

FSC SMALLHOLDERS UPDATE

Q4 2014

LETTER FROM THE EDITOR

Dear readers,

This is our fourth quarterly update, and the last for 2014.

I take this opportunity to thank all our readers, writers and supporters for your comments, contributions and positive feedback throughout 2014. This year has been remarkable for FSC. We celebrated our 20th anniversary, held a successful General Assembly and our smallholders gained more recognition in their certification efforts. I congratulate you all on these achievements and I am, indeed, very proud to be part of FSC!

As we come to the end of 2014, I hope you enjoy reading the highlights of our projects, and stories from Japan and Indonesia.

From Japan, Daisuke Maki, CEO of Nishi Awakura School of Forests, and Shizuka Yasui, Project Officer at the FSC Asia Pacific Regional Office, describe how Nishi Awakura's forest management plan, "The Forest of 100 Years", and acquisition of FSC certification has made the village prosperous.

Lisa Smyth, FSC Communications Manager, visited Indonesia in the spring of this year. She has brought back the story of a successful cooperative that respects gender equality and benefits its members in Jombang, in the East Java Province.

I wish you all the best for 2015.

Annah Agasha

Smallholder Voices

Sustainable forest management helps village in Japan to prosper

By Daisuke Maki, CEO of Nishi Awakura School of Forest (Aida District, Okayama Prefecture), and Shizuka Yasui, Project Officer at FSC Asia Pacific Regional Office.

Nishi Awakura is a small village of 1,550 inhabitants located in the South West part of mainland Japan. Ninety-five per cent of its total area is covered with forests. The village's forest department is now the manager of the FSC group certificate that the forest owners' cooperative obtained in 2006, with the aim of getting 100 per cent of their forest land FSC certified. Since 2009, 40 per cent of forest owners have joined the certification scheme and a total of 2,418 ha of forest has been FSC certified. Presently, the group manager is negotiating with 1,300 small forest owners on a long-term operation and management contract to lease their forest lands for 10 years, with the aim of making the management of the area easier and more efficient.

Prior to 2006, Nishi Awakura was a village facing challenges of depopulation, aging, and employment losses that reduced the village's workforce. This situation affected the maintenance of the village's privately owned forests, until 2006, when the forest owners' cooperative was created and obtained FSC certification.

Nishi Awakura's forest management plan

"The Forest of 100 Years", the fifty year management plan of the cooperative of Nishi Awakura, was launched in 2008. Since then, the situation of the village has changed:

"The plan aims at managing the forests in the same sustainable way the village's ancestors established 50 years ago and at passing on the forest to the next generations by planning its management 50 years in advance," notes Maki.



In line with “The Forest of 100 Years” vision, the village office and its forest department play a significant role in addressing forest revitalization and utilization for future generations. The realization of the “The Forest of 100 Years” vision has attracted financial support from micro investors based in urban areas, and the money has enabled the village cooperative to cover annual audit costs, to invest in new infrastructure (like road construction), and acquire high-tech forestry machines. At first, there was no tangible impact, but certification has resulted in capacity development in forest management for the members of the forest owners’ cooperative. For these reasons, since 2008, Nishi Awakura village has become a leading model for rural development in Japan.

With the forest management plan in place, the village forest department encouraged the establishment of timber processing companies to be able to complete the processing of the wood products directly in the village. Today, the total sales of these companies is approximately 700 million yen (6.5 million USD).

“In contrast to typical Japanese villages, forestry for Nishi Awakura turned out to be a fast growing industry,” Maki says.

Village based company supports marketing of certified wood products

Nishi Awakura Morino Gakko (“School of Forest”) Co Ltd is a private company established in 2009 by joint capital of the Nishi Awakura village office and Tobimushi, the managing company of the micro investment fund. Morino Gakko derives its name from its location – as it is based in a former primary school. The company has a FSC Chain of Custody certificate and processes and sells the products extracted from the village’s forests.

When Morino Gakko was established in 2009, the main problem was that all logs harvested in the village were shipped directly to the district log market located outside of the village. Morino Gakko has reversed the trend by developing a marketing strategy for Nishi Awakura based on the “The Forest of 100 Years” vision. They have also added value to their timber by processing finished products in the village. Simultaneously, Morino Gakko has cut the costs of transportation and the market charges by making sure that all the logs harvested in the village are sold to them or to the village plywood factory.



As part of an employment program to attract a work force to Nishi Awakura, the village office encouraged manufacturers from urban areas to establish businesses in the village and, so far, more than 70 businesses have been established and are operational.

Morino Gakko has built a successful business, with monthly sales of approximately 20 million Japanese Yen (170,000 USD). Their success is based on a well-developed marketing strategy and a stable supply chain with a focus on niche markets. The company sells finished products such as flooring tiles designated for DIY home and office use, chopsticks (a residual product from thinning operations), and wooden neck ties that are available in their village shop and online. They also sell semi-processed products to other workshops in the village that make furniture and interior decorations.

The company has established a section of FSC certified products in their local and online stores. Most of the FSC certified products are building materials made for customers on request as the demand for certified products in the Japanese market is not yet fully developed. So far, FSC certified products make up about 5 per cent of the company’s total sales. Increasing sales of certified products remains the main challenge for Morino Gakko and FSC Japan.

Expectations for the market of FSC certified products

Through “The Forest of 100 Years” vision, the Nishi Awakura forest department has linked all players in the village: the village office, the forest owners’ cooperative, forest owners, lumber mills and investors.

The village has built its own supply chain from the forests to the users and Morino Gakko has become a successful business in just five years. Although Morino Gakko feels that there is still low recognition of the FSC logo, and low awareness of responsible wood consumption in the Japanese market, they are convinced that, in the long run, the label will offer them an advantage. Morino Gakko has already produced and sold FSC labeled products for large businesses that use this as part of their CSR activities, which is a positive trend.



Increasing incomes in Indonesia

FSC Communications Manager Lisa Smyth visited a smallholders' co-op in Jombang in the East Java Province of Indonesia. She came back with this story.

A schoolbag hangs on the lime-green walls of Sri Wahyuningtyas's home in the village of Wonosalam in Indonesia's Jombang district. The only photograph on display is of Sri W. with her church group members, but it's her five-year-old son's school backpack that has pride of place.

That's because of the great value Sri W. places on education. And with her income bolstered by earnings from her job in the Sengon Agung Bersama Cooperative, she has been able to buy a second cow and knows that she'll be able to send her son, as well as the child she is carrying, to the best schools.

The co-op, set up in 2010, is supported by a grant from the FSC Smallholder Fund. FSC recognizes that smallholders, family forest owners and forest communities are key stakeholders in responsible forest management. As individuals, and even as ill-equipped groups, they would never be able to obtain FSC certification. But through its Smallholder Support Program, FSC can help groups of smallholders to overcome the many challenges they face in meeting the requirements of becoming FSC certified.

Sri W. has been a member of the co-op since the start, but she wanted to be more involved. She joined the staff in the administration section and was trained in financial and computer skills, which she now passes on to members of her church group. The co-op has 129 members, of which 24 are women. Sri is one of two female staff members; there are five men on the staff. She's happy because she has more income and new skills now and she's also enjoying the gender equality in the co-op. *"It doesn't matter that I am a woman. We are treated and paid the same,"* she says.

Room to grow

The co-op's members come from 11 sub-villages. On their collective 201 hectares of FSC-certified forest, they grow teak, mahogany, sengon and gmelina. The co-op also used the funding to buy safety helmets and shoes. It improved the quality of its forest management through training, which, in turn, will help improve the quality of the timber. With the FSC funding, all mem-

bers get free seed and are trained in growing their trees without pesticides. There has already been substantial growth; in 2013, revenue was 457,000 Indonesian rupiah (around US\$40), up from 239,000 rupiah in 2012. It takes five years to get to the harvesting stage for the trees, and the villagers are selling seedlings in the meantime.

The company PT Sejahtera Usaha Bersama (PT SUB) financially supports the co-op, by assisting with obtaining seedlings and buying timber from the smallholders. FSC timber here is used mostly for plywood for general housing. For PT SUB, its support of an FSC-certified cooperative is a way to ease entry into the European and US markets.

Benefits for all

Fellow co-op member Supriyo grows trees on 800 square meters (0.08 ha) of the forest. He also heads a village-level office, which meets once a month to discuss community issues. He was elected to his position in 2010, and is very proud of being a community leader. Supriyo keeps all the office files in his home, in the sideboard under a heart-shaped clock. Supriyo, along with the other co-op members, is very pleased that the local and national governments have acknowledged their involvement in sustainable forest management. The forest is their world and they are delighted to show it off. But to be sustainable, they realized that they had to learn to do things differently.

There is a productive area and a conservation area to ensure diversity. All the trees are tagged in line with the monitoring and evaluation side of the members' training, and will be harvested only when they reach the correct height. It is clear that a system is in place and that it's working.

From his profits from the co-op, Supriyo bought two goats to add to his herd (which now totals six animals). But he's so busy in the village office that he had to ask his neighbor Sri Wahyuni, to look after four of them; they then share the profits from the goats' milk and meat. Arrangements like this, he points out, mean that all the villagers benefit from the co-op – even those who are not members. And the co-op itself would not be successful without FSC support.



Photo credits: Lisa Smyth



Train the Trainers

In September 2014, the FSC Train the Trainers program for Asia and the Pacific organized a one-week regional training workshop in Bangkok at the RECOFTC (The Center for People and Forests) headquarters. Participants from Indonesia, Vietnam, Malaysia, Myanmar and India learnt how to share content in relation to livelihoods, value chain analysis, and interventions.

Other topics covered during the training included enterprise and business development, sustainable forest management and FSC certification, and, also, a training methodology to deliver training at a local level to communities and small growers associations in their respective countries.

In Latin America, the Train the Trainers program has been conceptualized for 2015/16 and will start with participants from several development organizations and universities in Mexico, Bolivia, Nicaragua, Peru, Ecuador and Costa Rica. The regional workshop will take place during the first week of December in Granada, at Lake Nicaragua.

The objective of this first stage is to help these organizations integrate this new knowledge into their portfolios, and to deliver trainings on the ground. In the second phase, the Train the Trainers concept will integrate FSC network partners so that FSC national offices can strengthen their portfolio of services for smallholders.

The Smallholder Fund

After a one year break – due to the implementation of the first round of applications, selections and disbursement of the fund – the Smallholder Fund is back with a new call for applications in 2015. The new procedures for application and selection are expected to be available by the second half of March 2015.

The procedures will again be placed on the Smallholder Fund webpage on the FSC International website: <https://ic.fsc.org/smallholder-fund.542.htm>.

The Smallholder Network Advisory Group developing the final Global Operational Plan

The Smallholder Network Advisory Group (SHNAG), with representatives from all regions, is in the final stage of development for the Global Operational Plan (GOP).

For the first time in FSC history, a harmonized two-year operational plan regarding smallholder activities is being conceived. Information from the whole FSC network are being considered and integrated into national work plans and budgets. The experience of common planning will be followed by a sharing of experiences from implementation of projects amongst the network. The common objectives of this group are to promote FSC certification and strengthen the position of smallholders in the system.

Market access

In the fourth quarter, plans for 2015 have been completed, and our market access component will further be strengthened through awareness raising, capacity development and technical guidance to our smallholders.

Making better use of the FSC Marketplace, and improving the uptake of the Small and Community Label Option (SCLO) by smallholders, are amongst our top priorities for 2015. Completed producer profiles have been posted and are available on sclo.fsc.org.

MORE INFORMATION

For more information on the projects, check out the Smallholders Portal on www.fsc.org/smallholders.

And stay tuned for more updates. The next issue will be published in March 2015.

CONTACT

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