Rp. 30.000 (USD 3 per day). In the peak of fruiting season (June-August), the orange yield reaches 10 tons, and he can earn up to USD 1,000. This is considerable amount of income at local village level.

Apart from orange plantation, he also breeds goats and chickens. On average, he can sell 20 goats per year (USD 1,000) and 100 kg chicken eggs (USD 40) per week. From his integrated farming, he has been self-sufficiency of agriculture input. He makes uses of animal (goats, chickens) dung as manure (organic fertilizer) for his orange, cocoa and vanilla plantations, the latter are still at the development stage. Interestingly, the main capital for his outstanding integrated farming is not money but spirit. *'I had no money, but spirit to change our life'*. He also said that he have no access to Bank credit, government or non-government assistants. *'So far, I have never received and expected any loan or technical assistance from any organizations, sincerely speaking I do not want to waste my time and energy begging for that sort of thing, all I need is strength and spirit so I can work and work'* Sukarno said confidently.

A2.2. Business Development at (Sub)-District Level

A.2.2.1. Training of Trainer on Cashew Processing in Barangka Village

Most farmers in Lambusango sell shelled-cashew (unprocessed cashew, *gelondongan*), rather than opened or processed cashew. The main problems underlined the reasons are: (1) Lack of skill in cashew processing; (2) Poor information on the shelled-cashew market; (3) Lack of capital and the need of immediate cash after harvesting. In response to the problems, on November 19, 2005, the LFCP facilitated training of trainer (ToT) on cashew processing. The ToT was located at the Barangka Village Hall (*Balai Desa*). The village was selected as the venue of the activity, as it is the only village, where their community has been actively involved on cashew processing.

Barangka is the only village in the Buton Island, which is the shortest distance from Lombe Sub-District (located in the Muna Island, but administratively under Buton District). It takes only 20 minutes (by boat) from Barangka to sail across the Buton Strait to Lombe (Muna Island). The latter area is the centre of cashew processing in the Buton and Muna Islands. During the peak of harvesting seasons (October-December) thousands of tonnes of raw cashew from Buton and Muna islands are collected (by intermediaries), and then bought by Lombe's cashew Businessmen. The raw cashew is then dried-up (water content 15 %) and stored in local warehouses. This is the reason why processed cashew production activities in Lombe can occur year round.

In 1998, twenty farmers from Barangka attended cashew processing in Lombe. Since then processing activities have gradually developed in the Barangka Village. Now Barangka Village has become the branch ('extended business hand') of Lombe villagers for raw cashew collection and processing. However, unlike in Lombe, cashew-processing activities in Barangka only occur during the peak of harvesting season.

As the word suggests, ToT is designed to train trainers, whom are expected to train other members of cashew farmers association. It was a ToT trial and attended by 12 participants (every Sub-District sent two participants). Training material consisted of 12 cashew nut cutters, 24 kg of raw cashew and 15 copies of cashew processing standard operating procedures. Instructor gave one-hour theory, and followed by practical exercise given by four instructors, the exercise ranged from opening cashew nut shell, drying, opening the tiny cashew skin, and packaging.

The ToT trial was successful in meeting the objective; The LFCP in coordination with the Lambusango Cashew Farmers Association plans to organize similar training on every Sub-District in October 2006, this corresponds with the beginning of the cashew harvesting season.

A2.2.2. Linking Lambusango with National and International Ecotourism Market

Amartia Society/Angsa Indonesia Tour and Travel (further called Amartia) has been selected to receive an Eco-tourism Development Grant (see page 14 of 3rd Quarterly Report) for six months (August 2005 – January 2006) and started to work together with LFCP since August 2005.

The proposed achievements of the LFCP Project Tourism Development include: (1) Increase the number of visitors to experience the Lambusango and Kakenauwe forests, especially domestic clients; (2) Increase the number of local families surrounding the forest who gain benefits from the tourism development (emphasizing economic benefits); (3) Promote self-reliance or sustainability of local tourism businesses; and (4) Demonstrate that tourism development initiatives will lead to minimizing threats to the forest ecosystem.

The progress during the last three months is as follows:

(1) Develop www.lambusango.com

We have developed www.lambusango.com. The main objective of the 30 pages website is to provide a general introduction of the Lambusango Forests, its natural assets, tourism and implementation activities of the project (LFCP). Material for the website was mainly derived from LFCP and Operation Wallacea. Additional material was taken from Internet and encyclopedia. The website has been recognized by Yahoo and Google Search Engines. This was designed using Adobe software products (Photoshop, ImageReady, Indesign and Golive), while the domain and hosting company is in Singapore (IP address: 209.67.209.2) and have been purchased for 12 months. Hosting facilities are: 10 POPUP Email account, subdomain, IG monthly transfer-rate, and Webmail, Control Panel and FTP access.

Box 2: The development of the Lambusango website

The main purpose of the website is to promote Lambusango Forests with special emphasis on tourism and conservation efforts initiated by LFCP. The current design provides information for national and international clients who consider the importance of tourism for conservation purposes. The website provides client-base information on things related with conservation and tourism in the Lambusango Forests and the surroundings. Clients can gain information regarding conservation and tourism activities, detail information on contacts, organisation partners such as travel agencies, which might assist them to experience with Lambusango Forests.

The website is developed using HTML format, it is the most simple and easiest software environment for website development to be easily updated and maintained. It consists of 6 (six) main navigator with additional frame on each main page. Main keywords developed for the website is LAMBUSANGO, and main phrase were LAMBUSANGO FOREST.

The website has been promoted through Google, Yahoo, MSN Search Engine and Incoming Link. Top ten keywords and phrases at Google, Yahoo, and MSN are Lambusango, Lambusango Conservation, Lambusango Forest, Lambusango Tour, Lambusango Conservation Project, and Lambusango Project. While current Incoming Links are at www.amartya.or.id.

(2) English translation and Editing of the Lambusango Film

In 2004, Buton District Tourism Agency developed a 30 minutes Lambusango Forest film in a CD format. *Mr. Cahyo Alkantana* prepared the film. Efforts have been made to add an English translation text as well as edit unnecessary frame (footage) to reduce the file size. Total words added to the film are 1214 words.

(3) Tour Products & Tariff Development

Amartya and Angsa have developed six tour products; four products for one-day program and two for four to six days program. They plan to develop a total of 12 tour products.

(4) Establishing a Marketing Network

There are three types of network, which are instrumental to promote Buton Tourism. *First* is Local network (i.e. local buton individuals or corporates which potential to introduce Lambusango tourism products for local consumers). Local network also include hotels, restaurants, government institutions and individuals. *Second* is Regional network (i.e. Travel agents either individual or corporate in Makassar and Kendari). This network will be responsible to bring in customers from Makassar/Kendari to Buton. *Third* is National Travel Agents (International-client base). This network usually has direct contact with 'holoday/excursion companies' from abroad. They act as main agents for International wholeseller/retail for Indonesian destinations.

Considering the unavailability of local agents, LFCP has temporary acted as a local contact agent. However, the development of a local agent remains important in the near future. As such, LFCP has gradually facilitated a local agency (such as 'Senora Travel Agency') to handle the work. The potential regional agent partners for Lambusango would be Makassar and Kendari, while national agent partners for Lambusango would be Medan, Jakarta, Yogyakarta, Bali, and Eastern Indonesia (such as Papua, Maluku and North Sulawesi). In January and February 2006, LFCP together with Amartya Society and Angsa will conduct sales calls (door-to-door marketing) in Jakarta, Bali, Makassar, and Kendari.

A2.2.3. Preparation for a Fair-trade Certification for Cashew

Certification is a market-based tool for social and environmental changes; it can help market value-added products. Certification may be able to create incentives for improved management and beneficial social practices associated with existing products, and might help ensure that products meet standards for ecological sustainability and social responsibility. As such, certification is most valuable as a tool to promote improved management of existing products, thereby reducing risks incurred by local groups.

Fair trade is about empowerment through trade. Fair trade facilitates access to markets for disadvantaged producers and ensures benefit-sharing and safe working conditions. Considering one of the main agriculture products in the Lambusango is cashew, and the crop is distributed throughout all villages surrounding Lambusango forests, therefore facilitation for fair-trade certification will be focused on cashew. We are aware that fair trade is a process, and that the results and impacts of fair-trade certification will not be

felt overnight. We are aware that it takes time for the most marginalized producer groups such as Lambusango farmers to meet all fair-trade criteria. LFCP, with the assistance given by the organization 'Just Cashew' (JC), have made efforts to make fair trade accessible for Lambusango farmers.

Progress toward Cashew's Fair trade labeling: (1) Lambusango Cashew farmers's Association has been registered as a legal entity by *Hamid Priogi Law Office* in Bau-Bau; (2) Just Cashew has explored the feasibility of the shipping logistics; (3) Just cashew has found a packaging company to figure out cost of bags and boxes for packaging;

A.2.2.4. Promoting Buton in the Indonesian Investment Forum

On December 15, 2005, the PM attended the Indonesian Investment Forum, which was organized by the Indonesian Investment Coordinating Board (*Badan Koordinasi Penanaman Modal/BKPM*) in the Nusa Dua Bali Hotel. The Forum was organized to give an opportunity to some rich-resource districts to present their potential business in front of the representatives of domestic and foreign investors. Prior to the event, Buton was selected by BKPM as one of the twelve districts to present their business potential in the Forum.

In response to the BKPM invitation, on December 2, 2005, the District Buton Secretary asked the PM to attend the meeting an act as a District Buton representative in the Forum. The PM accepted the invitation and presented the potential of the Buton District in the Forum. Two businesspersons have showed their great interest to the Buton District, i.e. Gudang Garam and Korindo (Korean business company). Both are interested in the cashew nut.

A2.2.5. Improving land productivity with *Jathropa curcas L.*

In a bid to cut down high dependency on petroleum-based fuels, state oil and gas company PT Pertamina and state electricity company PT PLN will jointly work to develop oil produced from castor seed (beans) as an alternative fuel starting 2006. The companies would develop oil from the beans (bio-diesel and bio-etanol) of the tree locally called *pohon jarak* (*Janthropa curcas L.*), to be used for public transportation vehicles and diesel generators.

Jatropha curcas is a fast growing species plant and well known specially for its tolerance to almost any tropical climate and soil types, hence it is suitable for land rehabilitation of the degraded land, besides, the oil extracted from this plant's seed has been widely used for biodiesel. The abundance of marginal land (thin soils or stony soils) resource surrounding Lambusango forests are potential to be regreened with *Jarak*. Investigation on business networking development has been in progress.

A3. Development of a rattan licensing system allowing for implementation of management measures to ensure sustainable collection of rattan.

An intensive rattan survey for the whole Lambusango Forest is currently in progress. The main objective of the survey is to understand how sustainable the current rattan extraction in the Lambusango Forests.

Several surveys have been conducted simultaneously to answer those questions: (1) To map the foot-trail network in the forest where rattan collectors usually extract rattan, and the associated rattan transportation routes from forest to the nearest road; (2) To assess the abundance and distribution of rattan in the Lambusango forests; (3) To understand which months of the year (seasonal calendar) when community usually takes rattan; (4) To understand the socio-economic conditions of rattan collectors; (5) To quantify degree of rattan extraction (tons/year) from Lambusango forests; (6) To understand rattan marketing routes from rattan collectors to several harbors surrounding Lambusango Forests; (7) To understand the past and current legal procedures to gain rattan concession permits; (8) To understand the capacity of local government (District Forestry Office) to control the real rattan extraction of those permit holders.

Dr. Andrew Powling (Operation Wallacea Scientist) has studied rattans in the Lambusango Forest, especially to determine their taxonomic identity (some may be new to science), their habitat requirements, and their growth rates, so that sustainable rattan harvesting strategies can be established. *Dr. Bruce Carlisle* (Northumbria University) has studied rattan as one indicator for forest health monitoring. *Atiek Widayati* (PhD student, Northumbria University) will put special emphasis on rattan study in her PhD research. The overall research will enrich the whole picture of rattan in the Lambusango Forest, which will form a basis on formulating sustainable rattan extraction licencing scheme.

LFCP will conduct main rattan inventory until March 2006. After this period, sustainable rattan division of the project together with the Buton District Forestry Office will concentrate on formulating, introducing and implementing new rattan extraction licencing scheme.

A3.1. Rattan standing stock (abundance) in Wolowa and Lasembangi

Rattan regeneration occurs almost everywhere, but mature rattan (ready-to-harvest, 6 – 8 years old) mostly occurs deep in the Lambusango Forests (areas under protection and wildlife reserve) and has been seriously depleted. Rattan collectors have to ‘hunt’ rather than just to collect rattan. The scarceness has caused rattan extraction to become more destructive than previously thought, to ease the collection of rattan, some collectors cut the entire tree where the desired rattan grows tightly entwined.

To understand the current standing stock of rattan, survey was conducted at Wolowa Sub-District. The site was selected because this area has become the target of rattan collectors from several villages surrounding Wolowa to fulfill the demand of several rattans permit holders³¹ and rattan processing companies³². The forest area under investigation is \pm 620 ha, based on the legal status, the area fall under Lambusango Wildlife Reserve (122° 56' 43" – 122° 58' 39" EL and 05 19' 49" – 05 19' 22" SL), and located near the Tondo River. Four transects with 2000 m length were established, the distance between transect was 500 m. On every line transect, four sample plots (50 x 10 m²) were made, the distance between sample plots was 500 m. The collected data on every sample plot include species; diameter, and cane length. Only rattans with cane length more than 10 m were recorded.

Fifteen³³ rattan species were found, while the prominent species in terms of size, abundance and distribution are **Lambang** (*Calamus ornatus*), **Kabe/KB** (*Calamus sp.*), **Batang** (*Daemomorops sp.*) and **Torumpu** (*Calamus koordersianus*). Among four species, **Kabe** was the most dominant. The standing stock ranged from 2.4 – 3.2 ton/ha.

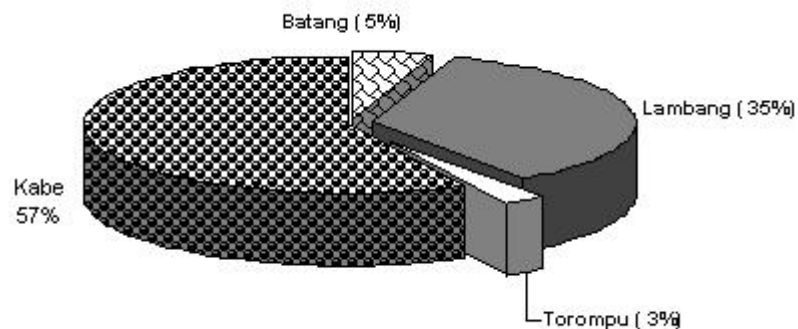


Figure 2.5. The percentage of the dominant species in Wolowa

The survey area still has considerable rattan standing stock and much bigger than previous survey in Lawele (see 4th Quarterly Progress Report) and Lasembangi Villages (see below), despite its intense harvesting pressure. Clear indications were found that some commercial rattans under big market demand (such as **Batang**³⁴ and **Lambang**)

³¹ Haji Hasirih, Haji Djarium

³² CV Sejahtera Berkah Abadi

³³ (1) Batang (*Calamus zollingeri*); (2) Batu (*Calamus sp.*); (3) Buta (*Calamus sp.*); (4) Bulu (*Calamus sp.*); (5) Jaramasi (*Calamus leiocaulis*); (6) Kabe (*Calamus sp.*); (7) Kai Sisau (*Calamus minahassae*); (8) Tohiti (*Calamus sp.*); (9) Torumpu (*Calamus koordersianus*); (10) Lambang (*Calamus ornatus*); (11) Kakiki (*Calamus sp.*); (12) Noko (*Daemonorops robusta*); (13) Mombi (*Calamus sp.*); (14) Pisi (*Calamus leptostachys*); (15) Umol (*Calamus symphysipus*).

³⁴ Hundreds of thousands of tons of large diameter cane are harvested annually from the forests of Sulawesi and much of this production is marketed under the single trade name '**Batang**' (Siebert, S.F., 2005).

have been highly over harvested. Collectors tended to harvest the whole rattan cluster rather than selective stem cutting. Under over harvesting pressure, the limit diameter and cane length (6 m) given by the intermediaries has led rattan collector only considers the size of diameter (which fulfill market requirement) rather than the mature stage of rattan. Collector often cut the middle and the upper stems of young (unripe) rattan and left the lower stems dying. This condition has threatened the sustainability of rattan harvesting in the areas.

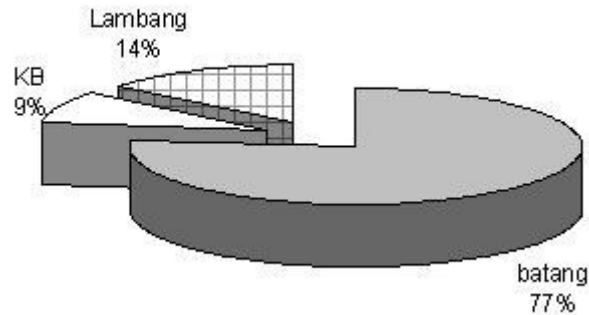


Figure 2.6. The percentage of the dominant species in Lasembangi

Rattan survey was also conducted at UPTD³⁵ Lasalimu. The forest area under investigation is ± 25 ha, based on the legal status, the area fall under limited production forest, ($123^{\circ} 02' 16'' - 123^{\circ} 02' 31''$ EL and $05 15' 51'' - 05 15' 26''$ SL), and about 10 km from Lasembangi village. Two transects with 2000 m length were established, the distance between transect was 200 m. On every line transect, five sample plots (50 x 10 m²) were made, the distance between sample plots was 500 m. The collected data on every sample plot include species; diameter, and cane length. Only rattans with cane length more than 10 m were recorded.

The prominent rattan species in terms of size, abundance and distribution in Lasembangi area are, **Batang** (*Daemomorops sp.*), **Lambang** (*Calamus ornatus*), and **Kabe** (*Calamus sp.*). Among three species, **Lambang** was the most dominant species. The standing stock ranged from 0.4–0.6 ton/ha, this amount is more or less similar with Lawele area (limited production forests, see Fourth Quarterly Progress Report). The rattan standing stock in this area has been seriously depleted, as the areas became the targets of two rattan extraction companies in Kamaru. Now those companies³⁶ have collapsed, due to the depletion of rattan standing stock and difficulties in gaining new rattan exploitation permits (see section A3.4.).

³⁵ Technical Implementing Unit or *Unit Pelaksana Teknis Daerah (UPTD)* is the extended hand of District Forestry Office at sub-district level. Buton District Forestry Office has four UPTDs (branch office at sub-district level), i.e. Kapontori, Pasarwajo, Lasalimu, and Lasalimu Selatan.

³⁶ PT Benteng Mas , PT Jimmi

A3.2. Rattan collectors' foot-trail network

The width of a foot-trail ranges from 0.5 - 1 meters, the nearer to the village's road the wider the size. At some points in the forests where rattan collectors pile up the collected rattan, the trail could be 5 - 7 m in width. The length of the trail has reached 20 – 25 km toward the heart of the forest. Every village has 3 to 6 active foot-trails, which are connected among villages. Thus, for example, collectors who enter a foot-trail at Lasembang could come out at Lawele village, despite those villages being 25 km apart. The high degree of compaction has led the trail to become an excess runoff channel during rainy season, while the high density of foot-trails has increased general access to forests, leading to greater threat of further harvesting, clearance for other land-uses and increased hunting pressure.

A3.3. Seasonal calendar of rattan collection

Rattan collectors actually work according to demand/order rather than season. They collect rattan in response to middlemen's orders, who give advance payment prior to collection. However, considering that ready-to-harvest rattan occurs in the remote area of the forest with steep slope and difficult terrain, most rattan collection is only possible during dry season. Peak activities of rattan collection are in July and August.

A3.4. Forest resource extraction permits

Based on data from Dinas Kehutanan, rattan and timber extraction has decreased from 2003 to date (see *Figure 2.6* and *2.7*). The real quantity of rattan and timber extraction may be much more severe, as the data is based on legal permits, while collectors normally exploit at least twofold the amount specified by the legal permit.

The significant decrease of legal rattan and timber extraction permits in 2005 is caused by the issuance of Ministry of Home Affairs Decree No. 74/2005 on April 15, 2005, which suspended Bupati authority on issuing commercial timber and rattan extraction permits (District Buton Regulation No. 17/2001³⁷). Since the date, the Bupati has no authority to issue legal timber and rattan permits except as regulated by Government Regulation No 34/2002³⁸.

According to the regulation, the Bupati is only entitled to issue collection permits for timber and rattan for non-commercial use, i.e. for log³⁹ timber 20 m³, while for rattan 20 ton/permit (article 35, verses 6). So far, since this decree, the Bupati has not issued any

³⁷ The timber and rattan collection permits are ostensibly designed to provide royalties to district government and a range of benefits, including volume-based fees (PSDH), in-kind contributions, and employment, to the communities.

³⁸ Government Regulation No 34/2002 on forest management planning, forest resource and forest areas utilization.

³⁹ The extracted timber is in the form of **log** (not **sawn timber**). The ratio between log and sawn timber is 2:1. This means 100 m³ log becomes 50 m³ sawn timber.

exploitation permit; companies (permit holders) that have cut timber or collected rattan before the issuance of the decree are allowed to continue handling the already-cut timber/rattans, but they are not allowed to cut fresh standing timber/rattan. The reality is much more complex, as permit holders seem not only to handle the exploited timbers but also to cut fresh standing trees and rattan.

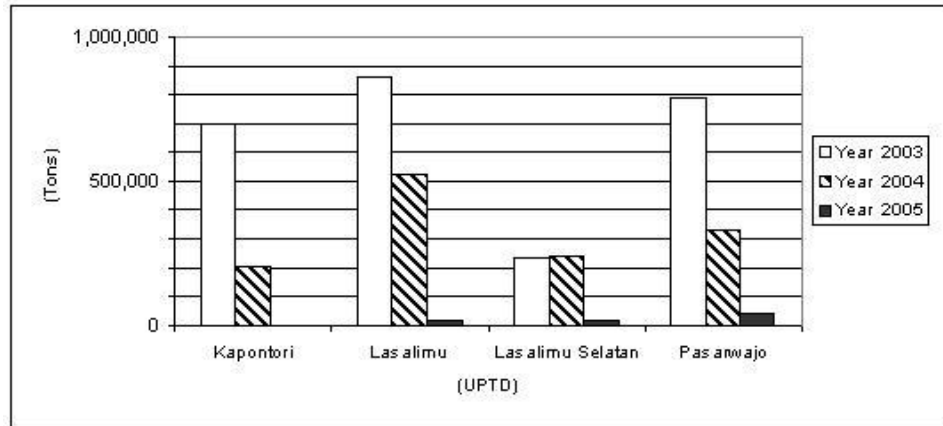


Figure2.7. Timber extraction during the last three years (until April 2005) as recorded from Forest Resource Rent Provision derived by Buton District Forestry Office

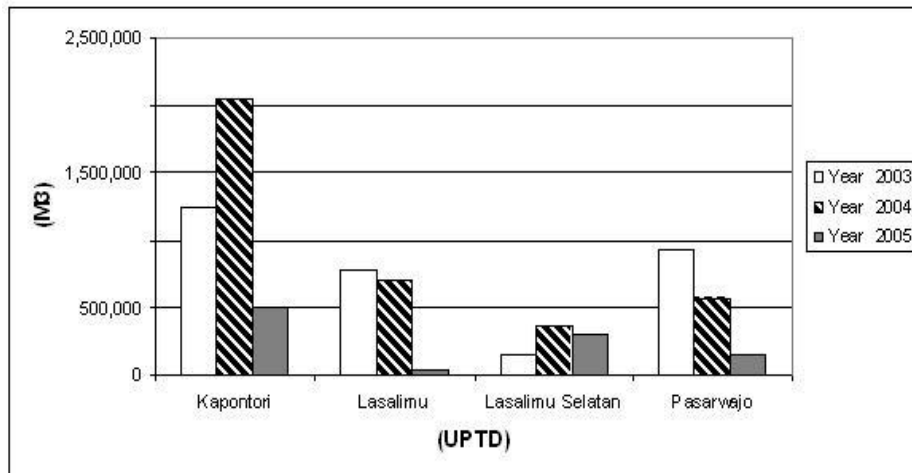


Figure2.8. Rattan extraction during the last three years (until April 2005) as recorded from rattan retribution derived by Buton District Forestry Office

Component B: Enforcement

B1. Development and implementation of a management plan for the Lambusango forest management area.

All current and future data collection in the Lambusango forests, as conducted by (1) 'conservation actions group' (LFCP staff); (2) 'monitoring group' (PhD students, Opwall volunteers, undergraduate thesis students), and (3) visiting researchers, will be continuously compiled, updated and reviewed. Those data will be a scientific basis to develop the Lambusango Forest management plan during the second year of the project.

B2. Implementation of a chain saw amnesty and buy-back scheme to ensure that the project has an immediate impact on illegal logging activity.

B2.1. Socialization of MoU to Buton District Forestry Office's field staff

The MoU between the LFCP and the Buton District Forestry Office (DFO) on collaborative protection and law enforcement management was signed on September 25, 2005. To follow-up the MoU, on the beginning of October 2005, the PM and the Head of DFO has conducted socialization to the DFO's Technical Implementing Unit in Pasarwajo and Lasalimu Selatan. The Community Enforcement Coordinator also conducted similar activities for Lasalimu and Kapontori Sub-Districts during the middle of October 2005.

B2.2. Joint patrol with UPTDs of Buton District Forestry Office

In searching the efficient and cost-effective ways of parolling, since the middle of November 2005, LFCP has conducted a series of joint patrol together with DFO's Technical Implementing Units. Below is the summary of activities.

B2.2.1. Patrol together with UPTD Pasarwajo

Patrol in Wabalamba Forest block: During the last three years, rampant illegal logging has been occurred in Wabalamba (near Wining Village). The magnitude has been raised after the existence of logging concession in the area (*CV Linggarjati*). At present, illegal logging and timber handling outside the forest still rampant, despite the suspension of logging concession permit by the Head of the District since April 2005 (see *section A3.4*).

Considering the above condition, Forest Crime Unit (FCU) made a 'shock' therapy on November 16, 2005. The unit, which was equipped with one truck and one forest ranger patrol car, confiscated 20 m³ of first class-timber in Wabalamba. BKSDA forest rangers (*Pak Lasita*⁴⁰, *Pak Salam*, and *Pak Lakaida*) were also witnessed the confiscation when

⁴⁰ The head of Forest Protection section for Muna and Buton areas

they visited the areas. The ‘shock’ patrol has scared loggers from Montowu and Montowu Jaya hamlets⁴¹ (Wining Village). They have realized that strong law enforcement has started. The problem is most of them have no alternative income sources as their agriculture land has been ‘squatted’ by Asphalt Company (see 4th *Quarterly Progress Report*). Recently, the Village head of Wining has informed the problem to LFCP and looking over LFCP assistances to resolve the problem. The LFCP will discuss with relevant agencies to find best practice solution.

Night patrol at UPTD Pasarwajo: Illegal timber is normally transported during the night. From 5 nights (17 – 21 November 2005) patrol; the FCU team arrested one truck (5 m3) where the volume of transported timber was bigger than officially stated in the SKSHH⁴². Similarly with another truck (2 m3) which used out-of-date SKSHH.

B2.2.2. Patrol together with UPTD Kapontori

During five days patrol (2- 7 December 2005), the team arrested one truck of timber which transported without SKSHH document. Several police persons who backed up illegal logging were also identified.

B2.2.3. Investigation on three seaports in Lasalimu Sub-District

Seaports surrounding the Lambusango Forests have been used to ship illegal logs to some places within or outside Buton (Wakatobi and East Nusa Tenggara). Investigations were made on Nambo, Kamaru, and Batu Malinti (Tira-Tira) seaports. Batu Malinti is considered as the most active site for illegal timber shipment to Bau-Bau. A coordination meeting was planned with Bau-Bau town Forestry Office to discuss the issue.

B2.2.4. Facilitation the establishment of Task Force to curb Illegal Logging

Presidential Decree No 4 2005 concerning illegal logging eradication has instructed all districts/towns governments to develop a task force team to speed-up illegal logging eradication through preventive and repressive actions. Up until now, both Buton District and Bau-Bau town have not responded the Presidential Decree; they have not developed any form of task force teams. LFCP has reminded and stimulated relevant agencies (Head of Polices in Bau-Bau town and Buton Districts) on the development of a task force team.

⁴¹ Their villagers are involved on illegal logging in Wabalamba.

⁴² SKSHH is Surat Keterangan Syahnya Hasil Hutan. Licence document to transport forest products (timber, rattan). 1 SKSHH is used to transport 5 m3 timber.

B2.2.5. Mapping agriculture access roads to state forest areas in UPTD Pasarwajo and Lasalimu Selatan

The existence of agriculture access road (*jalan usaha tani*) in state forest areas has played important roles for uncontrolled illegal logging in the Lamsusango Forests. The roads were built by local government and originally aimed to transport agricultural products from remote areas. However, some of the roads (10 %) have been extended into forest areas and misused for logging roads. The misused access roads in UPTD Pasarwajo and Lasalimu have been mapped.

B2.2.6. Mapping state forest encroachment (for agriculture land) in UPTD Lasalimu Selatan

Forest encroachment has been widespread in most of the villages sharing boundaries with Lambusango Forests. The environmental effects are worse than selective (illegal) logging, however the former activities are often overlooked and out of law enforcement attention. The LFCP has assisted UPTD Lasalimu Selatan to map (using Geo Positioning System/GPS) forest encroachment for agricultural lands. Unclear forest boundaries and the growing needs of agriculture lands areas are the main reasons behind the activity.

B2.3. Selection of Forest Guardians

LFCP has selected 13 forest guardians. Two main criteria for forest guardians are intellectual capacity and trustworthiness. The forest guardians will be trained regarding types of illegal activities and undercover investigation strategies; they will also be equipped with communication and documentation equipment. Training needs assessment (TNA) has been completed and training material development are still in progress.

When trained forest guardians have been in function, FCU plans to conduct patrol at least 4 times a month. Once target persons and their holdings are clearly identified by the forest guardians, FCU as a response unit are called in. Every patrol will involve five forest rangers and equipped with one truck and one forest ranger car. Arrests and confiscations are then carried out in a complete and timely manner. Occasionally, journalist will also be invited to join the patrol.

B2.4. Registering chainsaw owners

Efforts have been in progress to register the name and address of chainsaw owners in every village. A special conservation awareness campaign has been designed for chainsaw owners.

B2.5. Institutional capacity building of local government

Problems behind rampant forest resource extraction in Lambusango Forest are partly caused by the low capacity of local government to implement the forestry law and regulations. Based on interviews and first hand experience with government staff, the key procedures on the issuance of timber and rattan extraction permits and the associated field surveillance in the field are all in an unperfect state. There is hardly any monitoring and evaluation activities to check whether the permit holders exploit timber or rattan as per agreement (permit) or not. Institutional capacity building is most required to build good forest governance. The problem, this is not an easy job. Many government staff has engaged with the defect procedures for a long time and this has formed as a massive mass-crime (*kejahatan berjamaah*).

As a start, the enforcement team has worked together with some clean and high spirit staff to conduct joint activities (investigation, patrol, awareness campaign etc). Starting with small and reliable team, the 'dream' team hopefully could attract more and more followers.

B2.6. Developed and signed MoU with BKSDA

Since July 2005, Ministry of Forestry (MoF/PHKA, Directorate General for Forest Protection and Nature Conservation) has discovered that the Operation Wallacea Trust is not part of Wallacea Development Institute (WDI). The problem has raised question on the legal status of the Operation Wallacea Trust to conduct activities in Indonesia. By law, any international NGO involved in conservation program in Indonesia should establish a working cooperation framework at the Ministerial (Central Government) level before starting to work in the field (local) level. Considering the lack of administrative procedure, during the Project Manager (PM)'s presentation in Jakarta (September 9, 2005), the MoF strongly suggested that the Operation Wallacea Trust must develop a MoU with MoF prior the implementation of the LFCP project.

Considering the MoU umbrella (between Operation Wallacea Trust and MoF) will take a long time to process (as this will also involve state secretariat), the PM suggested the Head of BKSDA (*Pak Halasan Tulus*) to develop a temporary MoU (between BKSDA and LFCP) prior (or by waiting) to the establishment of the MoU between MoF and Operation Wallacea Trust. This ideas was also agreed by the Secretary Directorate General PHKA (*Dr. Tachrir Fathoni*) upon *Pak Tulus* together with PM visited his office in Manggala Wanabhakti (Jakarta) on Tuesday, 24 November 2005. In reponse to his greenlight, the PM and BKSDA drafted the MoU, this document was finally signed on Thursday, December 1, 2005. The MoU mainly expressed that (with mutual trust and respect) both parties have agreed to work together to promote all LFCP project components with special emphasis on forest protection and law enforcement.

Component C: Education and Awareness

C1. Refurbishment of an existing building to serve as a field centre for the organization of training courses.

It has been proposed to remove this element of the budget and re-allocate the funds to enhance the level of funding to develop village business (community incomes). The costs of completing this conversion and staffing the centre in order to run the training courses are quite high and seem difficult to sustain after the project finishes. The centre developed by Operation Wallacea in Labundo-Bundo is already an ideal place to be used for biodiversity monitoring and forest conservation training-related activities. Moreover, locations used for training will need to be flexible dependent on the topic and the target audience.

C2. Provision of training courses to enhance participants' knowledge of the biological importance of the Lambusango forest and the management regulations.

C.2.1. Conservation training workshop at village level

The main achievement of awareness program is to build conservation movement involving all Lambusango Forest stakeholders, among others are community living surrounding the forests. The LFCP has been fully aware that building conservation movement on 35 villages (which shares boundaries with the forests) is not going to be an easy job. As such, LFCP will concentrate their first efforts on selected villages, i.e. 6 villages receiving business incentives. Those villages are expected to become a 'conservation villages' model for the surrounding areas.

During the end of November until beginning of December 2005, one-day (from 8.00 – 17.00, and continue with night discussion) conservation training workshops have been organized in six villages; the workshop has involved all key persons in six villages, and not limited those who have received business incentives. The objective of the workshop is to raise awareness on: (1) The importance of Lambusango Forests for their current and future life; (2) The high threats and pressure of the forests which will effect to the sustainability state of the forests either at the village and district level; (3) Possible actions where villagers could start to play roles to resolve the pressing problems. The outputs of the workshop are village commitments and actions plan to resolve the problems.

Farmers who received business incentives will play as key-roles to ensure that all village commitments are manifested on every day's villager life. The farmer group performance in implementing their conservation action plan will form a basis to provide business development's rewards and punishments to the village.

C2.2. Development of Personal Organizers

Personal organizer is an agenda book (year 2006), which is designed to contain a lot of pictures concerning the biodiversity richness of Lambusango Forests, its associated threats and pressures, and efforts currently done by LFCP. The PM has designed the book and written the awareness text, while Matoa has completed the graphical design and printing. The agenda book are printed for 1000 exemplar and distributed to village leaders, government officials/parliaments in Buton District, Bau-Bau town and South-east Sulawesi Province, private sectors and NGO leaders in Buton, Bau-Bau, Kendari and Jakarta/Bogor.

C2.3. Development of *Lambusango Bioiversity and Conservation Handbook*

So far, the rich biodiversity of Lambusango forests have not been well recognized by most of community living surrounding the forests. Not surprisingly when most of the people in Bau-Bau or surrounding Lambusango forests are unfamiliar with 'Lambusango Forests', 'Kakenauwe Nature Reserve', 'Lambusango Wildlife Reserve'. Indeed, a forceful awareness materials need to be developed and distributed to the targeted people. The awareness materials are not only targeted for village leaders or government officials, but more importantly also to the young educated generation in the secondary school. This type of awareness material should be scientifically strong, but kept simple, attractive and written in popular language.

Since mid November 2005, *Henry A. Singer*⁴³ together with the PM have started writing the conservation biology handbook (in Indonesian language) entitled '*The Mystery of Biological Richness of Lambusango Forests*' ('*Misteri Kekayaan Hayati Hutan Lambusango*'). The writing of the book is very necessary, considering a lot of research works have been done by Operation Wallacea Ltd in the Lambusango Forest, while so far no single biological and conservation publication in Indonesian language ever have been made for Lambusango forests constituents and stakeholders.

The book is designed as supporting material (local content curriculum) for biological and environmental related subjects for the secondary school. However, the handbook is also relevant as a reading material for undergraduate students, teachers, village leaders, government officials and non-government organizations. As the book will be translated into English, then the book is also useful as introduction materials for foreign tourist, especially for Operation Wallacea volunteers.

⁴³ **Henry A. Singer** is the only person considered by the PM as the most suitable and capable author of the book. He is an *ornithologist* and has been working as *Operation Wallacea's Field Naturalist* in the Lambusango Forests for 5 years. Apart from his wealth biodiversity survey experience, he is known in the Operation Wallacea community as a focussed (professional) person.

The 110 pages handbook printed on art-paper 150 gram with a lot of photos will have 5 chapters; (1) Getting in touch with Lambusango Forests; (2) Biodiversity of Lambusango Forests; (3) Threats and Pressures; (4) How to conserve Lambusango Forests; (5) Information for Visitors. This book will be the first and the only comprehensive handbook ever written about the Lambusango Forests.

C2.4. Development and distribution of two posters

Two posters (1000 copies each) have been distributed to all Lambusango Forests stakeholders. Both posters were designed by the PM in cooperation with *Matoa*.

The first poster entitled '*Lambusango Forests; Lung of the World at the Heart of Buton Island*' (*Hutan Lambusango: Paru-paru Dunia di Jantung Pulau Buton*). The main purpose of the poster is to make people aware on what is meant by the Lambusango Forest and where is the geographic position of the Lambusango Forests. The poster presents the hand drawing of Buton Island and the sketch of Lambusango Forests at the heart of the island with several key village names surrounding it.

The second poster entitled '*Land resource surrounding Lambusango forests: a Neglected Potential Resources*' (*Lahan sekitar Lambusango: Potensi yang Belum Tergarap*). The main purpose of the poster is to make people aware that forests resource is not the only source of livelihood, but that there is still plenty of land resource surrounding Lambusango Forests waiting for serious cultivation. There are still enough alternative incomes outside the forests.

Efforts have been made to put the first poster (with nice wooden frame) into public areas, such as seaport, shopping centers, restaurants, offices, hotels etc.

C2.5. Development and Distribution of 'Lambusango Lestari' Newsletter

During the last three months the appearance (the cover, photo and printing quality) as well as the content of *Lambusango Lestari* Indonesian Newsletter has been much developed. All LFCP staff has been enjoyed preparing and distributing the 23 pages newsletter. Now, layouting and printing have been fully handled by LFCP staff. About seven hundred copies are produced in every edition. The newsletters are distributed to the Lambusango Forest stakeholders in the Buton District, Bau-Bau, Kendari, and Jakarta/Bogor. Since mid January 2006, the Newsletter could also be down-loaded from www.lambusango.com. Many readers have sent their feedbacks via phone calls and e-mail message.

The visit of the World Bank staff in November was selected as the main topic for the November edition (see *Table 2.3*). In December 2005, the LFCP in cooperation with District Buton Tourism Agency have organized homestay management training in Labundo-Bundo (Kakenauwe) village (see *section A2.1.6*). These activities have inspired the Chief Editor (PM) to promote research tourism activities organized by

Operation Wallacea as the main topic for the December edition (see *Table2.4*). The Newsletter preparation for the January 2006 edition has been in progress, the selected main topic is the strategy to develop agriculture business in the villages surrounding Lambusango Forests. The main topics to be discussed on the forthcoming seven months can be observed in *Table 2.2*.

Table2.2. Main topics to be discussed in the forthcoming 7 months

No.	Main Issues to be discussed	Edition
1.	Research Tourism in the Lambusango Forest	December 2005
2.	Strategy to develop agricultural based business in villages surrounding Lambusango Forests	January 2006
3.	Strategy to develop ecotourism in Lambusango Forests	February 2006
4.	Threats and pressures of the Lambusango Forests	March 2006
5.	Proposed redesign on the legal status of Lambusango Forests	April 2006
6.	Forest Degradation and Water shortage	May 2006
7.	Economic valuation of Lambusango Forests	June 2006
8.	Wildlife Animal in the Lambusango Forests: A closer look	July 2006

Table2.3. List of articles of Lambusango Lestari Newsletter in November 2005

No.	Title	Author(s)	Category
1.	Note from the Editor	Edi Purwanto	Editorial
2.	World Bank Staff Visited LFCP	Sigit Wijanarko Edi Purwanto	Main report
3.	World Bank Staff meeting with Forum	Ridwan Ade	Main report
4.	The relation between LFCP, GEF and World Bank	Edi Purwanto	Main report
5.	13 important notes about LFCP	Edi Purwanto	Main report
6.	Sukarno a pioneer farmer from Lasembangi	Sigit Wijanarko	Profile
7.	Training of Trainer on cashew nut processing	Nasrun	Report
8.	Four biggest rattan species in Lambusango	Hendra Gunawan	
9.	Questions on the suitability of Production Forests in the Lambusango Forests	Mahdi Agus	Opinion
10.	Some threats on Lambusango Forests	Marihot Manurung	Opinion
11.	Making Bau-Bau town more comfortable	Sigit Wijanarko	Opinion
12.	Procedures on cashew processing	Nasrun	Tips
13.	Night predator in Lambusango Forest	Henry A. Singer	Biodiversity
14.	Latubemba: the poisoned green snake	Henry A. Singer	Biodiversity
15.	Some rattan species in Lambusango	Hendra Gunawan	Biodiversity
16.	Transcript of <i>Mangga Dua</i> Talk-Show	Rasyid Rasiki	Dialog

Table2.4. List of articles of Lambusango Lestari Newsletter in December 2005

No.	Title	Author(s)	Category
1.	Note from the Editor	Edi Purwanto	Editorial
2.	Why many western people visit Lambusango?	Edi Purwanto	Main report
3.	Operation Wallacea: develop research tourism to safe Lambusango Forests	Edi Purwanto	Main report

4.	Operation Wallacea: starting from Buton now all over the world	Edi Purwanto	Main report
5.	Studying Lambusango Forest together with Operation Wallacea	Henry A. Singer	Main report
6.	Laete: 10 years assisting Operation Wallacea	Sigit Wijanarko	Profile/Main report
7.	Tourism agency working together with LFCP organized homestay management training in Labundo-Bundo	Sigit Wijanarko	Main report
8.	Ecotourism in Buton still fail to notice	Sigit Wijanarko Nasrun	Opinion
9.	Multiplier effects of Ecotourism	Ridwan Ade	Opinion
10.	A closer look at the Samuruwuncu Waterfall	Hendra Gunawan	Tourism site
11.	Civet: a cat with a dog like head	Henry A. Singer	Biodiversity

C2.6. Talk show in Radio Lawero

The *Talk show* is designed as a forum to create a discourse concerning Lambusango forests conservation issues involving top decision makers in the District Buton and Bau-Bau town. The forum is an effective media to raise certain conservation policy issues to the Bau-Bau public where most of key decision makers of the Buton Regency live. The talk show is held in the ‘*Mangga Dua Cafe*’ and live-broadcasted by the Lawero Radio. The duration of the program is three hours; the radio listeners can interrupt the talk by raising comments or questions. There is a tea break every 20 minutes; where soft drinks and live music are served. The talk show planned to be organized once every three months.

During the last three months, LFCP organized one talk show, the event was held on Friday evening, November 25, 2005 (8.00 – 10.00 pm), which brought up topic ‘*Towards collaborative protection of Lambusango Forests?*’ Three key resource persons were invited: (1) *Pak Umar Samiun* (Head of the Buton District Parliament), (2) *Pak Mustamal* (Head of the Buton District Police Office), (3) *Pak Haji Adam Bachtiar* (Head of Forest Protection section, District Buton Forestry Office).

C2.7. Writing conservation essay competition for Senior High School

The main enabling condition in conserving Lambusango Forests is that the community living surrounding the forest has put great appreciation to the forests. The appreciation can only be made when they have been familiar with Lambusango Forests, ‘*there is no love without knowledge*’.

There are two ways to make them well informed, LFCP can supply a flood of information (posters, newsletters, personal organizers, leaflet etc.) or LFCP stimulate them to dig-up information themselves. The latter could be properly facilitated through a writing essay competition on Lambusango Forests. The competition will be open to senior high school students in Bau-Bau town and Buton District. The announcement has

been distributed through pamphlets and *Lambusango Lestari* Newsletter since the end of December 2005.

The following essay topics are offered to participants, i.e. (1) Plant and animal wildlife in the Lambusango Forests; (2) Legend of Lambusango Forests; (3) Experience in visiting Lambusango Forests; (4) How to conserve Lambusango Forests; (5) Community living surrounding Lambusango Forests; (5) Other topics related with Lambusango Forests.

The selection process will be conducted from 1–7 February 2006; five short-listed articles will be selected. The authors will then be invited to LFCP office for interviewed. The first place will receive fellowship equal to 1.5 million rupiah (USD 150), the second place is 1 million rupiah (100), and the third place will receive 750 thousands rupiah (USD 75).

Component D: Capacity Development

D1. Grant aid for Indonesian forestry and related undergraduates to gain field experience in biodiversity and socio-economic assessment of the performance of such management schemes

Door-to-door socialization of the undergraduate program has been conducted by the PM in several Universities in Java, Kalimantan and Bau-Bau. Those are, (1) Faculty of Forestry Gadjahmada University (24 October 2005); (2) Faculty of Forestry Mulawarman University (22 December 2005); (3) Department of Biology, Faculty of Nature Science and Mathematic, Indonesian University (27 December 2005); (4) Unidayan University, Bau-Bau (30 December 2005). The advert of undergraduate grants has been published in *The Indonesian Nature Conservation Newsletter* (INCL) 8-34a, December 26, 2005.

Based on socialization meeting with undergraduate students in Bau-Bau, some important points were found: (1) There are no natural science department/faculties in all Bau-Bau's universities; (2) There are three big nature lovers groups (Unidayan, STAIN, University Muhammadiyah Buton/UMB) in Bau-Bau; (3) Local undergraduate students are very strategic to be involved on Lambusango forests conservation campaign.

Considering the above points, LFCP proposed to allocate two (out of twelve) of undergraduate grants to local students. As the local undergraduate students will not conduct research for their thesis (as other students from outside Buton), instead of 10 weeks, they only need two weeks to joint Opwall expedition, i.e. one week to follow jungle training, and another week to join biodiversity monitoring. As such, two local undergraduate students could be involved on Opwall expedition every two weeks. In another words, we could involve ten local undergraduate students without extra additional money.

D2. Training of Indonesian doctorate students in the main aspects of the biological monitoring programme to enable them to develop and implement similar schemes in other districts

All three PhD students have been in UK since October 2005 to attend lectures, conduct further literature study and review, and write their thesis proposals.

Component E: Biodiversity and Population Level of Key Species Monitoring

E1. Development and implementation of a monitoring strategy with known levels of precision in detecting biodiversity changes in the indicator groups selected.

No activities related with this during the last three months

E2. Development and implementation of a monitoring strategy with known levels of precision in detecting population changes of key or threatened species.

No activities related with this during the last three months

E3. Development and implementation of a monitoring strategy with known levels of precision to assess socio-economic changes amongst the surrounding communities that is attributable to the project.

Dr. Ruth Malleson (socio-economist) arrived at the project site on July 7, 2005. After intensive discussion with *Dr. Tim Coles* and the *PM*, she conducted training for socio-economic enumerators (3 persons) for one week. Socio-economic data collection was conducted in 6 villages (Lambusango, Kakenauwe, Lawele, Lasembang, Harapan Jaya and Wining) from mid-July through mid-August 2005. The main objective of the survey was to collect base-line data on socio-economic conditions before project intervention effectively applied. Additional surveying was conducted on people within and surrounding Bau-Bau town regarding their perception on Lambusango Forests. Preliminary data processing was conducted in the LFCP office during the end of August 2005, while the final report will be submitted by the end of November 2005. *Dr. Ruth Malleson* completed a full report on socio-economic baseline data (30 October 2005). The report is available upon request.

Dr. John Milsom (senior geologist) arrived at the project site on August 24, 2005. He conducted a three-week survey on mining deposits in the Lambusango Forests. He conducted this assessment on the distribution and magnitude of mining deposits as previously discovered by Dutch geologists (*Hetzel, 1936*), and concluded that the *Hetzel* report remains relevant and in-line with current mining activities in the Lambusango forests and surroundings. Preliminary data processing was conducted in the LFCP office during the beginning of September 2005, while the final report will be submitted about the end of November 2005. *Dr. John Milsom* completed a full report on asphalt assessment deposit in the Lambusango forest (10 December 2005). The report is available upon request.

III. Summary of Key Developments

This chapter provides summary of key developments by comparing planned activities (as outline in the fourth Quarterly Progress and Implementation Plan Report) with implemented activities.

Table3.1. Progress on Project Management Component

No	Activities	Progress			
		In progress	Completed	Reschedule	Cancelled
1	To coordinate, administer and support the overall implementation of the project.				
2	To prepare Financial Management Report for July-October 2005.				
3	The PM will submit to the World Bank an activity programme for January to March 2006 period, and the report on progress against each of the tasks outlined in this report over the period October-December 2005.				

Remarks:

No 2. The soft-file of FMR July-October 2005 was submitted by e-mail on 17 December 2005. The hardcopy (completed with Bank Statements and other attachment) was hand delivered by the PM to Ibu Novira on 27 December 2005.

2. Component A: Forest management and village contract implementation

Table3.2. Progress on Component A.1.

No	Activities	Progress			
		In ptogress	Completed	Rechedule	Cancelled
1.	To facilitate discussion on community forestry development.				
2.	To facilitate public dialog on mining development policy in the Buton District.				
3.	To facilitate public dialog on transmigration policy surrounding Lambusango Forests.				
4.	To facilitate public dialog on ecotourism development in the Lambusango Forests.				
5.	To facilitate public dialog on oil-palm plantation development policy in the Lambusango Forests.				
6.	To foster public dialog to find concrete solution against rampant illegal logging.				
7.	To foster public dialog on spatial planning document in the Buton District.				
8.	To foster public dialog on forest and water issues in the Buton District and Bau-Bau Town.				
9.	To foster policy dialog on fuel wood				

	plantation development program.				
10	To facilitate community-based monitoring program on the implementation of National Rehabilitation and Reforestation Program (<i>Gerhan</i>) in the Lambusango Forests.				
11	To facilitate policy formulation on rattan licensing scheme.				
12	To facilitate dialog between government and community living inside state forests (Wabou, Lawele Village).				

Remarks:

No. 1-12, None of the activities have been completed at the current stage, as November and December are the busiest-months for the government. The months correspond to the year-end activities in which all government project activities should be completed before the end of the fiscal year (31 December 2005).

Table 3.3. Progress on Component A.2.

No	Activities	Progress			
		In progress	Completed	Reschedule	Cancelled
1.	To conduct training on cashew processing, packing and shipping.				
2.	To facilitate the development of market access for various products.				
3.	To facilitate Lambusango Cashew Farmers' Association in various business transactions.				
4.	To provide intensive technical assistance on ginger farming and cattle husbandry				
5.	To provide technical assistance on sea-weed and oyster farming.				
6.	To provide technical assistance on community based oyster craft development				
7.	To develop farmers' skills in rattan processing.				
8.	To introduce beekeeping (apiculture).				

Table3.4. Progress on Component A.3.

No	Activities	Progress			
		In-progress	Completed	Reschedule	Cancelled
1	To facilitate the development of rattan plantation in Lasembangi and Lawele villages.				
2	To conduct rattan inventory in the Lambusango forests.				
3	Together with Buton District Forestry to develop policy formulation of rattan licensing scheme.				

3. Component B: Enforcement

Table3.5. Progress on Component B.2.

No	Activities	Progress			
		In-progress	Completed	Reschedule	Cancelled
1.	To conduct joint patrol and investigation with Buton District Forestry Office.				
2.	To train forest guardians on undercover investigation.				
3.	To conduct awareness program on conservation law and regulations.				
4.	To finalize MoU with BKSDA.				
5.	To arrest loggers/violators (including anoa poacher), apprehend big financiers behind them and facilitate due legal process.				

4. Component C: Education and Awareness

Table3.6. Progress on Component C.

No	Activities	Progress			
		In-progress	Completed	Reschedule	Cancelled
1.	To facilitate villagers in six villages to develop conservation action plan.				
2.	To facilitate workshop on local curriculum content development in the elementary school.				
3.	To develop teaching materials to support the implementation of local curriculum content in the elementary school.				
4.	To conduct monthly talk-show on Radio Lawero.				
5.	To publish monthly Indonesian bulletin ' <i>Warta Lambusango</i>				

	<i>Lestari</i> .				
6.	To publish two posters and one 'organizer'.				
7.	To prepare awareness material for News Supplement in Kendari post.				
8.	To conduct joint training together with Buton District Tourism Agency.				

Remarks:

No. 2, For the sake of efficiency, the workshop will be conducted together with launching the book (*'The Mystery of Biological Richness of Lambusango Forests'*) about mid of February 2006.

No. 6, 2 posters have been distributed since the beginning of December 2005, but personal organizer (due to the delay in printing) will not be distributed until the end of January 2006.

IV. Planned outputs during January-March 2006

1. Project Management

1. To coordinate, administer and support the overall implementation of the project.
2. To prepare Financial Management Report for November-December 2005.
3. The PM will submit to the World Bank an activity programme for April to June 2006 period, and the report on progress against each of the tasks outlined in this report over the period January-March 2005.
4. Recruitment of a financial auditor and facilitate the implementation of the financial audit.
5. 'Sage' training for the new financial manager⁴⁴ (book-keeper).

2. Component A: Forest management and village contract implementation

A1. The formation of a forest management Forum bringing together the management of national and District controlled forests, as an effective decision-making management body

1. To present the program in the district parliament forum.
2. To facilitate discussion on community forestry development.
3. To facilitate public dialog on spatial planning, mining and transmigration development policies in the Buton District.
4. To facilitate public dialog on ecotourism development.
5. To facilitate public dialog on oil-palm plantation development policy.
6. To facilitate public dialog on 'Kaombo' (customary) forest conservation.
7. To foster public dialog to find concrete solution against rampant illegal logging.
8. To foster public dialog on spatial planning documents in the Buton District.
9. To foster public dialog on forest and water issues in the Buton District and Bau-Bau Town.
10. To foster policy dialog on fuel wood plantation development program.
11. To facilitate community-based monitoring program on the implementation of National Rehabilitation and Reforestation Program (*Gerhan*) in the Lambusango Forests.
12. To facilitate policy formulation on rattan licensing scheme.
13. To facilitate dialog between government and community living inside state forests (Wabou/Lawele Village).

⁴⁴ New financial manager (Book Keeper) will be recruited to replace the current Book Keeper who will resign in March 2006.

A2. Introduction of management agreements for all the villages surrounding the forest management area to provide for sustainable exploitation of production forest areas in exchange for full cessation of illegal logging and hunting in the non-production forest areas.

A2.1. Village Business Development.

1. To facilitate the development of market access for various products.
2. To facilitate Lambusango Cashew Farmers' Association in various business transactions.
3. To provide intensive technical assistance on ginger farming.
4. To provide technical assistance on seaweed and oyster farming.
5. To provide technical assistance on community based oyster craft development.
6. To provide technical assistance on orange plantation development in Lasembangi Village.
7. To provide technical assistance on agriculture input development scheme.
8. To develop farmers' skills in rattan processing.
9. To introduce beekeeping (apiculture).
10. Sales-call (door-to-door marketing of Lambusango ecotourism) in Jakarta, Bali, Makassar and Kendari.

A3. Development of a rattan licensing system allowing for implementation of management measures to ensure sustainable collection of rattan.

1. To finalize rattan inventory in the Lambusango forests.
2. To facilitate the development of rattan plantation in Lasembangi and Lawele Villages.
3. Together with Buton District Forestry to develop policy formulation of rattan licensing schemes.

A4. Preservation of the forest edge.

1. To reconstruct the current boundary marking of the Kakenauwe Nature Reserve.
2. To assist Buton District Government and BKSDA to control forest encroachment (forest squatters).

3. Component B: Enforcement

B1. Development and implementation of a management plan for the whole of the Lambusango forest management area so that the management regulations are known and accepted by all the surrounding communities

Establish a computer database to store data and information concerning conservation and development of Lambusango Forests related issues.

B2. Strengthening of the patrol team responsible for enforcement of the ban against illegal hunting in the non-production forest areas.

1. To conduct regular patrols with Buton District Forestry Office
2. To facilitate the development of quick respon-unit forest rangers
3. To organize forest protection and law enforcement workshop.
4. To train forest guardians on undercover investigation.
5. To monitor distribution of forest products at the Kaongkaongkea and Barangka investigation posts.
6. To conduct field and legal process investigation of *PT Yuman Jaya Tama* mining company.
7. To conduct detailed survey at Wabou hamlet.
8. To develop posters 'save Anoa', 'sustainable timber and rattan extraction'

B3. Implementation of a chain saw amnesty and buy back scheme to ensure that the project has an immediate impact on illegal logging activity.

1. To conduct detailed inventory of chainsaw owners.

4. Component C: Education and Awareness

C1. Refurbishment of an existing building to serve as a field centre for the organization of training courses.

C2. Provision of training courses to enhance participants' knowledge of the biological importance of the Lambusango forest and the management regulations.

1. To launch and distributed a book entitled '*The Mistery of Biological Richness of Lambusango Forests*'.
2. To develop environmental (conservation biology) teaching materials for elementary and secondary school.
3. To prepare and distribute monthly '*Lambusango Lestari*' Indonesian Newsletter.
4. To prepare awareness material for News Supplement in Kendari post.
5. To facilitate senior high school writing competitions.

5. Component D: Capacity Development

D1. Grant aid for Indonesian forestry and related undergraduates to gain field experience in biodiversity and socio-economic assessment of the performance of such management schemes

To conduct door-to-door socialization to Unhas, Unhalu. Selection and recruitment process of 12 undergraduate students.

D2. Training of Indonesian doctorate students in the main aspects of the biological monitoring programmer to enable them to develop and implement similar schemes in other districts

No progress planned for this output in the following quarter.

6. Component E: Biodiversity and Population Level of Key Species Monitoring

E1. Development and implementation of a monitoring strategy with known levels of precision in detecting biodiversity changes in the indicator groups selected

No progress planned for this output in the following quarter.

E2. Development and implementation of a monitoring strategy with known levels of precision in detecting population changes of key or threatened species

No progress planned for this output in the following quarter.

E3. Development and implementation of a monitoring strategy with known levels of precision to assess socio-economic changes amongst the surrounding communities that is attributable to the project

No progress planned for this output in the following quarter.

E4. Development of an adaptive management strategy to ensure the results of the monitoring programmes is presented in a form that will enable the management Forum to assess the performance of their management strategy.

No progress planned for this output in the following quarter.

V. Conclusions

During the last three months (October-November 2005), the project implementation activities have been running well. LFCP has organized joint activities with several government agencies on forest conservation related activities. At least five agencies in Buton have become LFCP's 'client', especially Forestry, Tourism, Agriculture, Small and Medium Enterprise and Extension Service. Trustworthy feeling of Lambusango Forests stakeholders (both government and local communities) to LFCP have been growing as we are not only '*talking about conservation*' but '*making conservation works*'.

During the last three months, emphasis has been given on the production and distribution of awareness materials. This has become the first LFCP priority as Lambusango forest conservation issue has not been widely recognized by local, regional/national and international communities. As such, LFCP has mobilized its resource to speed-up the production of Lambusango website, personal organizers, posters, 'Lambusango Lestari' Newsletter, biodiversity and conservation handbook etc.

Apart from awareness program, most of the planned activities outlines on the fourth Quarter Progress and Implementation Plan Report have been implemented. However, most of meetings involving government have not been completed (*Table 3.2*), as November and December 2005 correspond to the year-end government projects activities, where all government time and resources are concentrated to complete their own project implementation. Those unimplemented activities will be conducted during the forthcoming quarter.

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Appendix1.
VILLAGE BUSINESS DEVELOPMENT CONTRACT
between
Lambusango Forest Conservation Project (LFCP)
and
Ginger Farmers Group in Kakenauwe Village
Concerning the cooperative program on ginger farming and marketing

The undersigned below are:

Name : Dr. Edi Purwanto
Place/ Date of Birth : Kediri, 27 June 1962
Address : Jl. La Balawa No.25, Wajo, Bau-Bau
Position : Team Leader of Lambusango Forest Conservation Project

Dr. Edi Purwanto is the authorized representative person of LFCP, hereinafter referred to as the first party.

Name : La Aete
Place and Date of Birth : Kakenauwe, 19 December 1952
Address : Kakenauwe village
Position : Head of Ginger Farmer Group in Kakenauwe Village

La Aete is the authorized representative person of ginger farmers group in Kakenauwe Village, Lasalimu Sub-district, hereinafter referred to as the second party.

Article 1

Objective

With mutual trust and respect, both parties have agreed to work together to promote community welfare through 'elephant' ginger (*jaje gajah*) farming, as alternative livelihood to reduce pressure of forest resource surrounding Kakenauwe Village, which is part of Lambusango forest ecosystem.

Article 2

Loan from the first party

1. The first party provide **in-kind loan** in the form of wet-weight planting material (ginger seedling) of 2.100 kg (two thousand and one hundred kilograms, regardless the difference between wet and dry-weight), the cost was Rp. 4000/kg (four thousand rupiahs per kg), as such the total loan is Rp. 8.400.000 (eight million four hundred thousand rupiahs).
2. Agriculture inputs (i.e. organic fertilizer and pesticide) where the quantity and the associated cost will later be determined by both parties.
3. Transport cost of planting material from its origin to Kakenauwe Village

Article 3

Rights of the first party

1. Give suggestions on technical implementation of ginger farming to the second party.
2. Oversees on-the-ground ginger farming activities of the second party.
3. Suspend the cooperative contract unilaterally, and withdraw the loan, when the second party does not conform to obligations as in the article 6 of the contract.
4. Determine the procedure of the loan payment of the second party to the first party.

Article 4

Obligation of the first party

1. Provide technical assistance to the second party
2. Provide market information to the second party
3. Market the harvested ginger of the second party to the South East Sulawesi Chamber of Commerce and Industry.

Article 5
Rights of the second party

1. Provide feedback to the first party on the overall ginger farming implementation
2. Receive technical guidance from the first party on ginger farming
3. Assurance of better market access from the first party

Article 6
Obligation of the second party

1. Re-invest the net-revenue of ginger farming during planting season 2005 for the coming planting season (year 2006) in such away that profitable and sustainable ginger farming could be reached.
2. Cooperative and comply with technical farming standard as proposed by the first party.
3. Be a good model as a forest conservation agent for the Kakenauwe villagers and the surroundings.
4. Provide accurate and real time intelligence information to Forest Crime Unit or Community Forestry Management Forum on illegal activities in the state forests surrounding Kakenauwe Village.
5. Return the loan without interest (following article 2 of the contract) to the first party after selling the harvested ginger in 2006.

Article 7
Sanctions

1. The second party will get sanctions if they do not fulfill the obligations according to article 6 of the contract.
2. The main sanctions are:
 - a. Return the loans to the first party after ginger harvesting
 - b. To be put on trial in accordance with the prevailing law and regulations.

Article 8
Dispute Settlement

1. Any dispute will be solved through dialogue in order to gain win-win solution.
2. When informal dispute settlement can not be achieved, then both parties agree to bring the dispute to the Bau-Bau court office.

Article 9
The Extraordinary Condition

The first party will not claim for any obligations (article 6 of the contract) from the second party, when extreme disaster (earthquake, torrential flood etc.) occurs during ginger cultivation.

Article 10

1. This contract shall be effective from the date of its signing. This contract occur effectively since signing by both parties
2. Any amendment to this contract can only be made in writing by mutual consent of the Parties.

The authorized representatives have signed this contract at Kakenauwe Village on October 22, 2005

First Party

Second Party

Dr. Edi Purwanto

La Aete

Witnesses

1. La Ode Suhaedi (The Head of Kakenauwe Village)
2. Abdul Rakhim (Technical assistant)
3. Sigit Wijanarko (Coordinator of Village Business Development – LFCP)

