

Sustainable forest management remains an important goal in Indonesia, but capacity-building and institution-strengthening must be complemented by a more coherent policy environment at the different levels of government

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Learning by doing: employees of concessionaires learn the fundamentals of sustainable forest management during a 'training the trainers' field exercise. Photo: Rukmantara

IT was interesting to read 'The road to sustainability' by Rodolfo Peralta and Juan Pablo Baldiviezo (TFU 13/1 2003) and to see the similarities in the approaches being taken in Bolivia and Indonesia to build a road towards sustainable forest management (SFM). In Bolivia, strengthening the capacity of the public and private forest sectors is seen as a key to achieving sustainable forest management. The same is true in Indonesia.

'The training of trainers for SFM', an ITTO project (PD 42/00 REV.1 (F)) that commenced in 2001 and concluded in September 2003, aimed to improve the capacity of the private sector to practice SFM by training trainers in the application of the *ITTO Criteria and indicators for the sustainable management of natural tropical forests (C&I)* at the level of the forest management unit (FMU). It also aimed to identify roadblocks on the way to SFM and to recommend ways round these. The project was implemented by the Association of Indonesian Forest Concession Holders (APHI).

Project design

The project was designed to improve the capacity of forest managers to undertake SFM and to prepare for forest certification assessment. The training curriculum comprised two modules: achieving sustainable forest management; and forest certification. In the first of these, the *ITTO Manual for the application of criteria and indicators for sustainable management of natural tropical forests* was used as the main reference. In the forest certification module, the curriculum stressed self-assessment and decision-making processes by which concessionaires could examine the readiness of their FMUs for forest certification. Both courses used field activities and discussion to convey concepts and practices.

At the conclusion of the training activities, workshops were convened in various regions of Indonesia to identify local constraints to SFM; each produced regional papers that were presented at a national multi-stakeholder workshop held 15–16 August 2003. This was very useful in enabling a dialogue among forest stakeholders on how to overcome the constraints to SFM and how its practice could best contribute to national economic, social and environmental goals.

Project findings

During its two years, the project provided training for 230 individuals, mostly employees of logging companies working at the FMU level, in several regions of the country. This number was somewhat lower than originally envisaged (400+), due partly to the major restructuring that has been happening in the sector: in 2000, about 400 companies were operating legally across the country; in early 2003, this number had shrunk to only about 100. Nevertheless, these remaining companies are interested in introducing SFM and pursuing certification, as demonstrated by their willingness to make workers available for the training programs.

The applicability of ITTO C&I in Indonesia

The project analysed the applicability of the ITTO C&I on the ground in Indonesia. It found that they deliver useful information on the overarching elements of SFM, including the important role of national policies in supporting SFM and the importance of management strategies that enable the participation of local communities in forest management.

However, the design and implementation of SFM depends on biophysical and social circumstances, which vary widely within Indonesia, and therefore some adjustments are needed to apply the C&I in the field here. Moreover, some indicators are not relevant in the Indonesian context.

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Lessons learned

The project found that both progress toward SFM and the readiness for forest certification among forest concessionaires are moving forward slowly in Indonesia. Major roadblocks to faster progress include the weakness of many institutions at various levels of government, the high level of taxes and other fees on forest-generated revenues, and the link between weak governance and low commitment to SFM by forest managers. The project heard and facilitated a major debate between government, communities and forest concessionaires about the need to establish enabling conditions at the national level if SFM is to be achieved on a large scale. Some of these are described below.

Clear understanding of SFM needed

Stakeholders do not yet share a common view on the what, how and who of sustainable forest management. One of the most critical issues debated was how to ensure that the economic and financial benefits of SFM are distributed impartially.

In general, the project noted that building an understanding of SFM among stakeholders is a dynamic process that should be facilitated continuously. Finding a way to meet stakeholders' expectations is also a key issue in making more progress towards SFM; such expectations must be clarified, reconciled with those of others, and integrated into forest management strategies. This point is made in the ITTO C&I but applying it in the field is problematic because of the wide divergence of views and expectations.

SFM needs strong government commitment

Inconsistent forest policies at different levels of government, and over time, create confusion among forest concessionaires and other managers and in recent years have hindered the implementation of established management plans and cycles. The net effect has been to accelerate the deterioration of forest management practices.

To foster SFM at the FMU level, governments should formulate clear policies and rules on the following:

Improving FMU security (forest legislation): consistently and clearly defined government policies concerning forest-area land-use and managed forest area security are essential. Policies are needed to avoid overlapping in both tenure and land-use objectives: unclear definitions of land-use have arisen in the country's present era of decentralisation, with many regencies (local government units within provinces) not fully recognising existing nationally designated land-uses. Management objectives for FMUs must therefore be adjusted to suit new local policies. Abrupt changes in national government policies have also increased the uncertainties faced by forest-based industries, with the effect of reducing the commitment of such industries to SFM. For example, the reduction of the size of all FMUs to a maximum of 100 000 hectares caused havoc to the cutting cycles and cutting volumes set in management plans. The 'soft landing' rule (under which timber harvesting levels were decreased by more than 60% of total volume a year) also posed difficulties to producers; most say it caused a 'crash landing' in the industry. And the decentralisation of the process by which small-scale operators were granted forest concessions caused conflicts on the ground because such concessions often overlapped with those being managed by the existing forest companies.

Strengthening institutional capacities: the capacity and capability of the government institutions have declined under decentralisation, reducing monitoring performance and increasing the bureaucracy of public services.

The high transaction costs caused by weaknesses in the institutional framework are inevitably shouldered at the FMU level and reduce the financial viability of SFM.

Developing the economic framework: SFM is a long and risky process and needs considerable investment by business. Schemes that provide incentives for SFM (and disincentives for unsustainable practices) are needed to ensure that such investments are forthcoming. Financial impediments—in the form of taxes and other non-tax expenses—act as a severe disincentive to SFM. Under decentralisation, regional governments and regencies have been adding their own fees to those collected by the national government, causing major disruptions to the cashflows of some concessions.

Moreover, it is clear that the market price for logs is inadequate in the current environment to meet the costs of SFM and provide reasonable returns to the various stakeholders, including concessionaires. This problem is widespread, with concessionaires in all regions of Indonesia now reporting that production costs are exceeding the local market price for the logs. Prices are being undercut by illegal logging, and revenues are being further eroded by the over-expansion of non-relevant government fees.

SFM requires the strong commitment of concessionaires: while governments need to create policy conditions conducive to SFM by establishing a well-structured regulatory, institutional and economic framework, the forest manager must also be committed to bringing about SFM. The project identified a strong linkage between government commitment and the commitment shown by the forest manager towards SFM; concessionaires are less likely to pursue SFM if government policies do not encourage it.

Conclusion and recommendations

The implementation of SFM is a long road. Concessionaires and other forest managers must play their part by improving their forest management practices and by acknowledging the rights of other stakeholders and working with them to find mutually acceptable solutions. But their ability to do so inevitably depends on the economic and financial viability of the SFM endeavour: for that, strong support is needed from governments (at all levels, including international) and the marketplace.

The implementation of the training-of-trainers project has been a useful exercise, both in extending SFM principles to field-based forest operators and in analysing the impediments to SFM in Indonesia. To ensure that the benefits of the project are not lost we recommend that:

- the understanding of stakeholders towards SFM be continuously and consistently improved through training, education and other relevant activities. Such activities should be targeted at concessionaires and communities, but also at government officials in regencies and provinces;
- as part of the formulation of a new national forest policy (as advocated by the ITTO Mission on Achieving Sustainable Forest Management in Indonesia, which was conducted in 2000), a review be undertaken to identify the policy conditions under which SFM would be enabled and encouraged; and
- an analysis be carried out on the size of the economic rent possible from SFM and its equitable distribution among stakeholders. The results of such a study will depend heavily on prevailing market prices: the analysis should therefore also recommend ways of increasing market price to adequately reflect the costs of management.

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