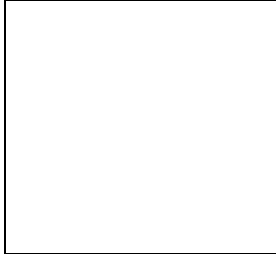




SmartWood

Practical conservation through certified forestry

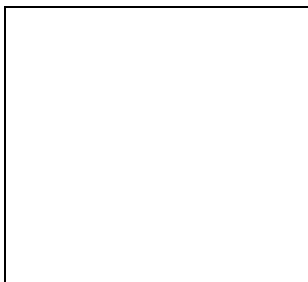
Certified by:



SmartWood Headquarters
65 Millet St. Suite 201
Richmond, VT 05477 USA
Tel: 802-434-5491
Fax: 802-434-3116
www.smartwood.org
Contact person: Jon Jickling
jjickling@ra.org

Audit Managed by:
NEPCon

Czapińskiego 3/311
30-048 Kraków, Poland
Tel: +48122950373
Fax: +48122950374
Contact person: Andrzej Czech
Email: ac@nepcon.net



**ACCREDITED
FSC-ACC-004**

© 1996 Forest Stewardship Council A.C.

FM-02 June 2007

Forest Management **Certification Assessment** Report for:

Staro Oryahovo State Forestry
Unit
in
Bulgaria

Certificate code: SW-FM/CoC-003002

Auditors: Aliaksandr Zubkevich,
Zhivko Bogdanov

Audit Dates: 5-7.11.2007

Report Finalized: 16 February 2008

Operation Contact: Dipl. eng. Kiril Petrov

Address: 8 Dunav Str.

Staro Oryahovo 9110, Bulgaria

TABLE OF CONTENTS

INTRODUCTION.....	3
1. SCOPE OF THE CERTIFICATE	4
1.1. SCOPE OF THE CERTIFICATE	4
1.2. EXCLUSION OF AREAS FROM THE SCOPE OF CERTIFICATE.....	4
2. ASSESSMENT PROCESS.....	5
2.1. CERTIFICATION STANDARD USED	5
2.2. ASSESSMENT TEAM AND QUALIFICATIONS.....	5
2.3. REPORT PEER REVIEWERS	5
2.4. ASSESSMENT SCHEDULE (INCLUDING PRE-ASSESSMENT AND STAKEHOLDER CONSULTATION).....	6
2.5. EVALUATION STRATEGY.....	6
2.6. STAKEHOLDER CONSULTATION PROCESS	7
3. ASSESSMENT FINDINGS AND OBSERVATIONS.....	9
3.1. STAKEHOLDER COMMENTS RECEIVED	9
3.2. MAIN STRENGTHS AND WEAKNESSES	10
3.3. IDENTIFIED NON-CONFORMANCES AND CORRECTIVE ACTIONS	11
3.4. OBSERVATIONS	15
3.5. CERTIFICATION RECOMMENDATION.....	16
4. CLIENT SPECIFIC BACKGROUND INFORMATION	18
4.1. OWNERSHIP AND LAND TENURE DESCRIPTION	18
4.2. LEGISLATIVE AND GOVERNMENT REGULATORY CONTEXT	18
4.3. ENVIRONMENTAL CONTEXT	18
4.4. SOCIOECONOMIC CONTEXT.....	19
APPENDIX I: Public summary of the management plan.....	20
APPENDIX II: FSC Reporting Form: Detailed FME information (Confidential)	22
APPENDIX III: Certification standard conformance checklist (confidential).....	30
APPENDIX IV: Chain of Custody Standard Conformance Checklist (confidential).....	55
APPENDIX VI: List of all visited sites (confidential)	57
APPENDIX VII: Detailed list of stakeholders consulted (confidential).....	60
APPENDIX VIII: Peer review addenda (confidential).....	62
APPENDIX X: FME map.....	68

INTRODUCTION

This report presents the findings of an independent certification assessment conducted by a team of specialists representing the SmartWood Program of the Rainforest Alliance. The purpose of the assessment was to evaluate the ecological, economic and social performance of Staro Oryahovo State Forestry Unit forest management as defined by the Forest Stewardship Council.

This report contains four main sections of information and findings and several appendixes. The whole report plus appendixes I will become public information about the forest management operation that may be distributed by SmartWood or the Forest Stewardship Council (FSC) to interested parties. The remainder of the appendixes are confidential, to be reviewed only by authorized SmartWood and FSC staff and reviewers bound by confidentiality agreements.

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

1. SCOPE OF THE CERTIFICATE

1.1. Scope of the certificate

The scope covers the forest area managed by Staro Oryahovo State Forestry Unit (FMO) and all forest products harvested and produced by the enterprise. The FMO is responsible for management of the state owned forests only, thus why only the state forest is included in the scope of the certificate within an area of 23151.2 hectares.

1.2. Exclusion of areas from the scope of certificate

X	Applicability of FSC partial certification and excision policy		
<input checked="" type="checkbox"/>	All forest land owned or managed by the FME is included in the scope of this evaluation.		
<input type="checkbox"/>	FME owns and/or has management involvement in other forest land/properties (forest management units) not being evaluated. Provide description of other forests below:		
<input type="checkbox"/>	Is any portion of the forest management unit (s) under evaluation for certification being excluded? If yes, complete all sections below.		
Comments / Explanation for exclusion:	None		
Control measures	None		
Other Forest area		Location	Size (ha)
None			

2. ASSESSMENT PROCESS

2.1. Certification Standard Used

SmartWood Interim Standard for Bulgaria draft 1.0., 25 May 2007 has been prepared by NEPCo and the Rainforest Alliance SmartWood program. SmartWood is an FSC accredited certification program of Rainforest Alliance and NEPCo is partner of Rainforest Alliance representing the SW program in Scandinavia, Russia and Eastern Europe. The standard is based on Forest Stewardship Council (FSC) general requirements detailed in FSC-STD-01-001 FSC Principles and Criteria for Forest Stewardship. The wording of FSC principles and criteria has been included in the standard unchanged. During the adaptation process NEPCo/SmartWood has developed indicators for each applicable criterion that detail the requirements considering local Bulgarian context. In case a criterion or principle has been considered non-applicable, the reason for this has been justified. The indicators in this standard are partly based on the Draft Bulgarian National FSC Standard (version 3rd), which has been prepared by FSC Working Group in Bulgaria (www.panda.org/bg and www.forestrybg.net) as well as takes into consideration WoodMark standards used for two FM assessments in Bulgaria. FSC requirements for standards as described in FSC-STD-20-003 Local adaptation of certification body generic forest stewardship standards (ver 1-0) and FSC-STD-20-002 Structure and Content of Forest Stewardship Standards (ver 1-0) have been fully followed during preparation of this standard. Based on the review of Bulgarian legislation it is NEPCo/SW position that this standard is not in conflict with any national legal requirements. At the same time NEPCo/SW is in position that this standard does not include performance thresholds that are lower than the national legal requirements.

2.2. Assessment team and qualifications

Aliaksandr Zubkevich - Nature, Ecology and People Consult (NEPCo).

Mr Zubkevich has education of engineer-economist in timber industry. He has post-graduate education in Belarusian state technological university and writes a post-graduate dissertation on the topic: Organization and economic base of harvesting development in Belarus. Aliaksandr Zubkevich is trained with several programs in Poland and Sweden, where prepared scientific reports. Also he wrote some scientific articles regarding forest sector development in Belarus. Till 2005 Mr. Zubkevich leaded republican NGO involved in ecological issues and education in ecology. Now Mr. Zubkevich works for NEPCo as representative in Belarus. He has been through SmartWood's CoC assessor training course in 2007 year. He participated in audits of leskhozvez in Belarus, Latvia and Poland, in main assessment in Ukraine

Zhivko Bogdanov, local expert

Bulgarian citizen, Forestry graduated, WWF expert and WWF DCP Bulgaria Forest Program Coordinator. He has been involved in the development of Bulgarian FSC Working Group and the national standard setting process since 2003, now he is FSC Contact Person in the country. Zhivko Bogdanov has participated in 5 pre-assessment audits in Russia, Italy and Bulgaria and 4 main forest management and chain of custody certification assessments in Bulgaria. He has been through SmartWood's CoC assessor training course in 2006, SGS Forest Certification Course in 2004, WoodMark Forest Management Certification Auditing training in 2004.

2.3. Report peer reviewers

2.4. Assessment schedule (including pre-assessment and stakeholder consultation)

Date	Location /main sites	Main activities
Pre-assessment		
29.05.2007	Staro Oryahovo office	Review of documents, interview with staff
29.05.2007	Staro Oryahovo forest areas	Field audit, interview with field personnel
30.05.2007	Staro Oryahovo office	Review of documents, interview with staff, presentation of audit results.
29.05.2007	Staro Oryahovo office	Review of documents, interview with staff
29.05.2007	Staro Oryahovo forest areas	Field audit, interview with field personnel
Main Assessment		
05.11.2007	Staro Oryahovo office	Introducing audit tem. Review of documents, interview with staff. Issue and finding discussing in team.
06.11.2007	Staro Oryahovo forest area, office in the evening	Field audit, interview with field personnel
07.11.2007	Staro Oryahovo office	Review of documents, interview with staff, and presentation of audit results.
Total number of person days used for the audit: 5 + 2 days for pre-assessment = number of auditors participating 2 times total number of days spent for the audit 2		

2.5. Evaluation strategy

Audit started with initial briefing meeting between forest unit managers and NEPCon assessors aimed to provide FMO with a clear understanding of what will be done during the certification assessment process. Then auditors step by step checked documentation (forest management plan, procedures, laws, orders and others) related to certification and reviewed staff in relation of implementation of the Smartwood standard. The following issues have been identified as potentially significant for the main assessment:

- H&S training and equipment of contractors
- Assessment of impact of forest activities on ecosystems
- Monitoring of protected species and HCVF

During field inspection auditors selected sites which characterizes different approaches in forestry and silviculture. Special attention was paid to sites with completed, ongoing and planned forest operation, because such sites give picture of forest policy of FMO. Apart from were visited sites valuable for biodiversity protection, important for local communities. Auditors visited totally 15 sites.

List of management aspects reviewed by assessment team:

Type of site	Sites visited	Type of site	Sites visited
Road construction	5	Illegal settlement	-
Soil drainage	-	Bridges/stream crossing	2
Workshop	-	Chemical storage	-
Tree nursery	1	Wetland	-
Planned Harvest site	2	Steep slope/erosion	-
Ongoing Harvest site	3	Riparian zone	2
Completed logging	3	Planting	2
Soil scarification	-	Direct seeding	1
Planting site	3	Weed control	-
Felling by harvester	n/a	Natural regeneration	12
Felling by forest worker	9	Endangered species	4
Skidding/Forwarding	2	Wildlife management	2
Clearfelling	-	Nature Reserve	2
Shelterwood management	5	Key Biotope	2
Selective felling	3	Special management area	2
Sanitation cutting	2	Historical site	-
Pre-commercial thinning	2	Recreational site	3
Commercial thinning	1	Buffer zone	2
Logging camp	1	Local community	4

2.6. Stakeholder consultation process

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

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

This process is not just stakeholder notification, but wherever possible, detailed and meaningful stakeholder interaction. The process of stakeholder interaction does not stop after the field visits, or for that matter, after even a certification decision is made. SmartWood welcomes, at any time, comments on certified operations and such comments often provide a basis for field assessment.

In the case of Staro Oryahovo prior to the actual assessment process, a public consultation stakeholder document was developed and distributed by email, FAX and mail. Also information about planning assessment was posted on NEPCOn web site.

Stakeholder Type (NGO, government bodies, local inhabitant, contractor etc.)	Stakeholders Notified (#)	Stakeholders consulted directly or provided input (#)
NGOs	2	1
Local Community members	2	4
Govt agency	5	2
Union	1	-

Forest Management Planning company	2	-
Logging/Wood-processing company	1	1

3. ASSESSMENT FINDINGS AND OBSERVATIONS

3.1. Stakeholder comments received

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

FSC Principle	Stakeholder comment	SmartWood response
P1: FSC Commitment and Legal Compliance	FMO respect the law and work transparently and legally.	Not needed
P2: Tenure & Use Rights & Responsibilities	FMO staff and operations respect other owners rights.	Not needed
P3 – Indigenous Peoples’ Rights	Not applicable	NA
P4: Community Relations & Workers’ Rights	FMO support communities for their need of grazing and firewood.	Not needed
P5: Benefits from the Forest	No any comments were received	Not needed
P6: Environmental Impact	Water Basin Directorate, Varna by MoEW sent letter addressing the following: <ol style="list-style-type: none"> 1. Forest Management Plans and Water Basin Plan developed by the WBDirectorate shall correspond each other; 2. All catchments and water streams shall be mentioned in the FMP and on the forest maps; Water objects and the territory around shall be protect by erosion and damages by forest operations	During the assessment of Staro Oryahovo FMO the auditing team found that unit’s FMP has been consulted during its development with the related institutions and interested parties. The FMP and forest maps include water objects on the territories of FMO. The documentation and procedures of the unit is addressing the issue with soil protection and water stream protection during the forest operations adequately. The implementation of the system and the monitoring of the issue will continue to be checked during the forthcoming audits.
P7: Management Plan	No any comments were received	Not needed
P8: Monitoring & Assessment	No any comments were received	Not needed
P9: Maintenance of High Conservation Value Forest	No any comments were received	Not needed
P10 - Plantations	Not applicable	Not needed

3.2. Main strengths and weaknesses

Principle	Strengths	Weaknesses
P1: FSC Commitment and Legal Compliance	<ul style="list-style-type: none"> • Legal requirements are known and followed by FMO Staro Oryahovo • All taxed timely paid • International conventions listed and known • The general trend of illegal logging cases is decreasing • Clear commitment to FSC expressed in written in several cases. • There are no conflicts between laws and present standard 	
P2: Tenure & Use Rights & Responsibilities	<ul style="list-style-type: none"> • Ownership issues are clear and undisputed • All forest areas are open for public use 	
P3 – Indigenous Peoples’ Rights	<p>Not applicable</p>	
P4: Community Relations & Workers’ Rights	<ul style="list-style-type: none"> • Stable employment provided to staff and no discrimination of staff • Staff has access to relevant safety equipment • Cultural areas are mapped and local societies are considered • There is a clear procedure for processing, answering and resolving the complaints received by administration 	<ul style="list-style-type: none"> • Workers in the forest didn’t has safety equipment (in particular safety boots, safety trousers) (CAR 01/07) • No publicly available health and safety policy (CAR 02/07) • Persons entering logging sites were not wearing helmets and high visibility vests (CAR 03/07)
P5: Benefits from the Forest	<ul style="list-style-type: none"> ▪ Access to all NTF products is free for public use ▪ Hunting is utilized ▪ Actual harvest is well documented ▪ Sales system favors high economic income and is based on auction system 	<ul style="list-style-type: none"> • Assessment of the impact of forest management on the multiple services produced in the forest is not provided in written (CAR 04/07)
P6: Environmental Impact	<ul style="list-style-type: none"> ▪ Maps of protected areas are available and used ▪ Protected species habitats are known and mapped ▪ Natural regeneration used in large extent ▪ Over 5% of forest areas are strictly protected ▪ No of chemical use in the forest ▪ No GMO-s, biological control agents or exotic species are used 	<ul style="list-style-type: none"> ▪ Procedure of assessment of potential impact on environment during forest management plan preparation is not implemented (CAR 05/07) ▪ No system in place and implemented for conducting environmental impact assessment prior to road building (CAR 06/07) ▪ Requirements of leaving in the forest old and hollow trees and dead wood as well as leaving at least 5 biological valuable trees per hectare are not clear defined in cutting regulation documents given to contractors (CAR

		07/07) <ul style="list-style-type: none"> Biodegradable oil are not used for chainsaws and hydraulic oil in forest machinery (08/07) There was significant amount of garbage in the visited forest areas (OBS 01/07)
P7: Management Plan	<ul style="list-style-type: none"> Detailed and technically sound management plans exist Specific timeframe for updating management plans is implemented 	Relevant staff has not been trained according biodiversity (CAR 09/07)
P8: Monitoring & Assessment	<ul style="list-style-type: none"> Thorough monitoring system is in place covering almost all required aspects. CoC rules are followed Monitoring result summary is included in the public summary of the management plan 	
P9: Maintenance of High Conservation Value Forest	<ul style="list-style-type: none"> All HCV forest areas are mapped and protection values are known Consultation with various stakeholder groups has been conducted for identification of HCV forest areas. 	There is good developed system of HCVF identification and monitoring. This system was developed by external organization and in report just mentioned that stakeholders were consulted. But there is no list of stakeholders in FMO (CAR 10/07)
P10 - Plantations	Not applicable	
Chain of custody	CoC rules are followed	
Group Certification Requirements	Not applicable	

3.3. Identified non-conformances and corrective actions

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

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

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

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

CAR 01/07		Reference Standard & Criteria: SW interim standard for Bulgaria P&C 4.2.2
Nonconformance		Field inspection showed that most of health and safety equipment was lacking. In particular chain of saw operator didn't have safety boots, safety trousers. Also tractors in the forest were not equipped with first aid kit
Major	Minor X	
Corrective Action Request: FMO shall ensure full compliance with health and safety requirements of contractors as specified in the SmartWood standard.		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if app.):		

CAR 02/07		Reference Standard & Criteria: SW interim standard for Bulgaria P&C 4.2.11
Nonconformance		Field inspection and interview showed that system for ensuring H&S requirements doesn't work properly. In particular interviews with forest rangers showed that non-compliance according lack of equipments or using chain saw with broken brake are not reported. Auditors concluded that FMO still does not posses working health and safety policy and management system in place.
Major	Minor X	
Corrective Action Request: FMO shall develop of health and safety policy and implement a robust system for checking of non compliances, report observed non compliances and ensure that appropriate action is taken in case of compliance with health and safety requirement.		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if applicable):		

CAR 03/07		Reference Standard & Criteria: SW interim standard for Bulgaria P&C 4.2.3
Nonconformance		Persons entering logging sites were not wearing helmets and high visibility vests. The order #218 - I dated 21.06.2007 prohibited entering sites with on-going operation without helmet and high visibility vest. But field inspection showed that in practice such requirement not implemented
Major	Minor X	
Corrective Action Request: FMO shall ensure that every person entering an ongoing logging site shall wear a helmet and high visibility vest.		
Timeline for conformance:		Prior to next annual audit

Evidence to close CAR:	Pending
CAR Status:	OPEN
Follow-up Actions (if applicable):	

CAR 04/07	Reference Standard & Criteria: SW interim standard for Bulgaria P&C 5.5.2	
Nonconformance		FMO has annual estimation of available game, potential resources of berries and mushrooms included in forest management plan, but formal assessment of the impact of forest management on the multiple services produced in the forest is not provided in written
Major	Minor X	
Corrective Action Request: FMO shall assess impact of forest management on the multiple services produced in the forest in written. Such assessment shall include estimation of impact on outdoor life, watersheds, NTFP (fishing, hunting, berries and mushrooms), protection of cultural and biological values. Estimation shall be documented and be available in office of FMO.		
Timeline for conformance:	Prior to next annual audit	
Evidence to close CAR:	Pending	
CAR Status:	OPEN	
Follow-up Actions (if applicable):		

CAR 05/07	Reference Standard & Criteria: SW interim standard for Bulgaria P&C 6.1.1, 6.1.2	
Nonconformance		Potential impact on environment is assessed during forest management plan preparation. The order #218-VI dated 21.06.2007 was issued in FMO, which require make assessment of environmental impacts during management operation. During annual forest planning it is required estimate impact on landscape and other resources, clear cutting prohibited, prohibited exceeding planned harvested volume. Also this order require during preparation of technological plan for particular cutting area forest ranger shall asses potential impact on environment and after finishing of work shall estimate factual impact. The results shall be documented by act. Audit showed that forest ranger use old technological maps and still don't make assessment of environmental impact as described in the Order.
Major	Minor X	
Corrective Action Request: FMO shall ensure that assessment of potential impact on environment during forest management plan preparation is documented and implemented in practice.		
Timeline for conformance:	Prior to next annual audit	
Evidence to close CAR:	Pending	
CAR Status:	OPEN	
Follow-up Actions (if applicable):		

CAR 06/07	Reference Standard & Criteria: SW interim standard for Bulgaria P&C 6.1.3	
Nonconformance	Current procedures do not require environmental impact assessments for major	

Major	Minor X	activities, if they are below level specified in law requirements. In particular there is no procedure for conducting documented environmental impact assessments prior to major forest management activities such as constructions of new roads or maintenance of drainage systems.
Corrective Action Request: FMO shall develop procedure for conducting documented environmental impact assessments prior to major forest management activities such as constructions of new roads or maintenance of drainage systems..		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if applicable):		

CAR 07/07		Reference Standard & Criteria: SW interim standard for Bulgaria P&C 6.3.5, 6.3.6
Nonconformance		FMO developed procedure for leaving old and hollow trees and dead wood in the forest and also for leaving at least 5 biological valuable trees per hectare. But field inspection showed that such requirements didn't meet everywhere and didn't mention in cutting regulation documents for contractors.
Major	Minor X	
Corrective Action Request: FMO shall ensure that old and hollow trees and dead wood as well as at least 5 biological valuable trees per hectare are left in the forest.		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if applicable):		

CAR 08/07		Reference Standard & Criteria: SW interim standard for Bulgaria P&C 6.7.6
Nonconformance		Biodegradable oil is not used for chainsaws and hydraulic oil in forest machinery.
Major	Minor X	
Corrective Action Request: FMO shall ensure using biodegradable oil for chainsaws and hydraulic oil in forest machinery		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if applicable):		

CAR 09/07		Reference Standard & Criteria: SW interim standard for Bulgaria P&C 7.3.3
Nonconformance		Training on biodiversity of relevant stuff has not been conducted. There is only

Major	Minor X	program of training. Two persons of FMO passed training made by company "Koral" in the frame of project "Capacity building of state forest administration" PHARE BG2004/IB/AG/04/UE. But other relevant staff has not been trained according biodiversity.
Corrective Action Request: FMO shall ensure that relevant staff passes training according biodiversity in the region of Staro Oryahovo. Training shall be documented.		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if applicable):		

CAR 10/07		Reference Standard & Criteria: SW interim standard for Bulgaria P&C 9.2.2
Nonconformance		There is good developed system of HCVF identification and monitoring. This system was developed by external organization and in report just mentioned that stakeholders were consulted. But there is no list of stakeholders available in FMO and FMO's staff not aware who had been consulted.
Major	Minor X	
Corrective Action Request: FMO shall document the stakeholder consultation process regarding HCVF identification in written.		
Timeline for conformance:		Prior to next annual audit
Evidence to close CAR:		Pending
CAR Status:		OPEN
Follow-up Actions (if applicable):		

3.4. Observations

Observations are very minor problems or the early stages of a problem which does not of itself constitute a nonconformance, but which the auditor considers may lead to a future nonconformance if not addressed by the client. An observation may be a warning signal on a particular issue that, if not addressed, could turn into a CAR in the future (or a pre-condition or condition during a 5 year re-assessment).

OBS 01/07	Reference Standard & Requirement: SW interim standard for Bulgaria P&C 5.1.1
Existing financial system is far from being perfect. There are no correlation between incomes and expenses. All income flow to the national budget and all expenses financed by national budget. Such system constrains initiative and excludes management's independence. Budget covers all planned forest management costs with the exception of new road construction. Interview with staff indicated that funds on new road construction don't plan during last several years.	
Observation: Auditors recommend FMO apply to forest branch authorities with aim to try to enforce	

reformation of financial system in Bulgaria towards market and best European practices.

OBS 02/07	Reference Standard & Requirement: SW interim standard for Bulgaria P&C 5.3.3, 9.2.2
There was significant amount of garbage observed in the visited forest areas. FMO took some steps (developed procedure) to solve this problem. But field inspection confirmed that taken efforts were not sufficient.	
Observation: Auditors recommend FMO take more efficient steps to reduce amount of waste in the forest.	

OBS 03/07	Reference Standard & Requirement: SW interim standard for Bulgaria P&C 6.5.1.11
Requirement to design where it is possible silt traps, water buffer and preventing drains flow into the water streams are not mentioned in procedures	
Observation: Auditors recommend FMO include such requirement into procedure .	

OBS 04/07	Reference Standard & Requirement: SW interim standard for Bulgaria P&C 6.7.5
Field inspection showed that tractors were with slight oil leakage	
Observation: Auditors recommend FMO take steps to exclude using of forest machinery with oil leakage.	

3.5. Certification Recommendation

Based on a thorough review of FME performance in the field, consultation with stakeholders, analysis of management documentation or other audit evidence the SmartWood assessment team recommends the following:

Certification requirements met, certificate should be issued	<input checked="" type="checkbox"/>
Certification requirements not met, major CARs must be met prior to certificate issuance.	<input type="checkbox"/>
FME has demonstrated that their described system of management is being implemented consistently over the whole forest areas covered by the scope of the evaluation	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Comments:	
FME's management system, if implemented as described, is capable of ensuring that all the requirements of the certification standards are met across the scope of the certificate	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Comments:	
Issues identified as controversial or hard to evaluate.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Comments:	

Certificate type recommended:

- Forest management and Chain of custody
- Forest management only (no CoC)

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

4. CLIENT SPECIFIC BACKGROUND INFORMATION

4.1. Ownership and land tenure description

The FMO's forest area is 23151.2 ha from which forests cover 22475,6 ha. The owner of the forest land is the Bulgarian state.

4.2. Legislative and government regulatory context

FMO is managed by Staro Oryahovo State Forestry Unit, 8 Dunav Str, Staro Oryahovo 9110, Bulgaria, which is an organizational unit of National Forestry Board, Varna Regional Forest Directorate. The FMO is divided into 6 Forest Management Departments with total 18 Forest guarding subdepartments: Dolni Chiflik (3080.1 ha), Longoza (1673.6 ha), Staro Oryahovo (5126.8 ha), Byala (4341.5 ha), Gorska baraka (5422.7 ha) and Solnik (4033.7 ha).

The National Forestry Board by the Ministry of Agriculture and Forests is responsible for the development of legislative instruments affecting the management of forests and is responsible in the same time for regulating the forestry management and monitoring compliance with legal requirements. The National Forestry Board, which unit is Staro Oryahovo FMO, is responsible also for management and protection of the forest in the following category of Protected Areas: Nature Parks, Protected Sites, Nature Monuments, Historical Monuments. Private licensed companies are responsible for undertaking detail field surveys and preparing overall background papers for all management plans, including digital forest site type maps and forest road network maps as well as prepare the forest management plans for 10 years period. The forest management plan includes detail inventory and planning in every stand. The National Forestry Board approves forest management plans.

4.3. Environmental Context

The forest cover of the territory of Staro Oryahovo FMO is 59%, which is far more than the average for the country about 30%. The FMO is located in the most East part of the Balkan Mountain where the mountain range connects with the costs of Black Sea. The territory of FMO covers areas from sea level to about 700 m altitude. The forests are spread as continuous massive in the landscape from the top to the valleys with connection between different forest stands. The biggest fields or natural open spaces are located around the settlements. The largest agriculture landscape is situated in the biggest valley in the region – Kamchia river valley.

The Forest Management Plan of the unit tolerated Natural regeneration of all forests. When support for natural regeneration is needed then native trees species are used in accordance with the forest legislation. Only small plots of no-native species plantations are established by FMO as experimental stands for improving of the production rate of the area.

The current species composition is as follows: oak 80%, beech 5 %, pine 2.7%, different deciduous species 12.3%. The dominant mean of management of dominantly oak and beech stands on the FMO is shelter-wood management methods with elements also of selection cutting systems – all with natural regeneration. Staro Oryahovo State Forestry Unit contains all three types of forest categories: 42.6 % of production forest (9318 ha), 55.7 % (12759.1 ha) of protective forest (special purpose forest – ecological, recreational functions) and 875.6 ha of protected forest (forests in Protected Areas).

Closed to the both sides of Kamchia river and its creek is located the biggest inland the country riparian forest massive, which is in Kamchia Nature Reserve. There are 4 other Protected Areas on the territory of the FMO. One of them is also Nature Reserve – “Kirov dol”, 2 are Protected Sites (“Gorska Baraka” and “Kamchiyski pyasaci”) and the 5th is Nature Monument – “Belite skali”. Excluding Nature reserves, which are under the responsibility and management of the regional structures of Ministry of Environment and Water, all other Protected Areas are managed by Staro Oryahovo FMO according to the biodiversity and

forestry law in the country. There are also 5 projected Natura 2000 zones on the territory of the unit identified, which designation is waiting for approval or rejection by the government and EU commission. The FMO has conducted HCVF study for the territory of the unit according to National Toolkit for identification, management and monitoring of HCVF. The Toolkit is based on the FSC requirements for HCVF and is describing 6 category of important forest by their functions covered all aspects of the concept – biodiversity, ecological and social values of forest. Appropriate forest management and monitoring practices have been developed and adopted by the FMO in special report for HCVF for the territory of the unit.

There have been identified about 20 plant and 23 animal important species on the territory of the unit and 8 endangered forest ecosystems according to EUNIS and NATURA2000 specifications.

4.4. Socioeconomic Context

The territorial scope of Staro Oryahovo FMO includes part of 3 municipalities with 18 settlements in total. The high forest coverage of 59% compared to the average of 30% for the country is showing that the forestry there have big social and economical value. The forest in the territory is using as timber resource for constructions, wood-processing and as firewood for local people. But because of the closed to the sea location, the recreational functions of forests and tourism development in the region is growing rapidly. Most part of the forestland in the FMO is state owned – only 3% of all forestland has municipality or private ownership. Thus why Staro Oryahovo FMO have to ensure all the needed firewood resources from its territory. But according to the statistics the use of firewood in the region is only 1/5 of the FMO's production of such products. There are not conflicts with the consumers of firewood in the region. Several big wood-processing companies operate in the region as well as 3 local logging companies. All of them are the main wood consumers from the FMO and usually work as contractors for different forest activities of Staro Oryahovo FMO.

All usage of non-timber forest resources on the territory of FMO, including hunting, is organized. Local hunting associations organize the hunting themselves but permissions for game based on the annual plan and control of the activities are by FMO staff. The local people allowed to collect for free for their own needs NTFP on whole territory of the FMO and the grazing is organized according to annual plans developed together with interested local people.

The well developed infrastructure, agriculture, trade and tourism in the region indicate that the local people and industry is not dependant from the forest resources on the territory of the unit.

APPENDIX I: Public summary of the management plan

(NOTE: To be prepared by the client prior to assessment, Information verified by assessment team)

<p>Main objectives of the forest management are: Primary priority: Improvement of forest growing rate and maintenance of stable forest ecosystems Secondary priority: Implementation of the sustainable management. Utilization of the forests in a way and to the extent that their stability, vitality, biodiversity, production ability, regeneration capacity and ability to fulfil beneficial functions will maintain secured in the long term Other priorities: Maintenance of the forests as the sustainable natural resource for the benefit of future generations</p>	
<p>Forest composition: The current species composition is as follows: oak 80%, beech 5 %, pine 2.7%, different deciduous species 12.3%.</p>	
<p>Description of Silvicultural system(s) used: The dominant mean of management of dominantly oak and beech stands on the FMO is shelter-wood management methods with elements also of section cutting systems – all with natural regeneration</p>	
Silvicultural system	% of forest under this management
Even aged management	2820.5 ha
Clearfelling (clearcut size range < 1 ha)	145.2 ha
Shelterwood	2675.3 ha
Uneven aged management	10254.2 ha
Individual tree selection	9646.9 ha
Group selection (group harvested of less than 1 ha in size)	607.3 ha
Other types of management (explain)sanitary	255 ha
<p>Harvest methods and equipment used: Chainsaws, horses or tractors with gig. All forest work done by contractors. Chain saw operator fell marked by forest ranger tree, then cut the branches and cut the log onto several assortments. Then skidder or horses haul sortments in stockpile at road</p>	
<p>Estimate of maximum sustainable yield for main commercial species: 48470 m3</p>	
<p>Explanation of the assumptions (e.g. silvicultural) upon which estimates are based and reference to the source of data (e.g. inventory data, permanent sample plots, yield tables) upon which estimates are based upon. Estimates made on the base of Forest Management Plan and national laws. FMP is evaluating every 10 years based on inventory of the forest resources and calculated by yield tables</p>	
<p>FME organizational structure and management responsibilities from senior management to operational level (how is management organized, who controls and takes decisions etc.) FMO is managed by Staro Oryahovo State Frestry Unit which is an organizational unit of State Forestry Agency, Varna Regional Forest Directorate.</p>	

FMO structure: director provide general administration of the unit, main specialists are responsible for detailed operations (silviculture, use etc.). FMO is divided in several subdivisions with forest ranger in each.

Forest rangers are responsible for site-preparation for logging, forest guarding, silviculture practice, control of forest operations and hunting.

Structure of forest management units (division of forest area into manageable units etc.)

The FMO is divided into 6 Forest Management Departments with total 18 Forest guarding subdepartments: Dolni Chiflik (3080.1 ha), Longoza (1673.6 ha), Staro Oryahovo (5126.8 ha), Byala (4341.5 ha), Gorska baraka (5422.7 ha) and Solnik (4033.7 ha).

Monitoring procedures (including yield of all forest products harvested, growth rates, regeneration, and forest condition, composition/changes in flora and fauna, environmental and social impacts of forest management, costs, productivity and efficiency of forest management)

FMO is making revisions of subdistrict operations every 6 months. FMO regularly is providing assessment of health conditions of the forests.

There are procedures for monitoring of biodiversity and ecological functions of forest such as "Program for monitoring of HCVF and biodiversity in Staro Oryahovo FMO".

Social Impact Assessment of the forest operations has made by external organization. It is attached to the Forest Management Plan. The SIA include system for analysis of the social and economical impacts of the operations.

The system for monitoring of social and economical aspects is implemented. There is system for monitoring of the usage, forest growth rate and conditions, which is necessary and based on legislative requirements and instructions.

Environmental protection measures, e.g. buffer zones for streams, riparian areas, etc., protection measures for Rare Threatened and Endangered Species and habitat

There is located the biggest in the country inland riparian forest massive, which is in Kamchia Nature Reserve. There are 3 other Protected Areas on the territory of the FMO. One of them is also Nature Reserve – "Kirov dol". Another one is Protected Site - "Gorska Baraka". And the 4th is Nature Monument – "Belite skali". Excluding Nature reserves, which are under the responsibility and management of the regional structures of Ministry of Environment and Water, all other Protected Areas are managed by Staro Oryahovo FMO according to the regimes in the Orders for their designation, according to biodiversity and forestry law in the country. There are also 5 projected Natura 2000 zones on the territory of the unit identified and approved by the government, proposed for designation by EU commission.

The FMO has conducted HCVF study for the territory of the unit according to National Toolkit for identification, management and monitoring of HCVF. The Toolkit is based on the FSC requirements for HCVF and is describing 6 category of important forest by their functions. It cover all aspects of the concept – biodiversity, ecological and social values of forest. Specific forest management and monitoring practices have been developed and adopted by the FMO in special report for HCVF and director's order.

Other Sections may be added by the FME