

INTERNATIONAL TROPICAL TIMBER ORGANIZATION

ITTO

PROJECT DOCUMENT

TITLE	STRATEGY FOR DEVELOPING PLANTATIONS FOREST: A CONFLICT RESOLUTION APPROACH IN INDONESIA
SERIAL NUMBER	PD 396/06 Rev.2 (F)
COMMITTEE	REFORESTATION AND FOREST MANAGEMENT
SUBMITTED BY	GOVERNMENT OF INDONESIA
ORIGINAL LANGUAGE	ENGLISH

SUMMARY

This project proposal is aimed to achieve sustainable management of plantation forest in Indonesia through development of a strategy for collaborative plantation forest management which is emphasizing on a conflict resolution approach. It derives from the result of PPD56/02 Rev. 1 (F) Strengthening Central and Sub National Institutions to Enhance Plantation Forest Development in Jambi and South Kalimantan and discussion among Multi-stakeholders in Indonesia 2004-2005.

The major outputs will be: 1) document development of a strategy for collaborative plantation forest management in Jambi and South Kalimantan and its implementation; 2) a practical mechanism of plantation forest establishment through collaborative forest management; 3) trained personnel on collaborative plantation forest management and on plantation forest establishment; 4) institutional setting that encourages local communities and industrial commercial plantation forest companies to rehabilitate degraded forests and lands through collaborative plantation forest management and 5) collaborative plantation development in the form of local community and company partnership and production sharing.

Target beneficiaries of the project are local communities, industrial commercial plantation forest companies, local and central governments and wood-based industries.

EXECUTING AGENCY Directorate of Plantation Forest Management, Ministry of Forestry in collaboration with Provincial Forest Service of Jambi & Provincial Forest Service of South Kalimantan

COOPERATING GOVERNMENTS

DURATION 36 MONTHS

APPROXIMATE STARTING DATE TO BE DETERMINED

BUDGET AND PROPOSED SOURCES OF FINANCE

Source	Contribution in US\$	Local Currency Equivalent
ITTO	508,234	
Gov't of Indonesia (in-kind)	137,460	
TOTAL	645,694	

TABLE OF CONTENTS

	Page
PART I: CONTEXT	1
1. Origin.....	1
2. Sectoral Policies.....	2
3. Programs and Operational Activities.....	3
PART II: THE PROJECT	4
1. Project Objectives.....	4
1.1 Development Objective.....	4
1.2 Specific Objective	4
2. Justification.....	4
2.1 Problems to be addressed	4
2.2 Intended situation after Project completion	6
2.3 Project Strategy	6
2.4 Target beneficiaries	8
2.5 Technical and scientific aspects.....	9
2.6 Economic aspects	9
2.7 Environmental aspects	9
2.8 Social aspects	10
2.9 Risks	10
3. Outputs.....	11
3.1 Specific Objective 1	11
3.2 Specific Objective 2	11
4. Activities	12
5. Logical Framework Worksheets.....	14
6. Work Plan.....	17
7. Budget.....	21
7.1 Overall Project Budget by Activity	21
7.2 Yearly Project Budgets by Source	25
7.3 Consolidated Yearly Project Budget	27
PART III. OPERATIONAL ARRANGEMENTS	29
1. Management Structure	29
2. Monitoring, Reporting and Evaluation	30
3. Future Operation and Maintenance	31
PART IV. THE TROPICAL TIMBER FRAMEWORK.....	32
1. Compliance with ITTA 1994 Objectives	32
2. Compliance with ITTO Yokohama Action Plan 2002-2006.....	33
ANNEX A. ACTIVITIES AND INPUTS REQUIRED.....	34
ANNEX B. PROFILE OF THE EXECUTING AGENCY	38
ANNEX C. TERMS OF REFERENCE FOR THE NATIONAL CONSULTANTS	43
ANNEX D.1. – THE LETTER AGREEMENT FROM PT. Wira Karya Sakti.....	47
ANNEX D.2. – THE LETTER AGREEMENT FROM PT. Yayasan Indonesia.....	48
ANNEX E. CURRICULA VITAE OF PROJECT FORMULATORS.....	49
ANNEX F. REVISION IN ACCORDANCE WITH THE 31 ST EXPERT PANEL	55
ANNEX G. REVISION IN ACCORDANCE WITH THE 32 ND EXPERT PANEL	59

PART I: CONTEXT

1. Origin

There have been many changes in forestry during the last decade in Indonesia. The economic crisis beginning in 1997 has increased huge losses of natural forests. The illegal and excessive harvesting of commodity and precious timber from natural forests continues. As a result of such condition a significant decrease in the availability of many tropical species as a raw material source of wood-based industries in the country. Since traditional commercial timber of tropical forests is decreasing, the industries have to adjust their machinery to process smaller logs for sawn lumber and plywood. Nowadays, natural forests produce smaller diameter logs, less volume per hectare of a given species and timber of lower quality than those harvested in the past. On the other hand, log from plantations have the advantages of greater volumes per hectare of uniform wood, with shorter rotation. Since the late 1980s the government of Indonesia has endorsed the establishment of industrial forest plantation.

This project proposal is derived from the result of ITTO Project PPD 56/02 (F): "Strengthening Central and Sub-National Institution to Enhance Plantation Forest Development in Jambi and South Kalimantan", carried out in the Province of Jambi and South Kalimantan, Indonesia in 2004/2005. The pre-project was inspired by the fact that plantation forest developments have several problems such as lack of updated statistical data and information, inadequate capacity at decentralized levels, and lack of adequate access to financial sources, as well as lack of public participation. The pre-project successfully provided (a) up-to-date baseline data for plantation forest development in the provinces and districts of Jambi and South Kalimantan; and (b) regional forums for critical appraisal of the role of plantation forest development in the provinces and districts of Jambi and South Kalimantan.

Results of the pre-project reported that until 2003 the development of plantation forest in Indonesia had achieved only 39.37 % or 2.89 million ha of targeted 7.34 million ha plantation forest. In Jambi Province, the established plantation was only 36.98 % or 168,807 ha of total allocated area of 462,997 ha, and the established plantation in South Kalimantan Province was only 37.83 % or 186,381 ha of the allocated area of 492,675 ha.

The regional workshops in Jambi and South Kalimantan Provinces on Development of Plantation Forest (2004) have critically identified collaborative forest management related issues that should be considered in developing plantation forest:

- a. Collaborative forest management is desired. Because it has some elements that could provide other sources of welfare for the community surrounding forest areas and as a practical mean to address social conflicts. The tree planting and forest management activities should be in a form of cooperation between the industrial forest plantation company and the community or out growers.
- b. Midterm and longer term formal collaborations are desired, to be formalized in a memorandum of understanding among the stakeholders. The collaboration should offer a simple financial program and various benefits for the out growers. The collaboration can take the form of land leasing, crop sharing, and market sharing.
- c. The main problems facing collaborative forest management would be lack of skills and knowledge of the stakeholders, different perceptions among stakeholders, and inappropriate management practices in the rehabilitation of degraded forestlands, land dispute, and lack of financial resources.

In addition, the workshops recognize that conflicts of social among stakeholders were a crucial issue in determining the progress of plantation development. Therefore it is

agreed that establishing a strategy, institutional arrangement, and mechanism of collaborative plantation forest as well as empowering local community by transferring appropriate techniques and knowledge in all aspects of plantation forest development and providing opportunity to implement those knowledge in the collaborative plantation forest help reducing the conflicts.

2. Sectoral Policies

The Government of Indonesia has made rehabilitation of degraded forest land as a national priority. It is intended to improve the environmental, ecological conditions by converting degraded forests and lands into large commercial plantation forests as well as community plantation forests.

In the context of government decentralization, this project is in accordance with Act No. 22 of 1999 (recently revised with the issuance of Act No. 32 of 2004) transferred gradually and concerning Local Governance. The acts stipulate that forest management policy is governed by the districts, with the ultimate goal to promote active local community involvement in the forest management.

Subsequently the Indonesian Government has issued relevant laws and regulations, including Forestry Act No. 41 of 1999, Government Regulation No. 34 of 2002 (concerning Forest Administration, Forest Management Planning, Forest Utilization, and Use of Forest Land for Non-Forestry Purposes); and Decision of Minister of Forestry No. 31 of 2001 (concerning Community Forestry).

As an effort to rehabilitate degraded forest and land, the Government of Indonesia has developed two forestry development programs that directly touch the local people empowerment, as follows: the National Movement for Forest and land rehabilitation (GN-RHL) and social forestry programs. These programs will become reliable in resolving forestry development-related problems that are getting more complicated in the future from the ecological social, economical and political perspectives.

The ITTO Technical Mission (September 2001) recommended to the Indonesian Government some necessary actions for inclusion in a master plan to achieve sustainable forest management. The recommended actions would bring major implications of required massive changes at all levels of forest management, such as participation of local community, traditional institutions, NGOs, universities, and research & development institutions. Such collaboration requires equal rights and responsibilities, ability of networking and self-determination of each institution. In this regards the Indonesian Government, through the MOF, has issued Decision of Minister of Forestry No. 31 of 2001 concerning Development of Community Forests. This decision indicates the willingness to provide opportunities and roles for the communities in the management of forest resources.

It is now established that the Indonesian Government recognized local community participation as a requirement to the success of the national plantation forest program towards rehabilitation of degraded forests and lands. The proposed project will create the enabling conditions for such stakeholder participation through community-based public and private collaboration in plantation forest development.

Thus, this project on the development a strategy of community plantation forest through collaborative sustainable forest management is of high priority to maintain and to build on the forest policies currently in force in the country.

3. Programs and Operational Activities

This proposed project fits well with the Indonesian MOF's programs, i.e. "Forest and Land Rehabilitation" and "Plantation Forest Development". It aims to define a conceptual framework and typology to facilitate comparison between different forms of local community and their desired forest management, show more clearly the conditions for successful practice, help to identify areas with a high potential for a certain approach, and recommend the sorts of innovations and interventions which might be needed.

The ITTO Technical Mission to assist the Indonesian Government identified the following five important issues to be addressed with ITTO's support: (1) curbing illegal logging, (2) restructuring forest industries, (3) expanding forest plantations; (4) recalculating timber value; and (5) implementing the decentralization in the forest sector. This proposed project addresses the issue of forest plantation expansion. It also offers a practical measure to address the conflict management between community's interests and those of commercial industrial plantation industries. The optimal goal of conflict management is to avoid reappearance.

Several important action programs concerning community participation in the planning, management and protection of the forest have been carried out through out the country through pilot projects financed by several bilateral and multilateral funding agencies. Among them are:(1) A project administered by Department for International Development (DFID) of the United Kingdom in Gunung Palung Nature Reserve in Ketapang, West Kalimantan Province, which involves the community in the protection of the natural forest reserve;(2) Sustainable Forest Management (SFM) project in Sanggau, West Kalimantan Province, focusing on capacity building of the local cooperatives involved in forest management, including harvesting; (3) A project by French Institute for Cooperative Research and Development (ORSTOM) in South Kalimantan, that has involved local community to achieve sustainable forest management through community development in the villages near the forest area;(4) Projects financed by U.K. Overseas Development Agency (ODA) in Jambi and Central Kalimantan, essentially in community development and sustainable forest management and(5) Center for International Forestry Research (CIFOR)'s research projects in Bulungan East Kalimantan, Lampung and Jambi emphasizing capacity building of the local community, with a short-term objective to fulfill people's needs for their livelihood, and long-term objectives of community and regional development (PD 210/03 (F), 2005).

This proposed project is given high priority by the Directorate of Plantation Forest Management of MOF, Provincial Forest Service of Jambi and Provincial Forest Service of South Kalimantan, because it is in line with the strategic programs of Plantation Forest Development in order to curb degraded forests and to accelerate lands rehabilitation, the fact that the conflict over the land use between forest management unit and local people has been escalating. A distinct characteristic of this proposed project is that it uses a social forestry and welfare growth approach, aiming at optimizing forest function and utilization through strengthening the institutions, human resources, production and market sharing, science and technology. Social and welfare growth based on the sustainable forest management of forest resources has become an important concern for Indonesia over the past years as almost every expansion of plantation forest development faces social conflicts. Illegal occupation of forest lands is spread out everywhere. The relationship between the forest industry and surrounding and resident local communities has often been characterized by conflict over access to resources, principally land. At issue is the need to balance economic gain against social i.e. welfare of local community and environmental services through the collaborative plantation forest management

PART II: THE PROJECT

1. Project Objectives

1.1 Development Objective

Increased wood production from plantation forests meets domestic and export demand for raw materials, thereby reducing reliance on natural forest extraction.

~~To establish sustainable plantation forest through development of a strategy for collaborative plantation forest management~~

~~This development objective is closely related to the eighth main objectives in the MOF's Guidelines for the restoration, management and rehabilitation of degraded forests and lands. However, since the length of the project will be 3 years only, the project will focus on some of the objectives, namely a) to attain enabling conditions for the local community around the forest areas to access the forest resources and to participate in plantation forest development and management; b) to use an adaptive and community based approach to develop collaborative forest management, emphasizing environmental, social and economic values; (c) to utilize improved, appropriate and practical ecological and silvicultural knowledge and techniques and efficient management practices.~~

1.2 Specific Objective

Specific Objective 1:

A collaborative plantation forest management approach is made available.

~~To develop a strategy and mechanism of collaborative plantation forest management in Indonesia: looking at cases in Jambi and South Kalimantan.~~

Specific objective 2:

Conditions are established for the adoption of the approach by relevant stakeholders

~~To introduce and transfer appropriate knowledge and techniques of collaborative forest plantation management to local communities and industrial commercial plantation forest companies.~~

2. Justification

2.1 Problems to be addressed

According to results of the workshops in Jambi and South Kalimantan Provinces during the Pre-Project PPD 56/02 (F), there are two critical problems of development and management of industrial forest plantation in Jambi and South Kalimantan provinces, i.e.:

- ❖ Land use conflicts between communities around the plantation forest areas and the industrial commercial plantation forest company, and
- ❖ High cost for solving the conflicts to create clear and clean lands.

The aforementioned problems have caused the low rate of forest plantation realization in Jambi Province, which is 36.98 % or 168,807 ha of the targeted area of 462,997 ha, and in South Kalimantan Province only 37.83 % or 186,381 ha of the allocated area of 492,675 ha. To make the matter worse, timber production from the plantation forest was also still very low and the production capacity of the natural forests has been limited by over utilization (In 2003 timber production from natural forest of South Kalimantan

Province was only 70,000 – 100,000 m³ and from Jambi Province only 2.5 – 3.0 million m³).

On the other hand, timber demand from wood-based industries of both provinces is very high, reaching a volume of 2 to 2.5 million m³ per year and 3 million m³ per year in South Kalimantan and Jambi, respectively. In fact, most of the timber supply for wood industries in South Kalimantan comes from Central Kalimantan Province. This condition has increased illegal logging and forest encroachment, causing higher pressure on natural forests in both provinces as well as other provinces.

In order to improve the deteriorating land-use situation, other alternatives for the local communities have to be clearly formulated. A relatively new approach is integrated tree plantation program, where tree plantations are a part of local villager supporting livelihood but the instant change from their existing livelihood to other livelihoods is not necessary. This is the way that this project proposes improvement of local communities' welfare not only from wages but also from their improved agriculture practices by which the government and private companies provide more accessible market for their products

The Problem Tree is presented in the following figure.

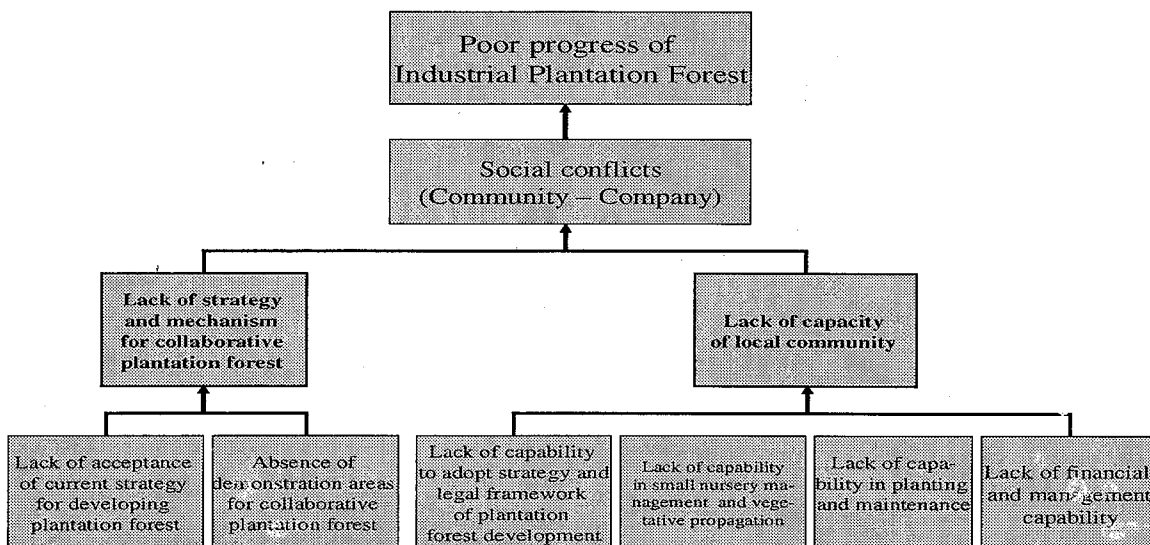


Figure 1. The Problem Tree

The main cause of this problem (i.e. poor progress of industrial plantation forests development) has community –related and other land use-related aspects i.e. non-forestry uses of forest land, employment (labor) competition. As the figure shows, poverty caused by limited access to forest, massive degraded forests and low capacity of community involvement in forest management creates land and social conflicts that impede progress of plantation forest development. Other issues such as illegal logging, lack of financial support and labor and land use competition with non-forestry development in general hamper plantation development progress. Basically what local people demand is more access to forest thereby more involvement in forest management and improvement of their welfare. Those are among benefits that this project offers from collaborative plantation forest development.

If the on-going setback of unsuccessful plantation development could not be solved, degraded forests and lands will increase. The problem will also lead to the decrease of the natural forests more rapidly. Overall, this condition will bring about serious problems in future timber supply and sustainable management of natural forests.

To overcome the problems, the central and local governments as well as the industrial commercial plantation forest companies and local communities around the plantation forest areas need an appropriate strategy and a practical mechanism of plantation forest development to solve the problems together. To initiate this solution, the Indonesian MOF requires development of a strategy and model to demonstrate how to establish and manage industrial commercial plantation forest and collaborative plantation forest.

2.2 Intended situation after Project completion

The situation after the completion of the project is expected to be as follows: a) the strategy, legal framework and institutional arrangement for collaborative plantation forest are available, accepted, and implemented by stakeholders and b) demonstration areas for collaborative plantation forest are established as learning tools.

The adopted strategy, legal framework and institutional arrangement are expected to provide means for the stakeholders (central and local governments, industrial commercial plantation forest companies, local communities around the forest areas) to get involved in collaborative plantation forest development. The introduction and dissemination of the strategy among communities should raise awareness, which should lead to reduction of social conflict in the forest resource and land utilization, towards better allocation amongst stakeholders.

The establishment of demonstration areas requires technical, financial, and management skills. The selected group of community will be trained in nursery establishment, mass production by vegetative propagation, planting and maintenance, as well as financial arrangement and management. Trained participant will also have an opportunity to implement their new skills in demonstration areas. The process will also provide lessons to be learned. In that way, the project will empower the communities with the capability to implement the model in a broader scale.

2.3 Project Strategy

Up to 2005, plantation forest development in Indonesia has not been successful. The total plantation established is only 39.39 % of the targeted areas. The main problems facing the Indonesian MOF in the development of industrial commercial plantation forests are:

- ❖ Lack of investment in plantation forest development due to the low financial profitability of the business as compared with other agro-industrial businesses, e.g. oil palm, coffee, chocolate, and rubber plantations. It seems that the government limits the investment opportunity only for large company. This leads to the issue of conglomeration in forestry arena. On the other hand, local communities demand the opportunity to manage forest resources surrounding their villages.
- ❖ Lack of legal security of lands due to conflicts of interests among central and local governments, industrial commercial plantation forest companies, and local communities around the forest areas.
- ❖ Existing illegal logging and encroachment in the plantation forest areas.

The proposed project strategy for development of plantation forests and rehabilitation of degraded forests and lands involves collaborative forest management. These

collaborative efforts will be applied through promotion of mutual understanding, improvement of skills and knowledge of the project participants through trainings, capacity building of local institutions, development of a strategy for plantation forest development, and implementation of the strategy for rehabilitation of degraded forest lands through plantation forest development and collaborative forest management.

The problems have hindered the Forest Management Units in implementing best forestry practices. The nature of the problem is very complex and involves cultural, social, economic, and political aspects and involves multi level stakeholders. This has driven the Directorate of Plantation Forest Management, of MOF, together with the Provincial Forest Services of Jambi Province and South Kalimantan to formulate a project strategy that enables handling of key problems with least risks by focusing effective methods and techniques, at a possible minimum cost. To best describe the government of Indonesia's effort in developing a strategy on plantation development, strategy formulation are summarized in Table 1.

Table 1. Problems, Causes and Alternative Solutions

Problem	Causes	Alternative Solutions
Collaboration of plantation forest management is not implemented yet	Insufficient data / information on collaborative forest management	<ul style="list-style-type: none"> Assess all available information from other sources to obtain comparable and usable results from other countries with similar problems. Evaluate views and aspirations of main stakeholders on the collaborative forest management as a strategy/tool to develop plantation forests.
	Insufficient knowledge on appropriate and practical mechanism to establish collaborative forest management	<ul style="list-style-type: none"> Assess all available information from other sources to obtain comparable and usable results from other countries with similar problem. Develop a strategy on plantation forest development and carry out its implementation as well as a field experimental test Evaluate and determine the appropriateness of development of a strategy Hire relevant experts on collaborative plantation forest management development
	Infeasible investment and its financial return of plantation forest development	<ul style="list-style-type: none"> Assess all information available and consult banks and other financial sources. Create an enabling condition to increase financial return. Increase the capacity building of local communities/ out-growers on financial arrangement and management
	Lack of transfer of technology on plantation forest establishment and management.	<ul style="list-style-type: none"> Disseminate information on improved and appropriate techniques, management and technology of plantation forest development. Carry out training courses for local communities/out growers as well as for industrial commercial plantation forest workers on improved and appropriate techniques, management and technology of plantation forest development. Build collaboration with other countries that are more advanced in plantation forest establishment and management

Among the alternative solutions in Table 1, five best strategies to solve the problem are:

- (1) To develop a strategy for plantation forest development and its implementation as well as a field experimental test to determine the appropriateness of the strategy; as a conflict resolution approach.
- (2) To promote community empowerment by holding organized training courses on improved and appropriate techniques and technology of plantation forest development, financial arrangement, and management.
- (3) To introduce the importance of financial return on investment.
- (4) To seek financial support from banks and other possible sources

The continuation of the project after its completion is another important issue. Therefore, the local communities and local government should be fully involved in the project planning and project management activities. Interests of local government, for instance, have been raised during the workshop of the Pre Project Document 56/02 (F). Several local governments expressed their interests in the proposed project and promised to provide the budget necessary for the continuation of the project.

In addition, The Ministry of Forestry is preparing a ministerial decree on Smallholder Plantation Forestry, which will institutionalize the implementation of the collaborative management approach to plantation forests development. ***In this particular legal framework, after considering the result of a comprehensive survey (location, selected community, the willingness of the company to get involved in partnership, status of land), the Ministry of Forestry then designate the certain land to the local community and make a legal provision of partnership between the local community and the company.***

2.4 Target beneficiaries

There are major groups of stakeholders that could benefit directly from this project such as local communities, industrial commercial plantation forest companies, central and local governments, universities and wood-based industries. The following are the expected benefits:

- a. For local communities:
 - Additional income generated by activities in the plantation forest development through collaborative forest management
 - Transfer of knowledge and skills from the whole projects
 - Learning process on collaborative forest management
 - Access to forest resources and market of forest products
 - Increased participation in the development of plantation.
- b. For Local Governments:
 - Multiplier effects in the form of economics activities surrounding the project areas
 - Direct income from taxes, royalties, etc
- c. For Central Government:
 - Implementation of community development programs
 - Implementation of plantation forest establishment for increased supply of timber for the wood industries
- d. For universities:
 - Facilities for learning process such as demonstration sites, etc.
- e. For industries:
 - Reduction of conflicts concerning land and labor
 - Increased supply of timber
 - Sustainable business in the longer term.

Furthermore, societies will receive benefits indirectly from better environment as a result of the rehabilitation of degraded forest and land and the practical implementation of sustainable forest management. All stakeholders involved in the project development will also obtain lessons learned from the overall learning processes. Other target beneficiary

could be other producing and consuming countries of the ITTO which could benefit from the strategy and technology that could be applied elsewhere in to rehabilitate degraded forest lands.

2.5 Technical and scientific aspects

Experiences indicate that collaboration and mediation methods have been proved to be effective to solve problem on forest management in Nusa Tenggara; as reported in PD 210/03 (F), 2005 (Fisher et al, 1999). In Sahelian region, the collaborative forest management was increasingly seen as a proper strategy for making local communities responsible for local resources (Kerkhof, 2001). In India, Kant *et al.* (1999) suggested that transparency of agreement, equitable distribution, and complementary of institutions reduced conflicts between community members and forest managers and among community members. A participatory approach to the establishment of plantation forest and rehabilitation of the degraded forests and lands is considered systematic and efficient for the establishment and development of plantation forests and improvement of productivity of the degraded forests and lands. Minimum project risk will be attained through the participatory and collaborative approach to plantation forest development.

The mechanism to involve local stakeholders in the implementation of the development plan is carried out by training participants on how to establish nurseries for selected species, land allotment for each participant or group of participants, organizing the project participants (individual or group), preparation of land, planting, maintenance, sharing benefits and harvesting.

2.6 Economic aspects

The main problem in the economic aspect of industrial commercial plantation forest development is its lower financial benefits accruing from this business as compared with other agribusinesses, e.g. oil palm, coffee, chocolate, and rubber plantations. On the other hand, the risk of plantation forest development is higher due to the occurrence of forest fires, forest encroachment, and poor quality of forest stand growth (as a result of poor genetic material used)..

Other critical problems that often arise in the development of small plantation forests are poor marketing and low prices of the products. The public infrastructure and road networks to the market/consumers are often in a very poor condition, resulting in an increase of the transportation costs.

The implementation of collaborative forest management and community based plantation forest development will give the communities around the industrial plantation forests greater access and opportunities to manage the forest around their villages. In this particular plantation forest development model, the central and local governments, the industrial commercial plantation forest companies and the local communities will work together to overcome the problems mentioned above. The cooperation can minimize the management costs and operational costs of plantation forest establishment as well as transportation costs of forest products to the markets. It can safeguard the harvesting of the plantation forest product therefore risk could be minimized. It will also improve the marketing mechanism for the products of community based plantation forest and cash crops product. The use of fast-growing species is able to shorten the length of investment.

2.7 Environmental aspects

A plantation forest is capable of delivering both a multi-habitat forest and a productive tree crop producing essential raw materials with an economic return on investment.

The project would give positive impacts on the environment since degraded forests and lands will be rehabilitated through the establishment of plantation forests, as well as the implementation of collaborative forest management. Forest cover, biodiversity and productivity of the degraded forests and lands will be improved because of the establishment of fast-growing species plantations and further enriched using additional indigenous commercial species; and the development of agro-forestry system as well.

Increased ability of the local community to manage plantation forest as aimed by this project is expected to reduce pressure and secure on primary forest ecosystem. This will eventually leads to the reduction of forest land clearing, conversion, and encroachment. Because forest land clearing and encroachment are often the main cause of uncontrollable forest fire, the project would contribute to a better environment through reduction of forest fire.

2.8 Social aspects

Social and environmental needs increasingly affect planning decisions and management methods applied to plantation forests, whose original primary objective was merely the production of industrial wood. Multiple uses demands for increased biodiversity, attractive landscaping, and social acceptability come to the fore.

A practical measure to address the issue of conflicts with community interests for social economic considerations is the promotion of a small-scale nursery and community plantation forest and collaborative plantation forest management to give communities around the industrial plantation forests greater access and opportunities to manage the forest around their villages. Hence the project may help solve social conflicts and disputes arising from the presence of industrial plantation forests. Besides, the project will ensure additional income for the local communities around the industrial plantation forests, thereby reducing land conflicts and pressure of encroachment and illegal logging both to industrial plantation forests and natural forests.

The proposed project should promote community empowerment as a key factor for sustainable forest management of industrial plantation forests and natural forests, and the community based public/private partnerships plantation forest development as an entry point for the local community to manage the forests around their villages. Thus, it contributes to the long-term development plans on socio-economic and regional development.

2.9 Risks

In this project, among the potential problems are conflicts over forest lands and forest products that involve local communities around the forest areas, industrial commercial plantation forest companies, central and local governments, and NGOs. The most prominent risk is the fact that the community has illegally occupied lands allotted for plantation. This community is divided into two: those who only claim ransom for their occupancy (can be moved out of the land) and those who insist to stay due to the heavy reliance to the forest lands. To the latter, the company should incorporate the community into the plantation development through a collaborative strategy in order that the land could be utilized.

Therefore, the mechanism to minimize or reduce the risk of plantation development in the long term is by developing straightforward and flexible working guidelines, in order to pay more attention and to manage social conflicts. It is also assumed that economics and market aspect are controlled because since the communities have been involved in the project of collaborative plantation forest development.

Human resource development, especially for people with low level of knowledge and education, needs income-generating activities with short-term and long-term outputs. Short-term outputs are required to fill their financial needs that can be generated from selling cash crops. However, there is still a risk of failure in the implementation of the project, particularly because of stakeholders' inconsistent commitment, due to other opportunities to get immediate benefits and quick income from other competing activities such as agriculture, or even illegal logging. Other potential risks could also come from the very slow development of "trusting relationship" among the stakeholders. Another factor that can become a risk is the "mutual understanding". To overcome this barrier, involvement of facilitators is important. In general, to remove barriers and anticipate the risks in the implementation of the project, continuous approaches and intensive supervision in the program(s) implementation should be based on community needs. In addition, activities need to be pre-tested before being brought into the community. Another possibility might be to involve the local government (sub-district or village levels) to find solutions. At the higher level, there are potential conflicts of rights and responsibilities on forest areas, in particular forest land tenure among national, regional and local governments. To overcome these conflicts, collaboration among stakeholders is indeed necessary.

In addition, the aforementioned risk will be addressed by the following strategies:

- a. Use of local community to carry out intensive maintenance of established plants.
- b. Utilization of high quality seed or seedling to ensure high production for plantation.
- c. Use of locally recognized and marketable cash crops to provide higher income for local community.
- d. Secure market access for timber product from plantation.

3. Outputs

3.1 Specific Objective 1

A collaborative plantation forest management approach is made available.

~~To establish development of a strategy and a mechanism of collaborative plantation forest management in Jambi and South Kalimantan Provinces.~~

- ❖ Output 1.1: The strategy, legal framework and institutional arrangement of the collaborative plantation forest management in Jambi and South Kalimantan Provinces are accepted by all concerned stakeholders
- ❖ Output 1.2: Demonstration areas for the collaborative plantation forest management in Jambi and South Kalimantan Provinces are selected, prepared and agreed by all concerned stakeholders.

3.2 Specific Objective 2

Conditions are established for the adoption of the approach by relevant stakeholders

~~To introduce and transfer appropriate techniques of collaborative forest plantation management to local communities and industrial commercial plantation forest companies in Jambi and South Kalimantan Provinces.~~

- ❖ Output 2.1: The local communities and the industrial commercial plantation forest companies in Jambi and South Kalimantan Provinces are able to adopt the strategy, legal framework and institution of the collaborative plantation forest management

- ❖ Output 2.2: 10 farmers are well-trained in establishing a small nursery and producing mass production of vegetative propagation of selected species.
- ❖ Output 2.3: 50 farmers surrounding the project location are well-trained in planting and maintaining selected species
- ❖ Output 2.4: 100 ha of demonstration areas of collaborative plantation forest management are established each in Jambi and South Kalimantan using selected species.
- ❖ Output 2.5: 10 local villagers are trained in financial arrangement and management
- ❖ Output 2.6: Contractual arrangement for the involvement of local stakeholders as project partners adapted

4. Activities

4.1 Output 1.1:

The strategy, legal frameworks and institution of the collaborative plantation forest management in Jambi and South Kalimantan Provinces are accepted by concerned stakeholders. This output will involve the following activities:

- 1.1.1 Formulate a strategy for collaborative plantation forest management
- 1.1.2 Drafting of the legal framework for the conflict resolution approach
- 1.1.3 Develop a practical mechanism of collaborative plantation forest management based on relevant legislative frameworks
- 1.1.4 Organize workshops on the strategy of collaborative plantation forest management
- 1.1.5 Disseminate the strategy of collaborative plantation forest management

4.2 Output 1.2:

Demonstration areas for the collaborative plantation forest management in Jambi and South Kalimantan provinces are selected, prepared and agreed by all concerned stakeholders. This output will involve the following activities:

- 1.2.1 Carry out survey surrounding the assigned industrial commercial forest plantation companies to select suitable areas for demonstration sites of collaborative plantation forest management
- 1.2.2 Carry out a socio-economic survey of the communities surrounding the assigned industrial commercial plantation forest companies
- 1.2.3 Carry out public consultations with relevant stakeholders and establish a forum consisting of stakeholders' key persons. The forum will be responsible to find solutions for any social conflicts (e.g. the length of the contracts, type of cash crops to be planted, share of the product, market channeling, etc.).
- 1.2.4 Prepare a proposal on demonstration areas for the community plantation forest development

4.3 Output 2.1:

The local community and the industrial commercial plantation forest companies in Jambi and South Kalimantan Provinces are able to adopt the strategy, legal framework and institution of the collaborative plantation forest management. This output will involve the following activities:

- 2.1.1 Carry out dissemination of the strategy, legal framework and institution of the collaborative plantation forest management among all stakeholders

- 2.1.2 Carry out a participatory rural appraisal involving all stakeholders in the demonstration areas for the collaborative plantation forest
- 2.1.3 Facilitate the local community to establish their local framework, organization and institution for collaborative plantation forest management development

4.4 Output 2.2:

10 farmers are well trained in establishing a small nursery and producing mass production of vegetative propagation of selected species. This output will involve the following activities:

- 2.2.1 Prepare a training manual on establishment of a small nursery and mass vegetative propagation techniques of selected species
- 2.2.2 Prepare and establish a temporary small nursery and cutting production facilities
- 2.2.3 Prepare wild seedlings and cutting materials of selected species (*fast growing and indigenous species*)
- 2.2.4 Organize a training course on establishing a small nursery and mass vegetative propagation techniques of selected species and cash crops for 10 farmers

4.5 Output 2.3:

50 farmers of local community surrounding the project location are well-trained in planting and maintaining selected species. This output will involve the following activities:

- 2.3.1 Prepare and publish a training manual on planting and maintenance techniques for selected species
- 2.3.2 Provide seedlings of selected species
- 2.3.3 Select 50 farmers of the local community as training participants
- 2.3.4 Conduct a training course on planting and maintaining techniques of selected species

4.6 Output 2.4:

100 ha of demonstration areas of collaborative plantation forest of selected species are established each in Jambi and South Kalimantan Provinces. This output will involve the following activities:

- 2.4.1 Prepare and plan demonstration areas establishment
- 2.4.2 Establish a temporary nursery adjacent to each demonstration site
- 2.4.3 Prepare seedlings of selected species at each demonstration area, using improved variety seeds provided by plantation companies, or state-owned companies or Forest Research and Development Agency (FORDA)
- 2.4.4 Prepare the land of the demonstration areas for planting of selected species
- 2.4.5 Transport seedlings to demonstration areas
- 2.4.6 Plant seedlings according to the design and procedure on the demonstration areas, using intercropping with cash-crops
- 2.4.7 Maintain the planted seedlings/trees on the demonstration areas intensively using available labor in surrounding areas and other financially profitable inputs such as fertilizers, pesticides, etc.
- 2.4.8 Establish marketing channels for main and by products of the plantation forests.

4.7 Output 2.5

10 selected persons are trained in financial arrangement and management. This output will involve the following activities.

- 2.5.1 Prepare and publish a manual for training on financial arrangement and management
- 2.5.2 Select 10 persons from communities as trainees
- 2.5.3 Conduct training courses on financial arrangement and management

4.8 Output 2.6

Contractual arrangement for the involvement of local stakeholders as project partners adapted. This output will involve the following activities:

- 2.6.1 Carry out and facilitate public meeting in order to identify and formulate stakeholders' need (activities done stakeholders).
- 2.6.2 Draft a contractual arrangement

5. Logical Framework Worksheets

PROJECT ELEMENTS	INDICATORS	MEAN OF VERIFICATION	ASSUMPTIONS
<p>Development Objective Increased wood production from plantation forests meets domestic and export demand for raw materials, thereby reducing reliance on natural forest extraction. To establish sustainable plantation forest through development of a strategy of the collaborative plantation forest management.</p>	<p>Establishment of collaborative forest management approach to plantation forests development, along with the demonstration areas and trained farmers</p>	<p>Documents on (i) the collaborative forest management approach to plantation forests development, (ii) demonstration areas, and (iii) training activities.</p>	<p>No changes in decentralization policy.</p>
<p>Specific Objective 1: A collaborative plantation forest management approach is made available. Development of a strategy and mechanism of collaborative plantation forest management in Indonesia looking at cases in Jambi and South Kalimantan Province</p>	<p>Establishment of collaborative forest management approach to plantation forests development acceptable to relevant stakeholders in Jambi and South Kalimantan a strategy and mechanism of collaborative plantation forest management in Jambi and South Kalimantan can be accepted by concerned stakeholders</p>	<p>Documents on establishment of collaborative forest management approach to plantation forests development of development of a strategy of plantation development in Jambi and South Kalimantan Provinces</p> <p>Documents of mechanism of collaborative plantation forest establishment in Jambi and South Kalimantan Provinces</p> <p>Field Reports on the demonstration</p>	<p>All concerned stakeholders are committed to collaborative actions</p>

PROJECT ELEMENTS	INDICATORS	MEAN OF VERIFICATION	ASSUMPTIONS
		<p>areas for the collaborative plantation forest management.</p> <p>Documents on stakeholders' agreement</p>	
Output 1.1: The strategy, legal framework and institution of the collaborative plantation forest management in Jambi and South Kalimantan Provinces are accepted by all concerned stakeholders	Mutual understanding and agreement among stakeholders on collaborative plantation forest management establishment are achieved	<p>Documents of development of a strategy of plantation development in Jambi and South Kalimantan Provinces</p> <p>Documents of mechanism of collaborative plantation forest establishment in Jambi and South Kalimantan Provinces</p> <p>Report of workshops</p> <p>Contract documents on rights and obligations of each party.</p> <p>Documents of legal framework for the conflict resolution approach</p>	Stakeholders are committed to their roles and obligations.
Output 1.2: Demonstration areas for the collaborative plantation forest management in Jambi and South Kalimantan Provinces are selected, prepared and agreed by all concerned stakeholders.	The rights and obligations of stakeholders of collaborative plantation forest management at demonstration sites are agreed	<p>Contract documents between out-growers/ farmers and industrial plantation forest company</p> <p>Field Reports on the demonstration areas for the collaborative plantation forest management.</p>	Stakeholders are committed to their roles and obligations.
Specific Objective 2: Conditions are established for the adoption of the approach by relevant stakeholders To introduce and transfer appropriate techniques of	Demonstration areas are established, certain numbers of farmers are trained The	Reports on socialization, facilitation and rural appraisal on collaborative	Stakeholders actively participate

PROJECT ELEMENTS	INDICATORS	MEAN OF VERIFICATION	ASSUMPTIONS
collaborative plantation forest management to local communities and selected industrial commercial plantation forest companies in Jambi and South Kalimantan Provinces.	knowledge and appropriate techniques of collaborative forest plantation management can be adopted by the local communities and selected industrial commercial plantation forest companies in Jambi and South Kalimantan Provinces	plantation forest management Reports on training programs Documents on the establishment implementation of demonstration areas site establishment Report on planting and maintenance of seedlings on demonstration areas sites.	
Output 2.1: The local community and industrial commercial plantation forest companies in Jambi and South Kalimantan Provinces are able to adopt the strategy, legal framework and institution of the collaborative plantation forest management	Contract documents of outgrowers/ farmers and plantation forest company on plantation forest establishment and collaborative forest management	Reports on socialization, facilitation and rural appraisal on collaborative plantation forest management Established capacity and stakeholders' networking.	Stakeholders are willing to cooperate. Continues support from local government.
Output 2.2: 10 farmers are well trained in establishing a small nursery and producing mass production of vegetative propagation of selected species	Training subjects and potential participants are identified Training modules and programs are available. 10 farmers are trained	Reports on training programs, including number of participants Documents of training modules	Instructors and trainees are committed to the program
Output 2.3: 50 farmers surrounding the project location are well-trained in planting and maintaining selected species	Training subjects and potential participants are identified Training modules and programs are available. 50 farmers are trained	Reports on training programs, including number of participants Documents of training modules	Instructors and trainees are committed to the program
Output 2.4: 100 ha of demonstration areas of collaborative plantation forest of selected species are	Demonstration site plan is implemented Collaborative	Documents on the implementation of demonstration sites establishment	No extreme dry season

PROJECT ELEMENTS	INDICATORS	MEAN OF VERIFICATION	ASSUMPTIONS
established each in Jambi and South Kalimantan	plantation forest management is established on 50 ha in Jambi Provinces and 50 ha in South Kalimantan Provinces	Report on planting and maintenance of seedlings in demonstration sites.	
Output 2.5: 10 selected persons from communities are trained in financial arrangement and management	<p>Training subjects and potential participants are identified</p> <p>Training modules and programs are available.</p> <p>10 persons from villages are trained</p>	<p>Reports on training programs include number of participants</p> <p>Documents of training modules</p>	Instructors and trainees are committed to the program
<i>Output 2.6 Contractual arrangement for the involvement of local stakeholders as project partners adapted</i>	<p><i>Participants/Stakeholders are identified.</i></p> <p><i>Public meetings are arranged</i></p> <p><i>Draft of contractual arrangement is arranged and agreed</i></p>	<i>Contractual arrangement is available</i>	<i>All stakeholders are willing to provide their commitments</i>

6. Work Plan

Outputs/activities	Yearly Quarter												
	Year 1				Year 2				Year 3				
	1	2	3	4	1	2	3	4	1	2	3	4	
Output 1.1 The strategy, legal framework and institution of the collaborative plantation forest management in Jambi and South Kalimantan Provinces are accepted by all concerned stakeholders													
A 1.1.1 Formulate a strategy of collaborative plantation forest management in Jambi and South Kalimantan Provinces.	■												
A 1.1.2 <i>Drafting of the legal framework for the conflict resolution approach</i>		■											
A 1.1.3 Develop a practical mechanism of collaborative plantation forest management based on relevant legislative framework in Jambi and South Kalimantan Provinces.	■												
A 1.1.4 Conduct workshops on the													

Outputs/activities	Yearly Quarter											
	Year 1				Year 2				Year 3			
	1	2	3	4	1	2	3	4	1	2	3	4
strategy of collaborative plantation forest management in Jambi and South Kalimantan Provinces.												
A 1.1.5 Disseminate the strategy of collaborative plantation forest in Jambi and South Kalimantan												
Output 1.2 Demonstration areas for the collaborative plantation forest management in Jambi and South Kalimantan Provinces are selected, prepared and agreed by all concerned stakeholders.												
A 1.2.1 Carry out survey surrounding the assigned industrial commercial forest plantation companies in Jambi and South Kalimantan to select suitable areas for demonstration sites of collaborative plantation forest management			■									
A 1.2.2 Carry out a socio-economic survey of the community surrounding the assigned commercial plantation forest in Jambi and South Kalimantan			■									
A 1.2.3 Carry out public consultations with relevant stakeholders <i>and establish a forum consisting of stakeholders' key persons. The forum will be responsible to find solutions for any social conflicts.</i>				■								
A 1.2.3 Prepare a proposal on demonstration areas for the community plantation forest development in Jambi and South Kalimantan					■							
Output 2.1 The local community and the industrial commercial plantation forest companies in Jambi and South Kalimantan Provinces are able to adopt the strategy, legal framework and institution of the collaborative plantation forest management												
A 2.1.1 Carry out dissemination of the strategy, legal framework and institution of the collaborative plantation forest management among all stakeholders in Jambi and South Kalimantan			■	■								
A 2.1.2 Carry out a participatory rural appraisal involving stakeholders at the demonstration areas for the collaborative plantation forest management in Jambi and South Kalimantan			■	■								
A 2.1.3 Facilitate the local community to establish their local framework, organization and institution for collaborative plantation forest management development			■	■								

Outputs/activities	Yearly Quarter											
	Year 1				Year 2				Year 3			
	1	2	3	4	1	2	3	4	1	2	3	4
Output 2.2 10 farmers are well trained in establishing a small nursery and producing mass production of vegetative propagation of selected species												
A 2.2.1 Prepare a training manual on establishing a small nursery and mass vegetative propagation techniques of selected species					■							
A 2.2.2 Prepare and establish a temporary small nursery and of cutting production facilities					■							
A 2.2.3 Prepare wild seedlings and cutting materials of selected species					■							
A.2.2.4 Organize training course on establishing a small nursery and mass vegetative propagation techniques of selected species for 10 farmers.					■	■						
Output 2.3 50 farmers surrounding the project location are well trained in planting and maintaining selected species												
A 2.3.1 Prepare and publish a training manual on planting and maintenance techniques of selected species					■							
A 2.3.2 Preparation of seedlings of selected species						■	■					
A 2.3.3 Select 50 farmers of local community as training participant						■	■					
A 2.3.4 Conduct training course on planting and maintaining techniques of selected species for 50 farmers							■	■				
Output 2.4 100 ha of demonstration areas of collaborative plantation forest of selected species are established in Jambi and South Kalimantan												
A 2.4.1 Prepare and plan a demonstration areas					■	■						
A 2.4.2 Establish temporary nursery adjacent to each demonstration site						■						
A 2.4.3 Prepare seedlings of selected species at each location of demonstration area						■	■					
A 2.4.4 Prepare land in the demonstration areas for planting of selected species						■	■					
A 2.4.5 Transport seedling to the demonstration areas								■				
A 2.4.6 Plant seedlings according to design and procedure at the demonstration areas								■	■			
A 2.4.7 Maintain established plants in the demonstration areas									■	■	■	■
A 2.4.8 Establish marketing channels for main and by products of the plantation forests.								■	■	■	■	■

Outputs/activities	Yearly Quarter											
	Year 1				Year 2				Year 3			
	1	2	3	4	1	2	3	4	1	2	3	4
Output 2.5 10 selected persons from communities are trained in financial arrangement and management												
A 2.5.1 Prepare and publish a training manual on financial arrangement and management									■			
A 2.5.2 Select 10 persons from communities as trainees										■		
A 2.5.3 Conduct a training course on financial arrangement and management											■	
Output 2.6 Contractual arrangement for the involvement of local stakeholders as project partners adapted												
<i>2.6.1 Carry out and facilitate public meeting in order to identify and formulate stakeholders' need.</i>												■
<i>2.6.2 Draft a contractual arrangement</i>												■
Project Organization												
- PSC Meeting		■		■		■		■		■		■
- PEA Meeting	■	■	■	■	■	■	■	■	■	■	■	■
- Project Monitoring, Evaluation and Administration by ITTO			■				■				■	
- Workshops on progress report of ITTO Project					■						■	

7. Budget

7.1 Overall Project Budget by Activity

OUTPUT / ACTIVITIES	10, Project Personnel	20, Sub Contract	30, Duty Travel	40, Capital Items	50, Consumable Items	60, Miscellaneous	Quarter Year	Grand Total
Output 1.1 Development of a strategy, legal framework, and institutional arrangement of collaborative plantation forest are accepted by all concerned stakeholders								
Activity 1.1.1 Formulate the strategy	1,500	0	1,300	392	575	0	Q1, 2-Y1	3,767
Activity 1.1.2 Draft legal framework	1,500		1,300	392	575	0	Q1, 2-Y1	3,767
Activity 1.1.2 Develop a practical mechanism	0	3,000	2,600	784	900	0	Q1, 2-Y1	7,284
Activity 1.1.3 Conduct workshops	0	30,000	0	0	0	0	Q2-Y1	30,000
Activity 1.1.4 Disseminate the strategy	3,000	0	0	0	0	0	Q2-Y1	3,000
Output 1.2. Demonstration areas for collaborative plantation forest management in Jambi and South Kalimantan Provinces are selected, prepared and agreed by all concerned stakeholders								
Activity 1.2.1 Carry out survey to select suitable areas	3,000	0	2,600	784	1,150	0	Q2,3-Y1	7,534
Activity 1.2.2 Carry out socio-economic survey	4,200	0	5,200	784	1,150	0	Q2,3-Y1	11,334
Activity 1.2.3 Carry out public consultations with relevant stakeholders <i>and establish a forum consisting of stakeholders' key persons. The forum will be responsible to find solutions of any social conflicts</i>	1,500	12,500	2,600	392	575	0	Q3,4-Y1	17,567
Activity 1.2.4 Prepare a proposal on demonstration areas	3,000	0	2,600	784	1,150	0	Q4-Y1	7,534

Output 2.1 The local community and industrial commercial plantation forest companies in Jambi and South Kalimantan are able to adopt the strategy, legal framework and institutions of collaborative plantation forest management									
Activity 2.1.1. Carry out the dissemination of the strategy	1,500	0	1,300	392	575	0	Q3,4-Y1	3,767	
Activity 2.1.2 Carry out the participatory rural appraisal of demonstration sites	3,000	0	2,600	784	1,150	0	Q3,4-Y1	7,534	
Activity 2.1.3 Facilitate an establishment of local framework and institution	1,500	0	1,300	392	575	0	Q3,4-Y1	3,767	
Output 2.2 10 farmers are well-trained in establishing a small nursery									
Activity 2.2.1 Prepare training manual on small nursery establishment	0	3,000	0	0	0	0	Q1-Y2	3,000	
Activity 2.2.2 Prepare and establish a small nursery	2,100	0	3,900	392	1,600	0	Q1-Y2	7,992	
Activity 2.2.3. Prepare wild seedlings and cutting materials	3,300	0	1,300	1,176	5,975	0	Q1,2-Y2	11,751	
Activity 2.2.4 Conduct training course for 10 farmers	1,800	0	6,100	392	5,325	0	Q2-Y2	13,617	
Output 2.3 50 farmers are trained in planting and maintaining selected species									
Activity 2.3.1 Prepare and publish training manual	0	3,000	0	0	0	0	Q1-Y2	3,000	
Activity 2.3.2 Prepare seedlings of selected species	3,600	350	3,200	784	5,650	0	Q2,3-Y2	13,584	
Activity 2.3.3 Select 50 farmers as trainees	750	0	1,150	196	287.5	0	Q2,3-Y2	2,383.5	
Activity 2.3.4 Conduct the training courses	4,200	0	10,000	784	5,650	0	Q3,4-Y2	20,634	
Output 2.4 100 ha of demonstration areas of collaborative plantation forest of selected species are established in Jambi and South Kalimantan									

Activity 2.4.1 Prepare and plan the demonstration areas	8,400	0	3,900	1,568	2,300	0	Q4-Y1,Q1-Y2	16,168
Activity 2.4.2 Establish temporary nurseries	600	0	1,600	784	2,150	0	Q2-Y2	5,134
Activity 2.4.3 Prepare seedling of selected species	1,500	12,500	1,300	392	575	0	Q2,3,4-Y2	16,267
Activity 2.4.4 Prepare land for planting of demonstration areas	1,200	0	1,600	392	575	0	Q2,3-Y2	3,767
Activity 2.4.5 Transport seedling to demonstration areas	1,650	0	150	196	225	0	Q4-Y2	2,221
Activity 2.4.6 Plant seedlings at demonstration areas	1,200	25,000	2,200	784	1,150	0	Q4-Y2,Q1-Y3	30,334
Activity 2.4.7 Maintain established plants at demonstration areas	7,200	15,000	2,600	4,704	6,900	0	Q1,2,3,4-Y3	36,404
Activity 2.4.8 Establish marketing channels for main and by products of the plantation forests	0	3,000	1,300		700	0	Q1,2,3,4-Y3	5,000
Output 2.5 10 selected persons from communities are trained in financial arrangement and management								
Activity 2.5.1 Prepare training manual	0	3,000	0	0	0	0	Q1-Y3	3,000
Activity 2.5.2 Select 10 persons from communities as trainees	750	0	1,300	196	287.5	0	Q2-Y3	2,533.5
Activity 2.5.3 Conduct training course	3,000	3,500	2,600	784	1,150	0	Q3-Y3	11,034
Output 2.6 Contractual arrangement for the involvement of local stakeholders as project partners adapted								
Activity 2.6.1 Carry out and facilitate public meeting in order to identify and formulate stakeholders' need.	1,500	0	1,300	392	575	0	Q3,4-Y3	3,767
Activity 2.6.2 Draft a contractual arrangement	1,500	0	1,300	392	575	0	Q3,4-Y3	3,767

NON ACTIVITY-BASED EXPENSES								
Project Management Cost								
- Project Manager 36 MM	54,000	0	0	0	0	0	54,000	54,000
- Secretary 36 MM	18,000	0	0	0	0	0	18,000	18,000
- Independent Audit	0	0	0	0	0	2,250	2,250	2,250
ITTO Review and Administration Cost								
- Monitoring and Review Cost	0	0	0	0	0	18,000	18,000	18,000
- Evaluation Cost	0	0	0	0	0	15,000	15,000	15,000
- Program Support Cost (8 %)	0	0	0	0	0	34,357.0	34,357.0	34,357.0
Sub Total ITTO	139,950	113,850	70,200	20,188	50,025	69,607.0	0	463,820.0
Sub Total GOI	57,600	0	4,860	75,000	0	0.00		137,460.0
GRAND TOTAL	197,550	113,850	75,060	95,188	50,025	69,607	0	601,280

7.2 Yearly Project Budgets by Source

A. ITTO

A. ITTO

Budget Component	Annual Disbursement			
	Total	Year 1	Year 2	Year 3
10 Project Personnel	139,950	47,700	53,100	39,150
20 Sub-contracts	113,850	45,500	18,850	49,500
30 Duty travel	70,200	23,400	34,200	12,600
40 Capital Items	20,188	5,880	7,056	7,252
50 Consumable Items	50,025	8,375	30,313	11,338
60 Miscellaneous	2,250	0	0	2,250
Subtotal 1	396,463	130,855	143,519	122,090
80 ITTO Monitor, Evaluation and Administration Cost				
81. Monitoring and Review Cost (effective estimation)	33,000			
82. Evaluation Cost (effective estimation)				
Subtotal 2	429,463.0			
83. Program Support Cost (8 % of subtotal 2)	34,357			
90 Refund of Pre-Project Cost	44,414			
ITTO TOTAL	508,234.0			

B. GOI

BUDGET COMPONENT	Value US \$	Unit	AMOUNT IN US \$			
			Y 1	Y 2	Y 3	Total
10. Project Personnel						
12. Administrative Personnel	300	PM	2400	2400	2400	7200
Technician 8 p.m (PT. Wira Karya Sakti)	300	PM	2400	2400	2400	7200
Technician 8 p.m (PT. Yayang Indonesia)	300	PM	2400	2400	2400	7200
Provincial Forest Service Officer in Jambi	500	PM	4000	4000	4000	12000
Provincial Forest Service Officer in South Kalimantan	500	PM	4000	4000	4000	12000
Forest Service Officer of MOF in Jakarta	500	PM	4000	4000	4000	12000
19. Component Total			19200	1920	1920	57600
30 Duty Travel						
Transport Cost in the Field	85	PM	1020	1020	1020	3060
Accommodation and Food	50	PM	600	600	600	1800
39. Component Total			1620	1620	1620	4860
40. Capital Items						
Offices in MOF-Jakarta	2000	YEARLY	2000	2000	2000	6000
Office Equipment (AC, Computers, Internet)	3000	YEARLY	3000	3000	3000	9000
Offices in Forest Service Jambi Province	2000	YEARLY	2000	2000	2000	6000
Office Equipment (AC, Computers, Internet)	3000	YEARLY	3000	3000	3000	9000

Offices in Forest Service South Kalimantan Province	2000	YEARLY	2000	2000	2000	6000
Office Equipment (AC, Computers, Internet)	3000	YEARLY	3000	3000	3000	9000
Offices PT. Wira Karya Sakti	2000	YEARLY	2000	2000	2000	6000
Office Equipment (AC, Computers, Internet)	3000	YEARLY	3000	3000	3000	9000
Offices PT. Yayang Indonesia	2000	YEARLY	2000	2000	2000	6000
Office Equipment (AC, Computers, Internet)	3000	YEARLY	3000	3000	3000	9000
49. Component Total			25000	2500 0	2500 0	75000
GRAND TOTAL (IN KIND)			45820	4582 0	4582 0	137460

7.3 Consolidated Yearly Project Budget

BUDGET COMPONENT		Total	Year 1	Year 2	Year 3
10	Project Personnel				
	11. National Consultant	100,220	51,700	40,370	8,150
	12. Other Labor	39,729	2,579	19,110	18,040
	19. Component Total	139,950	54,279	59,480	26,190
20	Sub-Contract				
	21. Sub-contract of workshop in the Provinces of Jambi & South Kalimantan	30,000	30,000	-	-
	22. Sub-contract of Development of Strategies in the Provinces of Jambi & South Kalimantan	3,000	3,000	-	-
	23. Sub-contract of preparation and publication of training manual (Nursery, Planting & Maintenance, and Financial Arrangement & Management)	9,000	-	6,000	3,000
	<i>21. Sub-contract of public consultation and establish a forum of stakeholders to solve any conflicts</i>	12,500	12,500	-	-
	22. Sub contract of seedling production	12,850			
	23. Sub-contract of seedlings planting	25,000	-	-	25,000
	24. Sub-contract of plant maintenance	15,000	-	-	15,000
	25. Conduct training course	3,500	-	-	3,500
	26. Sub contract of establishing marketing channels	3,000			3,000
	29. Component Total	113,850	12,500	12,850	46,500
30	Duty Travel				
	31. Month-Daily subsistence allowance	37,427	6,000	23,750	7,677
	32. Ticket-Transport cost	36,173	13,850	16,250	6,073
	33. Transport costs	1,460	-	1,460	-
	39. Component Total	75,060	19,850	41,460	13,750
40	Capital Items				
	41. Cost/month-Vehicle	67,513	20,560	25,153	21,800
	42. Cost/month-Capital equipment	27,675	8,755	9,845	9,075
	49. Component Total	95,188	29,315	34,998	30,875
50	Consumable Items				

	51. Cost/month-Raw material	33,600	4,575	24,650	4,375
	52. Cost/month-Fuel and utilities	6,326	1,750	2,063	2,513
	53. Cost/month-Office supplies	10,100	3,200	3,600	3,300
	59. Component Total	50,026	8,950	30,313	9,488
60	Miscellaneous				
	61. Auditing Cost	2,250			2,250
	69. Component Total	2,250	-	-	2,250
70	Executive Agency Management Cost				
	79. Component Total	57,600	-	-	-
	SUB TOTAL	533,924			
80	ITTO Monitor, Evaluation and Administration Cost				
	81. Monitoring and Review Cost	18,000			
	82. Evaluation Cost	15,000			
	83. Program Support Cost (8 %)	34,357.0			
	89. Component Total	67,357			
90	Refund of Pre-Project Cost	44,414			
100	GRAND TOTAL	645,695			

PART III. OPERATIONAL ARRANGEMENTS

1. Management Structure

The project will be coordinated by The Directorate of Plantation Forest Management of the Indonesian Ministry of Forestry (MOF), Provincial Forest Service of Jambi and Provincial Forest Service of South Kalimantan, under supervision of a Project Steering Committee (PSC). The PSC will be chaired by the Director of Bureau of International Co-operation and Investment, MOF. The members of PSC comprise representatives of the ITTO, Provincial Forest Service of Jambi, Provincial Forest Service of South Kalimantan, Directorate General of Forest Utilization (BPK), Industrial Commercial Plantation Forest Companies, Project Manager and other members. The PSC members will be appointed by the Indonesian Ministry of Forestry (MOF). The duties of the PSC are: (1) approve program and budgets of the sub-projects within the framework of the project as approved by ITTO; (2) conduct annual reviews and evaluations of the project implementation; (3) approve progress reports before submission to ITTO and GOI. The project management structure is presented in Figure 3.

The project will be executed by a Project Executing Team consisting of a Project Manager, a Project Secretary and National Consultants. The Project Technical Team will be established by the Executing Agency in order to assist and give necessary advice to the Project Manager and National Consultants with regards to National Goals, Policy and Strategy on Plantation Forest development, decentralization, and implementation of sustainable forest management. The Project Technical Team will be chaired by Director of the Plantation Forest Management, who will be responsible for directing the project to fulfill its goals. Members of the Project Technical Team consist of representatives of Provincial Forest Services of Jambi and South Kalimantan, and appointed staff of the Directorate of Plantation Forest Management or a competent staff

Important partners that need to be involved in the implementation of the project activities will include provincial and district forest services, as well as local forestry associations, industries, and industrial commercial plantation forest companies.

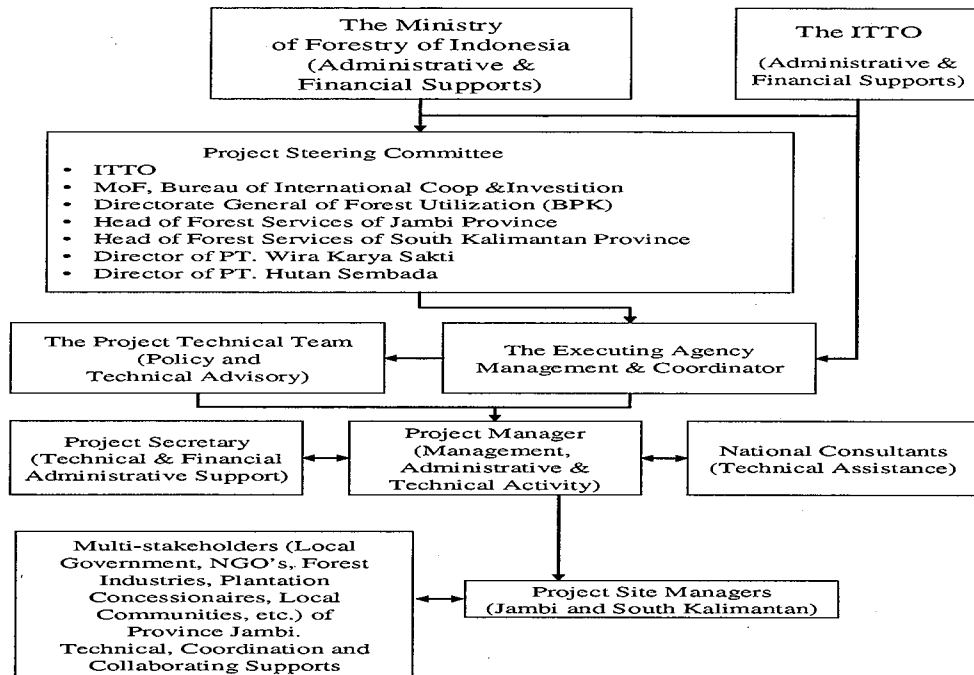


Figure 2 Organization Chart, Coordination and Integration of Activities

2. Monitoring, Reporting and Evaluation

2.1 Project Progress Reports:

The project will submit a progress report to the ITTO Secretariat every six months and when the Secretariat requests it. Every year the project will also submit a financial report certified by an external audit company.

Two workshops i.e. one in the mid of the second year and another prior to the project completion, will also be held to discuss with stakeholders important findings, opportunities and obstacles.

2.2 Project Completion Report:

On project completion, the project will submit a final report to ITTO within three months from the date of completion.

2.3 Project Technical Report

Project Technical Reports will be prepared for activities where technical result are expected, such as reports on the socio-economic conditions of communities around the industrial commercial plantation forest, and technical reports on the introduction and transfer of appropriate techniques and technology of plantation forest establishment.

2.4 Monitoring, Review and Steering Committee's Visits

Each year, the ITTO Secretariat will carry out a project review mission. The Steering Committee will also convene every year in order to review the general progress of the project.

2.5 Evaluation:

ITTO project evaluation is carried out by a mission at the nearest period 3 months before the project completion. However, midterm evaluation will be decided as necessary under the agreement between the ITTO and PIA and the Team Leader. The recommendation will be based on the stage of the achievement and future possible program identified during the first establishment of the project.

3. Future Operation and Maintenance

The Indonesian MOF through Directorate Generals of Forest Production (specifically the Director of Management of Plantation Forest Development), Agency for Forestry Planning, and Agency for Forest Research and Development will take necessary actions for future operations and maintenance of the project results. After the completion of the project, demonstration sites/areas will be maintained by Provincial Forest Services of Jambi and South Kalimantan, respective industrial commercial plantation forest companies and the communities around the demonstration sites through collaborative plantation forest management. In the Legal Framework of Small and Medium Scale Plantation Development Program (proposed Ministerial Decree) that has been incorporating the functioning for each above mentioned institutions makes clear that the program should be materialized immediately to overcome the increasing social conflicts and local people's claims over the land.

PART IV. THE TROPICAL TIMBER FRAMEWORK

1. Compliance with ITTA 1994 Objectives

The development objective of the proposal is to achieve sustainable management of plantation forest through developing a strategy of collaborative plantation forest management. Therefore, the project will focus on creation of enabling conditions for the local community around the forest areas (a) to access the forest resources; (b) to participate in plantation forest development and management; (c) to use an adaptive and community based approach to develop collaborative forest management, emphasizing environmental, economic and social values; (d) to utilize improved, appropriate and practical ecological and silvicultural knowledge and techniques and efficient management practices.

These objectives are in line with ITTO Objectives laid down in Article 1 of the 1994 International Tropical Timber Agreement (ITTA):

- a) **To contribute to the process of sustainable development.** The proposed project will provide an adaptive and collaborative plantation forest management and appropriate techniques and technology to develop plantation forests. It may offer a problem solution of existing shortcoming in large-scale industrial commercial plantation forests development in Indonesia. In this regards degraded forests and lands will be rehabilitated into productive plantation forest through collaborative forest management. In a commercial scale, these plantation forests will offer hope of meeting the domestic and international demand of, and at the same time will improve environmental condition. Therefore, this proposal is **in line with the process of sustainable development.**
- b) **To enhance the capacity of members to implement a strategy for achieving exports of tropical timber products from sustainably managed sources by year 2000.** It is believed that in the long term supplies of timber will come from the sound plantation forests. The collaborative forest plantation development established between local people and respective industrial plantation companies is considered as suitable alternatives to expand the capability of the nation to rehabilitate the massive degraded forest areas. Having said that the proposed project will support the Indonesian program on rehabilitation of degraded forests and lands, and plantation forest development, and thereby it will increase the capacity of Indonesia to implement a strategy for achieving Year 2000 Objective.
- c) **To encourage members to support and develop industrial tropical timber reforestation and forest management activities as well as rehabilitation of degraded forest land, with due regards for interest of local communities dependent on forest resources.** There are massive areas of degraded forests in Indonesia, therefore the Government of Indonesia has identified rehabilitation of degraded forests and lands as a priority. In order to support the Indonesian program on rehabilitation of degraded forests and lands, and in the long term develop these degraded forests and lands into commercial plantation forests, collaborative forest management is needed. The proposed project will introduce and apply the collaborative forest management and appropriate techniques and technology in the establishment and development of plantation forest in Indonesia. Thus, the proposed project complies with ITTO Objective J laid down in Article 1 of the 1994 ITTA. It also complies with point H, which is: **promote and assist in the development of adequate skill for research and for implementation of forest management operations** and Point I which is: **encourage the development of sustainable timber production from tree plantation to rehabilitate and manage non forest and degraded lands and to reduce the dependency on natural forests for timber supply.**

2. Compliance with ITTO Yokohama Action Plan 2002-2006

The proposed project complies with ITTO Yokohama Action Plan 2002 – 2006 that relates to objectives (c), (d) and (j) of Article 1 of the ITTA, 1994 and actions as contained in ITTO Yokohama Action Plan 2002 – 2006 goals, in the field of Reforestation and Forest Management, **specifically Goal 2: Promote sustainable management of tropical forest resources**, and:

- *Action 3*: **Develop and promote the implementation of guidelines for the management of secondary tropical forests, the restoration of degraded tropical forests and the rehabilitation of degraded forest land;**

- *Action 10*: **Encourage members and assist them, where appropriate, to:**

Implement research and development activities in the management of secondary tropical forests, restoration of degraded tropical forests and rehabilitation of degraded forest land, taking into consideration ITTO guidelines;

Test and enhance examples of collaborative forest management for tropical production forests;

Establish and manage forest for multiple uses in close cooperation with local forest owners and communities living in forest areas.

ANNEX A. ACTIVITIES AND INPUTS REQUIRED

3. Activities

3.1 Output 1.1:

The strategy, legal frameworks and institution of the collaborative plantation forest management in Jambi and South Kalimantan Provinces are accepted by concerned stakeholders. This output will involve the following activities:

Number	Activities	Inputs
1.1.1	Formulate a strategy for collaborative plantation forest management	ITTO: 1 p.m national consultant 2 duty travels
1.1.2	<i>Drafting of the legal framework for the conflict resolution approach</i>	ITTO: 1 p.m national consultant 2 duty travels
1.1.3	Develop a practical mechanism of collaborative plantation forest management based on relevant legislative frameworks	ITTO: 2 p.m national consultant 4 duty travels
1.1.4	Organize workshops on the strategy of collaborative plantation forest management	ITTO: 2 packets of workshops (Jambi and South Kalimantan)
1.1.5	Disseminate the strategy of collaborative plantation forest management	ITTO: 2 packets

3.2 Output 1.2:

Demonstration areas for the collaborative plantation forest management in Jambi and South Kalimantan provinces are selected, prepared and agreed by all concerned stakeholders. This output will involve the following activities:

Number	Activities	Inputs
1.2.1	Carry out survey surrounding the assigned industrial commercial forest plantation companies in Jambi and South Kalimantan to select suitable areas for demonstration sites of collaborative plantation forest management	ITTO: 2 p.m national consultant 4 p.m survey engineer 8 duty travels COMPANY: 8 p.m survey technician GOI: 2 p.m. forest officer
1.2.2	Carry out a socio-economic survey of the communities surrounding the assigned industrial commercial plantation forest companies located in Jambi and South Kalimantan.	ITTO: 2 p.m national consultant 4 duty travels
1.2.3	Carry out public consultations with relevant stakeholders <i>and establish a forum consisting of stakeholders' key persons. The forum will be responsible to find solutions of any social conflicts.</i>	ITTO: 2 p.m national consultant 4 duty travels COMPANY: 8 p.m community officer GOI: 2 p.m. forest officer
1.2.3	Prepare a proposal on demonstration areas for the community plantation forest development in Jambi and South Kalimantan	ITTO: 2 p.m. national consultant

3.3 Output 2.1:

The local community and the industrial commercial plantation forest companies in Jambi and South Kalimantan Provinces are able to adopt the strategy, legal framework and institution of the collaborative plantation forest management. This output will involve the following activities:

Number	Activities	Inputs
2.1.1	Carry out dissemination of the strategy, legal framework and institution of the collaborative plantation forest management among all stakeholders in Jambi and South Kalimantan	ITTO: 1 p.m national consultant 2 duty travels GOI: 2 p.m forest service officer
2.1.2	Carry out a participatory rural appraisal involving all stakeholders in the demonstration areas for the collaborative plantation forest management in Jambi and South Kalimantan	ITTO: 2 p.m national consultant 4 duty travels GOI: 2 p.m forest service officer
2.1.3	Facilitate the local community to establish their local framework, organization and institution for collaborative plantation forest management development	ITTO: 1 p.m. national consultant 2 duty travels

3.4 Output 2.2:

10 farmers are well trained in establishing a small nursery and producing mass production of vegetative propagation of selected species. This output will involve the following activities:

Number	Activities	Inputs
2.2.1	Prepare a training manual on establishment of a small nursery and mass vegetative propagation techniques of selected species	ITTO: 1 packet
2.2.2	Prepare and establish a temporary small nursery and cutting production facilities	ITTO: 1 p.m national consultant 2 p.m technician 6 duty travels 2 small nursery construction COMPANY: 6 laborers Green-house Nursery construction
2.2.3	Prepare wild seedlings and cutting materials of selected species (<i>fast growing and indigenous species</i>)	ITTO: 1 p.m national consultant 4 p.m technician 2 duty travels Media and chemical COMPANY: 6 laborers
2.2.4	Organize a training course on establishing a small nursery and mass vegetative propagation techniques of selected species and cash crops for 10 farmers.	ITTO: 1 p.m national trainer 4 p.m technician 2 duty travels 10 local transport 15 days accommodation for 10 farmers Media and chemical

Number	Activities	Inputs
		COMPANY: 4 laborers

3.5 Output 2.3:

50 farmers of local community surrounding the project location are well-trained in planting and maintaining selected species. This output will involve the following activities:

Number	Activities	Inputs
2.3.1	Prepare and publish a training manual on planting and maintenance techniques for selected species	ITTO: 1 packet
2.3.2	Provide seedlings of selected species	ITTO: 2 p.m. national trainer 2 p.m. technician 4 duty travels Media and chemical COMPANY: 6 laborers
2.3.3	Select 50 farmers of the local community as training participants	ITTO: 0.5 p.m. national trainer 2 duty travels
2.3.4	Conduct a training course on planting and maintaining techniques of selected species.	ITTO: 2 p.m. national trainer 4 p.m. technician 6 duty travels 50 local transports 15 days accommodation for 50 farmers Media and chemical COMPANY: 6 laborers

3.5 Output 2.4:

100 ha of demonstration areas of collaborative plantation forest of selected species are established each in Jambi and South Kalimantan Provinces. This output will involve the following activities:

Number	Activities	Inputs
2.4.1	Prepare and plan demonstration areas establishment	ITTO: 4 p.m national consultant 8 p.m. technicians 6 duty travels
2.4.2	Establish a temporary nursery adjacent to each demonstration site	ITTO: 2 p.m. technician 2 duty travels Materials of nursery establishment COMPANY: 6 laborers
2.4.3	Prepare seedlings of selected species at each demonstration area, using improved variety seeds	ITTO: 1 p.m. national consultant 2 duty travels
2.4.4	Prepare the land of the demonstration areas for planting of selected species	ITTO: 4 p.m. technician

Number	Activities	Inputs
		2 duty travels
2.4.5	Transport seedlings to demonstration areas	ITTO: 0.5 p.m technician COMPANY: Transportation vehicles 4 laborers
2.4.6	Plant seedlings according to the design and procedure on the demonstration areas, using intercropping with cash-crops	ITTO: 4 p.m. technician 2 duty travels
2.4.7	Maintain the planted seedlings/trees on the demonstration areas intensively using available labor in surrounding areas and other financially profitable inputs such as fertilizers, pesticides, etc.	ITTO: 24 p.m technician 4 duty travels
2.4.8	Establish marketing channels for main and by products of the plantation forests.	ITTO: 2 p.m national consultant 4 duty travels

3.7 Output 2.5

10 selected persons are trained in financial arrangement and management. This output will involve the following activities.

Number	Activities	Inputs
2.5.1	Prepare and publish a manual for training on financial arrangement and management	ITTO: 1 packet
2.5.2	Select 10 persons from communities as trainees	ITTO: 0.5 p.m. national consultant 2 duty travels
2.5.3	Conduct training courses on financial arrangement and management	ITTO: 2 p.m. national trainer 4 duty travels 10 local transports 15 days accommodation for 10 trainees COMPANY: Training rooms Training facilities

3.8 Output 2.6

Contractual arrangement for the involvement of local stakeholders as project partners adapted

Number	Activities	Inputs
2.6.1	<i>Carry out and facilitate public meeting in order to identify and formulate stakeholders' need.</i>	ITTO: 2 p.m. national consultants 4 duty travels
2.6.2	<i>Draft a contractual arrangement</i>	ITTO: 2 p.m. national consultant 4 duty travels

ANNEX B. PROFILE OF THE EXECUTING AGENCY

1. The Expertise of the Executing Agency.

The Directorate of Plantation Forest Management (DPFM) run under the Directorate General of Production Forest Management – Ministry of Forestry is a public services institution in charge of all plantation sites either operated by private and state-owned enterprises within gazetted forests. It was established in 1983 and reorganized by provision of the ministerial decree 123/2001 dated 4 April 2001. Its legal status and function were changed several times. It is located in Jakarta, the capital city of Indonesia. Its core mission has been the management and development of forest plantation on degraded land in Indonesia. To date, DPFM manages entire plantation areas across the country totaling around 9.2 million hectares. DPFM's mission is to promote and implement national plantation forest-related policies and facilitate access to financial support, technical and administrative services for stakeholders, through the design and promotion of strategies and action aimed at generating improved economic, ecological and social development in the country.

DPFM's main functions are:

1. Implement forest plantation-related policies in accordance with the objectives directed by the Forestry Law.
2. Promote and encourage investment and development of plantation forest in the country
3. Foster and facilitate access to research and development to find a problem solving through various networking such as universities and other research institutions.
4. Coordinate, monitor and provide administrative and technical services for planning, implementation from land preparation through harvesting.
5. Promote and strengthen stakeholders' competency to achieve Sustainable Forest Management
6. Develop criteria and indicator, norm, directives and regulations and
7. Any other duties as mandated by the relevant laws, regulation and directives such as support for local government in terms of technical issues, institutional strengthening, promotion of sustainable forest management.

DPFM has accomplished agreements with various national and international institutions, including some leading universities in the country and several private and non-governmental agencies. In addition, funding has been granted by DFID, ITTO and other funding sources for the implementation of some forestry projects.

DPFM is subdivided into 4 (four) division and 1 (one) administrative support section, namely:

1. Division of Plantation Forest Environment Management
2. Division of Plantation Forest Production Management
3. Division of Social Aspect of Plantation Forest
4. Division of Plantation Forest Evaluation
and Section of Administrative Support

DPFM's organizational chart is presented in Figure 1.

1.1. The Infrastructure of Directorate of Plantation Forest Management (The Executing Agency)

DPFM's office is equipped with furniture, phone, fax machines, computer equipment and some other office equipment.

1.2. Budget

Directorate of Plantation Forest Management balanced budget for the past three years is presented in the following Table showing two types of expenditures.

Table 2. The Executing Agency's Budget for the Last Three Years (in US\$)

YEAR	Personnel	Budget		Remarks
		Routine	Project/Development	
2003	52	8,740.93	528,877.49	
2004	49	9,685..30	97,871.96	
2005	49	22,873.02	308,896.74	

The routine budget covers only expenditures for daily routine office activities such as salary for personnel and budget for office supplies. Budget for project/development is funds required to perform non-daily-routine activities including sub-contracting, duty travel, capital items and some consumable items

1.3. Personnel

The number and adequacy of trained professional, technical and administrative personnel on strength from the Executing Lead Agency – the Directorate of Plantation Forest Management at all levels to perform and support the management, implementation of this proposed project either directly or indirectly includes but not limited to: (see table presented below). DPFM has 49 officers distributed into type of education level as follows:

Table 3. Directorate of Plantation Forest Management's Personnel

No.	Classification of Personnel	Number of Personnel	Remarks
1.	Experts with Post-graduation degree		
	-PhD	1	
	-Master		
	Forestry	2	
	Non-Forestry	7	
2.	Experts with graduation degrees		
	Forestry	12	
	Non-Forestry	5	
3.	Mid-Level Technicians	-	
4.	Administrative Staff	22	
5.	Others	-	
6.	Total Number of Personnel in the forestry- related fields	49	

Table 6. Personnel Distribution by Type of Expertise

No.	Classification	Number of Personnel
1.	Administration	22
2.	Technical	27
	Total	49

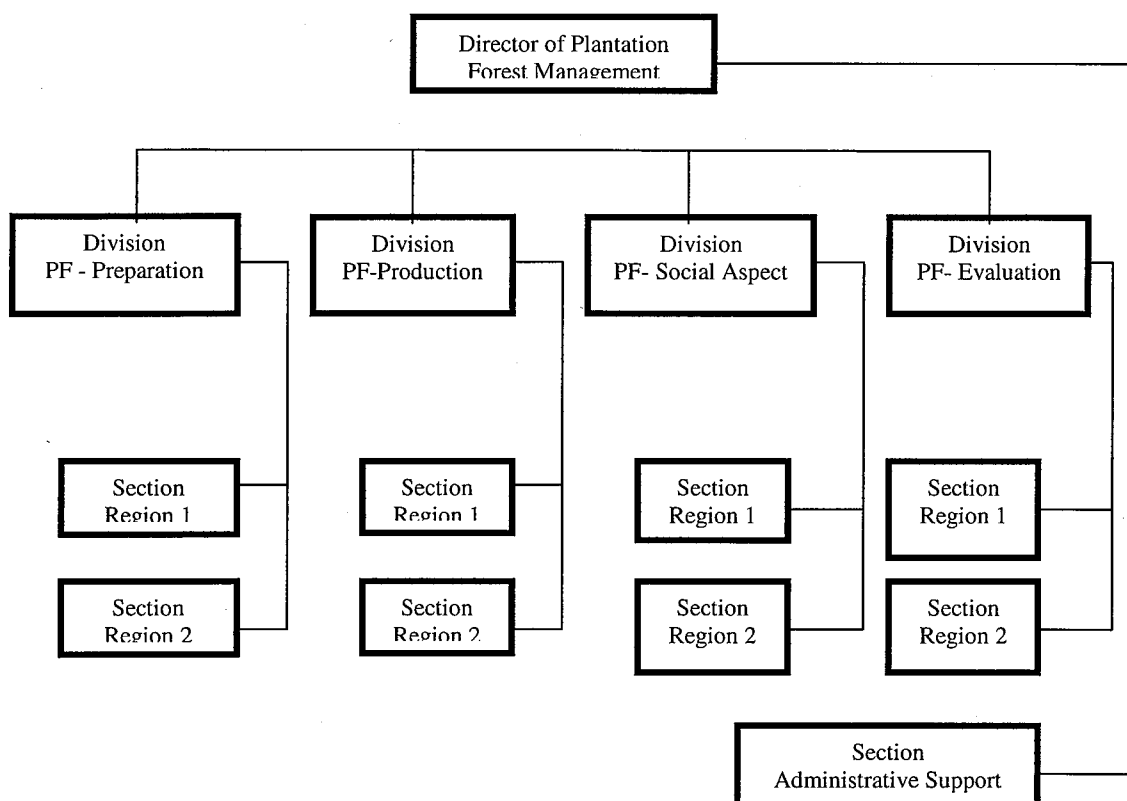


Figure 3. Organizational Structure of Directorate of Plantation Forest Management

1.4. Project Achievement

The Directorate of the Management of Plantation Forest, the Directorate General of the Management of Forestry Production has accomplished the following projects:

1. The Management Plan for Industrial Plantation Forest (KPHP)

This project has been carried out from 1990 to 1996. Total cost of US\$ 2,799,701 was loaned by the NIB/NDF. The project outputs are: Regional Management Plan of KPHP Mahakam Tengah East Kalimantan, KPHP Musi Banyuasin and Musi Rawas South Sumatra Province, Operational Plan for Long Nah East Kalimantan Province and KPHP Bayat South Sumatra Province; and Manuals and Working Documents from experts employed in the project. This project also included several training programs on the management plan (KPHP) development for senior and technical staff, forest management training, environmental impact assessment and management information system for forestry provincial staff. As part of the project, local seminars and a national

workshop on the management plan for Industrial Plantation Forest were also held.

2. Timber Plantation Project/Industrial Plantation Forest (HTI)

The Timber Plantation Project (HTI) has been carried from 1990 to 1997. The Asian Development Bank provided loan worth 33,300,000 for this project. Main activity of the project was establishing industrial plantation forest of 3,575 ha, 15,070 ha, 11,677 ha, and 3,730 in Gowa Maros, Pulau Laut, Pleihari, and Sanggau, respectively. Supporting activities were also conducted as part of the project such as adaptive research on identification of seed source and establishment of seed orchard for *Acacia mangium*, *Eucalyptus deglupta*, *Paraserianthes falcataria*, and *Swietenia macrophylla* which involved PT Inhutani II and PT Inhutani III as well as several trainings for officers of Ministry Forestry, State owned company and Forestry Company.

The Directorate of the Management of Plantation Forest also provided strong supports for the Directorate General of the Management of Forestry Production in several projects such as:

1. Kerinci Seblat-Integrated Conservation and Development Project (Part C.)

- Project cost : US\$ 2,102,000
- Source of fund : Grant of World Bank
- Location : Jambi, Sumatera Barat, Bengkulu and South Sumatera
- Year : 1997 to 2002

2. Community-based Forest Management of Buffer Zone of the Gunung Palung National Park

- Project cost : US\$ 310,000
- Source of fund : Grant of BCN and USAID
- Location : Gunung Palung National Park, West Kalimantan
- Year : 1998 to 2001

3. Promotion of Sustainable Forest Management in East Kalimantan

- Project cost : DM 11,791,171 and Rp. 330,500,000 (Indonesia)
- Source of fund : Grant German
- Location : PT Limbang Ganeca, East Kalimantan
- Year : 1998 to 2002

4. Natural Resources Management Project Pilot Management Activities /NRM II.

- Project cost : US\$ 2,069,068 (USAID) and Rp. 60,160,000 (Indonesia)
- Source of fund : Grant
- Location : West Kalimantan
- Year : 1996 to 2001

5. Berau Forest Management Project

- Project cost : ECU 9,026,000
- Source of fund : Grant of European Union
- Location : East Kalimantan
- Year : 1997 to 2002

6. Development of Plantation Forest and Sustainable Forest Management System and Development of Forest Management, Distribution, and Marketing Wood Product

- Project cost : ECU 28,000,000 (European Union) and ECU 6,089,000 (Indonesia)
- Source of fund : European Union
- Location : South Kalimantan and Central Kalimantan

- Year : 1997 to 2002

7. Memorandum of Understanding Indonesia and UK on Cooperation to Combat Illegal Logging and Illegal Timber Trade

- Project cost : US\$ 1,200,000

- Source of fund : Grant of DFID

- Location :

- Year : 2003 to 2005

8. Improvement of Processing Efficiency of Tropical Timber from Sustainable Sources in Indonesia

- Project cost : US\$ 53,836

- Source of fund : Grant of ITTO

- Location :

- Year : (6 month) 2003

9. Strengthening the Capacity to Promote Efficient Wood Processing Technologies in Indonesia

- Project cost : US\$ 765,540 (ITTO) and US\$ 204,140 (ISWA)

- Source of fund : Grant of ITTO

- Location :

- Year : (36 month) 2003

ANNEX C. TERMS OF REFERENCE FOR THE NATIONAL CONSULTANTS

1. Project Manager

1.1. Qualifications and experience

- a. At least a Master degree in Forestry Science with 10 years experience, or Bachelor in forest management with 15 years experience;
- b. Experience in planning or managing plantation forest development;
- c. Experience in forestry services;
- d. Period of assignment will be three years.

1.2. Responsibilities

- a. To organize meetings to enable smooth project execution. This will include meetings to develop the work plan, Project Executing Agency meetings, experts meetings, as well as the fieldwork;
- b. To coordinate project implementation;
- c. To monitor project execution through program and budget implementation;
- d. To develop network among the project stakeholders;
- e. Period of assignment will be 3 (three) years.

2. Secretary of Project Manager

2.1. Qualifications and experience

- a. Experience in handling international project for at least 5 years, or national project for 10 years;
- b. Three years experience in forest management.

2.2. Responsibilities

- a. To assist the project manager in the project execution, program development and implementation;
- b. To assist the project manager in coordinating the experts and technicians in carrying out fieldworks;
- c. To coordinate experts in preparing reports and publications;
- d. Period of Assignment will be 3 years.

3. Forest Policy Expert

3.1. Qualifications and experience

- a. Doctoral degree in Forest Policy or Forest Politics, or Master Degree in Forestry with 5 years experience related to Forest Policy
- b. Experience in implementing Forest Policy on Community Based Forest Management

3.2. Responsibilities

- a. To create a development of a strategy of collaborative plantation forest management in Jambi Province and or in South Kalimantan Province.
- b. To co-ordinate together with workshop committees and present paper(s) on Development of a strategy of Collaborative Plantation Forest Management in

Jambi Province and or South Kalimantan Province, and serve as a resource person in the workshops

- c. To prepare the final development of a strategy of collaborative plantation forest management in Jambi Province and or in South Kalimantan Province, in the forms of reports and publications
- d. Period of assignment will be 2 months.

4. Legal Framework and Institution Expert

4.1. Qualifications and experience

- a. Doctoral Degree in Legal Framework and Institution, or Master of Science with 4 years experience in Legal Framework and Institution
- b. Experience in implementing Legal Framework and Institution on Community Based Forest Management

4.2. Responsibilities

- a. To create a mechanism of collaborative plantation forest management development in Jambi Province and or in South Kalimantan Province;
- b. To co-ordinate with workshop committees and present paper(s) on Mechanism of Collaborative Plantation Forest Management Development in Jambi Province and or South Kalimantan Province, and serve as a resource person in the workshops ;
- c. To prepare final mechanism of collaborative plantation forest management development in Jambi Province and or in South Kalimantan Province, in the forms of reports and publications;
- d. To facilitate the communities around plantation forest area to perform their local framework, institution, and organization of collaborative plantation forest management in Jambi province and South Kalimantan Province
- e. Period of assignment will be 4 months.

5. Sociology or Anthropology Expert

5.1. Qualifications and experience

- a. Doctoral Degree in sociology or anthropology, or Master Degree in sociology or anthropology with 5 years experience, or Bachelor Degree with 7 years experience in sociology or anthropology
- b. Experience in community based forest management is preferable.

5.2. Responsibilities

- a. To conduct a socio-economic survey of the communities around the industrial commercial plantation forest in Jambi Province and or in South Kalimantan Province;
- b. To produce reports and publications on the socio–economics of the communities around the industrial commercial plantation forest in Jambi Province and or in South Kalimantan;
- c. To present the survey results in the workshops;
- d. Period of assignment will be 2 months.

6. Forest Planner/Management Specialist

6.1. Qualifications and experience

- a. Doctoral degree in forest management or Master degree in forest management with 3 years experiences, or Undergraduate degree with 7 years experiences in forest planning;
- b. Experience in community forest planning and management.

6.2. Responsibilities

- a. To conduct surveys and to plan the demonstration site of collaborative plantation forest management in Jambi Province and South Kalimantan Province;
- b. To prepare a proposal of demonstration site plans;
- c. To present the proposal of demonstration site plan in workshops;
- d. To implement the demonstration site plans in the field in Jambi Province and South Kalimantan Province;
- e. Period of assignment will be 6 months.

7. Forest Extension Specialist

7.1. Qualifications and experience

- a. Doctoral degree in forest extension, or Master degree in forest extension with 4 year experience, or Bachelor degree with 7 years experiences in forest extension;
- b. Experience in community based forest management.

7.2. Responsibilities

- a. To conduct socialization of the development of a strategy of collaborative plantation forest management to the communities around the plantation forests in Jambi Province and South Kalimantan Province;
- b. To carry out rural appraisal of the collaborative plantation forest management at the demonstration sites of collaborative plantation forest management in Jambi Province and South Kalimantan Province;
- c. To select 10 trainees on establishment of nursery and cutting mass propagation of selected species in Jambi province and South Kalimantan Province;
- d. To select 50 trainees on planting and silvicultural techniques of selected species in Jambi province and South Kalimantan Province;
- e. To present the results of rural appraisal of demonstration sites in workshops.
- f. Period of Assignment will be 4 months.

8. Cutting Mass Propagation Techniques Specialist

8.1. Qualifications and experience

- a. Doctoral degree in mass vegetative propagation of selected species, or Master degree in mass vegetative propagation of selected species with 2 years experience, or Bachelor degree with 5 years experiences in cutting mass propagation techniques;
- b. Experience in training/transfer of techniques of mass vegetation propagation.

8.2. Responsibilities

- a. To establish small temporary nursery for training of 10 trainees;
- b. To prepare seedlings and materials for mass propagation for trainings purposes;
- c. To train 10 trainees on nursery establishment and mass propagation techniques in Jambi Province and south Kalimantan Province;
- d. To train 50 farmers on the planting and silviculture techniques of selected species in Jambi Province and South Kalimantan Province;
- e. To assist farmers in production of seedlings for planting at demonstration sites;
- f. To produce reports on the establishment of nurseries and organization of trainings;
- g. Period of assignment will be 6.5 months.

9. Forest silviculturist

9.1. Qualifications and experience

- a. Doctoral degree in silviculture or Master Degree in silviculture with 4 year work experiences, or Bachelor degree with 7 years work experience in planting and maintenance of seedling.
- b. Experience in nursery management and planting

9.2. Responsibilities

- a. To carry out the planting at demonstration sites in Jambi Province and south Kalimantan Province;
- b. To plan and control the activities on the demonstration sites;
- c. To monitor and evaluate the establishment of demonstration sites;
- d. To produce reports;
- e. Period of assignment will be 4 months.

10. Financial Specialist

10.1. Qualification and Experience

- a. Master degree in finance with at least 5 year experience in financial analysis;
- b. Experience on transfer of knowledge to the rural community;
- c. Experience in working in community based forest management.

10.2. Responsibilities

- a. To prepare a training program on financial arrangement and management of collaborative plantation forest management for 10 local people;
- b. To organize the training on financial arrangement and management of collaborative plantation forest management;
- c. To produce a report on the training;
- d. Period of assignment will be 2 months.

ANNEX D.1. THE LETTER OF INTENT OF PT. WIRA KARYA SAKTI



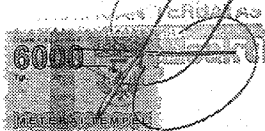
P.T. WIRAKARYA SAKTI

Plaza BII Menara II Lt. 22
Jl. M.H. Thamrin No. 51, Jakarta 10350
Telp : (021) 39834473, Fax : (021) 39834707

TO WHOM IT MAY CONCERN

The undersigned, Mr. Athur Tahya, President Director of PT. Wirakarya Sakti, acknowledge, understand and agree to fully support the Directorate of the Plantation Forest Development Management, Indonesian Ministry of Forestry (MOF), Provincial Forest Service of Jambi and Provincial Forest Service of South Kalimantan, as the Executing Agency of International Tropical Timber Organization's (ITTO) project, entitled: "THE DEVELOPMENT OF A STRATEGY OF COLLABORATIVE PLANTATION FOREST MANAGEMENT IN JAMBI AND SOUTH KALIMANTAN". Our support includes some office facilities, nursery site and pilot planting sites worth US\$ 24.480 (in kind contribution).

Jakarta, August 16th 2006.
PT. Wirakarya Sakti



(Athur Tahya)
President Director

ANNEX D.2. THE LETTER OF INTENT OF PT. A. YAYANG INDONESIA



TO WHOM IT MAY CONCERN:

The undersigned, Mr. **HERMAN WIYONO**, President Director of PT AYA YAYANG INDONESIA, acknowledge, understand and agree to fully support the Directorate of Plantation Forest Development Management, Indonesia Ministry of Forestry (MOF), as the Executing Agency of International Tropical Timber Organization's (ITTO) Project, entitled : STRATEGY FOR DEVELOPMENT PLANTATION FOREST : A CONFLICT RESOLUTION APPROACH IN INDONESIA IN JAMBI AND SOUTH KALIMANTAN, our support include some office facilities, nursery, and pilot planting sites worth US \$ 24.480 (in kind contribution)

Jakarta, September 7th 2005
PT. Aya Yayang Indonesia

PT. AYA YAYANG INDONESIA

(HERMAN WIYONO)
President Director

ANNEX E. CURRICULA VITAE OF PROJECT FORMULATORS

CURRICULUM VITAE

1. Name : Ir. Bambang Tri Hartono, MF, PhD
2. Place & Date of Birth : Bojonegoro, 05 October 1956
3. Gender : Male
4. Nationality : Indonesian
5. Home Address : Jl. Warga No. 7 RT. 009/RW. 03 Pejaten
Pasar Minggu Jakarta Selatan
6. Office address : The Directorate of the Management of Plantation Forest,
The Directorate General of the Production Forest
Management
Ministry of Indonesia, Republic of Indonesia
Gatot Subroto Street, Senayan Jakarta, Indonesia 10270
Phone: 62-21-5730253

7. Educational background:

1. PhD in Economics and Public Policy, North Carolina University, Raleigh USA (2002)
2. Master in Forest Economics (MF), North Carolina University, Raleigh, USA (1995)
3. Bachelor of Forestry, Gadjah Mada University, Yogyakarta, Indonesia (1980)

8. Employment Record :

Senior Researcher – Department of Pulp and Paper North Carolina State University – Raleigh, North Carolina.
Researcher – Economy and Environment Program for South East Asia - Singapore
Deputy Director of the Management of Plantation Forest Production, the Directorate of the Management of Plantation Forest

CURRICULUM VITAE

1. Name : Prof. Dr. Ir. Elias, MSc
2. Place & Date of Birth : Ketapang,
3. Gender : Male
4. Nationality : Indonesian
5. Home Address :
6. Office address : Faculty of Forestry, Bogor Agricultural Institute, Kampus
IPB Darmaga, P.O. Box 168, Bogor, 16001 Indonesia
Phone: (62-251) 621285/621589
Fax: (62-251) 622202/621589

7. Educational background:

1. PhD in Forest Management, Gottingen University Germany
2. Master in Forestry Management, Germany
3. Bachelor of Forestry, Bogor Agricultural Institute, Indonesia

8. Current Employment Record :

Professor at Faculty of Forestry, Bogor Agricultural Institute, Bogor Indonesia
specialized in Forest Management, especially Forest Planning, and Harvesting

CURRICULUM VITAE

1. Name : Ir. Bambang Hendiarto, M.Si
2. Place & Date of Birth : Pematang, 28 August 1953
3. Gender : Male
4. Nationality : Indonesian
5. Home Address : Perumahan Muara Asri Jl Dewi Sri II/4 Bogor
Phone 62-251-373843
6. Office address : The Directorate of the Management of Utilization and
Marketing of Forest Product, Ministry of Indonesia,
the Directorate General of the Production Forest Management
Republic of Indonesia Gatot Subroto Street, Senayan
Jakarta, Indonesia 10270

7. Educational background:

1. Master in Rural Development Planning Science, Bogor Agricultural Institute, Bogor Indonesia (1997)
2. Diploma in Aerial Photo Survey, ITC The Netherlands (1979)
3. Bachelor of Forestry, Faculty of Forestry, Bogor Agricultural Institute, Bogor Indonesia (1976)

8. Employment Record :

Senior Staff of the Directorate of the Management of Utilization and Marketing of Forest Product, the Directorate General of the Production Forest Management (2002 to present)

1. Head of Forest Management Technical Unit Region V Palembang, South Sumatra (1999)
2. Chief Director of the Forest Product Utilization, the Directorate of Forest Utilization and Distribution 1997)
3. Chief Director of the Forest Utilization Preparation Region III (1995)
4. Head of Technical Unit of Forest Inventory and Forest Mapping Region Sulawesi (1991)
5. Other structural positions of technical unit in East Kalimantan, Mollucas, and Irian Jaya

CURRICULUM VITAE

1. Name : Ir.Gatot Soebiantoro, M.Sc.
2. Place & Date of Birth : Jombang, 27 May 1962
3. Gender : Male
4. Nationality : Indonesian
5. Home Address : Jl. Tanjung VII/16
Taman Cimanggu Bogor, Phone. 62-21-335639
6. Office address : the Bureau of Overseas Cooperation, Secretariat General
Ministry of Indonesia, Republic of Indonesia
Gatot Subroto Street, Senayan Jakarta, Indonesia 10270
Phone: 62-21-5730159

7. Educational background:

1. Master in Forest Planning (MSc), University of Edinburgh, UK (1996)
2. Bachelor of Forestry, Gadjah Mada University, Yogyakarta, Indonesia (1986)

8. Current Employment Record :

Section Head of Coordinating of Technical Cooperation at the Technical Cooperation Division, the Bureau of Overseas Cooperation, Secretariat General, MOF

CURRICULUM VITAE

1. Name : Drs, Ir. Teguh Rahardja, MSc, PhD
2. Place & Date of Birth : Salatiga, 21 November 1963
3. Gender : Male
4. Nationality : Indonesian
5. Home Address : Jl. Lumbu Barat V/15 Bumi Bekasi Baru
Rawa Lumbu, Bekasi
6. Office address : the Bureau of Overseas Cooperation, Secretariat General
Ministry of Indonesia, Republic of Indonesia
Gatot Subroto Street, Senayan Jakarta, Indonesia 10270
Phone: 62-21-5730159
7. Educational background:
 1. PhD in Forest Policy, University of Canterbury, Christchurch NZ (2005)
 2. Master in Forest Resources Management (MSc), University of Edinburgh, UK (1997)
 3. Bachelor of Forestry, Gadjah Mada University, Yogyakarta, Indonesia (1990)
 4. Bachelor of Education, majoring in English, State University Yogyakarta (1991)
8. Current Employment Record :
Section Head at the Bureau of Overseas Cooperation, Secretariat General, MOF
Indonesia

CURRICULUM VITAE

1. Name : Ir. Kadim Martana, M.For.Sc
2. Place & Date of Birth : Magelang, 17 April 1971
3. Gender : Male
4. Nationality : Indonesian
5. Home Address : Komplek Taman Asri Blok F5/4 Cileduk Tangerang
Banten Province
6. Office address : The Directorate of the Management of Plantation Forest,
Ministry of Indonesia, Republic of Indonesia
Gatot Subroto Street, Senayan Jakarta, Indonesia 10270
Phone 62-21-5730826
7. Educational background:
 1. Master in Forest Management (M.For.Sc), University of Canterbury, Christchurch, NZ (2004)
 2. Bachelor of Forestry, Gadjah Mada University, Yogyakarta, Indonesia (1995)
8. Current Employment Record :
Senior Staff and Task Force Member at the Sub Directorate of the Management of Plantation Forest Production, the Directorate of the Management of Plantation Forest

Annex F. Revision in accordance with the 31st Expert Panel

No	Recommendation	Modification	Refer page
1	Redefine the development objective and the specific objectives based on the key problem to be addressed in proper manner that proposed outputs and activities could be maintained as such;	<p>The development objective has been revised as: Increased wood production from plantation forests meets domestic and export demand for raw materials, thereby reducing reliance on natural forest extraction.</p> <p>Meanwhile, specific objective 1 and specific objective 2 have also been revised as follow: <u>Specific Objective 1:</u> A collaborative plantation forest management approach is made available. <u>Specific objective 2:</u> Conditions are established for the adoption of the approach by relevant stakeholders</p>	Page 4
2	Revise and strengthen the logical framework in accordance with the redefined objectives;	Logical framework is revised according to the corresponding changes of the development objectives and specific objectives	<u>Page 14</u>
3	Adjust selected defined activities or add new ones to handle the land conflict and land tenure issue and improvement of competitiveness of forest plantation ventures;	<p>Two activities are added as suggested i.e. A 1.2.3 Carry out public consultations with relevant stakeholders to find solutions of any social conflicts. A 2.4.8 Establish marketing channels for main and by products of the plantation forests</p> <p>Following modifications are also made: 2.4.3 Prepare seedlings of selected species at each demonstration area, using improved variety seeds 2.4.6 Plant seedlings according to the design and procedure on the demonstration areas, using intercropping with cash-crops 2.4.7 Maintain the planted seedlings/trees on the</p>	<p>Page 12, 20, and 32</p> <p>Page 13,</p> <p>Page 13,</p>

No	Recommendation	Modification	Refer page
		<p>demonstration areas intensively using available labor in surrounding areas and other financially profitable inputs such as fertilizers, pesticides, etc.</p>	
4	<p>Improve the controlling aspect of the project by introducing an interim success analysis (based on monitoring) in order better guide the project during the implementation phase; thereby avoid that missed opportunities and targets are not only recognized at completion of the project;</p>	<p>Two workshops are planned to be held in the middle of the project and prior to the completion of the project, without requiring additional costs.</p> <p>This is put in section 6. (Work plan) and section III. 2.1 (Project Progress Reports)</p>	Page 19 and Page 28
5	<p>Revise the budget in the following line:</p> <ul style="list-style-type: none"> • Present Table 3 by source of finance in accordance with the ITTO Manual for Project Formulation page 29, 	<p>Table 3 has been revised according to the ITTO manual for Project Formulation page 29</p>	See Table 7.3
	<ul style="list-style-type: none"> • Reduce the duty travel component by delegating larger work load to site project manager and by utilizing more of local human resources; • Move the cost of project manager and secretary to Project Personnel component; • Reduce the auditing cost to US\$2,250,- and move it to Miscellaneous component 	<p>The Duty Travel cost has been reduced from US\$ 90,900 to 70,200. The balance is allocated for two additional activities, i.e. (A 1.2.3) Public consultations, and (A 2.4.8) Establishment of marketing channels.</p> <p>Revision has been made as suggested</p> <p>Auditing cost has been reduced accordingly to US\$2,250 and moved to Miscellaneous component. This contributes to reduction of the total required budget from ITTO.</p> <p>The other sources of ITTO budget reduction are:</p> <ul style="list-style-type: none"> - Project cost refund: formerly US\$44,414 becomes nil - Project support cost: formerly 8,5% becomes 5,5% of total, according to ITTO standard - Reduction of the total Duty Travel Cost, formerly US\$90,900 becomes US\$70,200 	<p>See Table 7.1</p> <p>See Table 7.1</p>
6	<p>Take into account possible conflicts between local communities, address risks of low competitiveness of plantation versus other</p>	<p>The conflicts with local communities are further recognized by addition of the</p>	Page 10

No	Recommendation	Modification	Refer page
	crops and name strategies to overcome such risks;	<p>following paragraph:</p> <p>The most prominent risk is the fact that the community has illegally occupied lands allotted for plantation. This community is divided into two: those who only claim ransom for their occupancy (can be moved out of the land) and those who insist to stay due to the heavy reliance to the forest lands. To the latter, the company should incorporate the community into the plantation development through a collaborative strategy in order that the land could be utilized.</p> <p>The risk of social land-tenure conflicts is addressed by conducting public consultations to find solutions to any social conflicts (additional activity A 1.2.3)</p> <p>The risk of low competitiveness of forest plantation is addressed by the following strategies:</p> <ul style="list-style-type: none"> a. Use of local community to carry out intensive maintenance of established plants. b. Utilization of high quality seed or seedling to ensure high production for plantation. c. Use of locally recognized and marketable cash crops to provide higher income for local community. d. Secure market access for timber product from plantation. 	<p>Pages 12, 30, and 32</p> <p>Page 11</p>
7	Assure that local communities continue in the further planning of the project and in future project management activities in the vies of building sufficient capacity and interest needed for continuation of the project after completion in the framework of decentralization policies;	<p>Two following paragraphs are added in section 2.2.3:</p> <p>The continuation of the project after its completion is another important issue. Therefore, the local communities and local government should be fully involved in the project planning and project management activities. Interests of local government, for instance, have been raised during the workshop of the Pre Project Document</p>	Page 8

No	Recommendation	Modification	Refer page
		<p>56/02 (F). Several local governments expressed their interests in the proposed project and promised to provide the budget necessary for the continuation of the project.</p> <p>In addition, The Ministry of Forestry is preparing a ministerial decree on Smallholder Plantation Forestry, which will institutionalize the implementation of the collaborative management approach to plantation forests development.</p>	
8	<p>Include an annex that shows the recommendation of the 31st Expert Panel and the respective modifications in tabular form. Modification should also be highlighted in the text</p>	As seen in the revised document	

ANNEX G. REVISION IN ACCORDANCE WITH THE 32nd EXPERT PANEL

No	Recommendation	Modification	Refer page
1	The activities related to Output 1.1 would need to be extended by including activity 1.1.2 "drafting of the legal framework for the conflict resolution approach"	Provided as recommendation	See page 12, 17, 21 and 34
2	The five output related the Specific Objective 2 should be extended by one more output (Output 2.6 "contractual arrangement for the involvement of local stakeholder as project partner adapted) along with its relevant activities yet to be identified	<p>The Output 2.6 was added according to the recommendation. It is put in the page 12 as well as in the corresponding pages</p> <p>This comprises two activities as follow :</p> <ul style="list-style-type: none"> - <i>Carry out and facilitate public meeting in order to identify and formulate stakeholders' need.</i> - <i>Draft a contractual arrangement</i> 	Page 12, 14, 17 20, 23, 37
3	The activity 1.2.3 related to Output 1.2 would need to be sharpened as public consultation are not sufficient to find solutions for the underlying land tenure problems which are an important issue to be solved.	<p>A forum consisting of stakeholders' key persons will be established, thus the activity 1.2.3 becomes "Carry out public consultations with relevant stakeholders and establish a forum consisting of stakeholders' key persons. The forum will be responsible to find solutions of any social conflicts"</p>	Page 12, 18, 21 and 34
4	The inclusion of the local community needs to be strengthened further. There is a need for binding commitment to involve local communities as full partners and stakeholders of the conflict resolutions approach during the planning and	<p>A further explanation of the expected ministerial decree is added :</p> <p><i>In this particular legal framework, after considering the result of a comprehensive</i></p>	Page 8

No	Recommendation	Modification	Refer page
	implementation of the project.	<i>survey (location, selected community, the willingness of the company to get involved in partnership, status of land), the ministry then designate the certain land to the local community and make provision of partnership between the local community and the company.</i>	
5	Include the newly added output in the logical framework matrix	Included	Page 17
6	Revise presentation of the budget in following line :		
	- Allocate sufficient funds to support the newly introduce output and activities without increasing the total amount of ITTO contributions	The total budget of Activity 1.1.1 is redistributed as the addition of activity 1.1.2. The total budget of Activity 2.1.1 and Activity 2.1.3 are further reduced, the reduction goes to new Activities i.e. Activity 2.6.1 and Activity 2.6.2	See page 21 - 24
	- Present the budget in Table 7.3 also by source of finance in accordance with the ITTO Manual of Project Formulation, page 29	Provided	Page 27
	- Recalculate the ITTO's Program Support Cost (budget line 83) at 8% of project total costs	Provided, the cost is now US\$ 34,357	Page 24 and 25
	- Include refund of project costs in the amount of US\$44,414,00	Provided	Page 25, 28
7	Include an annex that shows the recommendations of the 32 nd Expert Panel and the respective modifications in tabular form. Modifications should also be highlighted in the text.	Provided	Page 59

Notes:

Pages 14 – 17 – Logical Framework Worksheet

Pages 17, 18, 20 – Work Plan

Pages 21, 22, 23 – Overall Project Budget by Activity

Page 25 Yearly Project Budgets by Source

Page 28 Consolidated Yearly Project Budget