

# INTERNATIONAL TROPICAL TIMBER ORGANIZATION

## ITTO

### PROJECT PROPOSAL

TITLE:	ACHIEVING SUSTAINABLE FOREST MANAGEMENT THROUGH ENHANCED COMPETITIVENESS OF SMALL & MEDIUM WOOD INDUSTRIES (SMWIs) IN CIAMIS DISTRICT OF WEST JAVA PROVINCE, INDONESIA
SERIAL NUMBER:	PD 788/15 <b>Rev.2</b> (I)
COMMITTEE:	FOREST INDUSTRY
SUBMITTED BY:	GOVERNMENT OF INDONESIA
ORIGINAL LANGUAGE:	ENGLISH

Ciamis is the centre of small-medium wood industries for West Java province. However, the small and medium wood industries (SMWIs) in this area are facing short supply of logs. The field investigation made by the Forestry Agencies at the provincial and district levels indicated that large volume of logs have been sold to the SMWIs operating in the neighboring provinces, especially Central Java. Upon closer look it was found that selling of logs to SMWIs in Central Java province is primarily driven by the price discrepancy; the SMWIs in Central Java are able to pay higher price of logs compared to their counterparts in West Java. It is therefore reasonable to conclude that the SMWIs in West Java is less competitive than those in Central Java.

In light of the importance in tackling the issues, the project will enhance market competitiveness of SMWIs in Ciamis district. Ciamis district is selected as target areas because of its is the centre of SMWIs for West Java province. The expected outputs of the project are: (1) Efficiency of wood processing mills improved; (2) Competence in manufacturing and marketing of processed wood products enhanced; (3) Policy framework on building up competitiveness strengthened.

Upon completion of the project, competitiveness of SMWIs improved. Efficiency of wood processing mills improved. The capacities of relevant parties/stakeholders on market for processed wood products enhanced. Recommendation in improving policy framework on timber trade and competitiveness of processed product is used in improving policy framework. And sustainable legal timber trade small and medium wood industries and logs supply will be promoted.

EXECUTING AGENCY: DIRECTORATE OF FOREST PRODUCT PROCESSING AND MARKETING, (*DIREKTORAT BINA PENGELOLAAN DAN PEMASARAN HASIL HUTAN*)  
DG OF SUSTAINABLE FOREST MANAGEMENT, MINISTRY OF ENVIRONMENT AND FORESTRY

COLLABORATING AGENCY: FORESTRY AND PLANTATION FOREST SERVICE OF CIAMIS DISTRICT

#### **NATURAL RESOURCE DEVELOPMENT CENTRE (NRDC)**

DURATION: 36 MONTHS

BUDGET AND PROPOSED SOURCES OF FINANCE:

Source	Contribution in US\$
ITTO	569,710
Govt. of Indonesia	73,850
<b>TOTAL</b>	<b>643,560</b>

## Table of Contents

LIST OF ABBREVIATIONS AND ACRONYMS .....	ii
<b>PART I PROJECT CONTEXT</b>	
1.1. Origin .....	1
1.2. Relevance .....	2
1.2.1. Conformity with ITTO's objectives and priorities .....	2
1.2.2. Relevance to the submitting country's policies .....	3
1.3. Target Area .....	4
1.3.1 Geographic location.....	4
1.3.2 Social, cultural, economic and environmental aspects .....	4
1.4. Expected outcomes at project completion .....	6
<b>PART II PROJECT RATIONALE AND OBJECTIVES</b>	
2.1. Rationale .....	7
2.1.1. Institutional set-up and organizational issues .....	7
2.1.2. Stakeholder analysis .....	7
2.1.3. Problem analysis .....	9
2.1.4. Logical framework matrix. ....	13
2.2. Objectives.....	15
2.2.1. Development objective and impact indicators .....	15
2.2.2. Specific objective and outcome indicators .....	15
<b>PART III DESCRIPTION OF PROJECT INTERVENTIONS</b>	
3.1. Outputs and Activities.....	16
3.1.1. Outputs .....	16
3.1.2. Activities and inputs.....	16
3.2. Implementation approaches and methods.....	17
3.3. Workplan .....	19
3.4. Budget .....	22
3.4.1. Master budget schedule .....	22
3.4.2. Consolidated yearly budget.....	31
3.4.3. ITTO yearly budget.....	33
3.4.4. Executing Agency yearly budget. ....	35
3.5. Assumptions, risks, sustainability.....	36
3.5.1. Assumptions and risks .....	36
3.5.2. Sustainability .....	36
<b>PART IV IMPLEMENTATION ARRANGEMENTS.....</b>	<b>37</b>
4.1. Organizational structure and stakeholder involvement mechanisms.....	37
4.1.1. Executing agency and partners .....	37
4.1.2. Project management team .....	37
4.1.3. Project steering committee.....	38
4.1.4. Stakeholder involvement mechanisms.....	39
4.2. Reporting, review, monitoring and evaluation.....	39
4.3. Dissemination and mainstreaming of project learning .....	40
4.3.1. Dissemination of project results .....	40
4.3.2. Mainstreaming project learning .....	40
<b>ANNEXES:</b>	
ANNEX 1 PROFILE OF EXECUTING AGENCY .....	41
ANNEX 2 TOR OF PROJECT COORDINATOR/STAFF .....	44
ANNEX 3.TOR NATIONAL/INTERNATIONAL CONSULTANTS.....	45
ANNEX 4. RECOMMENDATION OF THE FIFTY-FIRST PANEL .....	47

## LIST OF ABBREVIATIONS AND ACCRONYMS

BAST	:	Minutes of Hand Over or BAST ( <i>Berita Acara Serah Terima</i> )
BUK	:	Directorate of Sustainable Forest Utilization
CITES	:	The Convention on the international Trade in Wild Fauna and Flora Species Threatened with Extinction
CUR	:	Capacity Utilization Rate
DG	:	Directorate General
FPDO	:	Forestry and Plantation District Office
FGD	:	Focus Group Discussion
FORDA	:	Government of Indonesia
GOI	:	Movement of Land Rehabilitation ( <i>Gerakan Rehabilitasi Lahan</i> )
GERHAN	:	Forestry Research and Development Agency
<i>Hak Milik</i>	:	Ownership
<i>HR</i>	:	<i>Hutan Rakyat</i> (Community forest on private land)
ITTA	:	The International Tropical Timber Agreement
MEF	:	Ministry of Environment and Forestry
MFP	:	Multistakeholder Forestry Programme
MITI	:	Ministry of Environment and Forestry
MITI	:	Ministry of Industry Indonesia
NRDC	:	Natural Resource Development Agency
NGO	:	Non Government Organization
PAD	:	<i>Pendapatan Asli Daerah</i> (Local/District Revenue)
PD	:	Project Document
PERHUTANI	:	State owned enterprise managing State Forests in Java and Madura
<i>Permenhut:</i>	:	<i>Peraturan Menteri Kehutanan</i> (Ministerial Forestry Decree)
PHPL	:	Pengelolaan Hutan Lestari (Sustainable Forest Management)
PMU	:	Project Management Unit
RPPBI	:	<i>Rencana Pemenuhan Bahan Baku Industri</i> (Production of raw materials plan)
SFM	:	Sustainable Forest Management
SK	:	Decree ( <i>Surat Keputusan</i> )
SKAU	:	Certificate of Origin
S & M	:	Small and Medium
SMEs	:	Certificate of Origin
SMWIs	:	Small and medium wood industries
TLVS	:	Timber Legality Verification System
SVLK	:	<i>Sistem Verifikasi Legalitas Kayu</i>

## PROJECT BRIEF

Ciamis district could be said that is the centre of small-medium wood industries for West Java province. However, development of small-medium wood industries is facing some major problems. In fact, most of wood-industry raw material from community forest in Ciamis and around go to neighbouring province, such as Central and east Java provinces. The SMWIs in West Java is less competitive than those in Central Java. Consequently, the main problem addressed by the proposed project is "Weak competitiveness of small and medium wood industries (SMWIs) in West Java".

Three main causes of the key problems had been identified, namely: i) Inefficient of wood processing mills; ii) Inadequate competence in manufacturing and marketing of processed wood products; iii) Weak policy framework on building up competitiveness. In light of the importance in tackling the issues, the project will enhance competitiveness of small and medium wood industries in Ciamis district. That is selected as target areas because of its is the centre of SMWIs for West Java province. The expected outputs of the project are: (1) Efficiency of wood processing mills improved; (2) Competence in manufacturing and marketing of processed wood products enhanced; (3) Policy framework on building up competitiveness strengthened.

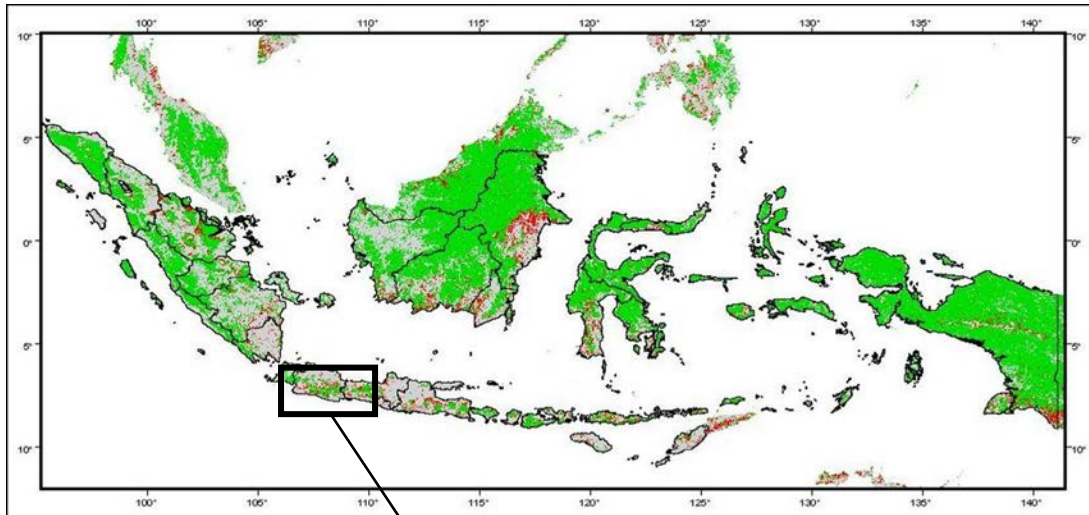
The proposed project will be implemented using a participatory approach wherein FPDO (Forestry and Plantation District Office) in Ciamis, under the supervision of MoEF in Jakarta. The FPOD will work collaboratively with other technical agencies such as industrial and trade offices, farmer association, private sectors and local government at provincial level and conduct dialogues/FGD's to strengthen coordination with relevant agencies particularly local government at district level in order to actively take part in the project implementation, as appropriate. It will be started by conducting dialogues/FGD's to strengthen coordination with relevant agencies particularly local government at district level in order to actively take part in the project implementation, as appropriate. Based on analysis, some major strategies were derived are: (1) Providing a reliable reported data and information system on wood supply in Ciamis district. Also mapping of flow raw material supply for wood industry in this district; (2) Improving efficiency of SMWIs through improving human capacity and management by training and developing appropriate lay out of wood processing industries; (3) Improving the competitiveness of wood market and trade product through providing data on wood market preference and building market and trade network. (4) Improving policy and regulation framework through improving capacity of decision maker in using market data and strategy.

Upon completion of the project, competitiveness of SMWIs improved. Efficiency of wood processing mills improved; The capacities of relevant parties/stakeholders on processed wood products enhanced; Recommendations on timber trade and competitiveness of processed products are used in improving policy framework; policy incentive introduced by the project is used in improving policy framework on timber trade and competitiveness of processed wood products; and sustainable legal timber trade by SMWIs logs supply will be promoted.

The project beneficiaries are a wide range of stakeholders, small-medium industries, local communities/farmers, industry and forestry district/province officials, forest managers, traders, buyer forest industries, academicians, as well as national governments (MoEF and MITI). Proposed pilot area of the project is Ciamis district.

For its sustainability, capacity building activities will be undertaken to all involved stakeholders such as for SMWIs as well as forestry officials at the national and local levels. The effective networking among all relevant stakeholders will be maintained. The proposed total project budget is US\$ **643,560**. A significant amount of the fund, **569,710** US\$ is expected to come from ITTO. The counter budget will be provided by the Executing Agency, and Collaborating Agency amounts to US\$. 73,850

# MAP OF TARGET AREA



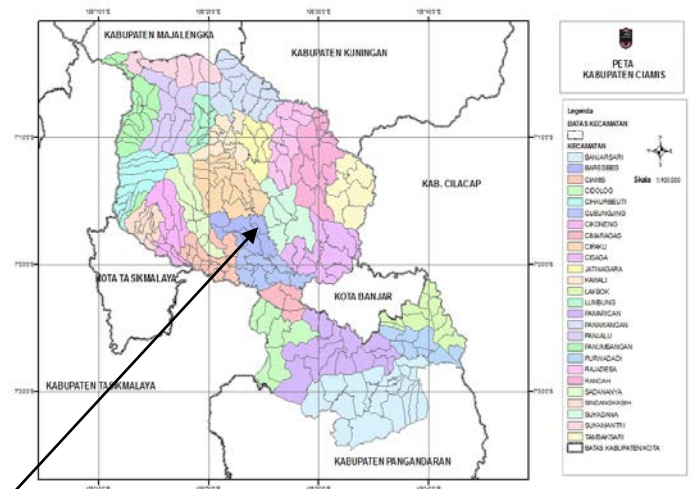
West Java province



Map of West Java Province

Bandung

Ciamis



## PART I PROJECT CONTEXT

### 1.1 Origin

The role of timber produced from community forests in west Java is increasingly important mainly due to the dwindling supply of timber from natural forests. West Java Province has a vast area of community forest. The Ministry of Forestry, using satellite images of 2006-2009, estimated the extent of community forests in Java Island at 2.6 million Ha with the timber stock at 74.7 million M<sup>3</sup>. These forests contribute at least 6 million M<sup>3</sup>/ha of logs to domestic market, although overall there is a problem of timber quality in terms of the recovery rate of its processing. Timber supply from community forests is playing ever critical role overtime amidst the dwindling supply capacity of Perhutani as well as natural forests.

Ciamis regency is one of the most eastern region of West Java Province that has a rapid growth of community forest expansion, with an average annual increase between 10% -19% (Soleh, 2011). This is because the local community has been motivated by the plant culture since 30 years ago through a GERHAN program (land rehabilitation movement), as well as support from ITTO Project ITTO-PD 271/04 Rev.3 (F): "Rehabilitation of Degraded Forest Land Involving Local Communities in West Java Indonesia, during 2006-2008, which has succeeded in giving a positive effect to change the mindset of farmers in the management and development of community forests in Ciamis. The existence of community forests in Ciamis is quite large, that make the production of raw materials from the community forest significantly increase each year. This is reflected in the data in 2005 where timber production was recorded about 300,000 m<sup>3</sup>/year and in 2010 it is increased to 600.00 m<sup>3</sup>/year (Source: Forestry Service Ciamis District and MFP, 2010). This wood raw material is generally to supply the small medium wood processing industries and to fulfill the local, regency and provincial needs of wooden materials as well as to supply materials for secondary industries.

Based on data from the Forestry and Plantation Office of Ciamis Regency (FPOD) in 2014, there are currently 393 units of small-medium wood industries (SMWIs), these industries have an important role in strengthening local economies by providing sufficient added value, local government revenue and employment. The growth of wood processing industry in Ciamis each year continue to increase, from the existing data it can be assumed that the number of wood industry increase in average of 10-12% annually. From the data, it can be seen that the biggest wood raw material need in West Java in 2013 is Ciamis Regency, followed by other regencies (Sukabumi, Tasikmalaya, Kuningan, etc), this is due to the huge number of installed industrial capacity of sawmill at the area.

**However, lately, SMWIs in Ciamis start to face shortage of raw materials for sawing machines, since wood raw materials from local community forest are sold to the neighboring provinces (Central Java), so that the owners of the sawmill industries must compete for raw materials. Generally, the SMWIs are still using simple equipment in wood processing so that the product quality is low. Yet familiar of product standards and quality of raw material inputs make wood processed product is not in accordance with the market demand. It is therefore reasonable to conclude that the SMWI in West Java is less competitive than those in Central Java. In addition human resource capacity in the processing technique is still limited. The lack of adequate information makes it difficult to improve policy and regulatory frameworks and thereby to promote the trade of wood products from community forest. Therefore, the existence of community forests to meet the needs of wood raw material for wood processing industries in supporting local economy has not been achieved.**

**The issuance of regulations related to TLAS (timber legality assurance system), is intended to increase timber legality in order to eliminate illegal logging and illicit trade of wood products; TLAS is mandatory to all wood industries and timber producers including community forests. However, SMWIs are not able to fully apply TLAS to their forests without being equipped with the necessary skills. The discussions during stakeholders meeting held in Jakarta in November and December 2014 indicated that the weak competitiveness problem faced by SMWIs are attributable to three main causes, mainly: i) Inefficient wood processing mills; ii) Inadequate competence in manufacturing and marketing of processed wood products; iii) Weak policy framework on building up competitiveness.**

**This project will address such problems. Proposed activities to be implemented in this project include training for small-medium industries, study visits to the neighboring province (Central Java), review/studies to improve market transparency, developing information system for marketing strategies and policy improvement. In enhancing the competitiveness and improving market**

**transparency of small and medium wood industries, then wood processed products trading and timber supply from sustainably managed community forest will be promoted.**

Ciamis Regency is selected as the target area because most of SMWIs are located in this regency. It could be said that Ciamis is the centre of small-medium wood industries of west Java province. This project is formulated mainly based on previous identification of key problems found in small-medium wood industries in the province. The project implementation will be carried out mostly by key stakeholder in West Java Province particularly small-medium enterprises. This idea is proposed to be financed under the ITTO-Committee Forest Industry. The proposed project is considered as priority by the Directorate General of Sustainable Forest Management, Ministry of Environment and Forestry (MoEF) because it is in line with the political commitment of the new Indonesian Government as stated in nine priority Agendas (*Nawacita*) of country's development.

**1.2 Relevance**

**1.2.1 Conformity with ITTO's objectives and priorities**

**(1) Compliance with ITTA 2006**

The improving capacity of relevant stakeholders in achieving sustainable forest management through improve market transparency and enhanced competitiveness of small & medium wood industries in West Java province Indonesia is fully conform with the objectives of the International Tropical Timber Agreement (ITTA) 2006, Article 1 specifically in paragraph:

- a) Providing an effective framework for consultations international cooperation and policy development among all members with regard to all relevant aspects of the world timber economy;
- b) Providing a forum for consultation to promote non-discriminatory timber trade practices;
- c) Contributing to sustainable development and to poverty alleviation;
- d) Enhancing the capacity of members to implement strategies for achieving exports of tropical timber and timber products from sustainably managed sources;
- (n) Strengthening the capacity of members to improve forest law enforcement and governance, and address illegal logging and related trade in tropical timber.

**(2) Compliance with ITTO Action Plan 2013-2018**

This project proposal is consistent with the two overall objectives of ITTO (as set out in Article 1 of the ITTA 2006) i.e. to promote the expansion and diversification of international trade and to promote the sustainable management of tropical timber producing forests, as described below:

- a. The proposal will promote strategies for achieving exports of tropical timber products from sustainably managed sources (Objective d). Furthermore, the project will promote improved understanding of the structural conditions in international markets (Objective e).
- b. The project will encourage increased and further processing to promote industrialization and generate more employment opportunities and export earnings (Objective i)
- c. The project will improve marketing and distribution of timber exports (Objective k).

Moreover, the proposed project complies with various aspects as raised in the ITTO Action Plan 2013-2018 particularly :

**Strategic Priority 1:** Promote good governance and enabling policy frameworks for strengthening SFM and related trade and enhancing SFM financing and investment.  
This strategic priority will be accomplished through project activities inter alia: Collecting and analysing data analysis on building up competitiveness and market condition; Formulating ; Disseminating of determinants of industry competitiveness and legal timber trade and identifying policy incentives for Increasing utilization rate (Output 2 and 3).

**Strategic Priority 2:** Increase the contribution of tropical forests to national and local economies, including through international trade, Activities in this project is relevant with this strategy particularly in Information system on market for processed products and logs supply, building market networks and marketing strategy and action plan for SM-wood industries (Output 2.)

**Strategic Priority 6:** Build and develop human resource capacity to implement SFM and increase trade in forest goods and services from sustainable managed forests. This strategic will be implemented through project activities such as Improving capacity on appropriate processing techniques, Quality control and inferior product quality and on wood waste utilization efficiently for small-medium wood industries. And improving capacity of decision makers in national and local level in using market information for marketing strategies and improvement of policy, (Output 1, 2 and 3)

The project will conduct series of training/comparative study for local stakeholders and training workshop for decision makers in province and district level in improving policy on timber trade and competitiveness of processed product. Those are essential elements to fill gaps in the market transparency of tropical timber and trade promotion of forest industry

The action of the proposed project such as developing of system information on market for processed products and logs supply and also establishing market networking will contribute to the achievement of increased market transparency for production of tropical timber from legal and sustainable sources (from community forests).

This includes ITTO target 2000, the objectives and recommendation of the United Nations Conference on the Environment and development held in Rio de Janeiro in 1992, The Convention on the international Trade in Wild Fauna and Flora Species Threatened with Extinction (CITES) and the world heritage. Since Indonesia is a member of ITTO it is a mandatory to support the ITTO objective towards sustainable forest management

### **1.2.2 Relevance to the submitting country's policies**

In promoting the development of wood industries, the Government issued Regulation No. 17 of 1986, placing responsibility for licensing the wood processing industries under the authority of Ministry of industry Indonesia (MITI). The recent reform situation in Indonesia has helped to improve forestry policy, by issuance of Basic Forestry Act No. 41 of 1999 which states that wood processing industries are licensed by the Ministry of Forestry. The latest Government regulation No. 25 states that the local-government must regulate production forest management. In the Government Regulation No. 25/2014 it is clarified that the administration and management of production forests are devoted to the Local Government or the Provincial Government. This is in line with one of the ITTO Technical Mission to Indonesia suggested the support of downstream processing for improved value addition and develop resources efficiency for wood processing industries.

Other law underlines the importance of decentralization in forestry sector; Law No. 32 year 2004 concerning Regional Autonomy and Law No. 33 year 2004 concerning the fiscal balance between central and regional government, and law No 25 Year 2004 on Planning System of national Development. These laws have reflected that most of the governing authority of forest land resources has to be in the hand of the local government including the authority for its planning and management. Indonesia has also confirmed its adherence to international objectives.

The formulation of this proposal has been conformed with the National policy and regulation of new Indonesia Government Indonesia which are stated in "nine prioritizes agenda" or Nawacita. This project also support implementation of sustainable forest management and relevant to Indonesia policy which are :

- 1) Government Regulation Number 6/2007 concerning Forest System and Forest Management Planning, and Forest Utilization (the Republic of Indonesia's Government Official Gazette of 2007 Number 22, Annex to the Republic of Indonesia's Government Official Gazette Number 4696) as amended.
- 2) Government Regulation Number 3/2008 (the Republic of Indonesia's Official Gazette of 2008 Number 16, Annex to the Republic of Indonesia's Government Official Gazette Number 4814);
- 3) Forestry Minister's Regulation Number P.51/Menhut-II/2006 Use of Origin Certificates (SKAU) for Transportation of Timber Forest Products Originating in Right Forest/Private-owned forest, as amended several times, the last being with Number P.33/Menhut-II/2007; and currently amended to P 30/Menhut-II/2012
- 4) Regulation of Trade Minister Number 20/M-DAG/PER/5/2008 concerning Provisions for Forestry Industrial Product Export. Article 16



- 5) SFM Assessment whose funding has been available in the 2009 fiscal year, shall be implemented by virtue of Forestry Minister's Decree Number 4795/Kpts-II/2002 concerning Criteria and Indicators for Management of Sustainable Production Natural Forest in the Management Unit and Forestry Minister's Decree Number 208/Kpts-II/2003 concerning Procedure for Assessment of Timber Forest Product Utilization Performance in Natural Forest in the Management Unit for Sustainable Forest Management;
- 6) Law No 23/2014 regarding local government, Community empowerment in the forestry sector (forest farmers and SMWIs) is still handled by the district and the village has responsible in issuing permit timber industry below 2000 m3).
- 7) Law No. 6 year 2014 regarding the conduct of government village. The village was provided the task and responsibility in achieving forest management (state and community land) as controller of sustainability.

### **1.3 Target Area**

#### **1.3.1. Geographic location**

Location of the proposed project activities is Ciamis district. It is geographically located in the eastern part of West Java province and about 120 km from Bandung, the capital city of West Java Province (as depicted in the map). The development of community forest by Ciamis community was increased significantly. It was initiated through GERHAN (land rehabilitation movement) programs thirty years ago. From 2006 to 2008, the community received assistance from ITTO Project PD 271/04 Rev.3 (F): on "Rehabilitation of Degraded Forest Land Rehabilitation of Involving Local Communities in West Java Indonesia" . The activities supported by ITTO project included educational training to farmers groups to improve the human resources in the field of management and the development of community forests. The project delivered a very positive influence to change the mindset of farmers in the management and the development of community forests. The progress in community forests development at Ciamis district , during the last 7 years, rose by 10 %. The most phenomenal event was recorded in 2008, where community forest covered an area of 28,977.40 ha, the increase reached 19% of the previous year (Forestry Research Institute, Ciamis, 2010).

Therefore, Ciamis is selected as the target project locations with the following considerations: (1) there is now a growing interest to plant trees on private land and a growing awareness of wood supply chains and legal trade of raw material sources and; (2) The development of community forests give a significant influence on the growth of SMWIs in Ciamis, and now many small/medium size processing industries located in this district.

#### **1.3.2. Social, cultural, economic and environmental aspects**

This section addresses the social, cultural, economic and environmental aspects of the locations as follows:

##### **Social Cultural Aspect**

According to recent data (December 2002), the population was 1,602,682. Most Ciamis people are farmers (44.01%). The people are high in mobility and have good agriculture based skills. There is a long tradition of integrating trees into farming systems in West Java, and 'people's forests' have been an integral part of landscapes in the province for generations. Governments have supported this tradition with a series of policy initiatives since the 1970s aimed at encouraging tree-planting on private land . Local and national interests have both contributed to the evolving practice of planting trees on private land for commercial purposes, which is now widespread in the province. The provincial government has a long-term target of 45% forest cover in West Java. Private forests in Ciamis now cover about 13% of the district's land area and produce an average of 360,000 m<sup>3</sup> of logs per year. These are processed in more than 393 sawmills in the district (Dishutbun Kabupaten, 2014) and by mills outside the district. Logs sourced from community forest and government forest (PERHUTANI).

Wood from community forests are used for raw materials for large, medium as well as small wood industries. Types of industries that use wood from forestry include sawn timber, veneer, and plywood mills, chopstick, flooring, and furniture factories. The industry is in general located in the industrial center in each province. This project will provide benefit from a social point of view to ensure the sustainability of wood industries. Awareness and skills of communities will improve, and then they have other beneficial activities like community based forest management to reduce negative dependency to forest resource as they will not be interested anymore to be involved in illegal activities to support their families with sufficient income.

## **Economic Aspect**

Community timber marketing distribution channels currently begin from the farmers managing community forests as the source of timbers that are sold through an intermediary institutions (village, district, regency, etc.) and then go directly to the industries (primary, secondary) as the consumers or the big traders of building's materials (including wood).

Theoretically, the market price of wood from community forests is determined by the level of supply and demand in the market. Level of supply is determined by the potency of wood availability from community forests. Based on its type, wood from community forest in the form of logs in Ciamis which is dominant in the market are sengon, mahogany, teak, coconut wood and acacia. The other types which are the dominant type of wood in the form of processed wood are sengon, a mixture of several wood types, African wood and other types in a small portions. The price of sengon in Ciamis is approximately 600,000 to 700,000 rupiah per cubic meter. Industry will pay at any price to buy raw materials to fulfill its need. Therefore farmers from community forest have a bargaining power to boost their economic income. Sengon processing industry is growing in Western Java. But there is still the need to increase the capacity of the sawmill managers seriously, so that they can improve the product quality.

Most farmers of people's forest do not have sufficient knowledge about the market. Their lack of information as well as working capital paves the way for collecting traders' dominant role, especially in the determination of market prices. As a result, in people's timber marketing, the farmers generally become the unfortunate party, where there is an unfair distribution of benefits and the farmers always get a relatively smaller part compared to the other parties involved. Some studies results showed that the marketers of community forest products in West Java consisted of forest farmers, collecting traders, and sawmill owners

The local government is committed to give attention to businessmen in wood industry since the industry is potential as the source of local revenue (PAD). In term of Market trade access of wood industries has an opportunity to open domestic and international market, caused by availability of better transportation access (infrastructure etc). The project will offer short and long-term benefit for employment and income generation from small medium wood industries, which may act as a driving force for the development of both local and regional economies during and after completion of the project.

## **Environmental Aspect**

The existence of community forest is supporting the local environment, where the community forest grows it is a fact that is not to be doubted anymore. Several studies and survey shows how community forest especially in Java have contributed to improving the environment which was in critical and arid condition beforehand to become a green and fertile area. Results of several studies show that the island of Java was spared from ecological disasters such as flooding and drought not because of the success of the management of the government forest area but exactly because of the wisdom of communities to build community forest in their privately owned land. The project will be of benefit to the environment by highlighting the wood industries demand for timber and the sustained yield of forest resources. The market strategy will provide guidance to promote of wood products trade and development of raw material based industries which will affect in reducing environmental degradation which is caused by illegal harvesting activity.

### **1.4 Expected Outcomes at project completion.**

**At the project completion, a number of outcomes and desired changes are expected to be materialized in the following manner:**

#### **1. The efficiency of wood processing mills improved**

**Interventions taken in this project is to improve the efficiency of wood processing through several means such as : in-house training on the efficient processing of high quality wood product, training to SMWIs in improving skills of wood waste utilization and training on saw doctoring; In addition there will be collaboration to the neighbouring Central Java province for sharing their information and experiences on processing technologies, for example, Jepara regency is the centre of national furniture industry, the provision of accurate data and information will be conducted through various studies.**

**The results or outcomes of the pertinent activities will be used by the SMWS to strengthen their competitiveness in wood industries. It is expected that upon completion of the project, the capacities of small and medium wood industries in west Java province will be improved and developed. Human resources development is also crucial in order to gain the main objective of SVLK policy in achieving sustainable forest management.**

The SVLK or TILAS (timber legality assurance system) of wood industries will ensure the legality of timber and will control forest administration, starting from the planning stage of wood production to the stages of its process, transport and shipping as well as forest product inspection from upstream level (supply of raw materials) to downstream level (wood industries). It is expected that after the completion of the project, sawmill companies are applying SVLK to identify and to segregate timbers according to its sources and the documentation and records of the purchased and sale of timbers are available. The 3 (three) expected outputs of the project : wood processing efficiency of SMWs increased, competence in manufacturing and marketing of wood products enhanced and policy framework on building up competitiveness of SMWs strengthened, all together will strengthen the country's capacity to address the current problems of illegal logging and associated trading. The implementation of SVLK supported by the project will provide legal verifier for Indonesian timber products in the global market. This is expected to improve the competitiveness of Indonesian timber products, as well as to reduce illegal logging and illegal trade timber products, reduce illegal logging and illegal trade

## **2. Competence in of SMWIs in manufacturing and marketing the wood products enhanced**

**To achieve this output, Mills managers and supervisors should receive training on market-based quality, quality control and skills for formulating marketing strategy; Database system of wood processed products and a realistic estimation of long-term log supply will be identified and available; an association of wood manufacturers and exporters at regency level will be initiated. The local government institutions and associations in other regencies are expected to replicate the database system developed under the project. Market information and strategy will be used by decision makers at provincial and regency level to improve the policy and regulatory frameworks and thereby to promote timber trade and other products of community forest.**

## **3. Policy framework in building up competitiveness strengthened**

**The project will initiate a strong coordination among decision makers at provincial and regency level as well as at national level. It is expected that the policy framework will build up competitiveness. All relevant stakeholders may continue to discuss frequently on the issues of challenges and opportunities as well as information and experience exchanges relating to the competitiveness of small and medium wood industries.**

**The improvements of market transparency and local capacities on wood processed product addressed in this project will strengthen the competitiveness of community forest to supply raw material and the wood industries. All government institutions responsible in different aspects of timber including harvesting, transport, transformation and export would support legal wood-product and associated**

## PART II PROJECT RATIONALE AND OBJECTIVES

### 2.1 Rationale

#### 2.1.1. Institutional set-up and organizational Issues.

Forestry belongs to business sub sector, which includes (i) sub sector of primary forest activity, a part of agricultural sector and (ii) sub sector of forest industry, which belongs to industrial sector. Therefore, the Ministry of Environment and Forestry (MoEF) and Ministry of Industry and Trade (MITI) serve the forest industries development. The MoEF has an authority for taking care of the management of forest resource, whereas MITI is responsible for developing sub sector of forest industry and trade. However, the forest industry development took place under a lack of coordination between these two ministries. As a result, the wood industry capacity does not match with the available raw material on a sustainable basis.

At local level, industry development is the authority of Industrial service office at regency level while, source of forest product is the authority of forestry service office at regency level. The task of the industry and trade office at the district level are: formulation of technical policy of Industry and Trade; Implementation public service sectors of industry and trade; Development and execution of tasks in the field of industry and trade. While the main tasks of the forestry and plantation office at regency level is improving the utilization, function and productivity of land for developing forest and plantation business as well as improving the community's active role in the development of forestry and plantations. However, there is still lack of coordination between two agencies to support the source, the wood industries development and the competitiveness of wood market trade and products. Concerning the above matters, both agencies at regency level will be invited in some activities, particularly in workshops, focus group discussions, trainings and the socialization of policy framework.

The FPOD Ciamis has built forestry multi-stakeholder forum in Ciamis Regency as an effort to accelerate program development and the implementation of sustainable forest management system in Ciamis. However, coordination between relevant institutions are still weak, so that many regulations issued are mostly overlapping. In addition, the data of supply and demand of wood of various carpentry industry for products such as sawn timber, plywood / joint laminated board, furniture (wood working), are not available yet. So sometimes the policies issued are not based on accurate data and information. Therefore, through this project a review towards relevant regulations of wood industry will be executed to promote the development of SMWIs.

Furthermore, facilitation on technical aspect provided by related institutions for small and medium industries are very limited. Small wood industries are still using simple technology to process their products that make the quality of the resulting products are low. Therefore, a series of training will be conducted to improve the capacity of small-medium industries in the manufacturing and marketing of processed wood products that enhance the competitiveness of their products.

The impact of the on-going decentralization policy, with the introduction of the latest Act No. 23 Year 2014 on local government, should necessarily be anticipated since the policies of forestry sector - that previously at the district level - are now delivered to the provincial level although the policies for industry and trade still remain in the hand of the Local Government at district level. The project will review all relevant regulation/policy related to wood industry development and their impacts on bussines competitiveness. Implication of Law no. 6 year 2014 will be reviewed in this project , that *Village* assistance is needed to improve local governance in forest management.

#### 2.1.2. Stakeholder analysis

This proposal has been developed after long process of brainstorming/discussion and intensive consultation with various stakeholders at the province and district levels particularly SMWI's and community forest farmers groups association (*Asosiasi Petani Hutan Rakyat Ciamis*). Consultation have been begun by identifying stakeholder in December 2014 and continued through a series of FGD (Focus Group Discussion) to analyze the stakeholder perception as well as interest and opinion in problem on enhancing competitiveness of small & medium wood industries and clarify the motivations of different actors and the ways in which they might be able to influence the project, during January-February 2015 which has been held in Jakarta and Ciamis.

The stakeholder analysis table below presents the perception as well as interest and opinion for project implementation and also for sustainability of the intervention upon completion of the project.

<u>Stakeholder Group</u>	<u>Characteristics</u>	<u>Problems, needs, interests</u>	<u>Potentials</u>	<u>Involvement in the project</u>
<b>Primary Stakeholders</b>				
Small medium Industries	<ul style="list-style-type: none"> <li>- Locally based</li> <li>- They have resources</li> <li>- Established based on family relation</li> </ul>	Lack capacities on processed technology and product market Lack on market information	<ul style="list-style-type: none"> <li>• Hold licency for small/medium industries</li> <li>• Having resource in wood processed product</li> <li>• Joint in sawmill association/cooperative</li> <li>• Willing to build communications with local government</li> </ul>	<ul style="list-style-type: none"> <li>• Project partner</li> <li>• Involved in main activities related to improving efficiency and competitiveness of the wood-based industry</li> </ul>
<b>Farmers/forest growers</b>	Forest dependent Within & around the forest  Community owned the land planted with forest tree species	Livelihoods issue Limited income and from the forestry business  Lack of knowledge and understanding about new timber administration	<ul style="list-style-type: none"> <li>• They are close to the resource/ access</li> <li>• They are organized</li> <li>• They have traditional knowledge</li> <li>• Interested to increase production and get add-value from legal wood product</li> </ul>	<ul style="list-style-type: none"> <li>• Primary project beneficiaries</li> <li>• Involved in some activities related to improving capacities such as training and workshop/ dissemination of new regulation of timber administration of community forest</li> </ul>
Forestry and Plantation Service in Ciamis District	<ul style="list-style-type: none"> <li>- Locally based</li> <li>- They have resources</li> <li>- Having authority in facilitating small-medium industries in term of raw material supplying</li> </ul>	<ul style="list-style-type: none"> <li>- Limited coordination</li> <li>- Lack of capacity to utilize market information in developing market strategy</li> </ul>	<ul style="list-style-type: none"> <li>- Have authority at district/ level</li> <li>- They have network at provincial and district level</li> <li>- Provide the recommendation for small-medium sawmill licence</li> </ul>	<ul style="list-style-type: none"> <li>• Involved in project activities mainly in socialization and coordination activities.</li> <li>• Supervision of the small-medium industries involving technician/<i>penyuluh</i></li> </ul>
Industry Service in Ciamis district	<ul style="list-style-type: none"> <li>- Locally based</li> <li>- They have resources</li> <li>- Having authority in facilitating industries in administration and technical aspect</li> </ul>	<ul style="list-style-type: none"> <li>- Limited coordination</li> <li>- Lack of capacity</li> <li>- Lack of awareness the importance of small-medium wood industries</li> </ul>	<ul style="list-style-type: none"> <li>- Have authority at district</li> <li>- Could mobilize small-medium industries</li> <li>- They have network at provincial and district level</li> <li>- Provide the recommendation for small-medium sawmill licence</li> </ul>	<ul style="list-style-type: none"> <li>• Involved in project activities mainly in socialization and coordination activities.</li> <li>• Supervision of the small medium industries in term of market and processed wood product</li> </ul>
Forestry service in province level	<ul style="list-style-type: none"> <li>- They have resources</li> <li>- They also have wide network</li> <li>- Having authority in supervising administration of wood industries</li> </ul>	<ul style="list-style-type: none"> <li>- Limited coordination with central and district level</li> <li>- Lack of data and information in improving policy of wood based industries</li> </ul>	<ul style="list-style-type: none"> <li>- Have authority provincial level</li> <li>- They have wide network at provincial level</li> </ul>	<ul style="list-style-type: none"> <li>• Involved in project activities mainly in socialization and coordination activities.</li> <li>• Supervision of in provincial level</li> </ul>
<b>Secondary Stakeholders</b>				
MOEF (Directorate General of Sustainable Forest Management)	Managing natural and plantation forests	High pressure on natural forest . Limited capacities in promoting small medium industries  Lack of facilitation on capacity building of small-medium industries	Having resources Having network  Having experience in preparing curriculum and conducting the training activities.	<ul style="list-style-type: none"> <li>• Involve in some activities/supervising</li> <li>• Policy makers will create proper policy and strategy in order to support raw material and wood industries and</li> </ul>
Ministry of Industri (MIT)	Experienced in formulating policy and regulatory framework on small industries and .market trade	Implementing accreditation procedures to the assessment body  Limited capacities in facilitating of SMWI	Provide information on strategy to develop small industries and .market trade	<ul style="list-style-type: none"> <li>• Participate in dialogues and meeting coordinations with key actors in wood industries and market trade</li> </ul>

Tertiary Stakeholders				
NGO's	Actively involved in monitoring activities	Lack of technical knowledge	Experienced working with communities	<ul style="list-style-type: none"> <li>• Project implementation partner/sub contract</li> <li>• As facilitator/ in improving awareness activities on new forest administration regulation mainly for communities as a target group</li> </ul>
University	Actively involved in research development activities	Lack of dissemination research result	Having data and information on community forest and wood industries  Experienced in developing assessment/study	<ul style="list-style-type: none"> <li>• Project partner in assessment of community forest</li> </ul>

### 2.1.3. Problem Analysis

The volume of logs supply in West Java province originating entirely from forest plantations, mostly by farmers, is steadily increasing in recent years. For instance, production volume of logs went up from 300,000 m<sup>3</sup> in 2005 to 600,000 m<sup>3</sup> in 2010 (Dishutbun, 2012). Such an increase is largely attributable to the increasing interest of farmers in tree planting especially since the implementation of ITTO project PD 271/04 Rev. 3 (F) previously mentioned which focused on the promotion of forest plantation development involving local communities.

Despite the increasing production of logs, however, the SMWI in West Java are facing short supply of logs. The field investigation made by the Forestry Agencies at the provincial and district levels indicated that large volume of logs have been sold to the SMWI operating in the neighboring provinces, especially Central Java. Upon closer look it was found that selling of logs to SMWI in Central Java province is primarily driven by the price discrepancy; the SMWI in Central Java are able to pay higher price of logs compared to their counterparts in West Java. This ability to pay for a higher price is obviously a reflection of competitive performance as all SMWI in the province are facing the same business environment, e.g. rules and regulations governing community forest development, taxation, etc. It is therefore reasonable to conclude that the SMWI in West Java is less competitive than those in Central Java. Consequently, the main problem addressed by the proposed project is "Weak Competitiveness of Small and Medium Wood Industries in West Java".

Unless the problem is addressed, utilization of the installed processing capacity will be decreasing, leading to unsustainable SMWIs and ultimately, diminishing support to sustainable forest management. The discussions during the stakeholders meeting held in Jakarta in November 2014 indicated that the weak competitiveness problem facing the SMWIs are attributable to three main causes, mainly: : i) Inefficient of wood processing mills; ii) Inadequate competence in manufacturing and marketing of processed wood products; iii) Weak policy framework on building up competitiveness.

The first main cause "Inefficient wood processing " was maintained by the stakeholders meeting as the result of fivedriving forces which include: (1) Use of inappropriate/obsolete processing technologies; (2) Inappropriate layout designs of mills and weak mills management ; (3) Lack of skills on appropriate processing techniques; and (4) Poor wood waste utilization; and (5) Individual mill produced small quantity of different products

Result of observation and field visits to Ciamis shows that many wood processing mills are not efficient. These are operating at a low level, therefore difficult to attain reasonable profit. Most wood and timber small enterprisedo not have sufficient knowledge about the market for logs and processed products. Furthermore, they have inadequate knowledge of their competitors and their products. They need to scan their environment regularly to learn what their competitors in other provinces are doing.. The operators and workers involved in logs processing are not skillful; they have acquired their skills only through learning by doing not through programmed training. Employment of less skillful employees will certainly result in inefficiency and high production cost that deteriorates competitiveness.

Volumes and places of log production, prices received by tree growers ad at mill gates, logs quality and grades as well as trade flows are essential for SMWI in making decision regarding business operation and development yet not readily available.The lack of information on basic properties of logs has resulted in improper and inefficient use of wood. For instance, logs suitable for sawnwood are used for plywood or pallet thus reduces economic value. Most of the SMWI do not make high value added products demanded by

markets. Good quality logs for instance are used for pallet while the products made and sold are only those ordered by local consumers. In this fashion, logs are inefficiently used and results in large volume of wastage.

The second main cause "Inadequate competence in manufacturing and marketing of processed wood products" is attributable to five causes, namely:

- a) Inferior product quality and weak quality control
- b) Weak market information system for logs and processed wood products
- c) Quantity and quality demanded by markets not met by individual mills
- d) Weak competency in developing effective marketing strategy
- e) Weak products development due to uncertain logs supply

The development of innovative products a providing ways to better meet market need. The SMWIs in Ciamis have an inadequate innovation for product development, so that the resulting wood product is not in accordance with market requirements. For example, innovation in the forest products industry is the switch from the use of old-growth logs to smaller diameter, second-growth material. They need well information in particular with respect to market intelligence and new standard products that were very much export oriented.

Most of the SMWIs do not make high value added products demanded by markets. Good quality logs for instance are used for pallet while the products made and sold are only those ordered by local consumers. In this fashion, logs are inefficiently used and results in large volume of wastage. A wood processor ought to know its raw material supply for a certain period of time in order to allow signing a contract with buyer. Manufacturing and selling of wood product(s) is not a one shot undertaking but requires continuity in terms of quantity and quality. The stakeholders meeting revealed that the role of intermediaries in pricing and distribution of logs is predominant: the price paid to farmers is dictated through pre-financing or borrowing of money prior to harvesting time; bargaining power with wood Industries is strong, and; have the capacity to perform distant hauling of logs.

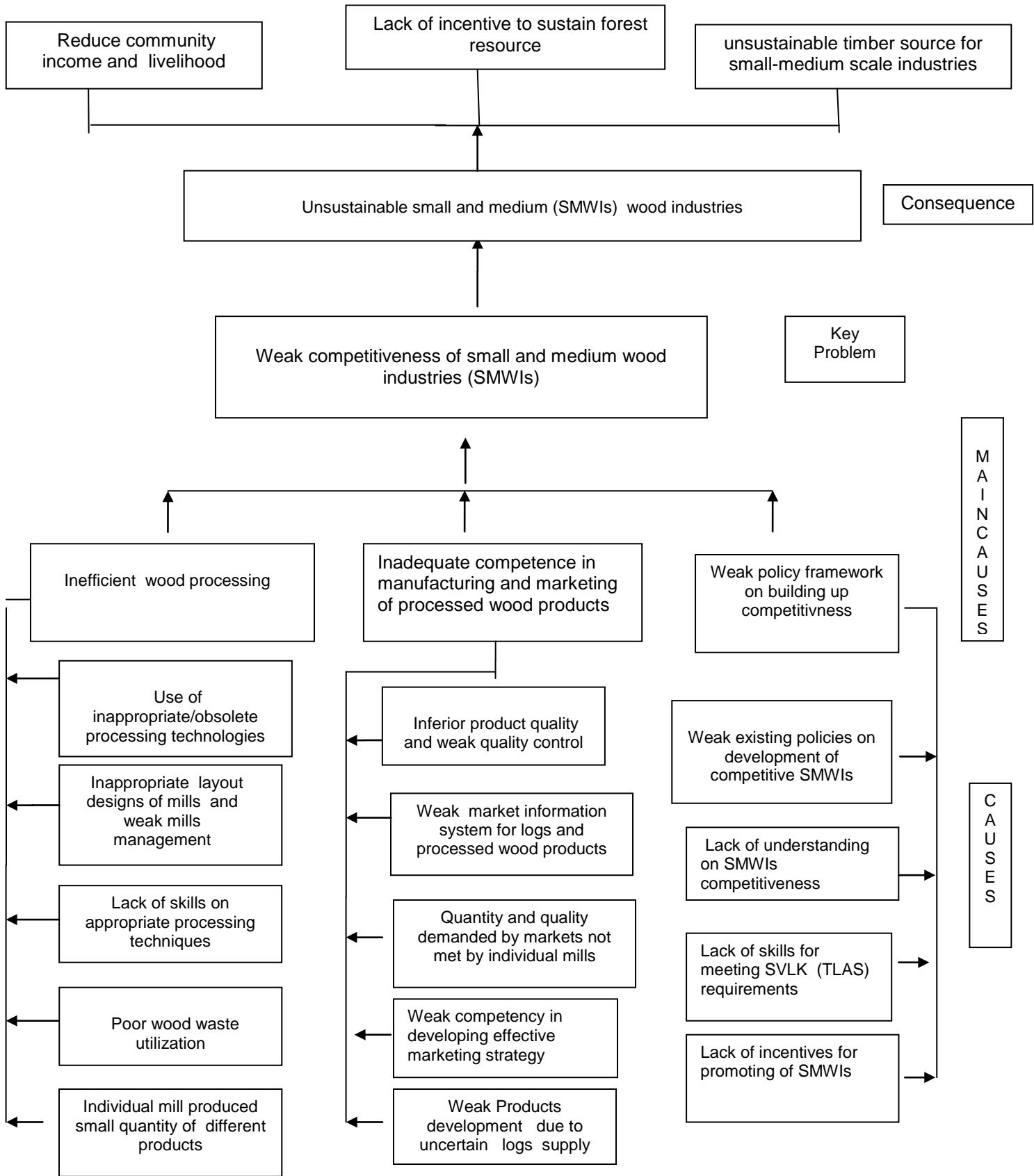
The SMWIs do not have in their possession information on market potential both for domestic and export. As such, production decision making is independent of market demand and has resulted in either narrow product line or inadequate product development or both. By and large, the SMWIs currently are focusing on selling in domestic or local markets of low value added products. An effective strategy must clearly indicate what product(s) to make and sell, where to produce and sell, profitable selling price and needed market promotion. The SMWIs do not have the competence to develop such a strategy that they have been doing marketing only by intuition or trial and error.

The third main cause of the problem addressed, "weak policy framework" was concluded by the stakeholders meeting as the result of four problems:

- Reliable data on logs and processed products market not available  
In the absence of reliable data on markets, it is not possible for decision makes to develop policies on wood industry development that are consistent with efforts to building up a competitive industry.
- Lack of understanding on market competitiveness  
Many decision makers do not comprehend the essential elements of market competitiveness, do not fully understand how efficiency of processing, product quality, technological innovation and market demand affect level of business competitiveness. More critically, there seem to be a lack of understanding on the impact of policies on business environment that may favorably r unfavorably affect level of competitiveness.
- Lack of skills for meeting TLAS/SVLK requirements  
The role of timber produced from community forests in Java is increasingly important due mainly to the dwindling supply of timber from natural forests. However, the implementation of SVLK in the community forest still faces issues. The level of awareness of SVLK in the SMWIs and even among district officilas relatively low. Another challenge is lack of capacity in implementaing regulation of SVLK system.
- Lack of incentives for promotion of SMWIs  
In order to promote SMWIs, introduction of policy incentive is needed. These incentives may take the forms as tax reduction based on efficiency performance, lower rate of interest for bank loan, ease of licensing process, etc. Such incentives may promote interest in investment by SMWIs.

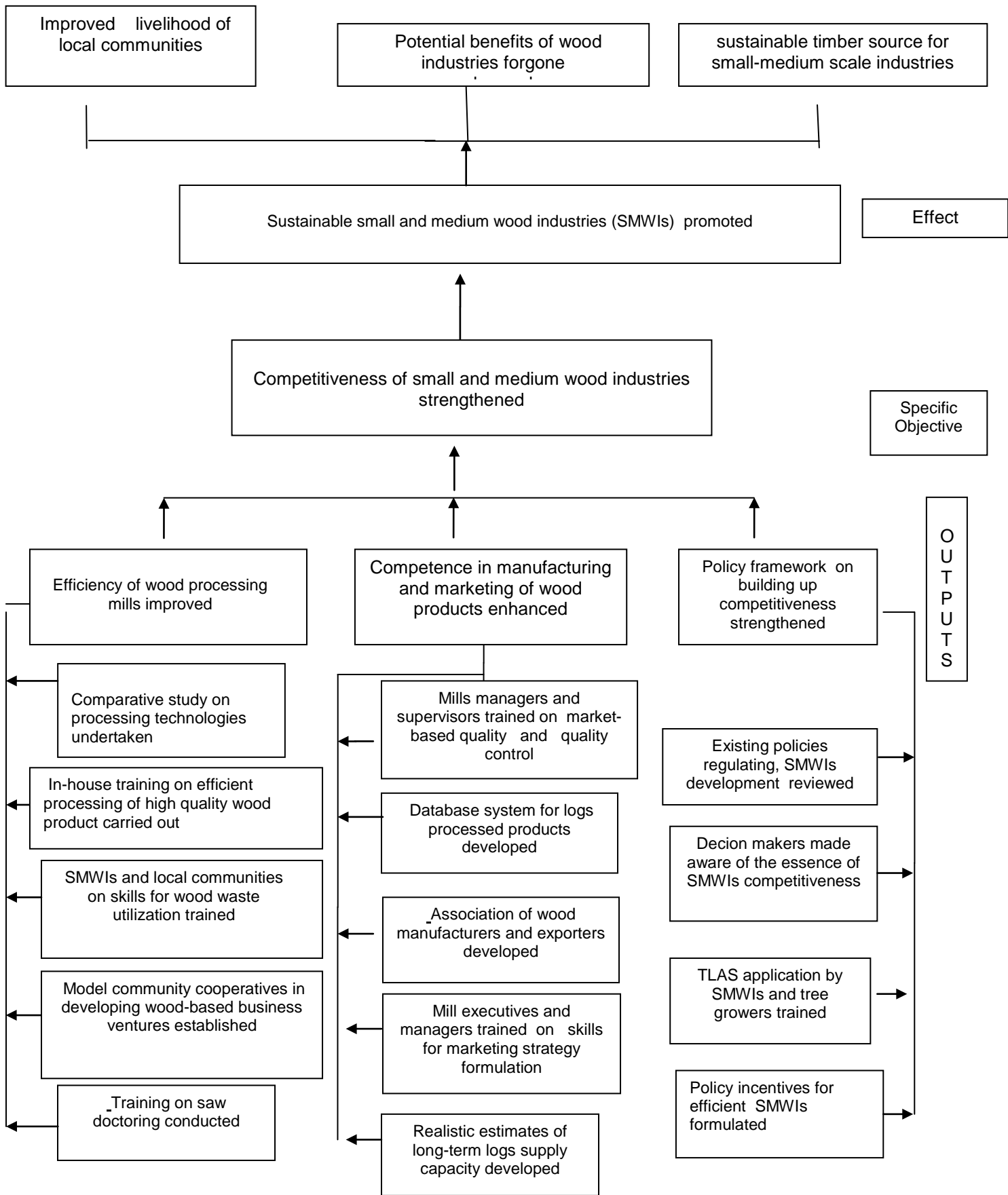
The following Problem tree and objective tree show the cause-effect relationship and meas-end relationship", respectively.

**PROBLEM TREE**





**Objective tree**



2.1.4. Logical Framework matrix.

Strategy of Intervention	Measurable Indicators	Means of verification	Key Assumptions
<p>Development Objective</p> <p>To contribute to sustainable management of small and medium wood industries (SMWIs) in Indonesia</p>	<p>2 years after completion</p> <ul style="list-style-type: none"> <li>• Average CUR (capacity utilization rate) of SMWIs in Ciamis increased by 20%</li> <li>• Average wood recovery of sawmills rose by 6%</li> <li>• All mills utilized only legally sourced logs</li> <li>• Total export value of Ciamis SMWIs rose by 10%</li> </ul>	<p>National and Provincial Forest Statistical Reports</p> <p>Annual Timber Production and Trade Report</p>	<p>Recognition of market to the legal timber products from community forests</p> <p>National government consistent with their regulations to support trade in legally/sustainably produced timber and effective supply chain</p> <p>Local governments support the policies on wood trade and market transparency</p>
<p>Specific Objective</p> <p>To enhance market competitiveness of small and medium industries (SMWIs)</p>	<p>At project implementation:</p> <ul style="list-style-type: none"> <li>• Sales of logs to SMWIs in Ciamis district rose by 10%</li> <li>• Average CUR of SMWIs in Ciamis increased by 5%</li> <li>• At least 50% of mills planned to utilize wood wastes</li> </ul>	<p>Technical Reports /Project Publication/</p> <p>Minutes of Meeting</p> <p>Annual Forest Provincial Report concerning timber production and its trade.</p>	<p>Strong support from relevant stakeholders in land ownership process</p> <p>Local governments support the national policies on legally/sustainably produced timber and effective supply chain</p>
<p>Output 1.</p> <p>Wood processing efficiency of SMWIs increased</p>	<p>Output Indicators</p> <ul style="list-style-type: none"> <li>• A comparative study on processing technologies employed by SMWIs in Ciamis and two neighboring districts conducted participated at least 10 participants</li> <li>• Average wood recovery of sawmill increased by 2%</li> <li>• At least 30 mills engaged in in-house training on wood processing</li> </ul>	<p>Technical report Documentation</p> <p>Technical Report</p> <p>Trainings report List of participants Documentations</p>	<p>Strong commitment of local authorities to market transparency of wood products</p>

Strategy of Intervention	Measurable Indicators	Means of verification	Key Assumptions
	<ul style="list-style-type: none"> <li>• Training session conducted on waste utilization skills involving local communities participated by 15 participants</li> <li>• Training session on saw doctoring conducted involving at least 30 mills</li> </ul>	<p>Training report/documentation</p> <p>Training report/documentation</p>	
<p>Output 2. Competence in manufacturing and marketing of wood products enhanced</p>	<ul style="list-style-type: none"> <li>• Training session on quality control procedures conducted involving at least 30 mills</li> <li>• At least 20 mills install and operate market information system for logs and processed products</li> <li>• One Association of wood products manufacturers and exporters established</li> <li>• Training on marketing strategy development conducted involving executive and managers of 20 mills</li> <li>• Long-term realistic log supply estimates available</li> </ul>	<p>Training report</p> <p>Training workshop report List of participants</p> <p>Technical report Field visit</p> <p>Training report Documentation List of participants</p> <p>Technical report</p>	<p>Local government supported the project operating</p>
<p>Output 3. Policy framework on building up competitiveness of SMWIs strengthened</p>	<ul style="list-style-type: none"> <li>• Existing policies on SMWIs development reviewed</li> <li>• One regional workshop on building up competitiveness of SMWIs organized involving decision makers of the government and industry</li> <li>• The training on TLAS application conducted involving at least 20 mills</li> <li>• Policy incentive for efficient mills formulated and reviewed by decision makers</li> </ul>	<p>Assessment report</p> <p>Training report Meeting/FGD's report</p> <p>Evaluation report FGD's report</p> <p>Technical report Documentation List of participants</p>	<p>Relevant agencies at local level support policies improvement on wood trade and market transparency</p>

## **2.2 Objectives**

### **2.2.1 Development objective and impact indicators**

#### **Development Objective**

To contribute to sustainable management of small and medium wood industries (SMWIs)

Impact indicators 3 years after project completion:

- Average CUR of SMWIs in Ciamis increased by 20%
- Average wood recovery of sawmills rose by 6%
- All mills utilized only legally sourced logs
- Total export value of Ciamis SMWIs rose by 10%

The project will surely contribute to the achievement of target of DG of Sustainable Forest Management, Ministry of Environment and Forestry

### **2.2.2 Specific objective and outcome indicators**

To enhance market competitiveness of small and medium wood industries (SMWIs)

Outcome indicators at project completion:

- Sales of logs to SMWIs in Ciamis district rose by 10%
- Average CUR of SMWIs in Ciamis increased by 5%
- At least 50% of mills utilized wood wastes
- All mills trained on TLAS (SVLK) application

**PART III**  
**DESCRIPTION OF PROJECT INTERVENTIONS**

**3.1. Outputs and Activities**

**3.1.1. Outputs**

1. Wood processing efficiency of SMWIs increased

Indicators:

- A comparative study on processing technologies employed by SMWIs in Ciamis and two neighboring districts conducted.
- Average wood recovery of sawmill increased by 2%
- At least 30 mills engaged in in-house training on wood processing
- Training session conducted on waste utilization skills involving at least 20 mills and local communities
- Trainings session on saw doctoring conducted involving at least 30 mills

2. Competence in manufacturing and marketing of wood products enhanced

Indicators

- Training session on quality control procedures conducted involving at least 30 mills
- At least 25 mills install and operate market information system for logs and processed products
- Association of wood products manufacturers and exporters established
- Training on marketing strategy development conducted involving executive and managers of 20 mills
- Long-term realistic log supply from community forest estimates available

3. Policy framework on building up competitiveness of SMWIs strengthened

Indicators

- Existing policies on SMWIs development reviewed
- One regional workshop on building up competitiveness of SMWIs organized involving decision makers of the government and industry
- The training on TLAS application conducted involving at least 20 mills
- Policy incentive for efficient mills formulated and reviewed by decision makers

**3.1. 2. Activities and inputs**

**Activities**

**Output 1**

- 1.1. To conduct comparative study on appropriate technologies employed by SMWIs in 3 districts
- 1.2. To carry out in-house training on efficient processing of high quality wood product involving 20 mills
- 1.3. To train SMWIs and local communities on skills for wood waste utilization
- 1.4. To establish and assist model community cooperatives in developing wood-based business ventures through provision of simple equipment and tools as well as managerial training
- 1.5. To carry out training on saw doctoring involving 20 mills

**Output 2**

- 2.1. To conduct training on quality control procedures involving mill managers and supervisors
- 2.2. To assist SMWIs in installing market information system for logs and processed products

**Note :Strengthening data collection of wood processed products and market information are critical for improving community forest policy formulation and planning at sub-national levels (province and district levels). However, this aspect has**

not been given much attention in most districts such as Ciamis. The data and information on wood products and market are still scattered and not managed in a system. It is need to be updated and compiled in a database system that can be readily and easily disseminated to the public. Therefore, mills could get market information (web-based) for logs and processed products easily. The database system will be installed at the Forestry Offices of Ciamis District and West Java Province by using data from SMWIs (small medium wood industries) association. And each of the Forestry Office within West Java or the association will be able to access market information that can be used in the analysis of market trends. Currently potential international buyers for SMWIs products are from Turkey, Japan, China etc.

- 2.3 To establish on association of wood manufacturers and exporters
- 2.4. To carry out training on skills for marketing strategy formulation involving mill executives and managers
- 2.5. To develop realistic estimates of long-term logs supply capacity.  
**Note: It is needed to develop a realistic estimate of future supply, demand and trade of logs supply from community forest in west Java. The data of realistic estimation of long-term log supply capacity is necessary to identify the potency of community forest as raw materials sources in each district of West Java Province and to identify its industrial aspects such as the type, the number, the capacity and the distribution of the industries. Currently, the SMWI in West Java are facing short supply of logs. The field investigation made by the Forestry Agencies at the provincial and district levels indicated that large volume of logs have been sold to the SMWI operating in the neighboring provinces, especially Central Java.**

**Ciamis district is the largest wood supplier in West Java Province, it can be used as a pilot in developing the system within West Java Province. The data and information collected could be used to analyze the level of gap of supply and the needs of sustainable timber for wood processing industries in West Java Province. With the development of this system, will provide information assurance and a convenience to SMWIs in obtaining the information of legal raw material supply as well as to streamline the timber market.**

**Consultant will be hired to develop a system (perform information simulations) . The system will be used to forecast prices and trade flows of log supply come from Ciamis and other districts within west Java province.**

#### Output 3

- 3.1. To review existing policies regulating, SMWIs development and provide recommendations for enhancement
- 3.2 To conduct a regional workshop on promoting competitiveness of SMWIs in West Java involving decision makers of concerned government institutions and the forest industries
- 3.3. To carry out training on TLAS application by SMWIs and tree growers
- 3.4. To formulate policy incentives for promotion of efficient processing by SMWIs for review by the primary stakeholders and possible concurrence by concerned governor authorities

### 3.2 Implementation approaches and methods

The project will be executed by FPDO (Forestry and Plantation District Office) in Ciamis, under the supervision of MoEF in Jakarta. The FPDO will work collaboratively with other technical agencies such as industrial and trade offices, farmer association, private sectors and local government at provincial level and conduct dialogues/FGD's to strengthen coordination with relevant agencies particularly local government at district level in order to actively take part in the project implementation, as appropriate. It will be started by conducting dialogues/FGD's to strengthen coordination with relevant agencies particularly local government at district level in order to actively take part in the project implementation, as appropriate. The approach in achieveving Outputs can be outlined as follows:

#### Output 1.

Conduct capacity building through comparative study and series of technical training including in-house training. The purpose of comparative study is to enhance the development of human resources in the wood industry, with particular emphasis on downstream processing, for increased productivity and competitiveness. This in-house training will concern primarily with managerial and technical skills of human resource involved in wood processing and with appropriateness of the technology and operational methods in use. Other trainings will be carried out in two main areas of wood industry such wood and waste utilization and saw doctoring. The approach will culminate by to assist technical officers of SMWI's to implement practicable wood waste utilization and other process associated.

#### Output 2.

It will be achieved by carrying out study on realistic estimates of long-term logs supply and developing database systems which can be assessed by buyers, users and producers. The system will improve market transparency and market promotion. Training on technical aspect such as quality control procedures involving mill managers/supervisors and training on marketing strategy are critical aspect to achieve output 2.

#### Output 3.

This output will be delivered through execution of review policies and legal frameworks on wood industry development and their impacts on business competitiveness to promote trade in legally produced timber and timber products. The project will identify policy incentives for improving competitiveness of SMWIs. Concern with capacity of Decision makers on promoting competitiveness of SMWIs, the project will develop national workshop to share to strengthen the information sharing and network within timber producer and user, as well as buyer and regulators. The project will be implemented as a pilot project, this approach provides the opportunity to field test the SVLK for SMWIs, and is useful in identifying key challenges and issues for on-the-ground implementation of timber legality systems. The readiness for SMEs toward SVLK certification has its own challenge. Beside certification cost, the SMWIs and community forest growers are generally vary and complex with their limited resource and capacity, compared to the big company. The activity 3.3 will increase the capacity SMEs in west Java toward SVLK. It is useful also to discuss and identify key challenges and issues for on-the-ground implementation for improving policy/regulation.

### 3.3 Workplan

Outputs and Activities	Responsible Party	Year 1				Year 2				Year 3			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
<b>Output 1: Wood processing efficiency of SMWLs increased</b>													
<b>Activity 1.1</b> <u>To conduct comparative study on appropriate technologies employed by SMWLs in 3 districts</u>	Expert, PMU												
<b>Activity 1.2</b> <u>To carry out in-house training on efficient processing of high quality wood product</u>	International. National consultant, PMU, Expert, Local Government												
<b>Activity 1.3</b> <u>To train SMWLs and local communities on skills for wood waste utilization</u>	MoEF , PMU, Expert, Local Government												
<b>Activity 1.4</b> <u>To establish and assist model community cooperatives in developing wood-based business ventures through provision of simple equipment and tools as well as managerial training</u>	Expert, PMU local government												
<b>Activity 1.5</b> <u>To carry out training on saw doctoring</u>	MEF (BUK), PMU, Expert, Local Government												



Outputs and Activities	Responsible Party	Year 1				Year 2				Year 3			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
<b>Output 2 : Competence in manufacturing and marketing of wood products enhanced</b>													
<b>Activity 2.1 <u>To conduct training on quality control procedures involving mill managers and supervisors</u></b>	Expert, MEF, Local government PMU												
<b>Activity 2.2 <u>To assist SMWIs in development of database system for logs processed products</u></b>	Expert,MEF, local government PMU												
<b>Activity 2.3 <u>To establish on association of wood manufacturers and exporters</u></b>	MEF, Local Government, PMU												
<b>Activity 2.4 <u>To carry out training on skills for marketing strategy formulation involving mill executives and managers</u></b>	MEF, Local Government, PMU												
<b>Activity 2.5 <u>To develop realistic estimates of long-term logs supply capacity</u></b>	MEF, Local Government, PMU												

Outputs and Activities	Responsible Party	Year 1				Year 2				Year 3			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
<b>Output 3 : Policy framework on building up competitiveness of SMWIs strengthened</b>													
<b>Activity 3.1 <u>To review existing policies regulating, SMWIs development and provide recommendations for enhancement</u></b>	Expert, MEF, Local government PMU												
<b>Activity 3.2 <u>To conduct a regional workshop on promoting competitiveness of SMWIs in West Java involving decision makers of concerned government institutions and the forest industries</u></b>	Expert ,MEF, local government PMU												
<b>Activity 3.3 <u>To carry out training on TLAS application by SMWIs and tree growers</u></b>	MEF, Local Government, PMU												
<b>Activity 3.4 <u>To formulate policy incentives for promotion of efficient processing by SMWIs for review by the primary stakeholders and possible concurrence by concerned governor authorities</u></b>	MEF, Local Government, PMU												
<b>PSC Meeting</b>													
<b>Reporting</b>													

### 3.4. Budget

#### 3.4.1. Master budget schedule

Output/Activity	Quarter	Budget Component	Inputs	Unit	Quantity		Unit Cost	ITTO Contribution			GOI		Total
					ITTO	GOI		Year 1	Year 2	Year 3	Total ITTO	Total GOI	
<b>Output 1</b>													
<b>Efficiency of wood processing mills improved</b>													
Activity 1.1: To conduct Comparative study on processing technologies													
			National Expert (1 month, 1 person)	MM	1	-	2,000		2,000		2,000		2,000
			DSA (2 times, 4 days, 10 persons)	MD	80		80		6,400		6,400		6,400
			local transportation (2 times, 10 persons)	trip	20		250		5,000		5,000		5,000
			Facilitator (2 persons, 2 times, 5 days)	MD	20		200		4,000		4,000		4,000
sub total activiy 1.1.									17,400		17,400		17,400
Activity 1.2. To carry out in-house training on efficient processing of high quality wood products													
			International Expert (4 months, 1 person)	MM	4		10,000	40,000			40,000		40,000
			National Expert (4 months, 1 person)	MM	4		2,500	10,000			10,000		10,000
			DSA (7 days, 2 persons)	MD	14		80	560		560	1,120		1,120
			Local transportation (2 times, 2 persons)	trip	4		200	400		400	800		800
			Meeting Package (20 persons, 2 times, 3 days)	package	120		50	3,000		3,000	6,000		6,000
			Local transportation (2 times, 20 persons)	trip	40		60	1,200		1,200	2,400		2,400
			Workshop Kit (20 persons, 2 times)	package	40		10	200		200	400		400
			Documentation	package	1		1,000	500		500	1,000		1,000
sub total activity 1.2.								55,860		5,860	61,720		61,720

Output/Activity	Quarter	Budget Component	Inputs	Unit	Quantity		Unit Cost	ITTO Contribution			GOI		Total
					ITTO	GOI		Year 1	Year 2	Year 3	Total ITTO	Total GOI	
Activity 1.3. To train SMWIs on utilization of wood waste			National Expert (1 month, 1 person)	MM	1		2.000	2.000			2.000		2.000
			Facilitator (2 persons, 2 times, 5 days)	MD	20		200	4.000			4.000		4.000
			DSA (5 days, 2 times, 3 persons)	MD	60		40	2.400			2.400		2.400
			Local transportation (2 times, 3 persons)	trip	6		200	1.200			1.200		1.200
			Meeting Package (20 persons, 2 times, 3 days)	package	120		50	6.000			6.000		6.000
			Local transportation (2 times, 20 persons)	trip	40		60	2.400			2.400		2.400
			Workshop Kit (20 persons, 2 times)	package	40		10	400			400		400
sub total activities 1.3.								18.400			18.400		18.400
Activity 1.4. To establish and assist model community cooperatives in developing wood-based business ventures through provision of simple equipment and tools as well as managerial training			Fund seed	MM	1		8.000		8.000		8.000		8.000
			DSA (6 times, 3 days, 2 persons)	MD	36		80		2.880		2.880		2.880
			local transportation (6 times, 2 persons)	trip	12		200		2.400		2.400		2.400
			Meeting package(3 times)	package	3		500		1,500		1,500		1,500
sub total activity 1.4.									14,780		14,780		14,780

Output/Activity	Quarter	Budget Component	Inputs	Unit	Quantity		Unit Cost	ITTO Contribution					Total
					ITTO	GOI		Year 1	Year 2	Year 3	ITTO Total	GOI Total	
Sub Activity 1.5. To carry out training on saw doctoring i			National Expert (1 month, 1 person)	MM	1		2.000	2.000			2.000		2.000
			Facilitator (2 persons, 2 times, 5 days)	MD	20		200	4.000			4.000		4.000
			DSA (5 days, 2 times, 3 persons)	MD	30		80	2.400			2.400		2.400
			Local transportation (2 times, 3 persons)	trip	6		200	1.200			1.200		1.200
			Meeting Package (20 persons, 2 times, 3 days)	package	120		50	6.000			6.000		6.000
			Local transportation (2 times, 20 persons)	trip	40		60	2.400			2.400		2.400
			Workshop Kit (20 persons, 2 times) documentaion	package	40		10	400			400		400
				package	1		1.000	1.000			1.000		1.000
<b>Sub-total Activity 1.5.</b>								<b>19.400</b>			<b>19.400</b>		<b>19.400</b>
<b>Total Output 1</b>													<b>131,700</b>
<b>Output 2.</b>													
Activities 2.1. To conduct training on quality control procedures involving mill managers and supervisors			National Expert (1 month, 1 person)	MM	1		2.000			2.000	2.000		2.000
			Facilitator (2 persons, 5 times)	MD	10		200			2.000	2.000		2.000
			DSA (2 times, 3 persons)	MD	6		80			480	480		480
			Local transportation (2 times, 3 persons)	trip	6		200			1.200	1.200		1.200
			Meeting Package (20 persons, 2 times, 2 days)	package	80		50			4.000	4.000		4.000
			Local transportation (2 times, 20 persons)	trip	40		60			2.400	2.400		2.400
			Workshop Kit (20 persons, 2 times)	package	40		10			400	400		400
<b>Sub-total Activity 2.1</b>										<b>12,480</b>	<b>12,480</b>		<b>12,480</b>

Output/Activity	Quarter	Budget Component	Inputs	Unit	Quantity		Unit Cost	ITTO Contribution					Total
					ITTO	GOI		Year 1	Year 2	Year 3	ITTO Total	GOI Total	
Activity 2.2. To assist SMWIs in development of database system for logs processed products													
			National Expert (2 month, 2 persons)	MM	4		1,500		6,000		6,000		6,000
			DSA (7 days, 2 persons)	MD	14		80		1,120		1,120		1,120
			Local transportation (2 persons)	trip	2		200		400		400		400
			Meeting (3 times x 15 persons)	package	45		50		2,250		2,250		2,250
Sub-total Activity 2.2									9,770		9,770		9,770
Activity 2.3 To establish on association of wood manufacturers and exporters													
			National Expert (1 month, 1 person)	MM	1		2,000		1,000	1,000	2,000		2,000
			Resource Person (2 persons)	MD	2		200		200	200	400		400
			DSA (1 person, 7 days)	MD	7		80		280	280	560		560
			Local transportation (2 times, 1 person)	trip	2		200		200	200	400		400
			Series FGD (4 times)	package	4		500		1,000	1,000	2,000		2,000
			Meeting Package (25 persons)	Package	25		50		625	625	1,250		1,250
Sub-total Activity 2.3									3,305	3,305	6,610		6,610

Output/Activity	Quarter	Budget Component	Inputs	Unit	Quantity		Unit Cost	ITTO Contribution					Total
					ITTO	GOI		Year 1	Year 2	Year 3	ITTO Total	GOI Total	
Activity 2.4 To carry out training on skills for marketing strategy formulation involving mill executives and managers			National Expert (1 month, 1 person)	MM	1		2.000			2.000	2.000		2.000
			Facilitator (2 persons, 2 times, 3 days)	MD	12		200			2.400	2.400		2.400
			DSA (2 times, 3 persons, 5 days)	MD	30		80			2.400	2.400		2.400
			Local transportation (2 times, 3 persons)	trip	6		200			1.200	1.200		1.200
			Meeting Package (20 persons, 2 times, 2 days)	package	80		50			4.000	4.000		4.000
			Local transportation (40 persons)	trip	40		60			2.400	2.400		2.400
			Workshop Kit (50 persons)	package	50		10			500	500		500
Sub-total Activity 2.4										14.900	14.900		14.900
Activity 2.5 To develop realistic estimates of long-term logs supply capacity			National Consultant (2 months, 2 persons)	MM	4		2.000	8.000			8.000		8.000
			Assistant Consultant (2 months, 2 persons)	MM	4		700	2.800			2.800		2.800
			DSA (4 persons, 7 days)	MD	28		80	2.240			2.240		2.240
			Local transportation (2 times, 4 personx 5 days)	trip	20		80	1.600			1.600		1.600
			Office Supplies / Print doc./ material documentation	package	1		1.000	1.000			1.000		1.000
Sub-total Activity 2.5								15.640			15.640		15.640
<b>Total Output 2</b>										-			<b>59,400</b>

Output/Activity	Quarter	Budget Component	Inputs	Unit	Quantity		Unit Cost	ITTO Contribution					Total
					ITTO	GOI		Year 1	Year 2	Year 3	ITTO Total	GOI total	
<b>Output 3. Policy framework on building up competitiveness strengthened</b>													
<b>Activity 3.1.</b> To review existing policies on development of competitive SMWIs													
			National Expert (3 months, 1 persons)	MM	3		2.000		6.000		6.000		6.000
			Assistant Expert (2 persons, 2 months)	MM	4		750		3.000		3.000		3.000
			DSA (7 days, 4 persons)	MD	28		80		2.240		2.240		2.240
			Local transportation (2 times, 4 persons)	trip	20		80		1.600		1.600		1.600
			Meeting Package (20 persons, 2 times)	package	40		50		2.000		2.000		2.000
			Local transportation (40 persons)	trip	40		60		2.400		2.400		2.400
			material of documentation	package	1		1.000		1.000		1.000		1.000
<b>Sub-total Activity 3.1</b>									<b>18.240</b>		<b>18.240</b>		<b>18.240</b>
<b>Activity 3.2. :</b>													
<b>To conduct training for decision makers on development of SMWIs competitiveness</b>													
			Resource person (2 person)	MM	2		750		1,500		1,500		1,500
			Facilitator (2 persons, 2 times, 5 days)	MD	20		200		4.000		4.000		4.000
			DSA (3 persons, 7 days)	MD	21		80		1.680		1.680		1.680
			Local transportation (2 days, 3 persons)	trip	6		200		1.200		1.200		1.200
			Meeting Package (20 persons, 2 days)	package	40		50		2.000		2.000		2.000
			Local transportation (20 persons, 2 times)	trip	40		60		2.400		2.400		2.400
			Workshop Kit (20 persons)	package	20		10		200		200		200
<b>Sub-total Activity 3.2.</b>							<b>12,980</b>		<b>12,980</b>		<b>12,980</b>		<b>12,980</b>



Output/Activity	Quarter	Budget Component	Inputs	Unit	Quantity		Unit Cost	ITTO Contribution					Total	
					ITTO	GOI		Year 1	Year 2	Year 3	ITTO Total	GOI total		
Activity 3.3 To organize Workshop on SVLK implementation for decision makers and SMWIs														
			Resource Person (2 times, 2 personsx 5 days )	MM	20		200			4.000	4.000			4.000
			Facilitator (2 persons, 3 days)	MD	6		200			1.200	1.200			1.200
			DSA (4 persons, 3 days)	MD	12		80			960	960			960
			Local transportation (2 persons)	trip	2		200			400	400			400
			Meeting Package (40 persons)	package	40		50			2.000	2.000			2.000
			Workshop Kit (20 persons)	package	20		10			200	200			200
			Docuementation	package	1		1.000			1.000	1.000			1.000
Sub-total Activity 3.3										9,760	9.760			9,760
Activity 3.4 To formulate policy incentives for SMWIs development														
			National Expert (2 months, 2 persons)	MM	4		2.000			8,000	8,000			8.000
			Assistant Expert (2 persons, 2 months)	MM	4		750			3,000	3,000			3.000
			DSA (4 persons, 7 days)	MD	28		80			2,240	2,240			2.240
			Local transportation (2 times, 2personsx 5 days)	trip	20		80			1,600	1,600			1.600
			Meeting Package (25 persons)	package	25		50			1,250	1,250			1.250
			Local transportation (25 persons)	trip	25		60			1,500	1,500			1.500
sub total activity 3.4										17,590	17,590			17,590
Total Output 3										-				58,570
Total All Output Activities										-				249,670

Output/Activity	Quarter	Budget Component	Inputs	Unit	Quantity		Unit Cost	ITTO Contribution				
					ITTO	GOI		Year 1	Year 2	Year 3	Total	
<u>Non-activity based</u>	Q1-Q4, Y1-Y3		<u>Key Personnel</u>									
		11	a Project Coordinator (PC)	MM	36	-	2,000	24,000	24,000	24,000		72,000
		12	b Technician/field coordinator	MM	36	-	1,500	18,000	18,000	18,000		54,000
		13	c Finance and Administration	MM	36	-	750	9,000	9,000	9,000		27,000
			<u>Office</u>									-
			g Office space	Month	-	-	-	-	-	-		-
			<u>Duty travel</u>									-
		31.2	j DSA, PMU	Yearly	3	-	2,500	2,500	2,500	2,500		7,500
		32.2	k Local transport	Yearly	3	-	2,500	2,500	2,500	2,500		7,500
			<u>Capital Item</u>									-
		41	l Personal Computer	unit	1	-	1,500	1,500				1,500
		42	m Laptop	unit	2	-	1,500	3,000				3,000
		43	n Fax Machine, printer, scanner	unit	2	-	750	750	750			1,500
			<u>Consumable item</u>									-
		51	p Office Supplies	Yearly	3	-	2,500	2,500	2,500	2,500		7,500
		52	q utilities	Yearly	3	-	1,500	1,500	1,500	1,500		4,500
			Publication	Yearly	3	-	1,500	1,500	1,500	1,500		4,500
			Project preparation	Pack	1	-	5,000	5,000				5,000
			Rent car	Yearly	3	-	5,000	5,000	5,000	5,000		15,000
			Translation	Yearly	3	-	1,000	1,000	1,000	1,000		3,000
		68	r PSC meetings	Meeting	3	-	1,500	1,500	1,500	1,500		4,500
		69	s Financial auditing	Yearly	2,00	-	2,000	2,000	2,000	2,000		6,000

Total Non-activity based												224,000
Grand Total Project Costs												473,670
ITTO Monitoring Review												20,000
ITTO Ex-post/ Ex-ante Evaluation												15,000
ITTO programme support (12 %)												61,040
Sub total												96,040
Grand Total ITTO												569,710

### 3.4.2 Consolidated Yearly Budget

Category	Description	Total	Proposed budget for			
			Year 1	Year 2	Year 3	Total
<b>10</b>	<b>Personnel</b>					
11	Project Coordinator		24,000	24,000	24,000	72,000
12	Finance and Administration		9,000	9,000	9,000	27,000
13	International Expert/Consultant		40,000	-	-	40,000
14	National Consultant/expert		22,000	15,000	13,000	50,000
15	Technician/field coordinator		18,000	18,000	18,000	54,000
16	Facilitator		8,000	8,000	5,600	21,600
17	Assistant expert/consultant		2,800	3,000	3,000	8,800
18	Resource person		-	1,700	4,200	5,900
<b>19</b>	<b>Sub total</b>		<b>123,800</b>	<b>78,700</b>	<b>76,800</b>	<b>279,300</b>
<b>20</b>	<b>Sub contracts</b>					
<b>24</b>	<b>Sub total</b>		-	-	-	-
<b>30</b>	<b>Duty Travel</b>					
31	Daily subsistence allowance					
31.1	DSA National		10,100	17,100	9,420	36,620
31.2	Transportation					
32	- Domestic Travel/Local Transportation		24,900	30,100	27,000	82,000
<b>33</b>	<b>Sub total</b>		<b>35,000</b>	<b>47,200</b>	<b>36,420</b>	<b>118,620</b>
<b>40</b>	<b>Capital Items</b>					
41	Personal Computer		2,000	-	-	2,000
42	Laptop		3,000	-	-	3,000
43	Printer, scanner, fax machine		900	750	-	1,650
44	Office space		10,000	10,000	10,000	30,000
<b>44</b>	<b>Sub total</b>		<b>15,900</b>	<b>10,750</b>	<b>10,000</b>	<b>36,650</b>
<b>50</b>	<b>Consumables items</b>					
51	Office Supplies		5,900	4,900	4,900	15,700
52	Utilities / Document material		3,000	2,500	3,000	8,500
<b>53</b>	<b>Sub total</b>		<b>8,900</b>	<b>7,400</b>	<b>7,900</b>	<b>24,200</b>
<b>60</b>	<b>Miscellaneous</b>					
61	Meeting		15,000	8,375	14,875	38,250
	Workshop Kit		1,000	200	1,300	2,500
62	Publications and dissemination		1,500	1,500	1,500	4,500
63	Series FGD		-	1,000	1,000	2,000
64	Translation		1,000	1,000	1,000	3,000
65	PSC Meeting		1,500	1,500	1,500	4,500
66	Audit		2,000	2,000	2,000	6,000
66	Seed fund		-	8,000	-	8,000
66	Rent car		5,000	5,000	5,000	15,000
66	Project preparation/production		5,000		-	5,000
<b>67</b>	<b>Sub total</b>		<b>32,000</b>	<b>28,575</b>	<b>28,175</b>	<b>88,750</b>
<b>70</b>	<b>Total</b>		<b>215,600</b>	<b>172,625</b>	<b>159,295</b>	<b>547,520</b>

<b>90</b>	Project monitoring and administration					
91	ITTO monitoring & review	<b>20,000</b>				
92	ITTO ex-post evaluation	15,000				
93	ITTO Programme support (70 + 91 +92+93) x 12%	<b>61,040</b>				
<b>99</b>	<b>Total Project Monitoring and Administration</b>	<b>96,040</b>				
	<b>GRAND TOTAL (70 + 99)</b>	<b>643,560</b>				

### 3.4.3 ITTO Yearly Budget

Category	Description	Total	Proposed budget for			
			Year 1	Year 2	Year 3	Total
<b>10</b>	<b>Personnel</b>					
11	Project Coordinator		24,000	24,000	24,000	72,000
12	Finance and Administration		9,000	9,000	9,000	27,000
13	International Expert/Consultant		40,000	-	-	40,000
14	National Consultant/expert		22,000	15,000	13,000	50,000
15	Technician/field coordinator		18,000	18,000	18,000	54,000
16	Facilitator		8,000	8,000	5,600	21,600
17	Assistant expert/consultant		2,800	3,000	3,000	8,800
18	Resource person		-	1,700	4,200	5,900
<b>19</b>	<b>Sub total</b>		<b>123,800</b>	<b>78,700</b>	<b>76,800</b>	<b>279,300</b>
<b>20</b>	<b>Sub contracts</b>					
<b>24</b>	<b>Sub total</b>		-	-	-	-
<b>30</b>	<b>Duty Travel</b>					
31	Daily subsistence allowance					
31.1	DSA National		10,100	17,100	9,420	36,620
31.2	Transportation					
32	- Domestic Travel/Local Transportation		12,900	18,100	15,000	46,000
<b>33</b>	<b>Sub total</b>		<b>23,000</b>	<b>35,200</b>	<b>24,420</b>	<b>82,620</b>
<b>40</b>	<b>Capital Items</b>					
41	Personal Computer		1,500	-	-	1,500
42	Laptop		3,000	-	-	3,000
43	Printer, scanner, fax machine		750	750	-	1,500
<b>44</b>	<b>Sub total</b>		<b>5,250</b>	<b>750</b>	<b>-</b>	<b>6,000</b>
<b>50</b>	<b>Consumables items</b>					
51	Office Supplies		3,500	2,500	2,500	8,500
52	Utilities / Document material		3,000	2,500	3,000	8,500
<b>53</b>	<b>Sub total</b>		<b>6,500</b>	<b>5,000</b>	<b>5,500</b>	<b>17,000</b>
<b>60</b>	<b>Miscellaneous</b>					
61	Meeting		15,000	8,375	14,875	38,250
	Workshop Kit		1,000	200	1,300	2,500
62	Publications and dissemination		1,500	1,500	1,500	4,500
63	Series FGD		-	1,000	1,000	2,000
64	Translation		1,000	1,000	1,000	3,000
65	PSC Meeting		1,500	1,500	1,500	4,500
66	Audit		2,000	2,000	2,000	6,000
66	Seed fund		-	8,000	-	8,000
66	Rent car		5,000	5,000	5,000	15,000
66	Project preparation/production		5,000		-	5,000
<b>67</b>	<b>Sub total</b>		<b>32,000</b>	<b>28,575</b>	<b>28,175</b>	<b>88,750</b>
<b>70</b>	<b>Total</b>		<b>190,550</b>	<b>148,225</b>	<b>134,895</b>	<b>473,670</b>

<b>90</b>	Project monitoring and administration					
91	ITTO monitoring & review	20,000				
92	ITTO ex-post evaluation	15,000				
93	ITTO Programme support (70 + 91 +92+93) x 12%	<b>61,040</b>				
<b>99</b>	<b>Total Project Monitoring and Administration</b>	<b>96,040</b>				
	<b>GRAND TOTAL (70 + 99)</b>	<b>569,710</b>				

### 3.4.4 Executing Agency Yearly Budget (Gol)

Category	Description	Total	Year 1	Year 2	Year 3
<b>10</b>	<b>Personnel</b>				
11.1		-	-	-	
<b>19</b>	<b>Sub total</b>	-	-	-	
<b>20</b>	<b>Sub contracts</b>				
21		-	-	-	
<b>29</b>	<b>Sub total</b>	-	-	-	
<b>30</b>	<b>Duty Travel</b>				
33	Local Transport	36,000	12,000	12,000	12,000
<b>39</b>	<b>Sub total</b>	<b>36,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>
<b>40</b>	<b>Capital Items</b>				
41	Personal computer	500	500	-	
	Printer	150	150	-	
<b>49</b>	<b>Sub total</b>	<b>650</b>	<b>650</b>	-	
<b>50</b>	<b>Consumables items</b>				
51	Office supplies	7,200	2,400	2,400	2,400
54	Office space	30,000	10,000	10,000	10,000
<b>59</b>	<b>Sub total</b>	<b>37,200</b>	<b>12,400</b>	<b>12,400</b>	<b>12,400</b>
<b>60</b>	<b>Miscellaneous</b>				
61		-	-	-	
<b>69</b>	<b>Sub total</b>	-	-	-	
	<b>Total Project</b>	<b>73,850</b>	<b>25,050</b>	<b>24,400</b>	<b>24,400</b>
<b>70</b>	<b>National management cost</b>	-	(See executing agency budget)		
<b>100</b>	<b>Total Project Monitoring and Administration</b>	-			
	<b>GRAND TOTAL (70 + 100)</b>	<b>73,850</b>			



### 3.5. Assumptions, risks, sustainability.

#### 3.5.1 Assumptions and risks

The potential risk associated with the project and likely will affect its implementation are :

1.	<b>Risk:</b>	Inconsistent policy and regulations to support trade in legally/sustainably produced timber and effective
	<b>Mitigation:</b>	Improve approach and consultations with related stakeholders mainly, local government in province/district level, MEF, industries, communities etc
2.	<b>Risk:</b>	Cooperation from key target groups may poor
	<b>Mitigation:</b>	Improve dialogue and communication between key target group particularly relevant agencies and they will be invited to join in implementing some activities
3.	<b>Risk:</b>	Improving capacity activities may not deliver effectively
	<b>Mitigation:</b>	support target group to improve commitment/ willingness in gaining skills and knowledge through training to ensure the success of this project

#### 3.5.2. Sustainability

It is expected that the training programme for SMWI could scale up by relevant agencies in district level and target participants could disseminate their knowledge to wider stakeholders. Meanwhile the strengthening of coordination among relevant agencies will be continued and MoEF programme activities related to forest product administration issue.

To ensure the sustainability of the strategy initiated by this project, several approaches will be taken:

- Ministry of Environment and Forestry and Local Government at province and district level will allocate budget to improve capacities of beneficiaries in strengthening market transparency for wood product. It is expected that the training programme for SMWI could scale up by relevant agencies in district level and target participants could disseminate their knowledge to wider stakeholders.
- The policy incentives for improving competitiveness of SMWIs will be accommodated in policy framework on wood industry development. MoEF will allocate national budget for monitoring and evaluation.
- Strengthen and maintain effective coordination between MoEF and Local Government in the supporting wood industry development.
- Ensure that stakeholders such as community forest beneficiaries namely land owners/farmers, traders and users of timber produced/ SMWIs, association/farmers cooperative, and other private sector and government at province and district level are involved in implementation of the strategy (programme and action) and accommodate their needs in the policy framework related to wood industry development. They will be benefited from the development activities demonstrated under the project and replicated at later stage; the benefits accruable to these beneficiaries will serve as a strong incentive to sustain the project.
- The sustainability of the wood industry project, is strongly influenced by performance of producers of wood products in community forest. To this end, role of the association is also critical in providing continued information on the role of efficiency of processing and product quality in determining production cost, profit and survival of wood industries in west Java. The project activities that will give a good impact to communities who will be inspired to plant their unproductive land with the commercial plantation species and manage it sustainably.
- Exit strategy adopted for the project when it is terminated will be to secure assurance from government agencies at province and district level as well as forest tree farmers and wood industries association to continue supporting the planting scheme, timber preservation and training facility as well as promoting the SVLK/TLAS system to the wood industry in West Java

## **PART IV IMPLEMENTATION ARRANGEMENTS**

### **4.1 Organization structure and stakeholder involvement mechanisms**

#### **4.1.1 Executing agency and partners**

The Executing Agency will be the Forestry and Plantation Service, Ciamis District. It is the technical agency under local government and its is responsible for coordinating and supervising of forest management and enforcing forest development policies in Ciamis. It will work together with the Directorate Forest Product Processing & Marketing Development, DG of Forest Utilization, MEF. Role of Directorate Forest product processing and marketing, is formulating regulation on wood processed product , facilitating local government and communities in implementing policy/regulation as well as improving capacity of relevant stakeholders in wood industry development

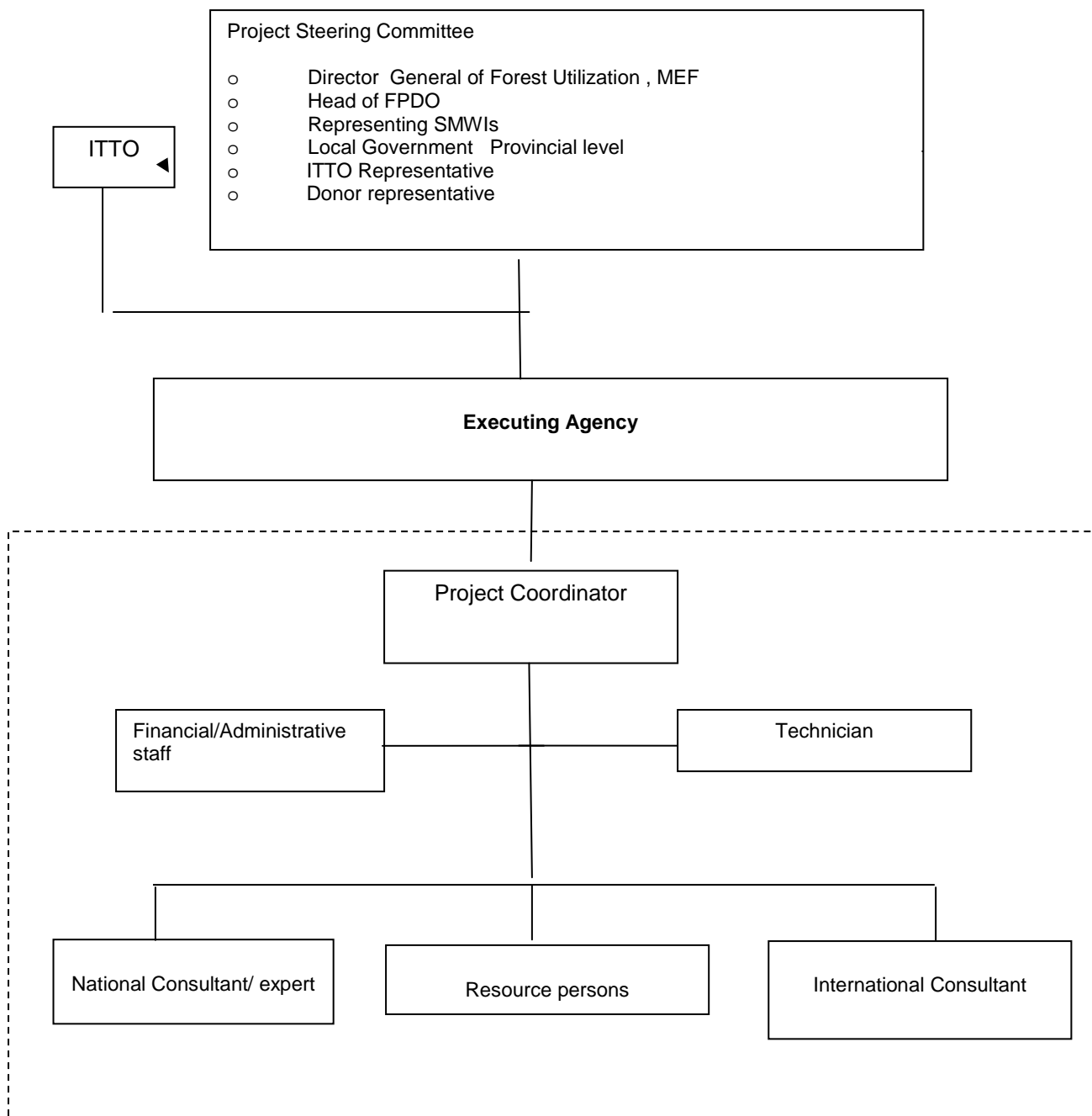
Under approval ITTO, The Executing Agency will appoint the Project Management Unit (PMU) which shall be responsible for its coordination and implementation of the activities and responsible for managing ITTO funds in accordance with the Project Document for the duration of the Project approved by ITTO and EA. The PMU will be lead by a Project Coordinator who will be overall in charge of the project implementation including budget arrangement. Professional staff will be assigned for the project coordinator. The project coordinator will report to the Executing Agency as well as to ITTO in consultation with the Steering Committee accordingly for the implementation of the project activity. All the expenditures/expenses of the project will be reported and document/goods/services handed over to EA by PMU through Minutes of Hand Over or BAST (*Berita Acara Serah Terima*)

PMU will work together with targeted local governments some experts/consultants, forestry service at district level, communities group, local NGO, and other relevant institutions to implement some activities in the field. If necessary, the other activities will be implemented through sub-contracts with local NGO for efficiency. Executing Agency will assign counterpart to assist PMU in implementing activities. and will work together with targeted local governments, some experts/consultants, forestry service.

#### **4.1.2 Project management team**

The management structure of the project is presented in the following diagram:

## Organization structure of Project Management Unit



### 4.1.3 Project Steering Committee

The PSC will be chaired by the Director General of Forest Utilization, MEF. The PSC meeting will be held two times in Cimais and Jakarta. And coordination meeting will also be held if needed.

The duties of PSC are (a) approve program and budgets of the various activities within the framework of the project approved by ITTO (b) conduct annual reviews and evaluation of the project implementation (c) Approve progress report before submission to ITTO and GOI. The PSC will be chaired by the Director General of Forest Utilization.

#### **4.1.4 Stakeholder involvement mechanisms**

Detailed arrangement of key stakeholders in this project are set out as follows:

- a) The role of Executing Agency are:
- Maintain coordination among relevant parties in implementing project objectives and activities
  - Coordinate and consulting with ITTO regarding project development
  - Responsible for the project activities and giving support to project coordinator for execution of the project.
  - Monitor project fund based on project proposal and approval by ITTO and project agreement in accordance with ITTO guidelines and procedures as well as prevailing government regulations
  - Provision of counter budget of GOI to support the project activities together with EA included appointment of personnel to work in the project
  - Prepare and submit project report to ITTO
  - Facilitation of SMWI in improving capacities
  - Involvement in socialisation and training activities
  - Monitor and evaluate the activities in the field
- b) The role of small medium wood industries (in an active manners) includes:
- Involving in evaluation of the implementation of regulation as a feed back to make the regulation effectively operational;
  - Involving SMWI in the identification and formulation incentives for main beneficiaries to support market transparency and trade
  - Participating in training, dialogues and workshop
  - Implementing technical aspects of forest administration in the field
  - Sharing information regarding implementation of the timber administration as feed back to improve regulation/policy
- c) The role of Natural Resource Development centre Foundation (NRDC) are:
- Facilitate in preparing the project proposal
  - Participate in assessment/study.
  - Participate in the PSC meeting of the project
  - Share learning process in project implementation

## **4.2 Reporting, review, monitoring and evaluation**

### **4.2.1 Project Progress Report.**

The project progress report will be submitted to ITTO in January and July each year.

### **4.2.2 Project Completion Report**

This will be submitted within three months after Project Completion.

### **4.2.3 Project Technical Reports.**

Project Technical Reports will be prepared for activities where technical results are expected, i.e. the achievements of the Project Outputs.

### **4.2.4 Inception Report**

Inception report will be prepared after inception meeting.

### **4.2.5 Monitoring, Review and Steering Committee's meeting**

A Steering Committee will be established, to be appointed by the Minister of Forestry upon proposal from the executing agency. The Steering Committee meeting will be held annually or as necessary.

ITTO monitoring visits, if considered still necessary, will be arranged after the achievement of the respective outputs according to the Workplan.

#### **4.2.6. Evaluation**

Evaluation will be conducted after completion of the Project.

### **4.3 Dissemination and mainstreaming of project learning**

#### **4.3.1 Dissemination of project results**

Project learning and results will be disseminated through the various means and channels during the implementation phase and after project completion. It will be disseminated through various strategies such as consultations/dialogues, documents dissemination, talk show and writing articles in local newspaper.; The result report produced in bilingual (English and Bahasa Indonesia) will be disseminated to relevant institutions, such as buyer, local governments, wood industries and other networks particularly in Indonesia. The project management team will build a project website to post project progress reports, and to obtain feedback. It will publish and post the proceedings of the various workshop and associated documentation on the website of MoEF and local government.

#### **4.3.2 Mainstreaming project learning**

The results of this project will benefit the various government and related agencies in Indonesia, in providing timely information to support decision-making in supporting sustainable wood industries. Several government staff at province and district level will have been trained on building up competitiveness of SMWIs. They in turn would be expected to provide their knowledge to their colleagues. They are expected to play a key role in mainstreaming the lesson learned and experiences within the relevant agencies. All information /result /experiences will be documented in the database system. The website will be accessible by decision makers and other stakeholders. Lesson learned from improvement and implementation of regulations will be useful for mainstreaming national policies in sustainable wood industry in Indonesia

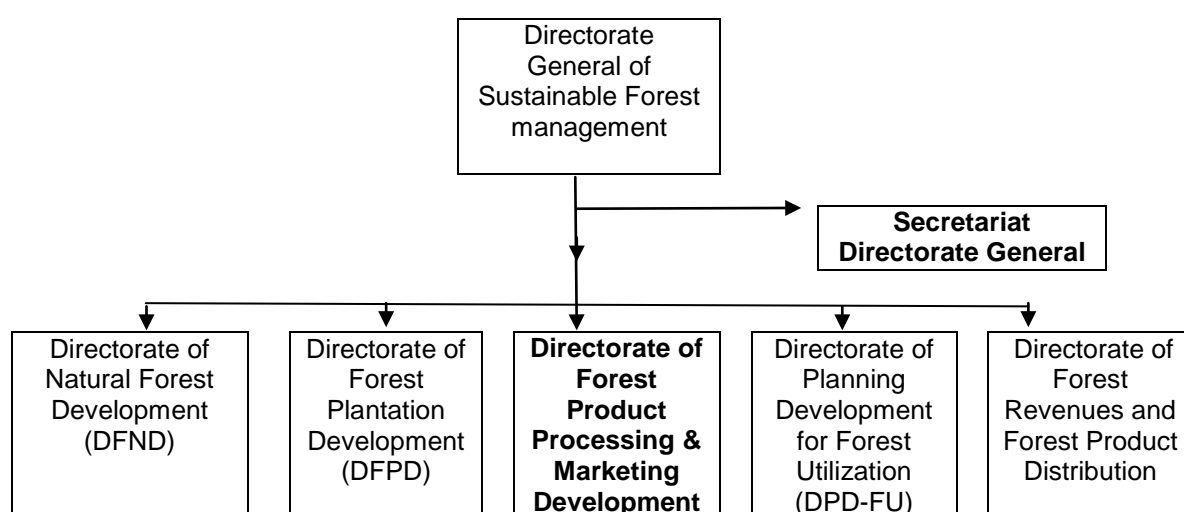
## ANNEX 1

### PROFILES OF THE EXECUTING AGENCY

#### BACKGROUND

- The Directorate General of Forest Utilization, the Ministry of Environment and Forestry of the Republic of Indonesia

The Directorate General of Sustainable Forest Management is responsible for forest utilization activities in Production Forest Areas on a sustainable basis, and has functions in providing regulations, services and controls for all aspects related to forest utilization. It consists of five directorates and one secretariat of the directorate general. The Organization Structure is as follows:



The DG's main task is to provide rules and regulations, policy, planning, operational standard and technical assistance for the management and development of all type of production forests. In order to ensure sustainability of the project activities, the technical Directorate of Forest Revenues and Forest Product Distribution management will always be consulted. **Executing Agency for this Project is under the responsibility of the Directorate of**

#### INFRASTRUCTURE

Regarding the infrastructure, the Secretariat Directorate General of Forest Utilization is prepared to carry the project. The office is already connected to a 2 Mbps bandwidth of Internet connection and all staff has personal computers.

#### BUDGET

Within the last three years, the budget of the Secretariat DG for Forest Production Development was as follows:

Activities	2010 (USD)	2011 (USD)	2012 (USD)
Operational and Maintenance Cost	286,619	292,425	276,222
Publication	158,388	159,589	87,687
Planning Programs	1,169,368	1,301,831	1,058,431
Training Programs	142,811	104,692	64,976
<b>TOTAL</b>	<b>1,757,186</b>	<b>1,858,536</b>	<b>1,487,316</b>

Note: USD 1 = IDR 10,500

## PERSONNEL

The personnel within the Secretariat Directorate General of Forest Production Development is described in the following:

With Postgraduate Degrees	12
With Graduate Degrees	15
Middle-level Technicians	10
Administrative Personnel	12
<b>TOTAL PERSONNEL</b>	<b>49</b>

In supporting the capacity of its staff, the Secretariat DG of Forest Production Development in collaboration with the Directorate of Natural Production Forest Development conducted several trainings dealing with sustainable forest management such as training for assessors for C & I evaluation, and Chain of Custody.

### 2. Forestry and Plantation District Office (FPDO) of Ciamis

The Executing Agency (EA) will be the Forestry and Plantation District Office of Ciamis . This office is responsible for setting up policy, monitoring of timber and non timber forest product management as well as for coordinating and supervising of forest and plantation management and enforcing forest development policies in district level. This office has enough experiences in establishment of collaboration with national and international agencies. It acted as EA for ITTO project PD 271/04 Rev.3 (F) which was implemented at 2006-2008.

#### Infrastructure of the office

The FPDO has 3 Division: Forest Production utilization, Land Use Planning and Administration. It also has forest district offices across Ciamis district

#### Budget

The budget of the office is as follows:

<b>Activities</b>	<b>2003 (USD)</b>	<b>2004 (USD)</b>	<b>2005 (USD)</b>
Personnel	14,920	16,670	8,870
Duty travel	86,770	89,160	95,870
Capital	402,030	19,900	14,050
Consumable items	129,400	229,670	220,200
Miscellaneous	3,840	5,450	49,900

#### Personnel

Staff members of FPDO consist of personnel, university degrees in various fields (59 persons), high school graduated and others (221 persons).

### 3. Natural Resource Development Centre

Natural Resource Development Centre (NRDC) is a Non-Profit organization established by environmental groups and forestry practitioners in 2002 with a mission to play an active role in increasing the capacity of stakeholders in sustainable management of natural resources. eestablishment of NRDC is based on the philosophy that natural resources should be utilized for the welfare of the people with regard to the preservation of environment so that natural resources always have dual role, which often a dilemma, as capital growth (resource based economy) and as life support system.

## **Vision**

The materialization of natural resource management that provide sustainable benefits to the community, supported by qualified human resources

## **Mission :**

To achieve the above objectives, the center carry out its mission within the scope as follows:

1. Consultation and facilitation of technical activities related to sustainable forest management and good forest governance;
2. Consultation / facilitation of capacity building and institutional / individual in the management of natural resources;
3. Facilitator / mentoring in training of education, extension and increasing awareness of environmental issues and climate change;
4. Coordinator / facilitator of communication between parties involved in the field of environment and climate change;
5. Conducting training / seminars / workshops nationally and internationally;

## **Programs /Activities**

Programs that have been implemented by the center include:

1. Strengthening the capacity and skills of central and local government employees in the management of good forest governance
2. Encourage the rehabilitation of degraded land by involving the community in several districts in West Java
3. Initiator and facilitator of women's empowerment groups in sustainable forest management and climate change mitigation efforts
4. Assisting communities in the implementation of sustainable forest management at forest rights and facilitating the preparation of documentation and other administrative activities



## **ANNEX II. TOR OF PROJECT COORDINATOR/ STAFF**

### **I. Terms of Reference for Project Coordinator**

Position: Project coordinator; one project coordinator will be hired to run the project and to coordinate operational activities.

Duration: 36 months

Responsibility: Project coordinator will be responsible for coordinating and supervising all activities and ensuring that the overall objectives are achieved under the coordination of the steering committee and in close cooperation with other members of the project staff. He or she will work closely with all parties and personnel involved in the project, and be responsible for the day to day management of the project. He or she will integrate all activities of project management and be responsible of funds applied to the project and for the preparation of all project reports.

Qualification, experience and payment:. He or she must have good understanding of the overall project objectives, output to be achieved and activities to be carried out of the project. He or she must have sufficient experience in working on collaborative management of protected area, forest conservation as general field and have high communication and languistical ability. Rate of payment 2,000 USD per month.

### **II. Terms of Reference for Technician /field Coordinator**

Position: Technical staff will be hired to run the project and to assist coordinator in operational activities.

Duration: 36 months

Responsibility: Project coordinator will be responsible for coordinating and supervising all activities and ensuring that the overall objectives are achieved under the coordination of the steering committee and in close cooperation with other members of the project staff. He or she will work closely with all parties and personnel involved in the project, and be responsible for the day to day management of the project. He or she will integrate all activities of project management and be responsible of funds applied to the project and for the preparation of all project reports.

Qualification, experience and payment:. He or she must have good understanding of the overall project objectives, output to be achieved and activities to be carried out of the project. He or she must have sufficient experience in working on collaborative management of protected area, forest conservation as general field and have high communication and languistical ability. Rate of payment 1,500 USD per month.

### **II. Project Administrative staffs**

Duration : 36 months

Responsibility: Project Financial/Secretary helps the Project coordinator on financial and financial matters.

**ANNEX III. TERM OF REFERENCE NATIONAL/INTERNATIONAL CONSULTANTS**

No	Name/position	Term of Reference	Duration of Employment	Qualification, time and payment
1.	International Consultant	<p><b><u>Position:</u></b> The international expert/consultant will be assigned to achieve Output 1. The expert must have expertise and knowledge in cost-efficient processing of wood processed products and she/he should have access/network to the relevant international bodies, and at least 3 years working in relevant field. Candidates with experience in small-medium wood industries management are more favourable</p> <p><b><u>Responsibilities:</u></b> the expert will be responsible (1) Assess and analyse information related to cost-efficient processing of wood processed products (2) Conduct discussions with key decision makers and relevant stakeholders in the process of consultation (3) Prepare a material for training and report within the period of assignment. (4) involving in training workshop as resource person. The report and documentation must be presented in project meeting,</p>	4 months	<p><b><u>Qualification ,time and payment:</u></b> Hold at least Master degree and 3-5 years experience in field above. Good understanding in English both oral and written. Sufficient knowledge in situation of Indonesia. Expert will carry out the activity within the time as allocated by the project. Rate of payment is US\$ 10,000 per month</p>
2.	National expert/ Consultant	<p><b><u>Position:</u></b> The expert/consultant will be assigned to implement activity 1.2, 2.1 and 3.1. The expert must have expertise and knowledge in market and logs supply. She/he should have knowledge in developing database information system. And at least 3 years working in relevant field. Candidates with experience in west Java area are more favourable</p> <p><b><u>Responsibilities:</u></b> the expert will be responsible (1) Assess and analyse information related to logs market and exort (2) Conduct discussions with key decision makers and relevant stakeholders in the process of consultation (3) Prepare a result report within the period of assignment. The report and documentation must be presented in project meeting,</p>	4-5 months	<p><b><u>Qualification ,time and payment:</u></b> Hold at least Master degree and 3-5 years experience in field above. Good understanding in English both oral and written. Sufficient knowledge in situation of west Java Indonesia. Expert will carry out the activity within the time as allocated by the project. Rate of payment is US\$ 2,000 per month</p>

No	Name/position	Term of Reference	Duration of Employment	Qualification, time and payment
3.	National Consultant	<p><b>Position:</b> The national consultant/facilitators will be assigned to implement activity 1.2,1,2 and 1,3. The expert must be hold expertise and knowledge in basic woo properties, logs supply from community plantation and logs market, at least 3 years working in qualified relevant bodies.</p> <p><b>Responsibilities:</b> the expert will be responsible(1) to develop study on basic wood properties, estimates logs supply and attributes of existing logs market (2) to conduct discussions with key decision makers and relevant stakeholders in the process of consultation (3) to prepare a technical report is within the period of assignment. The technical report and documentation must be presented in the project meeting.</p>	2-3 months	<p><b>Qualification:</b> Hold at least bachelor or Master degree and 3-5 years experience in market and log supply from community plantaion in Java. Good understanding in English both oral and written. Sufficient knowledge on west Java area of Indonesia. Rate of payment is US\$ 2,000 per package</p>
4.	National Consultant	<p><b>Position:</b> The national consultant will be assigned to implement activity 3.3 and 3.4. The expert must have expertise and knowledge on wood industry development and policy framework at least 3 years working in qualified relevant field.</p> <p><b>Responsibilities:</b> the expert will be responsible (1) to review policies on wood industry development and to formulate policy incentive sor SMWI ; 2) to conduct discussions with key decision makers and relevant stakeholders in the process of consultation; (3) to prepare a technical report is within the period of assignment</p>	2-3 months	<p><b>Qualification ,time and payment:</b> Hold at least Master degree and 3-5 years experience in field above. Good understanding in English both oral and written. Sufficient knowledge in west Java area. Rate of payment is US\$ 2,000 per month</p>

**ANNEX IV: RESPONSES TO REVIEWER COMMENTS/RECOMMENDATIONS  
THE FIFTY-FIRST PANEL**

No.	Reviewer Comments/Recommendations*	Amendment(s) made	Page
<b><u>General Comment</u></b>			
1.	<p>The Panel acknowledged the efforts made by the proponent to improve the project proposal.</p> <p>The Panel opined that a discussion on efficient use of raw materials for wood-based industry in Ciamis District needs to be presented in the project proposal. A specific training for improving efficient utilisation of raw materials also needs to be added to the project's activities.</p>	<p>Proposal has been revised based on Recommendation of 51-th expert panel</p> <p>Origin has been improved</p> <p>A specific training has been added.</p>	See pages 1-2, 5-6 and 16-17
<b><u>Specific Recommendation</u></b>			
1.	In Section 1.1, refine more the Origin to appropriately justify the importance to implement the project;	It has been improved	1-2
2.	In Section 1.4, refine the expected outcomes to concisely figure out attainable project's achievement and their possible positive impacts;	It has been explained	5-6
3.	In Section 3.1.2, clarify further Activity 2.2 (why the system need to be installed in the SMWIs?) and Activity 2.5. (why this activity is needed since the logs from the district will be used in the place);	It has been clarified	16-17