Project ITTO PD 523/08 Rev. 1 (I)

Operational Strategies for the Promotion of Efficient Utilization of Rubberwood from Sustainable Sources in Indonesia

“Enhancing Government Policy on the Utilization of Farmers’ Rubberwood on Unproductive Rubber Plantations in Jambi and South Sumatra Provinces”

(Report on the implementation of the activities pertaining to Output 3)

Executed by:
Directorate General of Forestry Enterprise Development (BUK),
The Ministry of Forestry of Indonesia

In collaboration with:
Indonesian Sawmill and Woodworking Association (ISWA)

With the assistance of:
The International Tropical Timber Organization (ITTO)

Jakarta, June 2013
Project PD 523 / 08 Rev. 1 (I):

“Operational Strategies for the Promotion of Efficient Utilization of Rubberwood from Sustainable Sources in Indonesia”

“Enhancing Government Policy on the Utilization of Farmers’ Rubberwood on Unproductive Rubber Plantations in Jambi and South Sumatra Provinces”

(Report on the implementation of the activities pertaining to Output 3)

Prepared for the Project by:
Dr. Hiras Sidabutar, Project National Expert
and
Mr. Jimmy Chandra, Project Coordinator

Executed by:
Directorate General of Forestry Enterprise Development (BUK),
The Ministry of Forestry of Indonesia

In collaboration with:
The Indonesian Sawmill and Woodworking Association (ISWA)

With the assistance of:
The International Tropical Timber Organization (ITTO)

Jakarta, June 2013
Project Title: Operational Strategies for the Promotion of Efficient Utilization of Rubberwood from Sustainable Sources in Indonesia

Serial Number: PD 523/08 Rev. 1 (I)

Executing Agency: Directorate General of Forestry Enterprise Development (BUK), The Ministry of Forestry of Indonesia
Manggala Wanabakti Forestry Center, Block I, Floor 5 Jl. Gatot Soebroto, Senayan, Jakarta
Phone: 62-21 5730379

Collaborating Agency: Indonesian Sawmill & Woodworking Association (ISWA)
Manggala Wanabakti Forestry Center, Block IV, Floor 8, Wing C Jl. Gatot Soebroto, Senayan, Jakarta
Phone: 62-21 5746336

Starting date: May 2010

Duration: 36 months

Budget: ITTO US$ 605,094
Disbursed amount US$ 449,040
GOI/ISWA US$ 302,700
Total US$ 907,794

Project Key Personnel:
- Mr. Jimmy Chandra, Project Coordinator
- Dr. Hiras P. Sidabutar, National Expert
- Ms. Diah Herlinawati, Project Secretary
- Ms. Herlina Lesmana, Project Finance
- Mr. Josef Dwinanta, Project Technician

Published by: BUK, ISWA and ITTO
Place & date: Jakarta, June 2013

Copyright © ITTO Project PD 523/08 Rev. 1 (I)
This report is the product of the BUK, ISWA and ITTO; interested parties may reproduce the report in whole or in part solely for own use by acknowledging its source, otherwise requires prior written permission of the copyright owner if used for commercial purposes.
List of abbreviation

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUK</td>
<td>Bina Usaha Kehutanan/Forestry Enterprise Development</td>
</tr>
<tr>
<td>ISWA</td>
<td>Indonesian Sawmill &amp; Woodworking Association</td>
</tr>
<tr>
<td>ITTO</td>
<td>International Tropical Timber Association</td>
</tr>
<tr>
<td>Keppres</td>
<td>Keputusan Presiden</td>
</tr>
<tr>
<td>Inpres</td>
<td>Instruksi Presiden</td>
</tr>
<tr>
<td>IPB</td>
<td>Institut Pertanian Bogor/Bogor Agricultural University</td>
</tr>
<tr>
<td>SKAU</td>
<td>Surat Keterangan Asal Usul/Certificate of Origin</td>
</tr>
<tr>
<td>SKSHH</td>
<td>Surat Keterangan Sahnya Hasil Hutan/Certificate of Wood Product Legality</td>
</tr>
<tr>
<td>KR</td>
<td>Community Timber</td>
</tr>
<tr>
<td>PHH</td>
<td>Certified Wood Grader</td>
</tr>
<tr>
<td>LMKB</td>
<td>Laporan Mutasi Kayu Bulat/Logs Transfer of Right Report</td>
</tr>
<tr>
<td>SKSKB</td>
<td>Surat Keterangan Sahnya Kayu Bulat/Certificate of Logs Legality</td>
</tr>
<tr>
<td>DG</td>
<td>Directorate General</td>
</tr>
<tr>
<td>FORDA</td>
<td>Forestry Research and Development Agency</td>
</tr>
<tr>
<td>UPPH</td>
<td>Unit Pengelolaan dan Pemasaran Hasil/Latex Management and Marketing Unit</td>
</tr>
<tr>
<td>APKI</td>
<td>Asosiasi Pengusaha Karet Indonesia</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-government Organization</td>
</tr>
<tr>
<td>FORKASU</td>
<td>North Sumatra Rubber Communication Forum</td>
</tr>
<tr>
<td>MP3EI</td>
<td>Master Plan Percepatan dan Pengembangan Pembangunan Ekonomi Indonesia</td>
</tr>
<tr>
<td>HTI</td>
<td>Industrial Forest Plantations</td>
</tr>
<tr>
<td>HTR</td>
<td>Community Forest Plantations</td>
</tr>
<tr>
<td>FAKO</td>
<td>Faktur Angkutan Kayu Olahan/Wood Product Invoice</td>
</tr>
<tr>
<td>NLA</td>
<td>National Landuse Agency</td>
</tr>
<tr>
<td>NA</td>
<td>Nota Angkutan/Shipping Invoice</td>
</tr>
<tr>
<td>NAPS</td>
<td>Nota Angkutan Penggunaan Sendiri/Shipping Invoice for Particular Use</td>
</tr>
</tbody>
</table>
# Table of contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>List of abbreviations</td>
<td>iii</td>
</tr>
<tr>
<td>Table of contents</td>
<td>iv</td>
</tr>
<tr>
<td>Summary</td>
<td>v</td>
</tr>
<tr>
<td><strong>1. INTRODUCTION</strong></td>
<td>1</td>
</tr>
<tr>
<td><strong>2. APPLIED METHODOLOGIES</strong></td>
<td>3</td>
</tr>
<tr>
<td>2.1. The hypothesis</td>
<td>3</td>
</tr>
<tr>
<td>2.2. Execution of planned activities</td>
<td>3</td>
</tr>
<tr>
<td>2.3. Assessment of achievement</td>
<td>5</td>
</tr>
<tr>
<td><strong>3. PRESENTATION OF FINDINGS</strong></td>
<td>6</td>
</tr>
<tr>
<td>3.1. Review of existing policies</td>
<td>6</td>
</tr>
<tr>
<td>3.2. Enhanced policies on farmers’ rubberwood utilization</td>
<td>8</td>
</tr>
<tr>
<td>3.3. Conduct of national workshop on policy enhancement</td>
<td>9</td>
</tr>
<tr>
<td>3.4. Formation of stakeholder coordinating mechanism</td>
<td>13</td>
</tr>
<tr>
<td>3.5. Enhanced national policy on rubberwood utilization</td>
<td>15</td>
</tr>
<tr>
<td><strong>4. ANALYSIS OF FINDINGS</strong></td>
<td>18</td>
</tr>
<tr>
<td>4.1. Enhancement of policy on rubberwood utilization</td>
<td>18</td>
</tr>
<tr>
<td>4.2. Establishment of mechanisms for promotion of rubberwood utilization</td>
<td>23</td>
</tr>
<tr>
<td>4.3. Achievement of Output 3 assessed</td>
<td>24</td>
</tr>
<tr>
<td><strong>5. CONCLUSIONS AND RECOMMENDATIONS</strong></td>
<td>26</td>
</tr>
<tr>
<td>5.1 Conclusions</td>
<td>26</td>
</tr>
<tr>
<td>5.2 Recommendations</td>
<td>27</td>
</tr>
<tr>
<td><strong>6. IMPLICATIONS FOR PRACTICE</strong></td>
<td>28</td>
</tr>
<tr>
<td>Selected references</td>
<td></td>
</tr>
</tbody>
</table>
Summary

The specific objective of project PD 523/08 Rev. 1 (I) was to promote the utilization of rubber wood from sustainable sources; it was planned to be achieved through delivery of five outputs one of which was “government policy governing rubber wood resource utilization revised and enhanced.” In order to deliver this output, five activities were planned to be implemented, namely: 1) to review the existing laws, rules and regulations on rubber wood utilization, 2) to formulate a new policy that encourages efficient utilization of rubber wood resource, 3) to organize one national workshop on the new policy involving main stakeholders, 4) to establish coordinating mechanisms of rubber wood resource utilization at different levels of government and 5) to submit the new policy to the government for adoption. These activities had been fully implemented with the involvement of the national consultants, government authorities and partners.

Under Activity 1, existing laws, rules and regulations concerning rubber wood utilization were reviewed. It was found that only a few Forestry Ministerial decrees were in effect; most provincial and local regulations had been abolished while the Ministry of Agriculture did not at all regulate the utilization of rubberwood. Under Activity 2, recommendations for policy enhancement were made and a draft Presidential Instruction prepared. The Ministry of Forestry (MOF) had taken into account these recommendations in the formulation of ministerial decree No. P. 30 of 2012 on the necessary requirements for shipping of 23 wood species including rubberwood; this decree has been recently announced and effected by the ministry. A regional workshop on investment for rubberwood utilization was organized under Activity 3. The workshop revealed that interest in investment is, to a larger extent, influenced by the prevailing business environment that are mostly shaped by the government policy on rubberwood utilization. Activity 4 found that establishment a coordinating mechanism for rubberwood utilization is unnecessary; it was recommended instead to activate and expand the function of Manteri Kebuns by providing the necessary operational resources. Under Activity 5, draft Inpres was prepared and reviewed involving the main stakeholders including Forestry Research and Development Agency (FORDA) and Universities. It was recommended to put process of the draft on pending status, awaiting reliable information on rubberwood growing stock data.

The results of pertinent activities has been assessed in light of the pre-specified indicators and concluded that Output 3 has been fully achieved.
1. INTRODUCTION

The total area of rubber plantation in Indonesia was around 3.4 million hectares in 2005 and increased to around 3.5 million hectares in 2010, distributed in Sumatra (app. 71%), Kalimantan (app. 25%), and other islands (4%). In terms of ownership, around 86% were owned by farmers and 14% by state-owned and private companies. It has been estimated that around 13-14 million cubic meters of rubber logs with diameter 20 cm or more, are available on a sustainable basis from replanting areas. However, this potential has been utilized only slightly over 20% due to institutional and technical operational problems.

Directorate General of Forestry Enterprise Development (BUK), in collaboration with Indonesian Sawmill and Woodworking Association (ISWA), had been implementing an ITTO-assisted project entitled “Operational Strategies for the Promotion of Efficient Utilization of Rubberwood from Sustainable Sources in Indonesia”. The specific objective of this project was to promote the utilization of rubberwood from sustainable sources, i.e., replanting areas; the development objective is to contribute to lessening of wood material supply problem facing the national forest industry.

The project operations commenced in May 2010; all planned activities of the project had been fully executed by April 2013. The project budget amounted to US$ 907,794 comprising contribution of International Tropical Timber Organization (ITTO) and the Government of Indonesia (GOI), in the amounts of USD 605,904 and USD 302,700, respectively. The ITTO’s contribution was pledged by the Government of Japan, Japan Lumber Importers Association and the Government of Korea. Please note that the amount of funds actually disbursed to the Executing Agency was only USD 449,040 for USD 156,054 was retained and administered by ITTO for purposes of project monitoring, evaluation and administration.

The expected outputs of the project were: i) interest in the utilization of rubber wood owned by big companies increased; ii) incentives for and capacity in the utilization of rubber wood from smallholding plantations improved; iii) government policy governing rubberwood resource utilization revised and enhanced; iv) investment in rubber wood utilization increased; and v) appropriate technologies are available for the utilization of rubber wood from smallholding plantations.

This technical report deals only with the third output and its pertinent activities which were:

Activity 3.1 : To review the existing laws, rules and regulations on rubber wood utilization
Activity 3.2 : To formulate a new policy that encourages efficient utilization of rubber wood resource
Activity 3.3 : To organize one national workshop on the new policy involving main stakeholders
Activity 3.4 : To establish coordinating mechanisms of rubber wood resource utilization at different levels of government
Activity 3.5 : To submit the new policy to the government for adoption
It is evident from the project elements as outlined above that the main theme of the project had strong social, economic and environmental dimensions. The project deals with farmers, owners of around 86% of existing rubber plantations; the economic dimension is evident from the project activities which concerned with wood raw material supply of wood industry and livelihood of farmers. The project, to a lesser extent, also dealt with the promotion of environment protection as rubberwood to be utilized is obtained only from replanting areas thus from sustainable sources.
2. APPLIED METHODOLOGIES

2.1 The hypothesis

The hypothesis made was that the third output of the project will be achieved through full execution of all planned activities. This hypothesis was consistent with the cause-effect relationship as elaborated in the project document that the “weak government policy” problem was caused by four sub-problems namely: lack of recognition on raw material supply problem, complicated procedures for obtaining required permits, inconsistency of policy amongst authorities and lack of incentive and coercion for utilization of rubberwood by rubber companies. These causing problems have to be removed if the main problem is ever to be resolved.

Pertaining project activities as listed in previous section had been defined in conformity to the afore-mentioned sub-causes; full execution of these activities should be able to remove the sub-problems thus also remove the main problem in question, i.e. weak government policy. By so doing, the relevant output will consequently be achieved. All planned activities had been fully executed by April 2013.

2.2 Execution of planned activities

Activity 3.1: To review the existing laws, rules and regulations on rubber wood utilization
- This activity had been executed with the assistance of a national consultant and completed in year 1;
- Existing laws, rules and regulations on rubberwood utilization effected by the central, provincial and local governments were reviewed in view of their enhancement or replacement; and
- Perception of main beneficiaries of rubberwood utilization on existing policies was investigated through consultation with selected beneficiaries.

Activity 3.2: To formulate a new policy that encourages efficient utilization of rubber wood resource
- The activity was executed with the assistance of a national consultant and completed in year 1;
- Enhanced policies were formulated using results of Activity 3.1 as the primary inputs; and
- Proposed enhanced policies were examined and improved by the main stakeholders during the group discussions and the national workshop deliberately organized for the purpose.

Activity 3.3: To organize one national workshop on the new policy involving main stakeholders
- The workshop on “the new policy on rubberwood utilization” was held at the Slipi Ibis Hotel of Jakarta on 20-21 December 2011;
- The expected outcomes of the workshop were:
  - Representatives of the main stakeholders of rubberwood resource will be well informed of the huge potential supply of rubberwood on a sustainable basis yet not available for processing by the national wood industry due mainly to technical-operational, institutional, social and economic reasons;
- Participants of the workshop will be able to comprehend the real problems and constraints facing efficient utilization of rubberwood obtainable from replanting areas;
- Recognition by participants of the workshop of the urgent need for enhanced national policy on rubberwood utilization as the basis for defining the necessary operational measures and relevant actions for tapping the huge supply potential of rubberwood; and
- National policy document for increasing the rate of rubberwood utilization; the document is to be used as the main inputs for formulating a Presidential Decree (Keppres) or Presidential Instruction (Inpres) on rubberwood utilization.

- Participants of the workshop were representatives of the various central, regional and local government institutions, rubber business sector, national forest industry, rubber farmers, universities, research institutions and industry associations.

Activity 3.4: To establish stakeholder coordinating mechanisms for rubber wood resource utilization at different levels of government

- The activity was implemented in seven districts in three provinces with the assistance of a national consultant and completed in year 2;
- The main exercise was to conduct interviews with the authorities and primary beneficiaries at different levels of government with respect to:
  - Identification of stakeholders on rubber plantation development, rubberwood production system, processing and marketing at the national, provincial and local levels;
  - Identification of existing fora and bodies involved in rubber industry development and their operational problems;
  - Identification of provincial and local governments that have already established stakeholder consultation fora and their operational problems;
  - Identification of problems on rubber cultivation, rubberwood processing and marketing; and
  - Review of policies on the establishment and management of rubberwood stakeholder forum.

Activity 3.5: To submit the new policy to the government for adoption

- The draft policy prepared under Activity 3.2 and improved under Activity 3.3 was finalized through focus group discussions involving forestry research institution and universities; and
- The newly drafted policy is to be submitted to the government for further process.

2.3 Assessment of achievement

Achievement of Output 3 is to be assessed employing the indicators defined in the logical framework matrix presented in the project document which are:

- Existing policy on rubberwood utilization reviewed and recommendations for enhancement made in year 2
- Draft Presidential Instruction (Inpres) completed in year 3
- One national workshop on policy enhancement organized in year 2
3. PRESENTATION OF FINDINGS

3.1 Review of existing policies

The policies on rubberwood utilization that have been issued and effected by the central government are:

i. Forestry ministerial decree No. P. 126 of 2003 on wood products accounting system.


iii. Forestry ministerial decree No. P. 51 of 2006 on the requisite for submitting certificate of origin (SKAU) for hauling of timber originating from privately owned forests.

iv. Forestry ministerial decree No. P. 62 of 2006 on the requisite for submitting SKAU for hauling of timber originating from privately owned forests, to be effective on 1 January 2007 onwards.

v. Interior ministerial decree No. 138 of 2007 on the cancellation of the policy on tax levy for timber originating from community or privately owned forests issued by district government of Muaro Jambi.

vi. Forestry ministerial decree No. P. 33 of 2007 on the revision of decree No. P. 51 of 2006 on requisite for filing SKAU in hauling timber originating from community or privately owned forests.


The policies of local governments on the utilization of timber harvested from community/privately owned forests reviewed were:

- Decision No. 3 of 2000 of Batang Hari district government on the requisite for permits in the utilization of communities’ timber.
- Decision No. 24 of 2001 of Muaro Jambi district government on the assessment of tax on wood products originating from community/privately owned forests.
- Decision No. 17 of 2005 of Ogan Ilir district government on the requisite for permits for collection of timber and non-timber forest products from community/forests, for small-sized (cerucuk) timber and for timber storage at log yards.
- Decision No. 44 of 2003 of Banyuasin district government on assessment of charges on goods transportation within the district.

At first glance on above listed decrees and executive decisions one would conclude that:

- The central government has issued greater number of policies than the local governments;
- Effected national policies concerned more on administration of wood products originating from private/community forests; and
- The policies at district level dealt more on procedures and charges for issuance of permits for harvest and shipment of wood products owned by communities.
The Ministry of Agriculture did not announce any decree on rubberwood utilization indicating the fact that this ministry did not directly involve itself in the matter. The Ministry of Forestry, however, have effected different policies in the form of ministerial decrees; important ones are highlighted below:

i. Decree No. P. 126 of 2003

- Any person or legal entity owning forest must report on forest harvest plan to local head of village authorized by concerned provincial authority; proof of ownership of land on which the forests grown must be furnished;
- Required shipping document was SKSHH (certificate of wood product legality) with KR (community timber) mark on it; SKSHH was issued only upon completion of scaling by PHH (certified wood grader); and
- Any production and shipment of logs originating from land clearing sites must be reported to concerned district or city authority using LMKB (log transfer of right) document.

ii. Decree No. P. 26 of 2006

- This decree concerned with utilization of private forests, i.e. private or community forests grown on lands with clearly defined ownership issued by local authority of national landuse board; and
- Shipment of any timber and non-timber forest products, e.g. rattan and eagle wood, originating from private/community forests must be equipped with SKAU (certificate of origin) issued by head of the village of origin or authorized village official.

iii. Decree No. P. 51 of 2006

- This decree regulated the use of SKAU for shipment of wood products originating from private/community forests;
- Wood products were defined as wood obtained from trees planted by community members or owners of crop-estates;
- Ownership of planted trees is identified with legal land title which may take the form of certificate of proprietorship, letter C or girik;
- The requirements for issuing SKAU included:
  - Scaling of wood products by certified wood grader;
  - Proof of land ownership on forest land endorsed by local authority of national landuse board;
  - SKAU is issued by head of village or village official authorized by concerned authority;
- For shipping of wood products originating from private forests (hutan hak) a SKAU (certificate of origin) is required;
- SKAU is intended to ensure orderly distribution of wood products originating from private forest and protection of communities’ right in shipment of their forest products;
- SKAU is required for shipment of rubber logs or processed rubberwood;
• SKAU is to be issued by Head of village of origin or his/her authorized substitute; grantors of SKAU are to be appointed by Head of District or City Mayor based on the recommendation made by the relevant authority of concerned district or city;
• SKAU document is only to be granted upon validating the harvesting site and measuring the volume of rubberwood to be shipped;
• Time validity of SKAU document is determined by the issuer on the basis of shipping distance and average shipping time;
• Head of village of origin is to submit monthly report to the relevant authority of concerned district or city on issuance of SKAU; and
• The relevant district or city authority is to submit monthly report to the relevant provincial agency on the realized production of rubberwood in the district or city and its distribution.

iv. Decree No. P. 62 of 2006
• This decree contained provision for shipment of wood products originating from private/community forests but exempted from filing SKAU; instead, shipment of such wood products must be equipped with SKSKB (certificate of log legality) with KR mark on the shipping document; and
• This decree is basically an amendment to decree No. P. 51/2006.

v. Decree No. P. 33 of 2007
• This decree revised the provisions on the use of SKAU under decree No. P. 51 of 2006 for shipment of wood products originating from private/community forests;
• Important provisions of the decree were:
  ✓ The lands on which trees are grown by communities must be identified with land title of particular form endorsed by local authority of National Landuse Board;
  ✓ Direct shipment of wood products from the original sites is to be equipped with SKAU; subsequent shipment is to equipped with “Nota” (shipping invoice) issued by owner of wood products on which the original SKAU serial number is identified;
  ✓ Eleven wood species requiring “Nota” for their shipment were specified; such Nota may take the form of legal sale receipt, i.e. sale receipt signed on stamp duty, widely known as “kwitansi penjualan bermaterai cukup”; and
  ✓ There were 21 wood species, including rubberwood, that require SKAU for their shipment.

The consultation with rubber farmers and buyers of rubberwood on use of SKAU revealed that:
• Only a few farmers understood on the requirement for SKAU in shipment of rubberwood. This is understandable as most farmers sell rubberwood at stumpage. Price of rubberwood is first negotiated between a trader and a farmer based primarily on site accessibility and volume as well as quality of growing stock. After stumpage price has been agreed upon, ownership of rubberwood is immediately transferred by owning farmer to the trader without knowing the official administrative requirements for harvesting and hauling. In the change of custody process, it is
the buyer who takes care of SKAU. It is therefore not surprising that most farmers did not understand on SKAU requirement and how SKAU is issued;

- Most farmers did not know exactly the volume of rubberwood they were selling; it is the traders who were interested in the estimate of standing stock volume; the farmers also did not have reliable information on price of rubberwood at processing mill gate. That is to say that most farmers have been doing somewhat blind negotiation on price of rubberwood they are selling; and

- Some traders directly sold rubberwood to processing mills yet some sold to middleman. Either way, the traders did not always equip the rubberwood with SKAU for simple reasons: hauling distance sometimes is too short, complicated process for obtaining SKAU thus normally costly; or based on experience, hauling is occasionally undetected by concerned authority thus SKAU may, in reality not be useful.

3.2 Enhanced policies on farmers’ rubberwood utilization

In enhancing the policies on rubberwood utilization, following are the fundamental elements that were taken into account:

- Any policy should facilitate promotion of community welfare, improve wood industry competitiveness and create job opportunities for local people;
- Any policy should facilitate shipment and efficient distribution of rubberwood originating from privately owned or communities’ plantations and the protection of communities’ rights during transportation process;
- Any policy should encourage replacement of old, unproductive rubber plantations;
- Any policy should be consistent with the existing government policies on promotion of productivity and quality of latex through replacement of old plantations using suitable rubber clones; and
- Any policy should simplify the procedures for the administration of rubberwood originating from privately owned or communities’ plantations.

The basic principles that were also considered for enhancing the policies on rubberwood utilization were the following:

- Any central or lower level policy should not contradict with existing similar policy at the same or higher hierarchy level. A policy may be regarded as contradictory to a higher level policy if its power in terms of technical aspect and material content is inconsistent with;
- Any national policy should provide room for its translation to regional and local policies based on local needs and aspirations; a lower level, operational policy should not be formulated to serve the central government but to accommodate actual local interests and circumstances;
- Any national policy and its operational procedures at regional and local levels should acknowledge the existing customary laws consistent with the national policy on decentralization;
- Any provincial or local policy should not contradict with the common principles on conduct of good governance practices; and
- Any provincial or local policy should not adversely affect the ecological, social and economic aspects of the executing government’s territory or its neighboring territories.

### 3.3 Conduct of national workshop on policy enhancement

The national workshop on “Formulation of national policy and action program on the utilization of rubberwood owned by rubber farmers and companies harvested from replanting areas” was held on 20-21 December 2011 at the Slipi Ibis Hotel in Jakarta. It was addressed by Director General of Crop-estates, ITTO Representative and Director General of Forestry Enterprise Development (BUK) whom also officiated the opening of the workshop.

![Image of workshop participants](image1.jpg)

*Dr. Iman Santoso, DG of Forestry Enterprise Development addressed and officiated the national workshop*

![Image of workshop participants](image2.jpg)

*Reps. of ITTO and DG of Crop-estates addressed the national workshop*

The expected outputs of the workshop were:

- Representatives of the main stakeholders of rubberwood resource well informed of the huge potential supply of rubberwood on a sustainable basis yet not available for the national wood industry due mainly to technical-operational, institutional, social and economic reasons;
- Participants of the workshop able to comprehend the real problems and constraints facing efficient utilization of rubberwood obtainable from replanting areas;
Recognition by participants of the workshop of the urgent need for effecting enhanced national policy on rubberwood utilization as the basis for defining the necessary operational measures and relevant actions by concerned authorities for tapping the huge supply potential of rubberwood; and

A draft national policy or policy brief or policy recommendations as the primary input to formulating a presidential decree (Keppres) or instruction (Inpres).

The workshop was attended by some 60 people representing the various central and regional government institutions, rubber business sector, national forest industry, rubber farmers, universities, research institutions, practitioners and industry associations.

Five professional papers were presented to the workshop and discussed amongst the participants; these were:

a. Rubberwood owned by rubber companies obtainable from replanting areas and its availability for feeding the wood industry, by the Sei Putih Rubber Research Center of Medan, North Sumatra.

b. Rubberwood owned by rubber farmers obtainable from replanting areas of rubber farmers and its availability for feeding the wood industry, by the Sembawa Rubber Research Center of Palembang, South Sumatra.

c. The actual problems facing the wood industry in the utilization of rubberwood from replanting areas of rubber farmers and companies, by Mr. Subarudi of Forestry Research and Development Agency (FORDA).

d. Identifying the essential enabling conditions for the utilization of rubberwood from replanting areas by the wood industry, by Dr. Togu Manurung of the Faculty of Forestry, Bogor Agricultural University (IPB).

e. Needed National Policy and Action Program on the Utilization of Rubberwood from replanting areas by Dr. M. Firman, Director of Forest Products Processing & Marketing of BUK.

Presenters of professional papers to the national workshop
Among the essential conclusions and recommendations of the workshop are:

i. It is imperative that Indonesia takes the necessary concerted concrete steps to utilize the environmentally-friendly rubberwood obtainable on a sustainable basis in a huge volume from replanting areas.

ii. In 2010, Indonesia owned around 3.4-3.5 million hectares of rubber plantations, the largest in the world, around 85% of which belong to farmers living in Sumatera Island; around 13-14 million m$^3$ of rubber logs are harvestable per annum from replanting areas of which only around 22-24% has been utilized at present.

iii. Available data indicated that Indonesia’s total export value of rubberwood products in 2009 amounted to US $ 70-75 million compared to Malaysia’s at around US$ 2.3 billion in the same year although with a much smaller area of rubber plantation.

iv. The low rate of utilization in Indonesia is attributable to a number of institutional as well as technical problems including scattering distribution and poor accessibility of rubber plantations, limited number of processing mills, low wood recovery and high cost of production, seasonal replanting thus harvesting activities, and inadequate government policy.

v. There are 14 government authorities that are directly or indirectly involved in rubberwood utilization, each with distinct roles, that have to synergize and coordinate if the rubberwood originating from replanting areas is ever to be utilized efficiently like that in Malaysia.

vi. The essential enabling conditions needed for the efficient and sustainable utilization of rubberwood in a collaborative manner include:
   - A strong political will of the government and support on infrastructure development;
   - Rubberwood database system operational and publicly accessible;
   - Availability of reliable and up-dated information on owner, site, area size and timing of harvesting by farmers; and
   - The government periodically sets minimum price level of rubber logs.

vii. Rubberwood utilization is to be oriented as a pro-job, pro-poor, pro-growth and pro-environment national undertaking with a view to increasing income of the farmers through selling of rubber and rubberwood at competitive price.
viii. Realizing the variety and intensity of the problems facing rubberwood utilization and the strong need to coordinate and synergize the stakeholders, concerned government authorities in particular, the participants of the workshop proposed to put in place a national policy in the form of Presidential decree (Keppres) or Presidential Instruction (Inpres) whose formulation process is to be led by the Director General of Forestry Enterprise Development (BUK).

ix. There is an urgent need to establish a task force representing the main stakeholders with a clearly defined tasks and time table for drafting and discussing such a national policy prior to its submission to the Ministry of Forestry for further process in view of its adoption.
3.4 Formation of stakeholder coordinating mechanism

In order to obtain first hand information, direct consultation with selected main stakeholders had been conducted involving 7 heads of village, 7 heads of sub-district, 7 district forest services, 7 district crop-estates services, 3 provincial forest services and 3 provincial crop-estates services. The districts covered were Serdang Bedagai and Simalungun in North Sumatra province, Batang Hari and Muaro Jambi in Jambi province, Ogan Ilir and Banyuasin in South Sumatra province and Sukabumi in West Java province. Results of the consultation are summarized below:

i) South Sumatra province:

- Farmers groups have already been established at nearly all villages in the districts visited; at district level, association of rubber farmers also existed with the primary function to record and disseminate market price of latex;
- Farmer groups have also furnished updated information on the size and location of old plantations to be replaced to district crop-estates service through crop-estate rangers (Manteri Kebun) at the respective sub-districts, in the hope that they would obtain government subsidy for replanting;
- Farmers groups have also involved in arranging collective selling of rubberwood to nearby mills;
- At village level, Latex Management and Marketing Unit (UPPH) has also been established and functioned in enhancing bargaining position of farmers in latex selling that latex selling price by the Unit has been higher than that received by individual farmers;
- Provincial crop-estate service has been receiving updated data on replacement of old plantations through district agencies that were collected from sub-district estate rangers; the rangers collected data from individual farmer groups yet in irregular and partial manner; and
- Provincial crop-estates service has been involved in revitalizing selected farmers’ rubber plantations by providing subsidy for land preparation, rubber clones, and production inputs currently valued at IDR 4.5 million/ha in total as well as technical assistance which were realized involving individual farmer groups.

Despite the commonly perceived larger financial benefits of palm oil, it was found that farmers were more interested in planting rubber than palm oil due to mastery of needed skills, easiness of maintenance and availability of buyers at village market.

ii) Jambi province:

- At provincial and district levels, associations of rubber businessmen called APKI (Asosiasi Pengusaha Karet Indonesia) have been formed but they did not function as intended;
- Farmer groups at village level have been established with the main function to strengthen bargaining position in selling both latex and rubberwood;
- The farmer groups should have been able to supply needed information on replanting areas if requested by a Manteri Kebun. To this end, the Manteri Kebun, positioned at sub-district level, should make a request for such information to the farmer groups; the information so collected
was submitted to district crop-estate authority for further process in connexion with assessment of government subsidy for rubber plantation establishment by farmers;

✓ Under the project, detailed information on replanting areas was collected from farmer groups in Jambi province by a Non-government Organization (NGO) specifically hired for the purpose. Such information was then channeled to Triple R processing mill, district forest service and crop-estates service. It turned out that Triple R could not continue collaborating with farmers in the utilization of rubberwood from planned replanting areas basically for economic reason; the price offered by Triple R at mill gate was not attractive to farmers. At the same time, farmers had no capacity to deliver logs at mill gate for technical as well as financial reasons; and

✓ Manteri Kebun was found not actively involved in data collection and dissemination regarding rubberwood utilization. His concern was more on latex production and plantation establishment than on rubberwood. It was not surprising therefore that most Manteri Kebuns did not know much about rubberwood volume available at particular replanting areas.

iii) North Sumatra province:

✓ It was found that a FORKASU (North Sumatra Rubber Communication Forum) has been established since years ago; its membership included farmer groups, village as well as sub-districts administrators, APKI, Industry and Trade as well as Crop-estate services. Its intended function was primarily to improve quality of cleaned rubber slabs (bokar);

✓ FORKASU branches have been established in Serdang Bedagai, North Tapanuli and South Tapanuli districts; other latex producing districts were in the process of forming branches of FORKASU to assist rubber farmers in improving farmers’ rubber slabs value added; and

✓ The authorities consulted indicated that formation of a forum for rubberwood utilization is unnecessary. It is more efficient to activate the existing institution such as FORKASU. It is suffice to expand the task of FORKASU to also include collection and dissemination of information on replanting areas of rubber farmers; they correctly argued that forming and operating a communication forum requires resources that proved not easy to mobilize.

iv) West Java province:

✓ The authorities consulted in Sukabumi district argued that formation of an institution deals specifically with rubberwood utilization is not advisable for both technical and funding reasons. Timber traders in West Java have been actively involved in acquiring information on replacement of old rubber plantations owned by farmers and companies. In fact, these traders have preserved an intimate relation with owners of rubber plantations that they are able to collect reliable first hand information on plantations for replacement in terms of area size, location, and volume of growing stock without major difficulties;

✓ The traders are interested in acquiring information on replacement areas because they also act as harvesting contractors; indeed they need reliable information on rubberwood as the basis for making business decision that ensures reasonable level of profit; and
Proper management of an institution requires resources that are to be borne by members continuously which proved not easy to realize under most circumstances.

3.5 Enhanced national policy on rubberwood utilization

To follow-up the recommendations of the national workshop held in Jakarta on 20-21 December 2011, draft presidential instruction (Inpres) has been prepared with the assistance of a national consultant. The draft was first discussed with foresters during the consultative meeting organized under the project and presided by Director of Policy Development of FORDA; the draft was then improved and reviewed thereafter in collaboration with selected experts of Bogor Agricultural University. The structure and content of the final draft are presented below.

In order to accelerate the utilization of rubberwood owned by rubber farmers and companies that contained in replanting areas, President of the State hereby instructs:

1. Coordinating Minister of Economy
2. Coordinating Minister of Social Welfare
3. Minister of Finance
4. Minister of Agriculture
5. Minister of Forestry
6. Minister of Trade
7. Minister of Industry
8. Minister of Public Works
9. Minister of Labor and Transmigration
10. Minister of Cooperative and Small/Medium Scale Enterprises
11. Minister of Interior
12. All Governors, Regents and Mayors as appropriate

i) To take coordinated and integrated actions, in accordance with their respective defined tasks, functions and authorities, to utilize rubberwood from replanting areas as raw material for the national wood industry.

ii) The task and function of the respective ministers are:

a. Coordinating Minister of Economy is to:
   • Coordinate the relevant State-Ministers under his/her super-intendance to support rubberwood utilization program as a vehicle for achieving Master Plan Percepatan dan Pengembangan Pembangunan Ekonomi Indonesia (MP3EI) objectives; and
   • Assist in formulating needed operational policy on economic development through rubberwood utilization.

b. Coordinating Minister of Social Welfare is to:
   • Coordinate the relevant State-Ministers under his/her super-intendance to support rubberwood utilization program as a vehicle for improving social welfare; and
   • Assist in formulating needed operational policy on social welfare development through rubberwood utilization.
c. Minister of Finance is to:
   - Request the banking system providing soft loan to support rubber plantation establishment and rubberwood utilization;
   - Provide rubberwood processors with tax incentive; and
   - Allocate sufficient financing to support construction of road network for latex production and rubberwood utilization.

d. Minister of Agriculture is to:
   - Undertake inventory of old rubber plantations to be replaced within the next five years, compile data on owner, location, area and harvestable wood volume; and widely disseminate the data as appropriate;
   - Disseminate information on requirements, procedures and techniques for establishing quality rubber plantations;
   - Conduct training of farmers on proper latex tapping techniques to minimize damages of rubber tree boles;
   - Provide farmers with fair subsidy in the form of clone, fertilizer, soft-loan, etc. in order to encourage replacement of old rubber trees; and
   - Make recommendation on construction of road for rubber tree products.

e. Minister of Forestry is to:
   - Conduct census on rubberwood processors as regards location, business orientation, intake capacity and quantity of rubberwood needed for the next five years;
   - Deregulate procedures for obtaining rubberwood shipping permit;
   - Simplify requirements and procedures for investment in rubberwood utilization; and
   - Promote development of industrial plantation forests (HTI & HTR) using quality rubber clones suitable for producing both latex and wood.

f. Minister of Trade is to:
   - Assist in market promotion of rubberwood processed products;
   - Ease the requirements and procedures for exportation of rubberwood products; and
   - Simplify technical specifications of rubberwood products allocated for exports.

g. Minister of Industry is to:
   - Train professionals on rubberwood utilization at both managerial and technical levels;
   - Pilot-test application of appropriate rubberwood processing technologies to ensure successful operations of small, medium-scale industries; and
   - Simplify licensing requirements and procedures for construction of rubberwood processing plants.

h. Minister of Public Works is to:
   - Accelerate construction of road networks passing through the areas of rubber plantation concentration in close consultation with concerned ministries; and
   - Repair damaged roads in collaboration with local government.
i. Minister of Labor and Transmigration is to:
   • Make available skillful technicians on rubberwood harvesting and processing; and
   • Encourage migrants to establish rubber plantation as additional source of income.

j. Minister of Cooperative and Small/Medium Scale Enterprises is to:
   • Form community cooperatives in areas of rubber plantation concentration and assist in their operational management for purpose of efficient inputs procurement and outputs distribution;
   • Provide farmers with soft loan and/or revolving funds for investment in small-scale rubberwood processing plant at their own request; and
   • Simplify requirements and procedures for setting up community cooperatives in order to encourage involvement in rubberwood utilization.

k. Minister of Interior is to:
   • Provide appropriate incentives for farmers to encourage replacement of old rubber trees; and
   • Request his/her Governors, Regents and Mayors to support acceleration of rubberwood utilization; and
   • To assist in the planning of access road development.

l. All Governors, Regents and Mayors are to:
   • Practice principles of good governance in supporting acceleration of rubberwood utilization within their respective jurisdiction;
   • Improve public service and abolish any illegal charges to rubberwood utilization undertaking; and
   • Allocate financial resource for assisting in the acceleration of rubberwood utilization in collaboration with House of Representatives, as appropriate.

iii) Minister of National Development Planning Board is to:
   • Coordinate formulation of a comprehensive mid-term policy on rubberwood utilization involving relevant ministries in view of supporting implementation of Master Plan Percepatan dan Pengembangan Pembangunan Ekonomi Indonesia (MP3EI) program and promoting welfare of rubber farmers; and
   • Conduct monitoring and evaluation of progress in implementation of this presidential instruction

iv) Coordinating Minister of Economy is tasked to coordinate implementation of this presidential instruction
4. ANALYSIS OF FINDINGS

4.1 Enhancement of policy on rubberwood utilization

The forestry ministerial decrees currently in effect are No. P. 126/2003, P. 51/2006, P. 62/2006 and P. 33/2007 having the main provisions as outlined in the previous section. One interesting feature of decree No. P. 51 of 2006 is that issuance of SKAU and its associated costs was not specified or elaborated. As SKAU format was to be produced by concerned provincial government agency and no assessment of charge was indicated, users of SKAU had assumed that SKAU was granted free of charge. This assumption was consistent with the repeated statements of forestry officials declaring issuance of SKAU at no cost.

In practice, however, SKAU has become a burden to wood traders, processors and consequently consumers of rubberwood products as well as rubber farmers. Traders and processors of rubberwood have reported to the workshops held in Medan and Jakarta on the transaction costs arising from SKAU. Some Heads of Village have in fact abused the authority mandated to them for issuing SKAU. During the workshops, the main beneficiaries had strongly proposed removal of SKAU in shipment of rubberwood for simple reasons:

- Obtaining a SKAU is problematic; in some occasions, SKAU format was not timely available at the issuing village; in other occasions, issuing village administrator not available in time; yet in another occasions, the document was priced dearly; and
- Obtaining a SKAU is costly due mainly to personal interest of some village administrators in augmenting income from the process and unclear source of funds to finance the process.

No attempt was made to develop the full text of an enhanced policy. It was argued that comprehension of the fundamental elements and basic principles of an enhanced policy is the most crucial stage in the process of policy development; textual writing of a policy is more a technical exercise. Therefore, the project had only identified the salient features of an enhanced policy on rubberwood utilization. These features had also been discussed during the national workshop held in Jakarta on 20-21 Desember 2011.

After reviewing the existing policies on communities’ rubberwood utilization issued and effected by the central, provincial and local governments and interviewing selected stakeholders including owning farmers, traders and wood processors, it was envisioned that enhanced policy on the utilization of rubberwood originating from privately owned or community rubber plantations should have the following salient features:

i. Title of the land occupied by rubber plantations has to be well-defined consistent with existing local policy on land tenure indicating ownership or rights to use or control.

ii. Direct shipment of rubber logs and processed rubber wood products from privately owned or community rubber plantation is to be equipped with “shipping invoice”.

---

Technical Report No. 3 - June 2013
iii. Indirect shipment of logs and processed rubberwood products originally owned by farmers shall be equipped with a shipping bill (nota) wherein the original shipping invoice is recorded.

iv. A shipping invoice is issued by Head of the village or his/her authorized staff where the rubberwood is harvested from.

v. The shipping invoice is produced and distributed by district forest service.

vi. Shipment of processed wood products from a mill site to market or user place shall be equipped with a “wood product invoice” or Faktur Angkutan Kayu Olahan (FAKO) issued by producing mill.

vii. Mechanisms for rubberwood administration are as follows:

- A farmer owning rubber trees is to notify Head of the village of his/her plan to fell down old trees
- The farmer and buyer carries out tree felling, bucking and dimension measuring and complete the log production form
- Head of the village or his/her authorized staff issues a shipping invoice consistent with completed log production form
- Head of the village periodically developed a summary of shipping invoice usage and submit to district forest service
- A district forest service is to produce shipping invoice sheet and distribute to Heads of villages upon request
- The district forest service shall periodically report to provincial forest service on the production, distribution and usage of shipping invoice sheets
- The administrative mechanisms are summarized in Figure 1

![Diagram of rubberwood administration mechanisms](image)

**Figure 1.** Mechanisms for rubberwood administration at different levels

**Notes:**
1. Notification of farmer to Head of village
2. Application for shipping invoice sheets and periodical report on usage
3. Distribution of shipping invoice sheets by district forest service to Heads of village
4. Transfer of shipping invoice from the issuer to buyer
5. Shipment of rubberwood to middleman equipped with shipping invoice
6. Shipment of rubberwood directly from harvest site to processing mill
7. Continued shipment of rubber logs or processed products with receipt
8. Submission of shipping invoice and receipt sheets to district forest service
9. Submission of report on received and processed rubber logs
10. Periodical submission of report on printing, distribution and usage of shipping invoice to provincial forest service
11. Periodical submission by provincial forest service to the Ministry of Forestry

It is worth emphasizing that the salient features of an enhanced policy as listed above were identified as inputs to policy enhancement process and was carried out prior to the issuance of Forestry Ministerial decree No. P. 30 of 2012.

To follow-up the complaints made by beneficiaries of rubberwood during the occasion of the national workshops, DG of BUK had made a favorable response by simplifying the requirements and procedures for shipment of rubberwood products with the announcement of forestry ministerial decree No. P. 30 of 2012. The basic elements of forestry ministerial decree No. P. 30 of 2012 are outlined below:

i. Article 2: The administration of wood products originating from private forest is meant to ensure orderliness of their distribution and legally protect their ownership as well as shipment. The term “administration” is in lieu of “SKAU” in No. P. 51/2006 (Article 3); otherwise, the meaning of the Articles are the same in both decrees.

ii. Article 3: Private forest ownership is sustained using certificate of land proprietary right/Letter C/Girik/concession right/use right/any official document issued by the National Landuse Agency (NLA). This provision is similar to Article 2 of Decree No. P. 51/2006 but to also include “any official document issued by NLA”.

iii. Article 4: Any shipment must be equipped with certificate of origin in the forms of Nota Angkutan, NA, (shipping invoice), Nota Angkutan Penggunaan Sendiri, NAPS, (shipping invoice for personal or public use) or SKAU (certificate of origin).

iv. Article 5:
   ✔ NA is required for shipment of 23 wood species including rubberwood and palm oil;
   ✔ NAPS is required for shipment of 23 wood species allotted for personal or public use; and
   ✔ SKAU is required for shipment of any wood product that beyond the coverage of both NA and NAPS.

   Above procedures are more flexible than those of Decree No. P. 51/2006 (Article 4) in terms of certificate of origin format and number of wood species coverage.

v. Article 7: Any NA must be signed by owner of wood product (s) and reported to concerned village administrator.

vi. Article 8: Any NAPS must be signed by owner of wood product (s).
vii. Article 9:

- SKAU is to be issued at the exit shipping point by authorized Head of village or village administrator that have been trained on skills for the purpose;
- SKAU can also be self-issued by owner of certified private forest if the owner has been trained on skills for the purpose; self-issued SKAU must be reported to the relevant Head of village; and
- In the absence of trained head/administrator of a village, SKAU can be issued by nearest authorized village head/administrator.

Decree No. P. 51/2006 did not make any provisions on NA and NAPS while SKAU was to be issued only by Head of village or authorized substitute (Article 5); alternate issuance of SKAU by neighboring village administrator or self-issued SKAU were not considered.

viii. Article 10: Application for SKAU by owner of wood product (s) is to be equipped with technical specifications of the products and site of origin to be field validated by issuer prior to issuing SKAU.

This article is essentially the same as Article 6 of decree No. P. 51/2006.

ix. Article 18: Reporting by issuer of SKAU to responsible district agency and subsequently to responsible provincial agency and Director General of Forestry Enterprise Development (BUK) should be carried out quarterly. This reporting period is longer than that under decree No. P 51/2006 (Article a) which was on a monthly basis.

x. With the announcement of No. P. 30/2012, decrees No P. 51/2006, P. 62/2006 and P. 33/2007 have been revoked as far as requirement for certificate of origin of wood products (SKAU), including rubberwood, is concerned.

Draft presidential instruction on acceleration of rubberwood utilization at the national level had been prepared by the project with the assistance of competent national consultant. During the occasion of discussion on the draft, a dividing stance of participants was evident. Proponents of the instruction argued that:

- Indonesia is the largest rubber producer in the world owning around 3.5 million hectares of rubber plantation in 2009; this plantation contains around 13-14 million m$^3$ of rubber logs annually on a sustainable basis from replanting areas. Available data indicated that the total export value of rubberwood processed products in 2009 was only in the order of USD 75 million;
- At the same time, Malaysia with a much smaller area of rubber plantation was able to export rubberwood products valued at USD 2.3 billion indicating the efficient utilization of rubberwood resource;
- If the potential of rubberwood in Indonesia is ever to be efficiently utilized like that by Malaysia there is a need for an effective national policy to guide the efforts by different authorities at different levels. Conceptually, Indonesia should be able to export rubberwood products at a value three times larger as that of Malaysia’s;
As revealed during the national workshops, prerequisite to utilizing rubberwood from replanting areas, especially those of farmers’, is improved accessibility of rubber plantation sites for which construction of sufficient road network in terms of intensity and quality is inevitable. Such infrastructure development is not the responsibility of a single authority; many authorities have to be involved in including the Ministries of Finance, Interior, Public Works, Agriculture and Forestry. To ensure appropriate decision making and concerted actions by these ministries, implementation of an appropriate national policy is indispensable.

At the same time, opponents of the instruction questioned on reliability of data on rubberwood growing stock used as the basis for justifying formulation of a presidential instruction as outlined below:

- Data on rubberwood growing stock is not accurate; it is suspected that harvestable volume of rubberwood from replanting areas in reality is much smaller than the estimates made especially of farmers’ plantations because many plantations can be categorized as jungle rubber plantations containing only a few number of rubber trees thus may not be economically harvestable;

- There is a need to update data on rubberwood growing stock through conduct of an intensive inventory prior to embarking in formulation of a presidential instruction; to complete such an inventory program may take years thus it is too early to formulate a presidential instruction at this stage;

- Every single rubber plantation site in Malaysia is accessible by heavy load transportation means that transporting harvested rubberwood from replanting areas is not a problem. It should be noted that developing road network to the degree like that in Malaysia will take years and require huge financial resource; and

- Formulation and adoption of a presidential instruction is a long process requiring vast resources involving many authorities that the process may last for years; it is advisable to focus more on development of an interior ministerial decree on infrastructure development involving concerned authorities at different levels.

Considering the arguments made by the proponents and opponents of the presidential instruction, visits to eight randomly selected sites of rubber plantations owned by farmers had been made by the project. The visits confirmed that some of the plantations were of poor growing stock and looked more as jungles than as pure rubber plantations.

*Samples of poorly stocked rubber plantation in Jambi*
The argument made by the opponents as regards the need to update data on rubberwood growing stock on farmers’ plantations was reasonable and understandable. In this light, there is an urgent need to develop a sound inventory program on rubberwood growing stock and distribution for which the ministries of agriculture and forestry should take the lead. Despite the strong argument on reliability of data on growing stock, draft presidential instruction had been refined by the project with the assistance of competent experts and practitioners and is ready for submission to the Ministry of Forestry for its information or further process as appropriate. For the time being, however, process of Inpres formulation is on pending status awaiting reliable data on rubberwood growing stock.

4.2 Establishment of mechanisms for promotion of rubberwood utilization

The primary beneficiaries (farmers, traders and wood processors) and relevant authorities at different levels had been met with to discuss on feasibility of establishing mechanisms for promotion of rubberwood utilization through wide dissemination of updated reliable information on old plantations planned for replacement by owning farmers. Dissemination of such information was believed enable the local wood industries to develop a realistic short-run raw material supply schedule by knowing potential volume of rubberwood to be harvested, its location and timing. To be reliable, such information should be sourced directly from individual farmer groups that had been established at village level.

The authorities consulted in four provinces involving seven districts and selected villages argued that forming a mechanism or an institution specifically tasked for collection and dissemination of the said information is not necessary for both technical and financial reasons:

- Reliable source of needed information is already in existence, i.e. individual farmers and established farmer groups;
- Collection of information from individual farmers through the farmer groups can well be accomplished by the Manteri Kebuns that have been appointed by crop-estates authority at every rubber producing sub-district;
• The information collected by Manteri Kebuns can be channeled to concerned authorities at district and provincial levels;
• Traders and users of rubberwood could then obtain the information from concerned district or provincial authority; and
• Running an institution requires human and financial resources which, in most occasions, not easy to meet in terms of sufficiency and continuity.

On ground of above reasons, the authorities consulted strongly proposed to avoid forming a new mechanisms or institutions. The Manteri Kebuns play strategic role in information management; it is this institution that needs fortifying. To this end, recommended actions to be undertaken by concerned authorities are:

• The authority of crop-estate to register all Manteri Kebuns, along with their identities, under its supervision and share the list with forestry authority;
• The crop-estates authority to review and expand the already defined tasks of Manteri Kebuns to include compilation of information on old rubber plantations to be replaced by farmers;
• The forestry authority is:
  ✓ To train Manteri Kebuns on skills needed for effective management of information on rubberwood from planned replacement of old plantations;
  ✓ To provide the tools necessary for an effective information management which may include personal computer, camera and motorcycle; and
  ✓ To secure funding for mobility of Manteri Kebuns.
• The rubberwood traders and processors to provide monetary incentive for Manteri Kebuns based on the volume of rubberwood actually produced; rate of such incentive and procedure for its collection need to be established by the parties involved.

It is worth emphasizing at this juncture that the central actor of information management as discussed above is the Manteri Kebuns at sub-district level. It is critical to ensure the well functioning of this institution through provision of needed operational resources and technical as well as administrative skills. In addition, intimate coordination between crop-estates and forestry authorities seems to be inevitable. This must be so because the Manteri Kebuns are under direct supervision of crop-estate authority whilst the task of compiling information on rubberwood is technically under the supervision of forestry authority. In other words, the Manteri Kebuns are under the supervision of two different authorities.

4.3 Achievement of Output 3 assessed

In light of the indicators defined in the logical framework matrix as presented in the project document, it can be concluded that Output 3 has been fully achieved. All pertinent activities, five of them, had been fully executed. How the output had been achieved is evident from the indicators and results of the activities as follows:
• Indicator 1: Existing policy on rubberwood utilization reviewed and recommendations for enhancement made in year 2

✓ Existing policies on rubberwood utilization had been reviewed; recommendations for policy enhancement had been made and discussed during the occasion of national workshop held in Jakarta on 20-21 December 2011; and

✓ In addition, an enhanced policy on rubberwood utilization, decree No. P. 30 of 2012, has been announced by the Ministry of Forestry; formulation of this policy is in response to the complaints raised by primary beneficiaries, particularly by traders and processors, during the occasions of national workshops held both in Medan on 20-21 January 2011 and in Jakarta on 20-21 December 2011.

• Indicator 2: Draft Presidential Instruction (Inpres) completed in year 3

Draft presidential instruction on accelerating rubberwood utilization had been prepared and reviewed with main stakeholders; further process of the draft is pending however, awaiting collection of reliable updated inventory data on farmers’ rubber plantations.

• Indicator 3: One national workshop on policy enhancement organized in year 2

The national workshop on enhancement of policy in rubberwood utilization had been successfully conducted on 20-21 December 2011 in Jakarta and met its intended objectives.
5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

i. There only a few policies on rubberwood utilization that were in effect during the period of project implementation; among the important policies were Forestry Ministerial decrees No. P. 51 of 2006, P. 62 of 2006 and P. 33 of 2007.

ii. The policies effected by the district governments concerned more on establishing procedures for obtaining permits for harvest and shipment of rubberwood products in their attempt to create source of government revenue.

iii. The project did not attempt to formulate a new, enhanced forestry ministerial decree on rubberwood utilization; its contribution was to provide inputs to the ministry by identifying the salient features of an enhanced policy and by organizing national workshops as the fora for main stakeholders to identify weaknesses of existing policy and to recommend on critical elements to be considered in formulating an enhanced policy.

iv. For enhancement of policy on rubberwood utilization, the primary beneficiaries of rubberwood utilization had strongly proposed to remove those Forestry Ministerial decrees that require SKAU for shipment of rubberwood products as their implementation has resulted in high transaction costs due to abuse of power by some authorities at different levels.

v. In response to the complaints made by the beneficiaries during the occasions of national workshops organized by the project, an enhanced policy on rubberwood utilization, decree No. P 30 of 2012, has been announced by the Ministry of Forestry, wherein harvesting permit is exempted and shipment of rubberwood requires only “shipping invoice” (Nota Angkutan), not SKAU.

vi. The national workshop on policy enhancement held on 20-21 December 2011 at Ibis Hotel in Jakarta has specifically proposed to formulate a presidential instruction on acceleration of rubberwood utilization to enhance the legal basis for taking the necessary actions by concerned authorities at all levels.

vii. To follow-up the recommendation made by the national workshops, a draft presidential instruction on accelerating rubberwood utilization has been prepared by the project in close consultation with the main stakeholders; further process of the draft however is pending awaiting update of reliable data on farmers rubberwood growing stock in accordance with the proposal made by opponents of the presidential instruction.

viii. Opponents of the presidential instruction strongly argued that validation of data on timber growing stock owned by farmers is imperative prior to formulating a presidential instruction suggesting postponement of the process.
ix. There is no need to establish a new institution at any level for purpose of promoting rubberwood utilization through collection and dissemination of reliable information on rubber plantations for replacement; this function can be accomplished through better coordination and fortification of existing institutions, namely farmer groups, Manteri Kebuns and concerned authorities at provincial and district levels.

x. The Manteri Kebuns, appointed by crop-estates authority to supervise rubber plantation development in every latex producing sub-district may play strategic role in the collection and dissemination of reliable information on old rubber plantations to be replaced; to effectively serve their role, the Manteri Kebuns have to be equipped with needed resources in terms of technical skills and operational funds.

xi. Planned Output 3 “government policy governing rubberwood resource utilization revised and enhanced” of the project has been fully achieved through the full execution of all pertaining activities; the achievement was assessed using the indicators defined in the logical framework matrix.

5.2 Recommendations

i. Forestry ministerial decree No. P. 30 of 2012 that has been announced by the government on the requirements for shipment of twenty-three timber species originating from private/community forests needs adequate follow-up actions if the decree is to properly function as intended.

ii. Training program on the implementation of this new decree involving heads of village, village administrators, farmers, traders of forest products including rubberwood, and wood processors as well as staffs of concerned authorities need to be developed and implemented in due time for which needed resources have to be secured.

iii. Under decree No. P. 30 of 2012, a land title proving ownership of forest or tree plantation including rubber has to be secured by owning farmer prior to signing shipping invoice for any rubberwood products; procedures and requirements for obtaining a land title have to be made clear and well understood by farmers and village administrators through adequate dialogues with local landuse agency to avoid confusion and conflict during the application process.

iv. There is a need to update data on rubberwood growing stock prior to entering on the formulation of a presidential instruction; to this end, a sound rubber plantation inventory program focusing on farmers’ plantations needs to be developed and implemented for which sufficient resources must be sought for.
6. IMPLICATIONS FOR PRACTICE

- Local stakeholders of rubberwood which include farmers, traders, wood processors and government authorities are involved in rubberwood utilization. These stakeholders have to comprehend the process covered in the forestry ministerial decree No. P. 30 of 2012. Consequently, there is a need for organizing workshop trainings at sub-district or district level in near future.

- To ensure effective field operations, practical manuals on the different processes have to be made available; such manuals are needed for completion of such processes as validation of quantity of wood products to be shipped and application for land title. Preparation, publication and dissemination of such manuals are best to be accomplished by district forest service in close consultation with the relevant authorities.

- Control mechanism for NAPS (shipping invoice for personal or public use) need to be developed and exercised to ensure that the wood products shipped under NAPS documents are truly allocated for personal or public use on which privileges from the government are accorded to. Such mechanism is best to be developed, disseminated and enforced by district forest service in close cooperation with crop-estates service.

- Conduct of national survey on rubberwood growing stock may take years and result of such survey could be in favor or disfavor of formulation of a presidential instruction on rubberwood utilization. It is best to embark in infrastructure development program with the assistance of central government under a provincial government budget appropriation because such program is needed for regional economic development regardless of the progress in formulation of proposed presidential instruction on accelerating rubberwood utilization.
Selected references


ITTO Pre-project PPD 80/03 Rev. 2 (I). 2005. Promoting the utilization of rubberwood from sustainable sources in Indonesia. Completion Report, prepared by PHJ Nainggolan, Published by ITTO and ISWA, Jakarta.

