

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

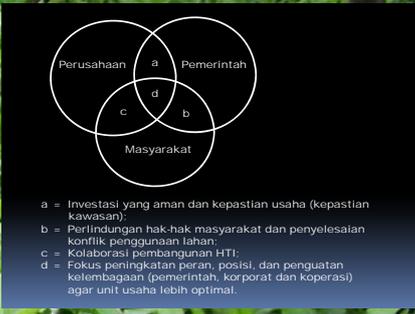
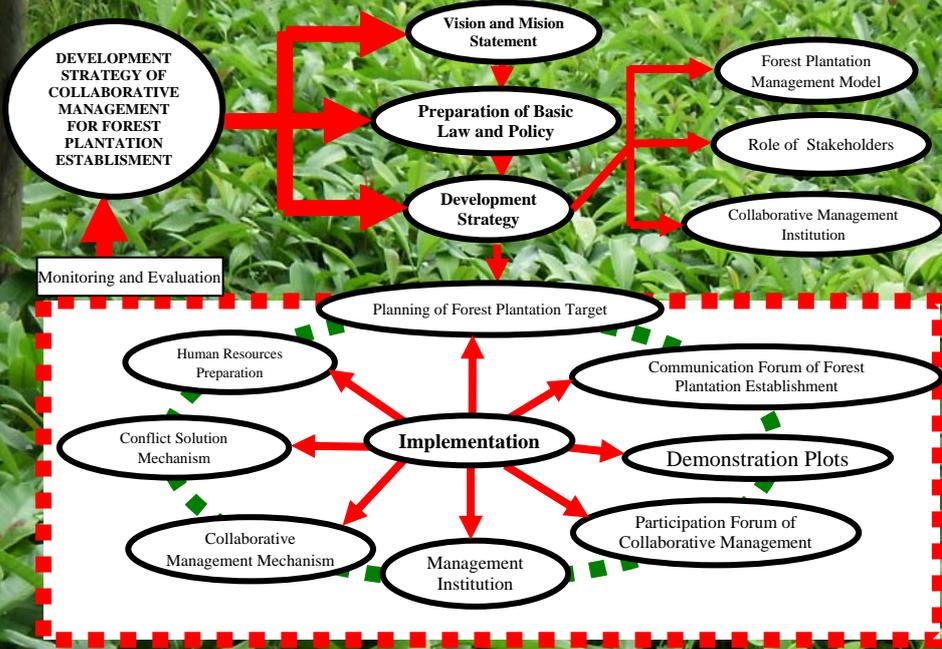


Figure 1. Development Strategy of Collaborative Management for Forest Plantation Establishment

ITTO PD 396/06 REV.2

"Strategy for Developing Plantation Forest : A Conflict Resolution Approach in Indonesia"



TECHNICAL REPORT

Volume 1

ITTO PD 396/06 Rev.2 (F)

*“Strategy For Developing Plantation Forest:
‘A Conflict Resolution Approach In Indonesia”*

Output 1.1

Development of a Strategy, Legal Framework and Institutional Arrangement of Collaborative Plantation Forest are Accepted by all Concerned Stakeholder

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FOREWORD

Government of Indonesia has issued utilisation management permits to the concessions of PT WKS and PT AYI that recently facing land use conflicts in managing their plantation forest areas. There are many efforts had done in curbing their conflicts, such as giving opportunity to work as labours, developing partnerships schemes or allowance for certain cases. Some of them successfully done but the others are futile, because of the rapid changing of the conditions and the community needs to overcome their daily needs. Recently jeopardizing with palm oil and rubber price booming, make the community prefer palm oil, rubber tree and other estate crops to forestry plants that empirically proven have more instant economical value.

On this circumstances the collaborations ideas to resolve of social disputes must adhere also with the consent of the board of management of the forest concessions. It is a learning process to homage the sovereignty of the rights issuance. Otherwise government could be sued as to legalize the land encroachment or illegally occupied of the forest land by the community.

With ITTO supporting the PD 396/06 Rev.2 (F) has developed a strategy to resolve the conflicts, emphasizing to study the local legal framework community and mechanism to collaborative management. The process must be cautious handling because of the sensitive issues concerning belligerently and community resistance. As the consequences the execution of project is rather slow.

We congratulate, convey best regards and words of thank are due to the all of every party and consultants who contributing ideas, developing strategy for developing collaborative management of forest plantation and facilitating to resolute social problems among stakeholders. Many thanks also to PT WKS and PT AYI the forestry company on their consent and in deeply understanding. Finally the best regards convey to ITTO and PD 396/06 Rev.2 (F) for the recently execution of the Projects.

We hope this reports will achieve their missions and useful for further actions.

Director of Forest Plantation Development



Dr Ir Bejo Santoso, M Si

Brief Information of the Project

The Project of ITTO PD 396/06 Rev.2 (F) “Strategy for Developing Plantation Forest: ‘A Conflict Resolution Approach in Indonesia” is aimed to achieve sustainable management of plantation forest in Indonesia through development of the strategy for collaborative plantation forest management which is emphasizing on a conflict resolution approach. It derives from the result of PPD 56/02 (F). Strengthening central and sub national institutions to enhance plantation forest development in Jambi and South Kalimantan and discussion among multi stakeholder from two workshops conducted in accordance to activities of PPD 56/02 (F) in Indonesia 2004 – 2005.

The development objective of the project 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, silvicultural knowledge technique and efficient management practices.

Overall, the project consists of eight outputs, which will be achieved completely after 36 months. Basically, to achieved each of the final output, the activities will be breakdown into 3 consecutive years. For the first year of the project, activity will focus on to hold training, to perform mutual understanding and agreement, and to strengthen local institution through participative process. The major outputs will be: (1) documents on the development of a strategy for collaborative plantation forest management in Jambi and South Kalimantan and its implementation; (2) a practical mechanism of plantation forest 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 forest and lands through collaborative plantation forest management; (5) Collaborative plantation forest development in the form of local community and company partnership and production sharing.

The demplot site of project, each 50 Ha are located at the area of Industrial Commercial Plantation Forest Company (HTI) owned by PT. Wira Karya Sakti (WKS) at Pematang Rahim Village, Sub District of Mendahara Ulu, District of East Tanjung Jabung, Jambi Province and PT. Aya Yayang Indonesia (AYI) at Panaan Village, Sub District of Bintang Ara, District of Tabalong, South Kalimantan Province.

Stakeholders of a collaboration of plantation forest, consist of Ministry of Forestry c.q. Directorate of Forest Plantation Development, ITTO Project PD 396/06 Rev.2 (F)., PT WKS and PT. AYI, Forestry Provincial Office at Jambi and South Kalimantan, Forestry District Office at East Tanjung Jabung Timur (Jambi) and Tabalong (South Kalimantan), Sub District and Village Administrative Office, community and local farmer group around forest area of WKS (Pematang Rahim Village) and AYI (Panaan Village).

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**THE DEVELOPMENT OF A STRATEGY
FOR THE COLLABORATIVE PLANTATION FOREST MANAGEMENT
IN JAMBI PROVINCE AND SOUTH KALIMANTAN PROVINCE**

by:

E l i a s

(National Consultant of ITTO Project: PD 396/06 Rev.2 (F)

“Strategy for Developing Plantation Forest : ‘A Conflict Resolution Approach in Indonesia ‘)

1 INTRODUCTION

1.1 Background

Many changes in Indonesia's forestry have occurred during this last decade. The Indonesian economic crisis was beginning in 1997 and then the decentralization of government has resulted in huge losses of natural forests; and is still diminishing until now, which are caused by over exploitation of natural forests to supply raw materials of wood-based industries, illegal logging, and clearing away forest in need of farmland. As a result of these conditions a significant decrease in the potentiality of many plant species as a raw material source of wood-based industries and a vanishing biodiversity and water resources crises in the country.

At present, Indonesia's natural forests can only 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, it is feasible to establish forest plantation to support the wood-based industries. And in this way protect the natural forests, which its timber volumes have been shrinkaged. The forest plantations have some advantages such as greater log volumes per hectare of uniform wood, and shorter felling rotation. Therefore, since the late 1980s the Government of Indonesia has endorsed the establishment of industrial forest plantations.

But until now, establishing industrial plantations forest by the plantation forest holders (IUPHHKHTI) in Indonesia is not up to expectations. From the 10.12 million hectares of authorized licenses to establish forest plantations, per July 2007, only 3.22 million hectares have been planted; that is 32 % of the total area authorized. One of the reasons is conflict of land used/land rights between communities in and around the forest plantation areas and the forest plantation holders. This is the general situation in the Provinces of Jambi and South Kalimantan.

At present the Government of Indonesia, c.q. Department of Forestry made efforts to accelerate the establishment of the forest plantations by creating opportunities for the communities in and around the forest areas to participate through community organizing, education, and trust building, e.g. Community Forest Development Programme (*HKm*), Community Forest Plantation Establishment Programme (*HTR*), and Greening Movement Programme (*Gerhan*).

1.2 Objective

The objective of this report is to elaborate on the development of a strategy for a collaborative plantation forest management, with emphasis on conflict resolution approach; in particular for the provinces of Jambi and South Kalimantan.

2 VISION AND MISSION

The vision to establish plantation forests based on collaborative management in the provinces of Jambi and South Kalimantan is to improve the life quality and welfare of the communities in and around the forest plantation areas, and hereby also preserving or even improving the quality of the environment and preserving the catchments area.

Related to the vision, the mission to develop collaborative management of forest plantation in the provinces of Jambi and South Kalimantan is to give more access to the local communities to establish forest plantations.

In this case, the meaning of access consist of access to use the land without to own it, to get loans for working capital from banks or other financial institutions, information, production and market facilities, and main knowledges, included knowledges of management, financial, and technology. So to have access, mean to have abilities to gain the utilization of a certain resources, because there is an existent of the capacity and power for it. This capacity and power can be created through various forms of mechanism, process, as well as social relations, hence there is existed bundle and web of power, which create possibilities to some one or institution to have capacity to effect the policy implementation of forest plantation establishment in the field.

3 ACTUAL CONDITIONS AND PROBLEMS

At present, there are some of Indonesian Government's programmes in order to empower communities, e.g. Forest Village Community Development Programme (*PMDH*), Small Enterprise and Cooperation Development (*PUKK*), and Social Forestry (HKm). On the other hand, the plantation forest holders and the community in and around the forest plantation areas have developed some sort of forest plantation establishment joint-venture models. Unfortunately, the strategy of the community empowering through these programmes are generally still not given enough access to the community in forest management, because the joint-venture is only in form "collaboration", not enough as envisage in the "collaborative management".

Generally, the conflict solution between industrial plantation forest company and community is still just for short term only, e.g. through fee payment and *Tumpang-Sari* system where rice or other cash crops can be planted between the tree seedlings for 1 to 2 years and creating jobs. These collaborations are conducted among others in industrial forest plantation PT. Aya Yayang Indonesia (AYI) at South Kalimantan province, PT. Wira Karya Sakti (WKS) at Jambi province, and PT. Finantara at West Kalimantan province. Fee payment policy per unit of timber production at disputed area between the industrial forest plantation company to local community without involving them into the forest management, is less appropriate policy, because it just solve the conflict for the short time, it has the potentiality to increase and enlarge land claims.

Based on field observations, there are 2 (two) main problems exist in developing strategy of collaborative management for forest plantation establishment, namely:

1. Financial problem.

It estimated, that financial benefits obtained from forest plantation business is less compared to other agro industry commodities such as palm oil, rubber, coffee, and cocoa or cashew nut. The community who are willing to be involved in forest plantation establishment, eager to more land area for their chosen or favourite plants than the forest plants. The community assumes that they will get cash in on a shorter time with a obvious market nearby with their chosen crops.

2. Land conflict.

Land conflict' in the field, among others in form of:

- Overlapping land use licenses,
- Land occupation
- Claim of land title/land ownership

Overlapping of land use licenses are caused by among others usage of different or inaccurate basic maps; and difference interests among sectors may cause overlapping land area of 2 adjacent land use licenses often occurs. Land occupation, the use of land without permission by planting palm oil and rubber by the community; encroachment state forest land is due to over population; family planning is voluntary. To lay claim to these

encroached land by the local community and influential individuals is a big financial loss for the forest plantation company concerned therefore effort to accelerate establishing forest plantations by the central government, c.q. Department of Forestry through the development of community forest in state forest areas (IUPHHKHTR) is thus impeded. It is difficult to look for state production forest land still free from right disputes or land use licenses. In general, a large portion of the state production forest land is already occupied and planted with non forestry tree species by local communities. And these communities and influential individuals have applied and requested the Jambi provincial government to grant their land rights; that is an estimated 41,000 hectares of state production forest, while this land area is an authorized land use license to PT. WKS, an industrial forest plantation company.

Other situation and problems, among others are:

- Since the stipulation of Law No. 41/1999 concerning Forestry, Minister of Forestry Degree No. 31/2001 concerning Social Forestry, and Minister of Forestry Regulation No. P23/Menhut-II/2007 concerning HTR, the communities living in and around forest have the rights to use and benefits to manage state production forest land. These policies have given the rights to community around and in the forest areas to hold rights to manage the forest resources in the state production forest areas based on legal aspects. Unfortunately this information was not yet widely known, in particular for the communities in and around the state production forests.
- The community capability on forest plantation management is not evenly. The few who used to manage the community forests and customary forests are very capable; but most of them do not have.
- Technically and technologically, no big problems exist between the forest plantation company and the community. Participation in seed production, nursery, planting, maintenance and liberation of the plantation forests is already good. To establish forest plantation by communities, it is needed only to transfer knowledge, techniques and technologies through development and training.
- The financial management, entrepreneurship, and marketing capabilities of the community are inadequate. Generally they have an elementary school level education.
- Terrain condition (topography and soils) is moderate; no obstructions to establish forest plantation. For example, the two aforementioned companies PT AYI and PT. WKS, large part area are moderate, and the soil at PT. AYI is suitable for Sengon (*Paraserianthes falcataria*) and at PT. WKS is suitable for Ecaliptus (*Ecalyptus pelita*).
- That inhibits in forest plantation is land use disputes and high cost to solve it. In Jambi province 462,997 hectares are allocated for forest plantations, just 168,807 hectares or 36.98 % are planted, and in South Kalimantan province from the 492,675 hectares only 186,381 hectares or 37.83 % are planted.
- To make matters worse, timber production from these forest plantations are very low. And the production capacity of natural forests, depleted in the past, have not restored yet.
- On the other hand, timber demand is very high at both provinces; 3 million cubic meters per year in Jambi, 2 to 2.5 million cubic meters per year in South Kalimantan. In fact, due to insufficient timber supply for the wood based industries in South Kalimantan, timber is coming in from neighbouring Central Kalimantan; increasing illegal logging and encroaching the natural forest at both provinces as well as other provinces.
- Cooperation exist between the community and forest plantation companies (e.g. at PT. AYI, PT. WKS) through programmes such as PMDH, Forests Co-manage with the Community (PHBM).

But these programmes are not running as it supposed to, among others caused by some restrictions as followings:

- Financing until harvest time needs a lot of funds.
- The community needs money to sustain themselves to harvest time.

- The communities are inclined to cultivate rubber tree, palm oil, cashew or other crops which can be harvested much sooner.
- The community feels the benefits of the timber that will be harvested inadequate.
- On many occasions, persons living away from forest plantation areas claim to own part of the area; to solve this kind of dispute by collaborative management is very difficult.
- Other problems, that need to be anticipated are differences in perception among the stakeholders on collaborative management; inappropriate practices on rehabilitation of degraded land, and inadequate working capital.
- Field observation implies, the prevailing mood of the community in and around the industrial forest plantation and the company to cooperate and make the forest plantation establishment becoming a success is high.

4 DESIRED CONDITIONS

Basically what the community wants is to improve their livelihood through more involvement, to have more access in the management of the forest. To ensure success in implementing collaborative management, the following conditions should exist:

- First, all the stakeholders from central, provincial and district governments, private and state owned companies in the forestry sector agree that the community has more access in the management of the forest.
- Secondly, the community must have the ability to manage forest plantation.

The desired conditions related to the collaborative management in establishing plantation forest are:

1. Supporting Policy, Politics and Legal Aspects
 - Existence of government policies, c.q. Departement of Forestry, provincial and district forestry service, which guarantee the legal aspects of the development of collaborative management for plantation forests establishment.
 - Willingness and political will to support the implementation and development of forest plantation collaborative management by senior government official. These will be sought through e.g. the existence of the complementary budgets, sections or divisions, professional officials, and facilities from the central, provincial, and district institutions, in order to facilitate, to supervise, and to success the development of forest plantation establishment based on collaborative management.
 - Mid and long term collaboration among stakeholders of the forest plantation establishment are stated formally in a Memorandum of Understanding (MOU)
 - Joint venture contracts between farmer or group of farmers with IUPHHKHTI companies are stated in a notarized work contract made by the District Head or District Forestry Service Official or Public Notary.
2. Social Cultural Aspect Support
 - Appropriate awareness and mind set of the stakeholders who have conflict solving through implementing collaborative management as a priority. The government regards these collaborative between the communities and forest plantation companies are very important.

- Existence of a Development Plans of Collaborative Management for Establishment of Forest Plantations at all government levels; national level (Department of Forestry), provincial level (Provincial Forestry Service), district level (District Forestry Service), consisting of short (annual), mid and long term (five years) plans.
 - Existence of trust among the stakeholder, that land conflicts can be solved through collaborative management; it has elements that can improve, in particular, the community's livelihood; and it is also practical tool to solve social conflicts. Tree planting and forest management activities can be conducted like a partnership where the forest plantation company (IUPHHKHTI) and community or forest farmers are on equally level.
3. Supporting Investment, Financial and Market Aspects
- Existence of special financial service institution(s) which accommodate the industrial forest plantation companies as well as the forest farmers, with short and long term loans; soft loans if possible.
 - Existence of a competitive forest products market, which has the ability to absorb the forest plantation products. Or at least, forest farmers can obtain timber prices at any time.
 - Existence of collaborative management programmes to offer simple financial scheme to suffice the forest farmer family' income until forest harvest time and timber marketed. Simple scheme such as planting cash crops between the main forest tree seedlings and border areas.
 - Existence of certainty for reinvestment after wood harvesting and sharing of acceptable profits with the forest farmers; so sustainable development of the forest plantation with collaborative management can be guaranteed.

5 DEVELOPMENT STRATEGY

The development of a strategy of a collaborative management for forest plantation establishment in the provinces of Jambi and South Kalimantan is as illustrated in Figure 1. The development strategy is begun by vision and mission statements, followed by preparation of legal and policy foundation for development of the collaborative management of forest plantation establishment in Indonesia.

The legal foundation for forest plantation development and local communities to access to the forest plantation establishment is already sufficient, which are:

1. Act No. 22 of 1999 (recently revised with the issuance Act No. 32 of 2004). The acts stipulate that forest management policy is governed by the districts, with the ultimate goal is to promote active involvement of local communities in forest management.
2. Subsequently the central government has issued relevant laws and regulations to improve access to forest plantation establishment by local communities. These are:
 - Forestry Act No. 41 of 1999. Forest lands to be managed to provide multiple benefits to multiple user groups and for the welfare of its people.
 - Minister of Forestry Decision No. 31 of 2001 concerning Community Forestry.
 - Government Regulation No. 34 of 2002 concerning Forest Administration, Forest Management Planning, Forest Utilization, and Use of Forest Land for Non-Forestry Purposes.
 - Minister of Forestry Decision No. 32/Kpts-II/2003 concerning Forest Utilization of Natural Forests and Forest Plantation Licenses. In Article 3 subsection 3.b.7. stated

that in planning forest plantation establishment shall include plans on Construction of Forest Villages Community and Development of Partnership Models.

- Minister of Forestry Regulation No. P. 23/Menhut-II/2007 concerning Community Forest Plantation Licenses.

The above mentioned laws and regulations is the umbrella for the development of the forest plantation establishment and a guide how the forest community will manage the forest plantations.

To accelerate and guarantee the success of the implementation of this collaborative management programme, attention shall be given to:

1. A finance policy where bank/institution can provide soft loans to the local community to invest in the forest plantation establishment.
2. A timber/wood market policy, where forest products prices and other information can be access by the forest farmers at any time.
3. Guarantee of legal aspect of the forest plantation areas.
4. Empowerment of the community. Central, provincial and district governments serving the community should empower them to improve their ability to manage forest plantation.
5. A Communication Forum of Forest Plantation Establishment.
6. A Collaborative Management Participation Forum, where all stakeholders shall participate to solve the problems according to local conditions.
7. Central, provincial and district governments should monitor and continuously evaluate the implementation of the collaborative management programme.

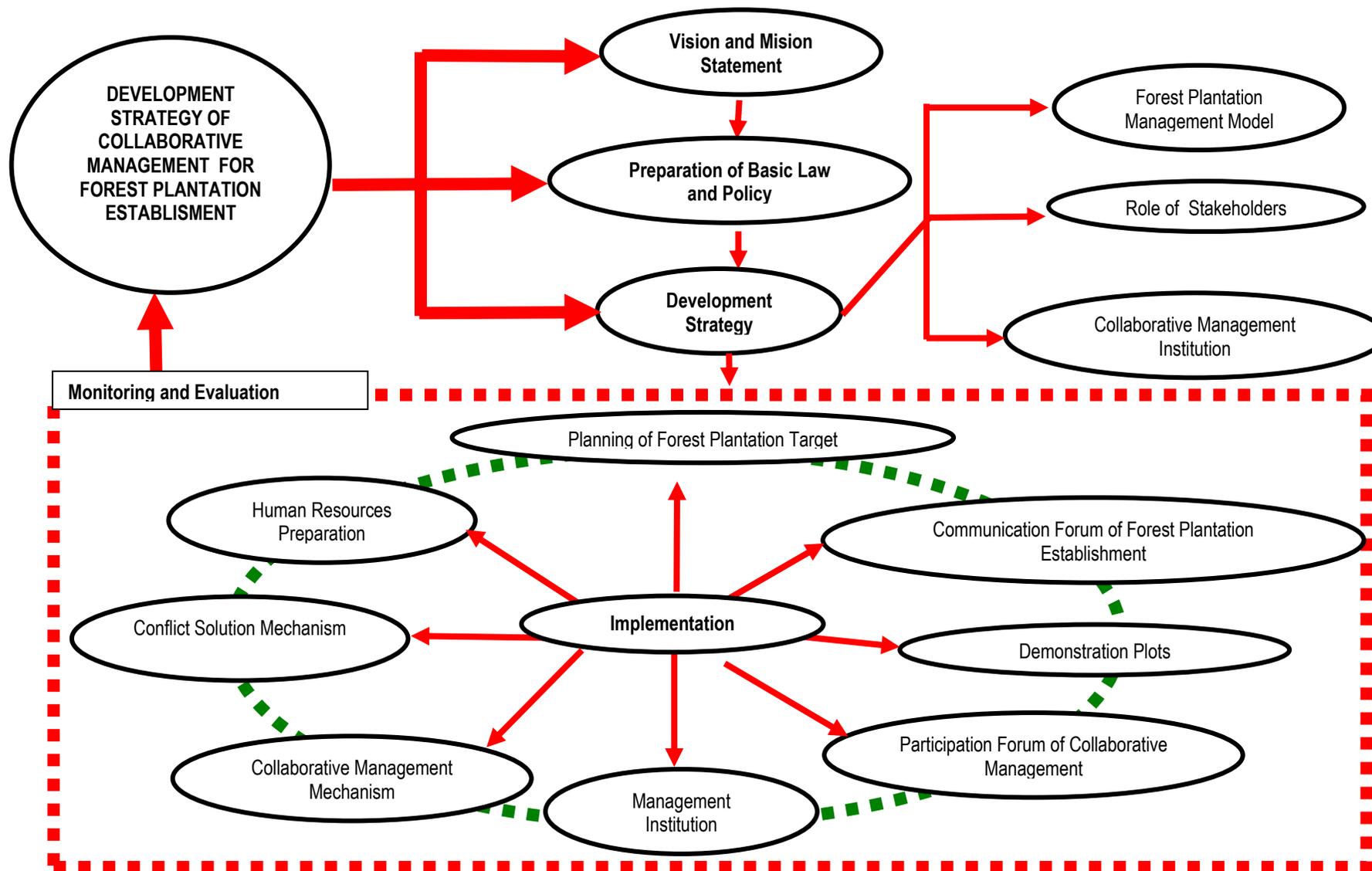


Figure1. Development Strategy of Collaborative Management for Forest Plantation Establishment

5.1 Development Strategy

In the development strategy of the collaborative management for forest plantation establishment three important components has to be defined, namely:

1. What kind of plantation forest models is suitable for collaborative management?
2. Who are the involved stakeholders? What are their rights, obligations and roles/functions?
3. How is the institution framework working?

1. Forest Plantation Management Models

The empowerment of local forest communities in the provinces of Jambi and South Kalimantan is conducted through the following forest management models:

- Social Forestry (HKm). Forest management of the state land/forests by local community
- Community Forests (HR). Forest management of the private land/forests by the community
- Community Forest Plantations (HTR). Forest plantation management of the state land/forests by the community
- Customary Forests (HA). Forests on traditional/customary land manage by community
- Village Forests (HD). Forests on the village land manage by the village community
- Forests Co-manage with the Community (PHBM). Jointly manage local community and private or state owned company of forests on the state land/forests under licenses of private company or state owned company.

The local community is given more access to the forests based on:

- Government regulations and policies, such as Social Forestry (HKm) and Community Forest Plantations (HTR).
- A partnership model, such as Forests Co-manage with the Community (PHBM).
- The existence of forest managed by the community, such as Community Forests (HR), Customary Forests (HA), and Village Forests (HD).

2. Rights, Obligations, and Roles of the Stakeholders

(1). Rights, Obligations and Roles of Government

The rights of Central Government c.q. Department of Forestry, provincial and district governments are to regulate the collaborative management of the forest plantation establishment. To have successful results the governments are obligated to create a conducive environment with appropriate policies that will improve trust among stakeholders to implement collaborative management at the forest plantation establishment, such as soft loans through forest service banks, construction of infrastructures, and local government regulations to emphasize the importance of collaborative management for the forest plantation establishment.

The provincial and district forestry services of Jambi and South Kalimantan have a leading role as developer, facilitator and mediator in establishing forest plantations to be a success and on target.

(2). Rights, Obligations and Roles of Local Community, the Forest Farmer

The rights of the local community are to have a good livelihood or prosperity. And that should be better after the forest plantation has established. Their obligations are to maintaining the forest plantations; preventing illegal logging, forest fires, forest stealing, animal husbandry, or other modes of forest disturbances.

At the areas of IUPHHKHTI, the role of forest farmers are as operators of planting, stand maintaining, stand releasing, and wood harvesting.

At the areas of IUPHHKHTR, the community can take other parties to collaborate and manage their community forest plantations. Also for the private land owners they can build partnership as outgrower with the forest plantation company (IUPHHKHTI holder) to establish forest plantation in their lands.

(3). Rights, Obligations and Roles of IUPHHKHTI Holders

The rights of the IUPHHKHTI holders are to look for financial benefits. Their obligations are to establish, to maintain, and to look after the forest plantation until wood harvesting and marketing.

In the development of collaborative management for forest plantation establishment at the HTR and or HR lands, the IUPHHKHTI holders should be as investors, they can finance and or arrange loans to supply prime seeds and fertilizers and bring their products to market. IUPHHKHTI holders can also collaborate with the community, especially where land disputes exist, to establish forest plantation and so solve or reduce tensions.

(4). Rights, Obligations and Roles of other Stakeholders

Other stakeholders such as donators, non government organizations/NGOs, universities, researchers, among others may have their rights, obligations and roles, depending on their needs and concern for the forest plantation establishment and specific local situations. In general, their roles/functions as supporting agencies/individuals to implement the collaborative management at the forest plantations to be a success, such as transfer of knowledge, apply technologies, environmental awareness, entrepreneurship, all conforming with the local community' social-cultural customs.

The rights, obligations and roles of each stakeholder are determined by mutual agreements. These agreements are written in the implementation mechanism.

3. Collaborative Management Institution Framework

The collaborative management institution framework for the forest plantation establishment in the provinces of Jambi and South Kalimantan is illustrated in Figure 2.

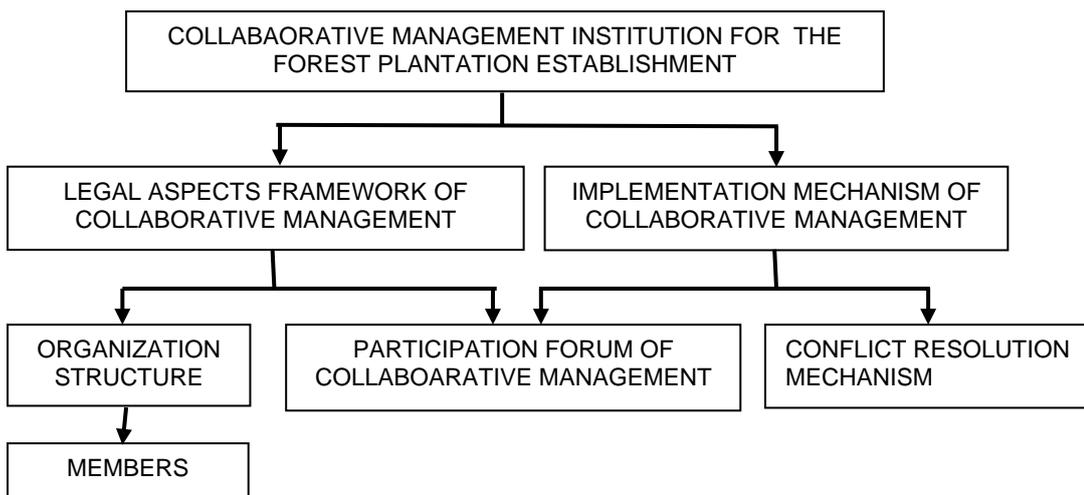


Figure2. Collaborative Management Institution Framework

5.2 Implementation Strategy

To increase the success possibility to implement the collaborative management at forest plantations, a strategy and priority of determination/choosing stakeholders and location of forest plantation is needed. Choosing priorities among prospective forest plantation companies, communities in and around the forest areas and locations are:

- The prospective partners must have trust to work together, social investment and have capacity to establish forest plantation, and strong motivation to conduct a collaborative. These will bring benefits in establishing a forest plantation with a collaborative management.
- Prospective forest plantation locations with good accessibility for future transportation of forest products to the markets, and near to the villages of the community involved.

At the first start, choose a free of land rights disputes of forest plantation lands. A guideline to implement establishing forest plantation may be as follow:

1. Planning forest plantation establishment targets of each district
2. Having a communication forum of forest plantation establishment at province level
3. Establishing of demonstration plots
4. Organizing a participation forum of collaborative management
5. Determining a management institution
6. Developing a collaborative management implementation mechanism
7. Developing a conflict resolution mechanism
8. Preparing human resources
9. Monitoring and evaluation

1. Planning Forest Plantation Establishment Targets

Forest plantation establishment targets are planned at the district and province level by Forestry Services. These plans consist of annual, mid and long term five years plans and contain among others:

- Plan total areas of forest plantation targets each year.
- Set locations for the prospective of forest plantations.
- Choose a mode of feasible plantation forest management.
- Recommend tree species.
- Plan operational budget plans of the district and provincial forestry services from local and central governments.

The Department of Forestry, c.q. Directorate of Forest Plantation Development and Directorate of Forest Utilization have a national comprehensive plan for forest plantation development. Forest plantation development target plans at provincial and district level shall be made accordingly.

In general, target plans at each province and districts are as in Figure 3.

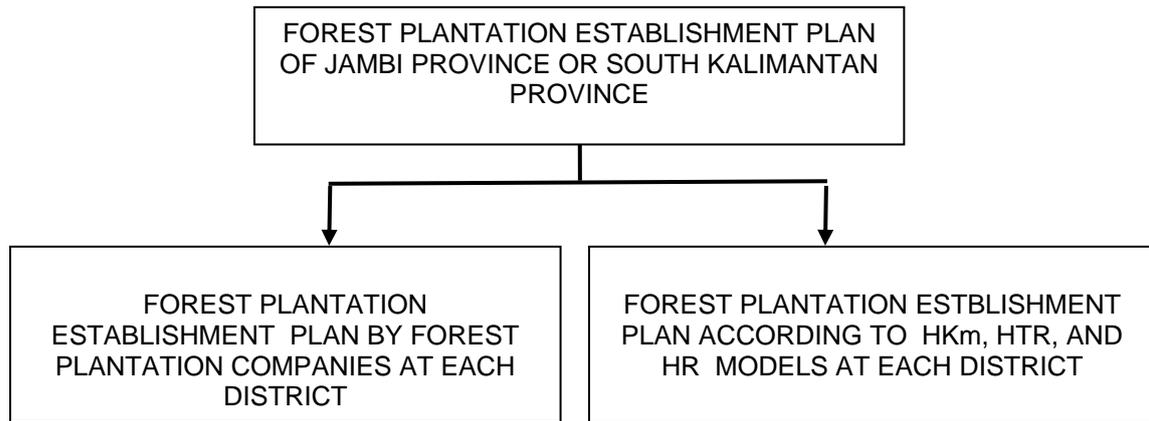


Figure 3. Target Plans of Forest Plantation Establishment in Jambi Province and South Kalimantan Province

The target areas and locations of forest plantation establishment with collaborative management are planned based on the target plans of forest plantation establishment at province and district level.

Keep in mind from the beginning, that the developing and implementing a strategy for collaborative management at a forest plantation establishment is new in Indonesia. Therefore complementary budget plans are needed each year from the governments; central, provincial as well as district levels.

2. A Communication Forum of Forest Plantation Establishment

The objectives of this forum are for socialization of target plans of forest plantation establishment, exchange information among the stakeholders, and to create a participation forum of collaborative management. This communication forum should consist of various elements, which are link to forest plantation establishment, e.g. government, forest plantation companies, local communities, non government organizations (NGO's), and academicians. This forum will enlarge networking.

3. Demonstration Plots

Demonstration plots are to facilitate transfer of knowledge, to apply new techniques and technologies in silviculture, to train aspirant forest farmers and to convince them how collaborative management work. PT. WKS in Jambi and PT. AYI in South Kalimantan have planned to put aside about 50 hectares each as demonstration plots.

4. Participation Forum of the Collaborative Management

This forum of stakeholders is a place where they can express opinions, aspirations, exchange information, discuss and negotiate the objectives and some important matters in the process of decision making, cost sharing or investments and benefits. Most important, this forum is to solve disputes based on mechanism of conflict resolution.

The member of this forum should consist of representative of all elements of local community, government, and forest plantation company. This forum may be too bulky of too many members, than it should be represented by elected persons of each concerned group, so decision making will be accomplish more swiftly.

5. Management Institution

The institution form of the collaborative management of forest plantations will be determined by the stakeholder needs, local condition, cultural, and customs. In general the process of management institution building is facilitated by a consultant. The Participation Forum of the Collaborative Management will prepare, discuss and agree on the institution form, organization structure, conditions, rights and obligations of the members of the collaborative management. Peruse examples of collaborative process, form of collaboration, conditions, rights and obligations of stakeholders and the members of collaborative management for forest plantation establishment at attachment 1 and 2.

6. Collaborative Management Implementation Mechanism

The implementation mechanism is discussed and decided in the Participation Forum. The preparation of this mechanism can be done by consultant or government officer, who are expert in this field; and have good knowledge on local social, economical and cultural conditions. In general the implementation mechanism is as:

- A work contract, a covenant where the rights, obligations, roles, and sharing of benefits of each party are out lined.
- Standard operating procedures (SOP)
- A Participation Forum deliberated agreement and decision.

Example of the implementation mechanism of collaborative management for forest plantation can be perused at attachment 1.

Implementing collaborative management as intended may not be possible because of the abilities of stakeholders circumstances are not the same. A way out is to implement it partial as a start, like collaborative management at the nursery, felling and hauling as a joint-enterprise and or cooperative. And with time to a full-flagged collaborative management is achieved.

7. Conflict Resolution Mechanism

A conflict resolution mechanism shall be prepared as a guide before disputes occurs. This mechanism is discussed and agreed at Participation Forum. A government officer or consultant, expert in policy and law can give guidance in preparing this mechanism. Even the village elder as an influential person in the community can bring the disputing parties to terms according to local social, cultural, customs and taboos

8. Human Resources Preparation

Human resources preparation is an important factor in the development of the collaborative management for forest plantation establishment. Attention shall be given to the availability of manpower at the local community, at the forestry services at district and provincial level.

Improve manpower through among others:

- Invite experts to members of collaborative management plantations forest.
- Visit to a successful demonstration plot locations.
- Train at location of the plantation forest. Or train leaders of forest farmer groups to other successful plantation forest and demonstration plots.

Important aspects of the local community manpower improvements:

- Knowledge and awareness of the function/roles of state forest estate management.
- Implementation skills (apply appropriate techniques and technologies) at the plantation forest establishment, especially methods to produce high grade seeds, seedlings production, seedlings planting, maintaining, releasing, and harvesting.
- Managerial skills of plantations forest business.

- Financial management skills and forest plantation enterprise.
- Marketing skills of forest products.

9. Monitoring and Evaluation

Central, provincial and district governments should monitor and evaluate the implementation of the collaborative management programme continuously.

Overview of the Development and Implementation Strategy of Collaborative Management for the Forest Plantation Establishment in the provinces of Jambi and South Kalimantan can be seen in Table 1 and Table 2.

Table 1. Matrix of Vision, Mission, Policy and Policy Development Strategy for Forest Plantation Establishment Based on Collaborative Management in Jambi Province and South Kalimantan Province.

Vision	Mission	Policy	Policy Development Strategy
<p>To increase the life quality (welfare) of the communities in and around the plantation forest areas, and to improve the quality of the environment</p>	<p>To give more access to the local communities to establish plantation forests.</p>	<p>To Create Supporting Policy, Politics and Legal Aspects of Collaborative Management Implementation</p>	<ul style="list-style-type: none"> • To improve government policy to guarantee basic law of collaborative management development • The government prepare complementary budget, professional officer, and adequate facilities • To encourage joint venture among stakeholders • To encourage joint venture contracts among forest farmers, forest plantation companies, and other concerned parties.
		<p>To Create Supporting Social Cultural Aspects of Collaborative Management Implementation</p>	<ul style="list-style-type: none"> • To increase the understanding and awareness of stakeholders on the important role of collaborative management to prevent and to solve land conflicts • To make collaborative management development plans for forest plantation establishment at district and province level • To socialize the government programmes on collaborative management development
		<p>To Create Supporting Investment, Financial and Market Aspects of Collaborative Management Implementation</p>	<ul style="list-style-type: none"> • To encourage the development of financial service institution, especially to serve the forest plantation establishment based on collaborative management • To create free and competitive markets for forest plantation products (wood and non wood products) • To create incentives programmes to attract investment on forest plantation establishment based on collaborative management.

Tabel 2. Matrix of Implementation Strategy for Forest Plantation Establishment Based on Collaborative Management at Jambi Province and South Kalimantan Province

Implementation Strategy	Recommended Action Plan	Implementing Agencies
Short and Mid Term Planning of Forest Plantation Establishment	Determination of yearly targets of forest plantation establishment: <ol style="list-style-type: none"> 1. Target areas (ha) 2. Location 3. Forest plantation management models 4. Recommended tree species 5. Complementary budgets from Central Government and local governments 	<ul style="list-style-type: none"> • District Forest Service • Provincial Forest Service
Short and Mid Term Planning of Forest Plantation Establishment based on Collaborative Management	<ol style="list-style-type: none"> 1. Determination of yearly targets of forest plantation establishment based on collaborative management according to forest management models at district level 2. Determination of the complementary budgets from Central Government and local governments 	<ul style="list-style-type: none"> • District Forest Service • Provincial Forest Service • Local community • Forest plantation companies
Communication Forum of Forest Plantation Establishment	<ol style="list-style-type: none"> 1. Workshop on Collaborative Management Development at Jambi Province and South Kalimantan Province 2. Performing of Communication Forum of Forest Plantation Establishment at Province Level 	<ul style="list-style-type: none"> • Directorate of Forest Plantation, Department of Forestry • District Forest Service • Provincial Forest Service • Forest plantation companies • Forest farmers • NGOs • Academicians
Demonstration Plots Establishment	<ol style="list-style-type: none"> 1. Establishment of Demonstration Plots 50 ha in the area of PT. WKS at Jambi Province 	<ul style="list-style-type: none"> • PT. WKS • PT. AYI

Implementation Strategy	Recommended Action Plan	Implementing Agencies
	2. Establishment of Demonstration Plots 50 ha in the area of PT. AYI at South Kalimantan Province	<ul style="list-style-type: none"> • ITTO PD 396/06 Rev.2(F) Project • Local community • NGOs • Academicians • District Forest Service • Provincial Forest Service • Chief of Sub-District
Participation Forum of Collaborative Management	1. Socialization of Collaborative Management in the field 2. Performing of Participation Forums of Collaborative Management for Forest Plantation Establishment at village level	<ul style="list-style-type: none"> • Forest plantation companies • ITTO PD 396/06 Rev.2(F) Project • Local community • NGOs • Academicians • District Forest Service • Provincial Forest Service • Chief of Sub-District
Management Institution	1. Performing of Management Institution for Forest Plantation Establishment based on Collaborative Management at the village level.	<ul style="list-style-type: none"> • Forest plantation companies • ITTO PD 396/06 Rev.2(F) Project • Local community • NGOs • Academicians • District Forest Service • Provincial Forest Service • Chief of Sub-District
Implementation Mechanism of Collaborative Management	1. Discuss and negotiate on the implementation mechanism of collaborative management at the participation forum of collaborative management for forest plantation establishment at the village level. 2. Implementation mechanism is performed in: <ul style="list-style-type: none"> • Work Contracts • SOPs • Decision making at the participation forum of collaborative management 	<ul style="list-style-type: none"> • Forest plantation companies • ITTO PD 396/06 Rev.2(F) Project • Local community • NGOs • Academicians • District Forest Service • Provincial Forest Service • Chief of Sub-District

Implementation Strategy	Recommended Action Plan	Implementing Agencies
Conflict Resolution Mechanism	<ol style="list-style-type: none"> 1. Discuss and negotiate conflict resolution mechanism at the participation forum of collaborative management for forest plantation establishment at the village level. 2. Formulate the conflict resolution mechanism based on: <ul style="list-style-type: none"> • Local situations, social, and culture • Customary, which is used by the local community for conflict resolution • Regulations 	<ul style="list-style-type: none"> • Forest plantation companies • ITTO PD 396/06 Rev.2(F) Project • Local community • NGOs • Academicians • District Forest Service • Provincial Forest Service • Chief of Sub-District
Preparation of Human Resources	<ol style="list-style-type: none"> 1. Assisted by experts 2. Visiting to demonstration plots or other forest plantation locations 3. Training 	<ul style="list-style-type: none"> • Forest plantation companies • ITTO PD 396/06 Rev.2(F) Project • Local community • NGOs • Academicians • District Forest Service • Provincial Forest Service • Chief of Sub-District •
Monitoring and Evaluation	<ol style="list-style-type: none"> 1. Monitoring and evaluation of the collaborative management programme implementation continuously 	<ul style="list-style-type: none"> • District Forest Service • Provincial Forest Service • Department of Forestry •

6 RECOMMENDATION

1. Adapt implementation of the collaborative management for forest plantation gradually as field conditions permits. In particular involving the capability of the local community. Implement it partially, establish cooperative or other enterprise for nursery, felling and hauling, etc. And with success and time, collaborative management can be applied as intended.
2. A good start will be on land areas free of disputes such as community forest plantations (HTR), community forest (HR), social forestry (Hkm), and on forest plantation areas of IUPHHKHTI.

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ATTACHMENT 1

Collaborative Management for Forest Plantation Establishment of PT. Musi Hutan Persada (MHP) and Local Community in South Sumatera Province

Programme: Management of Community Forest/MoCF (Planting programme of *Acasia mangium* on the lands of local community around PT MHP).

Collaboration: between PT. MHP as First Party and Land Owners/Community as Second Party

Objective: To plant the unproductive community's lands.

Process and Collaborative Form:

1. MoCF Programme started when agreement of First Party and Second Party come to terms.
2. Signing of Agreement Contracts of Management of Community Forest (MoCF) by both parties
3. First Party is represented by Head of PT. MHP Unit of the involved region
4. Second Party is represented by Head of Group, who lives in the involved village.
5. The lands of the Second Party shall have legitimate status according to the existing regulations
6. The lands of the community will be planted with *Acasia mangium* species.
7. The work elements of this forest plantation management consists of land clearing, planting, fertilizing, maintenance, forest protection, felling and hauling.
8. Planting and forest plantation management on the lands is conducted by Second Party.
9. The First Party gives investment, technical guidance and supervision.
10. The investment from the First Party is used for cost of planting and to pay of needed materials.
11. The benefits from the MoCF Programme is shared by both parties according to the agreement.
12. The calculation of the sharing benefits is based on net value of yield, is equal to wood selling prize minus total costs of expenditure.
13. It is agreed in the benefits sharing, that First Party will accept 60 % and Second Party will accept 40 %.
14. All MoCF programme is made by First Party in the form of Yearly Work Plan, which is than issued as Work Instruction Letter and as a Guide for the field implementation of the activities
15. The First Party will make Controlled Statement ("BAP") as controlling instrument.
16. The rights and obligations of First Party and Second Party is also regulated in the MoFC Programme (see attachment 2)

Source: Simon, H. (2004)

ATTACHMENT 2

Rights and Obligations of Parties in Collaborative Management for Forest Plantation Establishment of PT. MHP (First Party) and Local community (Second Party) in South Sumatera Province

Rights of First Party

1. To make management plan of forest plantation establishment
2. To regulate activities related to implementation of all work elements of forest plantation establishment according to Yearly Operational Plan
3. To manage, control and evaluate the results of the work in forest plantation establishment, which are conducted by the Second Party or other party.

Rights of Second Party

1. To be informed on management plans of forest plantation establishment on their lands, which are hand over to First Party.
2. To gain salary of conducted works of the forest plantation establishment. The salary is calculated based on costs per ha and based "BAP" conducted works. Costs per ha for each work elements are determined according to/follow market prize , and will be adjusted/re-evaluated every year.
3. If the implementation of the forest plantation establishment can be conducted by the Second Party, so the second Party has the right to have the Work Instruction Letter from the First Party.
4. Has right to gain benefits from forest plantation harvesting. The benefits to be shared is equal to harvesting wood prize minus all costs component of production costs of forest plantation establishment. (The first phase of payment is 50 % paid latest 30 days after volume scaling at landing, and the second phase payment is 50 % paid latest 30 days after the wood accepted by the factory.

The Obligations of First Party

1. To manage the lands, which have been given by the Second Party to establish the forest plantation in accordance to the agreed contracts
2. To give the rights to the Second Party according to agreed contracts.
3. The first Party and the Second Party are obligated to look after/protect the established forest plantation from fire hazards.

The Obligations of Second Party

1. The Second Party is obligated to guarantee the land security from disturbance of other parties.
2. To carry out all agreement agreed together.
3. To protect and look after the area of the established forest plantation
4. To prevent and control forest fire on the lands, which are agreed to establish forest plantation and land around it.
5. If the Work Instruction Letter of forest plantation establishment is given to the Second Party, the Second Party is obliged to conduct these works according to standard operating procedure.

Source: Simon, H. (2004)

**Drafting of the Legal Framework
for the Conflict Resolution Approach in Jambi Province
and South Kalimantan Province, Indonesia**

By:

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**“Strategy for Developing Plantation Forest: ‘A Conflict Resolution Approach
in Indonesia”)**

Juni, 2008

CHAPTER 1. PREFACE

1.1. BACKGROUND

Almost the 20 years ago, the implementation of empowerment of the community inside and around the forest in Indonesia still often is applied as the grant (charity), so in the final result is failure. Many of conflicts between private and the community have been found in the field, both in the natural forest and man-made forest management units. This is occurred because of the communities are not involved in each activity of the natural and man-made forest development. The community often encroached the forest for fulfilled his live hood, such as shifting-cultivation (seasonal crop), or even annual crop in the natural or man-made forest area. The land that is used did not have an ownership legality permitted by the government. They considered the land is 'inherited from their families' and the usage of the land is to meet the need of his family

Since the Act (UU) of No.41 in 1999, and the Government Regulation (PP) No. 6 in 2007 jo PP No. 3 in 2008 is implemented, the benefit of resources optimally is carried out by empowerment for local community by giving capacity and access into forest to increase his welfare (the Article 83 articles 1). The community empowerment could be carried out through village forest (HD), community forest (*Hkm*), or a partnerships (the Article 84, PP. No 6 in 2007). The community empowerment has been coordinated by Sub-district Head as the government officer in the Sub district (PP No.19 in 2009). Beside the programs, the community is also given by the opportunity to be in the business of "Community-based Plantation Forest" (HTR) as the business efforts. However it is not satisfied for all the access and the capacity have been given by private and government.

The *HTI* development strategy for the area of the conflict must consider the specific local environment condition in the local territory, and his resolution is suggested as far as possible only involves main conflicting parties (Elias, 2008). The *HTI* development for the area claimed and occupied by the community is suggested with the collaborative management (Fisher, 1995). The collaborative option is different from a partnership scheme that they usually apply by many of Forestry Company. Noted that the partnership is focused and stressed on the process of profit-sharing in the co-operation, whereas participative/ collaborative is focused the participative aspect in decision making, also benefit-sharing and recognition/local respect of the rights.

The idea why the company must collaborate with the community, it is based on the existence of the local community that controlled the land in a "de facto" manner, although the company has got a legally permission from the government. Therefore the company must beforehand "to acquisition" the land that is controlled by the farmer/the community. Further the company must carry out the understanding and the agreement with the community in managing his plantation forest. Afterwards these lands area managed together (collaboration) with the community to produce wood and other commodities, e.g. horticulture, rubber tree, etc. This collaborative could be developed by diversifying the crop, as the annual crop cultivation is wooden and horticulture (the seasonal crop). This collaboration in the form of the co-operation: could comprehensively or partially relates to the operational activity of the company that is as the daily labor or the contractor, or even managing their own of the forest.

The practice of the community empowerment in several African countries, South America, Central America, and Asia (ITTO, 2007) more placed the community as a subject of the forest development, e.g. by community-based forest enterprises (CBFE). In Indonesia, since 2007 the similar *scheme* has just started and become a government policy as the community-

based forest plantation (CFP). Until the middle of 2008, the CFP just published by the Minister of Forestry to allocate the availability of the HTR location in 37 regencies for 37.885 hectare. Now, HTR still often faces many obstacles related to the legality and permission as well as the capacity of the farmer's group.

To complete this paper, the observation by the writer is carried out in PT. Barito Pacific Group (BP group), consisted of PT. Aya Yayang Indonesia (AYI), PT. Hutan Sembada (HS) and PT. Jenggala Semesta (JS) in the South Kalimantan Province and PT. Wira Karya Sakti (WKS) in Jambi Province. Incorporated with the community, the developed *scheme* in the two companies is the partnership, both in and outside the area of *HTI*. Outside the area of *HTI* usually is outside the forest zone (this named the area of other usage 'APL'). The surveyed aspects are any problems caused any conflicts between the company and the community in the overlapped, occupied and claimed working area by the other company or the farmer/the community.

1.2. Intention and Goals

The intention of this report is to study the legal framework for the conflict resolution approach and partnership scheme done by the two companies, e.g. WKS and BP Group. The partnership scheme would be expanded to a collaborative management between the company and the community in the *HTI* development if both of parties needed the scheme. Moreover, also to study the benefit sharing has already done by the companies. For the next step will be a collaborative management with much procurement fulfilled by both of them. By observing the conflicting working area in BP Group in the South Kalimantan Province and WKS in the Jambi Province, this paper would become more completed. Therefore, this concept of the conflict resolution could be applied and developed by the two companies in each location in their working area.

The aim is to seek and find a format of the legal framework (the legality) in developing a collaborative management in the plantation forest associate with the condition and the local situation. This collaboration, on one hand, the company of *IUPHHK-HTI* already had the license from the government to operate in the production forest. On the other hand, the community/the farmer inside and around the *HTI* is acknowledged or honored by his existence because this land is cultivated for his generations. The principle to appoint the aim is based on participation needed by the farmer/the local community without violating the norms, the standard and the criterion determined by the government. Essentially there is no overlapping use of the land. None permit is above the existence permit in one working area.

Later on the collaborative management scheme can be used in the co-operation between the businessman/the industrialist and the group of community *IUPHHK-HTR* and *IUPHHK-Hkm* holders. The two licenses permit scheme had had a strong legality because the license is given by the Government to operate in wood forest product utilization.

1.3. Expected Output

Base on the results of the study, the paper could produce the basic framework as the legality base (juridical formal) for the *HTI*-Participative/ Collaborative management between the holder of *IUPHHK-HTI* and the farmer/the community. This is needed in the community empowerment towards the independent community. *HTI* Participative /Collaboration scheme that would be applied and developed by the *IUPHHK-HTI* company and the community/the farmer in BP Group and WKS are expected to become a model for the *HTI* Participative/ Collaboration scheme in the other area, especially the *HTI* area development that already has land use potential conflict. Expectation from the application of this collaboration in various forms is to establish togetherness between various parties, especially between the *HTI* Company and the

independent community, both in a manner the individual and the group in the area of the *IUPHHK-HTI* working area.

The collaborative scheme is expected to be able to develop a self-reliance community given by access, capacity building, and title/right recognition both by the company and the government in managing the forest. The right recognition here should interpret as respect for land they occupied from time to time in generation periode. This recognition should be strengthened by Notaries or the fifth leader of the district (*Muspika*) in making the memorandum of understanding.

Access to the farmer/the community in joining each activity of the *HTI* development should be given to the participative/collaborative applied by the company. Beside an access, the community/the farmer whose had already been increased in knowledge, attitude and skills, independently could improve their self-reliance business groups and more productive increase his income. The well operated business groups or collective business could be upgraded its legality as co-operative or private limited company.

Ought to be remembered that the *HTI* participative/collaborative scheme management model applied and developed by the two companies above have not warranted to be succeeded in the other area. Therefore it must be a further study of their local socio-economic condition.

The concept of the legal framework in the *HTI* participative/collaborative scheme will be applied as the model in two different companies, e.g. BP Group and WKS. The model may be expected to become the model for the conflict resolution approach found in the two companies. Later on could be applied in the other area permanently with consideration of local aspirations and the regional and community special characteristics.

CHAPTER 2. The Factual condition: The Legal Aspect of the Land Use

In fact, the community empowerment inside and around in several forest management units, both natural and plantation forest have not given yet results as the people' hope, e.g. community self-reliance building and welfare increasingly. Access and the legality given by the government and the company to the community is not optimally used because of the lack of the capital, the processing and the product market, the knowledge and the expertise capacity both technically and ability to run business.

2.1. Community Empowerment Policy And Its Legality

The Government Regulation (PP) No. 6 in 2007 jo PP No.3 in 2008 about the Forest Order and the Compilation of the Management Plan, and the Forest Utilization, in the Article 83 and 84 are entrusted that access and the increase in the community's capacity are given by the government. Access and the increase in his capacity could be followed through the community empowerment, which could be done through (1) the village forest, (2) the community forest, and (3) the partnership. The community empowerment in each area and the company could differ in its implementation because of the condition and the requirement by the local community, as well as by capacity of the company that collaborate with the community/farmer.

In Indonesia, the village forest almost resembles the customaries forest on the communal right of disposal command. The regulation must be guided in the problem resolution of the communal right of the traditional law community disposal is Minister of State's Regulation of Agrarian/Head of the National Cadastre No. 5 in 1999. The government continues recognizing the customaries forest existence, but to permit government recognition takes quite long process. It must be proposed by the regional government after getting the agreement of the stakeholders in the area. The evidence will become more complicated if not supported by legal proof and could not tracked down back to generations. Therefore, the Department of Forestry tends to develop the village forest cause, moreover, in a definitive manner (government administration) could be received by all parties. Noted that the village forest is the village wealth and must be recorded in the balance sheet of the Regency/City.

Different from the village forest, forest product utilized from the *Hkm* is wood and non-wood. The non-wood forest product harvested from the natural forest can be such as *jelutung* latex, resin, candlenuts, the eagle wood, the honeybee, rattan, etc. If the community wants to legalize their wood forest product extraction from the *Hkm*, first the community must be assembled in a legal body in the form of the co-operative, afterwards arranged a business license permit of community forest product utilization--Community Forest License named *IUPHHK-Hkm*). Moreover, there is also another community empowerment in the natural forest concession holder (*IUPHHK-HA*) through the Forest Community Village Development (*pembinaan masyarakat desa hutan - PMDH*), that previously is mentioned as *Bina Desa Hutan*. This *PMDH* scheme has been running for a quite long time with no obvious result in increasing the community welfare.

The community empowerment through the partnership is done by the *HTI's* Company between the company and the community inside and around the forest. The *scheme* of this partnership is shown by various forms of the co-operation, for example the individual or the group and the co-operative of the forest farmer (KTH) allowed working in each activity of *HTI* development. If the individual or the community in a "de facto" manner controlled the forest land

for their generations, then the company should respect this matter and effort to cooperate through *HTI- partnership scheme*.

In the landscape of the *HTI* development (SK Menhut No.70/Kpts-II/1995), there is a land space for allocating the crop for the community livelihood inside and around the forest, e.g. 5% for the life-species plant and 10% for multipurpose tree species. The layout gave the community opportunities to use this land space to support his daily need, both from the perennial crop cultivation, such as rubber and horticultural crop (rice, corn, soy beans, cassava, etc). The land utilization is for horticulture the food crop by the community could be done inside (inter the main plant '*tumpang-sari*'), whereas rubber must use the special land separated from the piece of the main crop.

2.2. The implementation of the Community Empowerment Policy

The community empowerment of a partnership scheme carried out by the BP Group in South Kalimantan and WKS in Jambi are very different in managing done by both of them. In BP Group, the partnership scheme has not developed yet like in WKS as well. Wood as product harvested by *HTI* from BP Group is to produce veneer and plywood by using the species: *albisia* (*Paraserianthes falcata*), *sungkai* (*Peronema canescens*), and *gmelina* (*Gmelina arborea*), and also meranti group of trees (family of *dipterocarpaceae*) that came from the natural forest, whereas WKS produces acacia and eucalypt species to supply raw material of wood-chips for the pulp and paper industry.

The *HTI* companies belong to BP Group consist of *HTI*-pure construction wood of AYI (SK. the Minister of Forestry No. 22/Kpts-II/1992, on January 10,1992) around 20.000 hectares, *HTI*-transmigration for construction wood of JS (SK the Minister of Forestry No. 143/Kpts-II/1997, on February 24, 1997) around 12.380 hectares, and *HTI*-trans for pulp wood of HS (SK the Minister of Forestry No. 445/Kpts-II/1998, on February 27, 1998) around 10.260 hectares. Collaborative management in the conflict area has not been yet available, whereas no conflict in the area has already had the co-operation with the community.

The production of wood from *HTI*-pure AYI is 20%, HS 80%, and JS still has not produced. The conflict area in the *HTI*-trans of JS (the land claimed) by the community is \pm 1200 hectares still occurring because the community wants this land for mining or planting rubber species. In AYI, other kind of *albisia* and *sungkai*, there is also rubber tree (*Hevea spp*) plantation for the community. As for the food crop or the seasonal crop, like corn, soybean, and paddy field still under the subsistent scale. The rubber trees is tapped for latex until the end of its rotation, whereas the rubber wood will be produced after latex has already a very few on it and the tree should be cut (the age of the tree is over 15 years).

Meanwhile, the problem of WKS (SK the Minister of Forestry No. 228/Kpts-II/98) is relatively more complex, e.g. by area of 293.812 hectare, that overlapped, occupied, and claimed are 40.000 hectares (13% of the total area). The space area occupied or claimed by the community is over the portion arranged by the government. The current problem is hold on by the communities themselves instead of the *IUPHHK-HT* area of WKS holder and continued developing toward the forced desirability by certain people, both from the local community and outside the area. This people or '*cukong-cukong* (free investors)' mobilizes the community to occupy the land in *IUPHHK-HT* WKS in order to receive the acknowledgment (the legality) from the government of Jambi Province. Noted that the role of the NGO comes from the Association of the Jambi Farmer (PPJ) took part in having the contribution of completed problem between the interests' parties: community, company and government. The solution taken by Governor of Jambi and the Forestry Minister are to continue maintaining the area of *HTI* WKS as a production

forest, whereas the area has already occupied and planted sawit or rubber tree by the community will be planted to combine sawit or rubber tree with the kind of meranti and *jelutung* species.

The collaborative management between the *HTI*'s WKS Company and the community must still be increased because many conflicts are still going on that area. Collaborative management for the land overlapped between the *HTI*'s Company and the other company (the sawit estate) and the community's rubber really will be difficult to be settled, except via legal approach or consensus among the government, the NGO, and the user's community of this land to change kind of the crop. The area already occupied and claimed by the community and still might be carried out through the forest-partnership scheme will be increased to become a collaborative scheme by the management.

Moreover, the community around WKS is more easily to find the work as long as met the procurement to carry out the contracting works, such as land clearing, seedling cultivation, planting & the maintenance of the crop, as well as the log transportation. For seedling cultivation has been cooperated with the forest farmer co-operative or contracted to individual or group. By developing through the training of the management capacity held by the company, then the farmer or the farmer's group could up-scale their business. In addition to the program of community development (CD), the community continued being re-educated in order to make-up their business reliance, so in the future have to not depend on the company with social helping.

2.3. The Conflict resolution by Honoring Differences of Types in the Local Rights

In the process of constructing scheme, the difference of types in the status of the local land should be recognized and it is considered as one step in integrating a social aspect in the plantation forest management in Indonesia. This shift is also pushed by the social-politics change at this time that enabled to adapt more flexible towards the local condition by companies operated in the territory. The company perception and the appreciation towards the status of the community's land/the farmer determines the status type accepted in the partnership program. However, the consequences and the implications against the community/the farmer are many various. Land information controlled by the community/the farmer has various problems from the strength according to the country's law (such as the land certificate) to the very few of strength (e.g. the communal land property of the community/ the farmer).

Before the company established *HTI* in a location or the certain territory, the community/the farmer who controls this land ask for land-compensation for a certain period to the company. This compensation size depends on negotiation around the two of doing a partnership. The term in the receipt of the land from the community/the farmer is known a "land acquisition", although this action is untrue fully, but because of the demanded situation, then the company must accept and pay this land by compensating for the *HTI*-partnership *scheme* development activity. This land will be used by the company for 45 years (Finnantara Intiga scheme) or for 18 years or 3 crops cycles (WKS scheme), whereas in BP Group did not yet use this scheme.

The support from the government authority became important against the company to have flexibility in accepting status extension of the land. Even though the community/the farmer perspective, the process in defining the status of their land to manage the partnership scheme has indirect influence towards the recognition of the right for a long term or the other land status, clearer boundaries between communities lands, and the conflict resolution mechanism of the community's member in land resources around themselves.

Table 1. Categories of the land status¹ included in the community-company partnership

Categories of the land status	The requirement and the implications for the guarantee rights
The communal land property of the village (including the traditional land, except <i>tembawang</i>) ²	<ul style="list-style-type: none"> • Member of the community honored the status of the appropriate land needed by the customaries right; • Un-recorded in the status category of the land according to the country's law.
The individual land based on the Letter of Village Head on the land status or <i>SKT-Surat Keterangan Tanah</i>	<ul style="list-style-type: none"> • Proved by the Village Head and honored by the community in surrounding the villages; • Could be improved to get the certificate from the Land National Body office in the district or province level
The individual land based on recognition letter from the Village Head (or the sub-village) or the Acknowledgment Letter of the Right	<ul style="list-style-type: none"> • Proved by the Head of the Village (or the sub-village) and honored by the community in the village; • Could be improved to get the land certificate with the long administrative procedure if the land out forest zone.
The individual land based on the certificate of land.	<ul style="list-style-type: none"> • Status of the land is legalized and ratified by all the levels of the authority of the government; • Respected by all of the stakeholders.
Land rights recognition to the area of transmigration.	<ul style="list-style-type: none"> • Status of the land is guaranteed by the government program in the appointment of the inhabitants/transmigration; • Respected by all of the stakeholders.

Source: Nawir, et. al. (2003)

¹ The status of the land/the right for to the local community is the sensitive matter in Indonesia, and in this article generally is interpreted that this did not discuss about the title of the land.

² *Tembawang* is the community's local land that was controlled individually or by the family who is planting the different kind of trees (usually fruit trees)

CHAPTER 3. The Operational Strategy: The Conflict Resolution Approach in The Usage of LAND Resources

Generally the management approach is much related with the ownership or the commandment on land resources/the land (tenure), and it will determine a set and the allocation on the right and the interests (privileges) to use the resources (Fisher, 1995). Of the two often occurred the inter-group (stakeholders) conflict, especially between the *IUPHHK-HT* holder and the community/the farmer controlled on this land

The conflict resolution could be caused by various manners and the interests' modus between the company and the other company, or the company and the community around the forest. To overcome the conflict between the company and the community, Kusumanto, et al. (2005) suggested that the need carried out through the participative approach or the collaborative management must contain three categories. These are participative in decision making, benefit-sharing and recognition of their land (or land tenure). The participative or collaborative approach is meant to change from the upper-low approach, where the decision as far as possible moved from site affected by the impact to the actor in the decision-maker ('bottom' of the system). The collaborative management often uses positively and could change internally (interchangeably) through co-management, participation, the joint venture, the profit-sharing (share), or managed by the stakeholders communally (the business group).

3.1. *The Legal basis in the resources Management*

The collaborative management could work if the stakeholders have the conviction in accepting the benefit from the use of resources, both in the short term and long-term (FAO, 1999). Following the legality criterion of the foundation to receive this conviction are as follows:

- (1) The manager works in the company and bases on the right acknowledged by the government (land rights took the form of the 'SHM' or Certificate of Individual Right or proprietary rights certificate, the certificate of the 'SKT' land, the transmigration land that recognized by the Governor, etc.;
- (2) These rights is recognized by the stakeholders (the communal right of the village community/the tradition);
- (3) Stakeholders determine legal permission in accordance with the regulation and the current provisions (permitted by Government namely *IUPHHK-HT*);

The local community received the rights is usually restricted in resources usage. The holding legal right as the village land/the tradition could be restricted in use when permission from the government is issued on the village land/the communal land in the area of *IUPHHK-HT*. This could push the wish to collaborate between the investor and the community/the farmer in this village, especially in the resources management. However, the normative situation in the context of law or the legality often became very complex, and the law could be interpreted or applied by the law officer and the government differently when being faced by the customaries community. The other problem possibly occurred that the community does not know the law or his rights, so in the certain condition and situation is considered against the law. In fact they are blind about the law. The community/the farmer only follow the habit and his instinct to process his land in order to satisfy the requirement for the live hood. Instead of the customs and traditions become a normative order for the local community in a special "order or law" that is valid in the local

traditional community. This preset environment becomes the collision ground for the implementation of the *HTI* development in the field. For the holder's company *IUPHHK-HTI* continue holding the country's law (positive), whereas the community used the traditional law that almost has not been written by the customaries. The condition could cause a difficulties thing for the executive of the *HTI* development in the field in applying obligations outlined by the Government.

There is several additions of the criterion to support the legality as the enabling condition in the collaborative management, are as follow:

- (1) The use of the right and the privilege will be safe if being acknowledged by the government;
- (2) The community knows about their rights by obeying the positive law and ought not to oppose with the traditional law;
- (3) If his rights are not safe, the government tended to help and acknowledge several among them in the long mechanism and procedure;
- (4) There is an access into the area of *IUPHHK-HT* that is enough to protect his rights;
- (5) The law and the regulation are applied without exception and all the parties obeyed him;
- (6) The law and the regulation are applied without corruption (governance) ;
- (7) If government executives done by means of the negative must have the independent's agency and is able to bridge his resolution associated with who the problem makes it.

The legality environment could be more difficult if any illegal activities are on going, or when there is the real difference between the stakeholders accounted for the interpretation and acceptance about the formal and informal rights. The available law could be changed or revised, the law implemented pro-poor could be considered, and the unclear rights could be discussed repeatedly, but this activities will take a lot of time. The present event in the field possibly could not be dismissed, but dialogues in the level of the village, discusses in the level of the sub district and the regency even the province must continue being striven to achieve the agreement around the parties. The security approach as far as possible should be avoided due to the possible dispute might spark anarchist.

3.2. Legal Basis of The LOCAL Organization

Beside the rights related to the natural resources use, there is a legal issue that could influence the group to carry out the business and formal efforts, e.g. several economic transactions and the social activity. The local organization carried out these efforts needs the legal status and the appropriate protection. The following illustration of several legal conditions is comfortable and safe to collaborate:

- (1) Legal foundation enabling the group of land users (the community/the farmer and the company) need to get a contract, open the bank account, and borrow money with the guaranty;
- (2) Partnership between the company and the organization in the community/the farmer level bounded by the MoU and strengthened by the leaders of sub-district (*Muspika*) and/or Notary;
- (3) If no legal foundation, this is possible to achieve the aim of collaboration, but without an organization recognized by his legality to collaborate in the license' permit area).

Several activities of the *HTI* management could continue going when the community has already accepted a gain to meet their requirement. Yet, it is necessary to be negotiated to repeat in order to increase the value of the profit-sharing between the co-operated parties. Since the conflict interests still occur, then the Government could facilitate a dialogue forum between the parties to solve the conflict. And then the forum makes a decision: could be/or not to be recognized the community's/the farmer's rights (Fisher, 1993 and Lynch, 1995)

3.3. Participative Approach

It has been explained above that the development *HTI*-collaborative *scheme* guide the community get into an access and involve in decision making before *HTI* is established by the company, whether to all or in a part of working area (Ingles, et al. 1999). Therefore, this area is categorized into the conflicted area (occupied and claimed by ones or groups of parties) between the company and the community.

To manage the area, usually the community/the farmer participation get access in decision making, by:

- (1) Completing the decision making even only in the limited planning stage. Unfortunately, in operational the *HTI* development is at once carried fully out by the company;
- (2) Involving into various activities of the *HTI* development, both inside and outparties the area controlled by the company. The community is as manpower or workers, as well as forest guards from fire and other humankind disturbance;
- (3) Allocating the annual crop in the land cultivation controlled by him for the life crop or the annual crop is based on the *HTI*'s landscape;
- (4) Following the occasional training held by the *IUPHHK-HTI* company holder's to increase their knowledge and skills in the *HTI* development as well as in building the business group together and/or the co-operative;
- (5) Following the community development program (CD) packed by the company to develop the local community self-reliance;

The participative *scheme* has not reflected yet the collaborative management because of the limitations or the absence of one of the parties in the decision making. The individual or the community in the business group together (the co-operative) only might be involved in one or several work parts, and not involved in each decision making made by the company.

The community as the work force will accept the wages from the company in each activity given by the company. Against the area that 'controlled' by the community and has been cooperated with the company, eventually, the community will gain the main crop in the end of the plant cycle (the harvest). The portion is distributed and determined the shares associated with the agreement. Beside the community could carry out the activity resulted the seasonal crop (rice, the soybean, corn, et cetera), as well as the annual crop (rubber, chocolate, *jelutung*, etc.). The higher participation is the involvement of community in the wholesale activity through a working order without the work agreement (Widyantoro and Sukadri, 2007).

In practice, in the several *HTI* companies, the participation *scheme* is quite developing because of the company is free in operating on his business, but also often faces problem when some communities are not involved in the decision making process. By complaining dynamic

needs of the community, then the land as main capital becomes the conflict target, so it is necessary to seek the other *scheme* to strengthen the bargaining position from the community.

3.4. The choice of the HTI Management: Partnership or Collaborative?

Other form of the co-operation between the company-community in the *HTI's* Company is partnership. Different from the participation *scheme*, the partnership *scheme* is a demand of the existence of the distribution (sharing) the risk and the benefit that is better between the company and the individual or the community in the business group have a body of law or the co-operative (ITTO, 2007). Whereas the collaborative *scheme* has determined or demanded the acknowledgment of the community's local rights as main element becoming a variable input in the collaborative management. Moreover the community/the farmer are always involved in the decision making process from planning to monitoring and evaluating.

Says that the community controls the land strongly or tradition forest-land or communal land 'recognized' by the local government, then will manage forest-land although the area is in the area of *IUPHHK-HT*. The concession holder must hold the understanding and the agreement on land management with the individual or the community/the customaries in managing the forest. In this level, the forest-land occupied or claimed by the community has not belonged to a right strengthening legality by land ownership (Maturana, et al 2005). Therefore, the *HTI's* Company is unnecessary to separate the area (enclave), because the company has been given a legal permission by the government to manage the land in the region of the state's forest.

The partnership *scheme* has involved the two parties in the process of the co-operation focusing the distribution of the benefit around the two one (benefit-sharing). The co-operation is presented in the agreement letter of partnership arranged kind of activity, right and obligation as well as benefit-sharing for the two parties. Whereas in the organizing and supervising function are still held by each the party in accordance with the co-operation agreement. The partnership must be developed in a harmonized situation based on right and obligation consideration proportionally between the two parties. The land could be managed together through a joint operation. The principles are to get a benefit-sharing or royalties in accordance with the portion agreed to together. In practice, the *HTI* company applies the partnership *scheme* without benefit-sharing, but giving the money as royalties (royalty fee) counted per cubic meter of wood and directly produced from the co-operated area (Widyantoro and Sukadri, 2007).

Moreover, in the partnership scheme also could be carried out the activities, such as mechanical land clearing, seedling cultivation, planting and maintaining the main crop, wood harvesting and transporting. The community or the individuals are inside and around the *HTI* could receive a working order (by contracting the jobs) with the company. On each job is strengthened by working agreement between the company and the individual or the business group having a law's body (likes co-operative), so that they are adhere on each other in right and obligation to the country, whether assets or his jobs.

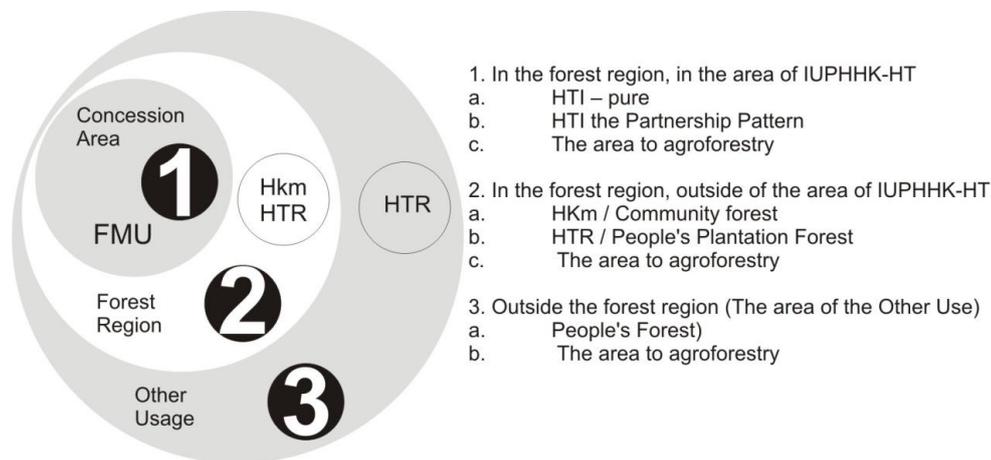
The partnership strength is the existence of the business risk distribution, so in every business entity could reduce his risk. Therefore, each others could concentrate his assets to increase the benefit value. The weakness is that the partnership could raise the operating cost for developing the *HTI* because the company has to increase the supervision in the field operation. The supervision must be held routinely and directly closing the co-operated object. It often makes facing the problem when the field staff of the company and the partner's colluding in determining the realized work volume.

In the participative/collaborative management, each party is tied in details of the management function, which are covered as planning, organizing, actuating and controlling

(monitoring & evaluating, as well as supervising). The series of these functions are presented in the MoU and the co-operation agreement in the development of *HTI*-collaborative management. The agreement made must be more detail, and tight the two parties to hold firm of each other in connection with the agreement contents, especially his involvement responsibly in planning, right and obligation as well as benefit-sharing mechanism. So, each problem could be anticipated through the participation forum facilitated by the company (*IUPHHK-HTI*) which consists of the official/the employee of the company, the representative of the community/the farmer, and the assistant officer. The latest one could be appointed by the government with the qualification as forestry extension, or the person from the non-governmental organization or the local tertiary institution that are neutral and independent position.

3.5. The Recognition/Local Respect of the TITLES/Rights

At this level, the process of recognition/local respect of the rights has been acknowledged by the parties. Each party has the legality that could be proven by the ownership document (property right). In this case the company needs to enclave the location out the working area in order to the each one has the obligation against the country up to the land' ownership.



Picture 1. The allocation of the area of activities of the plantation forest collaborative pattern management

Figure 1. The Allocation of the areal of activities of the plantation forest with collaborative management.

Further, they are available to carry out the collaborative management or executing their own business activities. If the area is not enclave, then each party must obey to the regulation or the state's law. The plantation forest development in the working area could be collaborated according to the distribution of the forest region and non-forest (see Picture 1).

The individual or the business groups whether has or not the law's body, they have an asset up to his forest land right given by government in the legal license. The piece of land owned by the ones might be cooperated with the *HTI* Companies. A suitable concept with this condition is to the people's forest (HR or 'community forest plantation') if the land out the forest zone, or the community-based plantation forest (HTR) if the area inparties the production forest. The area of HR is generally owned by individual and recognized by stakeholders because of his land has been complemented with the ownership document or the fact evidences. In the other case, the village's forest (or adat system of land tenure) could establish plantation forest in the context of community empowerment through a collaborative management (the area is ratified by the local government and Minister of Forestry). The village's forest area would be given by the

government (the Minister of Forestry) through the management right, not in the forest utilization. Since the village's forest management wants to propose for the forest utilization then they should be a license for the plantation or natural forest utilization. Different from the HTR and the social forest (*Hkm* or 'community forest'), these forest land would be utilized by the community or the group is the land controlled by the country (state-property).

To the land right recognized, whether under the HR, HTR, *Hkm*-wood, and village's forest then the activities could be carried out through self-managed (*swakelola*) or collaboration. The land recognition would be more power in bargaining position compared with the participation and the partnership *scheme* (has been discussed before). By recognizing the land right, the collaboration *scheme* becomes a better expectation and guarantees will stifle the unrest of a conflict. This concept could also increase the income of the individual or the community or the group.

To the four types of this plantation forest management, in principle gives the portion to the individual, the community or the group to do business in the forestry sector (community-based forest enterprises), whether for producing wood or non-wood products (MoF, CIFOR, DFID-MFP, 2005). The spirit principles giving the larger portion of the management to the community is the assets command up to the land and crop in the *HR* and *HD* as well as only crops in *HTR* and *HKm*. According to the policy of the Department of Forestry, the location of the forest management unit related to empowerment of the community can be followed in Picture 1.

3.6. Choosing the Activity for the Collaborative Co-operation.

Various activities could be cooperated (participative/collaborative) as Picture 1 above, not all of them will be developed as a model in this project. The activity chosen is the participation co-operation/collaboration in the area of *IUPHHK-HT* for the forest development of the industrial crop, both in *HTI*-pulp-wood and *HTI*-construction-wood. The area chosen is the area that has a minimum conflict, e.g. the area is in early stage of claim or occupation by the community without being completed by evidences of the ownership endorsement.

The co-operation election (participative /collaborative) in the *HTI* development area is based on the considerations as follows:

- (1) The location of the *HTI* development has often many claims by the community because this location closes to the settlement and opens to accessibility, so it causes a very potential conflict of the land use;
- (2) Land claims by the community around the *HTI* is high possibility to run a co-operation (participative/collaborative) in land resources, so as can produce more productive benefit to satisfy the requirement for his daily life.
- (3) The plantation forest will tend to expand and become the main prior of forestry development in the future to support the wood supplies of raw material for primary wood based processing industry;
- (4) There has a continuity guarantee on the *HTI* development by the *IUPHHK-HT*'s holder because it stands as the main sources of the wood supplies.

Basically, the collaborative *scheme* could be applied with clear mechanism, these are (1) the community involves in the decision making process, especially the company's planning, (2) the sharing-benefit process just in accordance with the proportion input of their respective production, (3) the local rights acknowledgment could be proven legitimately or admitted by

interested parties. Three matters of these subjects' demand a multi-stakeholders understanding in the implementation programs. The participation forum must be based on the awareness and the commitment together between the company and the community/the farmer going to collaborate.

Different from the *scheme* of the partnership has been applied by several companies in Indonesia, the participative /collaborative *scheme* really must be supported by commitment from those who would collaborate. Therefore, it must be a model of the collaborative management in the selected location where the plantation forest development by participative/collaborative management *scheme* tested in field. The participative/collaborative model in selected location will be in the WKS area and BP Group. The certain location will be selected by the other consultancy. The model is expected to be applied at the *HTI* companies in other region in Indonesia, otherwise in the worldwide as the ITTO's mission. The test will be placed in the *HTI*-pulp and construction location because this area will be potential conflict between the company and the community related to the land use in the future. In fact, the selected location also could be taken place in the *HTR* location, *Hkm*, or *HD*, where this location has been acknowledged by government legality.

CHAPTER 4. The policy And the Legality of Supporting Benefit Sharing

Basically the policy and the legal framework in the forest management are developed to support the distribution equality of the contribution between the cost and the benefit from each activity in the forestry field. In this chapter several policies of the government and company that support the legality (juridical formal) and gave the opportunity to run business in the forestry field to the individual, the community or the group so that they could increase his welfare. The government receives revenue to increase the gross domestic regional product (GDRP), as well as the company receives the benefit from the wood crop to increase wood supplies to his industry. In the meantime, the community/the forest farmer receive the benefit with the existence of the transfer of knowledge and technology, the transfer benefit, and autonomy through various managements and the increase in his capacity. Further will be discussed by the benefit what will be received by the individual, the community or the group in this forest management.

The choice of the *HTI* management in the area that occupied or claimed by communities/farmers is guided to carry out co-operation the *HTI*- collaborative *scheme* development. A policy of the government is needed as legality supporter in management that obliged the *IUPHHK-HTI* company to give space (access) and to increase the community's capacity in organizing productive efforts. The distribution of area for the *HTI* development has been arranged by Forestry Minister's Instruction on No.70/Kpts-II/1995 with the portion of spaces as being explained in the session beforehand.

4.1. Government and Company Policy

The government played a role as a facilitator, dynamistic, and the regulator in the development of the plantation forest and the social forest. As the facilitator, they obligate to give an access to the community towards the law, resources, the market, and finance. Beside access also the management capacity and institutional must be built so that could increase activities in doing business. Apart from the government, the company is also demanded to give the portion of the managed land for the local community activity in a legal manner. To development this collaboration *scheme*, the company could carry out programs that are packed in community development (CD), so as the farmer/the community could apply and expand his efforts. Further they could become the productive partner in the *HTI* development.

Regulations 41 in 1999 obliges that the forest must be managed to give the dual benefit to many parties and welfare the people. Although the government supervises, builds and controls various activities in the forest region, but this control must appreciate traditional law, pushes the community's participation in the forestry activity and put this participation through help of the stake holder forum of forestry. "Tradisional law community" has the right to extract the forest product for everyday need, manage the forest, and empower in order to improve their welfare.

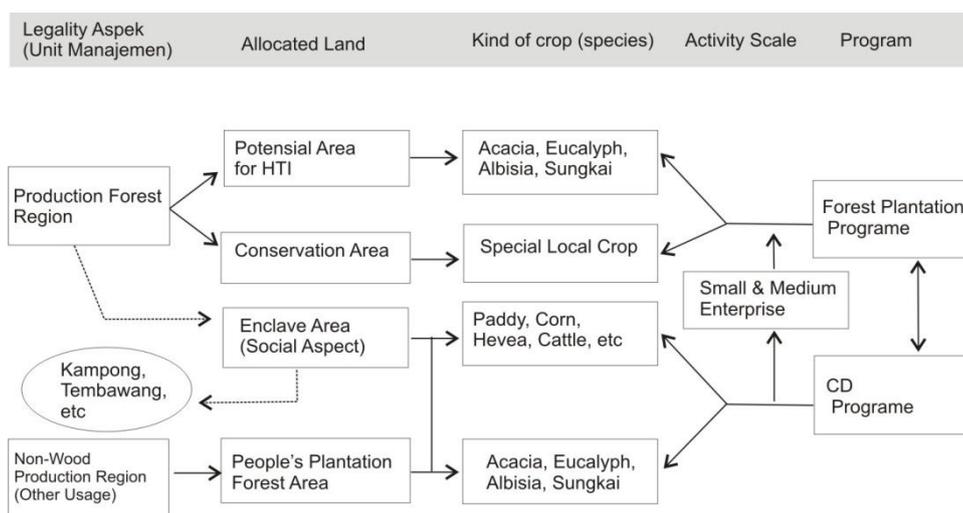
Through the Government Regulation (PP the number 6 in 2007 Jo PP No.3 in 2008) entrusts that to get the optimal and just benefit carried out by empowerment of the local community, the Government should develop the capacity and access to the community in the increase in their welfare. Empowerment of this community is the obligation of central and local government (the Article 83, the article 1 and the article 2) and coordinated by the Head of Sub-district or *Camat* (obligated by government regulation of No.19/2008). Further, empowerment of the community could be carried out through the village forest, the social forest, or the partnership (PP No.6/2007, the Article 84, point 1).

The policy of the other government that is related to the problem of the land is Minister of State's Regulation Agriculture/the Head of the National land Body No.5 in 1999 about the Guide the Problem Resolution of the Communal Right of Disposal of the Traditional Law Community. Towards the problem of the land that is this communal right of disposal, for the determination as the land/the traditional land must be recommended by the Regional Government to the Forestry Minister along the land/this land is gotten in the forest region. It is the best for the available traditional land in the region of the production forest that his land is given by permission to the company could be carried out by the co-operation (collaboration) in empowerment of the local community.

The empowerment co-ordination of the available community in this location carried out by the Sub-district Head (Camat) in accordance with PP No.19 in 2008 about the Sub-district. Each agreement or the co-operation agreement between the company and the community that collaborate must be strengthened by sub-district apparatus (the conference headed by the sub-district *Camat* and/or *Muspika*) and/or the notary. This is needed because to tie both of them in order to hold each other firm and obeyed by respective parties. On the one hand, the company receives legal permission to manage this forest land, but on the other parties of the community/the farmer controls the land for generations without legal ownership evidences of the land/the land. Therefore both parties must obey and committed against what has been agreed to and receive the benefit as much as possible.

4.2. The policy of the Company in Applying the Layout of the HTI Development

In accordance with Forestry Minister's Decision of No. 70/Kpts-II/1995, the layout for the HTI development in the region of the production forest consists of the main crop, the main crop, the life-supporting crop, the protected region, and means/the infrastructure. The portion respectively space is (i) 70% for the HTI main crop, (ii) 10% for the special local crop, (iii) 5% for the life-supporting crop, (iv) 10% for the protected region, and (v) 5% for means/the infrastructure.



Picture 2, HTI Development and CD Program

Figure 2. HTI Development and Community Development Program

The HTI - collaborative scheme development that is undertaken in this case study covered the HTI program and the program community development (CD). The area that is developed covered the area in the concession (IUPHHK-HT). Peluso (1999) suggested that the

existence of collaboration in the sustainable forest management through the role of small and medium businesses must be effort and given an access to the forest management. The allocation of the land and various crop kinds that are planted by the *IUPHHK-HT* company and the community/the farmer that controls the land for generations could be followed in Picture 2.

4.3. What is the benefit and for whom?

Several scientists determine the special benefit received by the community in the forest management of collaborative scheme. This benefit is generally divided in the social benefit, economics (direct and indirectly), and the environment. The social benefit in part: the strengthening and the development of the co-ordination as well as the mechanism of good governance, relations and network (social capital); political empowerment; the creation and the work opportunity of the local community; the institutional formation, the right to the land, the capacity, welfare and the security.

The benefits of economy are in part of: access against wood products and non-wood for the use of the direct household; the income from the sale of the wood product and non-wood; results from agro-forestry activities; the market of the environmental service; as well as work force in the activity of the community-based forest management. The environmental benefit in part: the maintenance of the environmental service (the biological diversity, the fertility of the land, the productivity of agriculture, the absorption of carbon, the quality of water and air); and the continuity and forest resources that are carried out well (Mukherjee, et al. 2002 and RECORFTC, 2007).

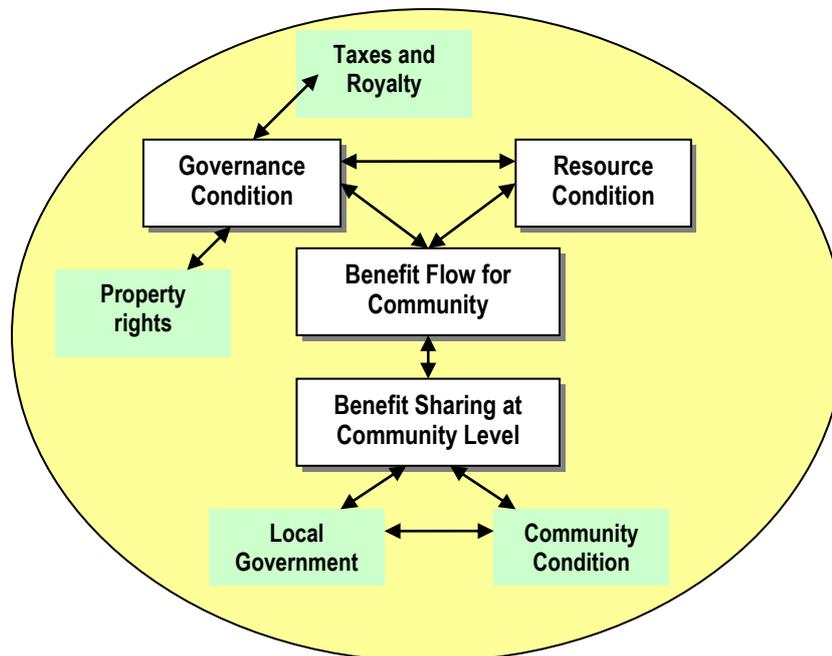


Figure 3. Benefit flow and sharing (Mahanty et al. in RECORFT, 2007)

In the forest management through the collaborative management, the community will have the contribution in decision making in relation to planning that is the function of the *HTI* management. Acknowledge or respect on the local rights stronger because of being supported by the agreement and the binding agreement of the two parties. The real benefit could be met directly (tangible benefit) by the community in part (1) results of the integrated agricultural crop,

for example the paddy-field, tumpangsari the second crop kind and horticulture, (2) the crop that is needed and wanted by the community like superior rubber and fruits, (3) the incentive to the infrastructure and the land, and (4) the development of the road as the access opener that could connect villages, (5) educational facilities and the health of the community that is built by the company.

However, indirect benefits (intangible benefit) are in part of (1) the institutional strengthening through the formation of the co-operative/the group of the forest farmer, etc (2) education and the training for the community, (3) pupils' education through the sending of the far class teacher, and (4) other facilities like help of the special local crop and the life-supporting crop to maintain the balance of the environment and the other benefit. In the *HTI* management activity, the local community is involved in the stage of the filed activity of *HTI*. The involvement is being as manpower in each operational activity the *HTI* development and/or as the wholesale worker (the contractor).

The main benefit of the *HTI* development with the collaborative management scheme is carried out between the holder *IUPHHK-HTI* in BP Group and WKS and the community is availability of the community's access to the real sector as well as the increasing community capacity in the productive sector activities. The other benefits that could be received directly by the community/the farmer are as follows:

- (1) Increasing the income from results of integrated agriculture (horticulture) or the food crop and latex to fill up the waiting period of the wood yield;
- (2) Receiving the production from results of the wood harvest in the period of the cycle end (7 years) that it is considered as "saving results";
- (3) Getting the work opportunity and business in each operational activity of the *HTI* management (the land clearing for preparation of the plantation forest, nursery/ seedling, planting and maintenance of the crop, harvesting, transporting) in the alleviation of poverty;
- (4) Have institutional that is strong (the co-operative and/or the communal business group (together) as the realization in applying the business in the productive sector;
- (5) Receiving the valuable lesson from trainings that are given by the company and the government agency so as the community/the farmer could be independent and prosperous is compared to dry field cultivation;
- (6) Rights is acknowledged or honored, both the land that is controlled by him and the dignity of his humanity because of being involved in the process of decision making;

As for the benefits that received by the *IUPHHK-HTI* company are as follows:

- (1) Sustainable supplies of the wood is as raw material for his industry;
- (2) Securing investment and guaranteeing business because of the farmer/the community takes part in guarding the company's assets;
- (3) The harmony in the *HTI* development in the area between the company and the community; and
- (4) The environment is guarded because the degradation of the forest resulting from agriculture continued to decrease.

In the meantime, the regional government felt less burden because various problems of his resident's conflict are related to the use of the land and the income of the area increased as well as lands that are unproductive becomes more productive and produce the benefit for the community welfare.

As being discussed beforehand, the partnership scheme is more stressed on the profit-sharing, so giving fewer lessons that are valuable for the communal business group and/or the co-operative. Beside this, the partnership scheme gave more opportunity to big Company, and will more control his business, because of far different capacity that is owned by him. This trend will create the domination in decision making, especially from the aspect of *HTI* planning because of the institutional weakness available in the level of the community/the farmer. The partnership scheme more place the company as main stakeholders, while the community is still being placed in the benefit recipient position.

The distribution scheme of the benefit between the community and the company varying depends on the agreement. Generally the community could accept results from the forest collaboration management, around 20% of the selling price of the commodity (results of the wood crop). However from results of his combination crop, as rubber could be fully accepted by the community without sharing with the company. Beside these results, the community (the farmer) still could receive results of the seasonal crop.

4.4. Understanding Between Community and Company

The collaborative scheme management is interpreted as a *scheme* of co-operation between company and the other parties and/or the other legal business body (in this text is the individual, the communal business group and/or the co-operative) to carry out business that gave mutual benefits together. His activity covered the preparations stage (survey socio-economic and built understanding), the implementation and monitoring the *HTI* collaborative scheme management. The concession area that has been received by the company for the main crop must inform to the local community continuously and covered all work area.

The forest management understanding is preceded with the socio-economic survey of the community through the approach participatory rural appraisal (PRA). This survey could be run by the company or the tertiary institution agency. To guarantee independence this survey better be done by the independent's agency, like the tertiary institution or NGO. In PRA matters that will be known in part:

- (1) Whether the collaborated location has fulfilled the formal legality criterion;
- (2) The history of the community's agriculture practice inside and around the forest whether as the sub-system farmer or is in the certain business scale;
- (3) The main wish for the individual, the community's group, and/or the local co-operative is related to the income that could be received routinely and periodically;
- (4) What technique is used by the farmer in managing the land/soil, both the yard and the field in the area of *IUPHHK-HTI*;
- (5) What kind of work could be done to receive the additional income in the *HTI* development;
- (6) What kind means/infrastructure development is needed by the community to mobilize and the connector between the village to the village, or what building needed for the activity of religious duties, education, and health;
- (7) Whether the farmer needed a forum for productive efforts that could increase his capacity in join in as well as building *HTI* and receiving his benefit? ;
- (8) What Training is needed by the farmer so as to be able to increase knowledge, skills and attitude?

This entire wish is sorted according to the category of the program as being discussed in the Chapter 3, then is packed in the program Community Development (CD) the company. The agreement is between the two parties presented in the Memorandum of Understanding (MoU) and is strengthened by the official of the sub-district (the Sub-district Head or *Camat*) and *Muspika*. This mechanism is often categorized as the agreement under the hands. To strengthen the MoU, this agreement should be strengthened by the notary in order to become stronger in the civil law as a legality binding.

MoU with the community is aimed communally, not individually, within the village boundary. The village community/the village public figure that is indicated to represent the community signed MoU between the company and the community. This is done to facilitate the regulation towards the use of the land and the distribution of results, in part for the farming land rice, corn, and the soybean that are done to satisfy the personal requirement, whereas the area for the rubber crop in order to gets results of latex from rubber tree that is sold with the business orientation (Nawir, et al. 2003). Whereas the CD program is carried out by the company by making the rubber estate in area space that is allocated in accordance with the proportion that is 5% from the total effective area of the crop of *HTI*. Or, if the community/the farmer has the land in the yard of his village, then rubber crop units could be develop in the settlement/their yard (called *kampung karet*). In the application and development stage, the farmer/the community could make use of loan facilities from the agency of alternative finance or Credit Union (CU), like the co-operative lend-borrow that developed in his territory or could lend the loan from the Public's Service Body of the Forest Development Fund (*BLU-P2H*) from fund raise of the Reforestation Fund (DR) that is managed by the Centre for Funding Forest Development, Department of Forestry.

4.5. Right and Obligation

In the *HTI* collaborative scheme management that will be developed must fill the mutually-beneficial interaction, results orientation, openness, justice, balance, and responsibility. These principles must be noted into MoU that is the agreement between the company and the community/the farmer in the *HTI* collaborative management. The right and their respective obligation the parties are untangled below this.

4.5.1. Company and Community Rights

The community's rights in the *HTI* collaborative scheme management are as follows:

- (1) Accepting the wood yield in accordance with the proportion that is agreed to in the MoU;
Permitted to access into the *HTI* area to plan the food crop, horticulture, and the life-supporting crop (rubber, pepper, etc.) in accordance with space that is arranged in SK the Minister For Forestry No.70/Kpts-II/1995;
- (2) Accepting education and training to increase the human resources capacity, the economic capacity, and the institutional capacity (business group or the co-operative) ;
- (3) Joining in the process of the company's planning, especially that is related to the implementation of the *HTI* collaborative management;
- (4) Accepting help of production inputs, including fertilizer, pesticide, herbicide, seed/ seedling for the food crop, horticulture, and the life-supporting crop;
- (5) The business group goes to the co-operative could buy some shares from the company with the normal price.

The company's rights in the *HTI* collaborative *scheme* management is as follows:

- (1) Making use of results of the wood from the *HTI* and employ individual/the community's group that collaborates to accept the work in felling, skidding, wood transporting from Collecting Wood Place (*TPn*) ;
- (2) Managing *HTI* area that is given to the Company in the form of *IUPHHK-HT*;
- (3) Continuing the *HTI* crop investment on the land that is controlled by the community/the farmer for the following cycle;
- (4) Developing infrastructure in the *HTI* area including the building on the land that is controlled by the community;
- (5) Bring in manpower from outside as long as the local community or that collaborate does not fill the productivity requirement by the Company.

4.5.2. The community's obligation in the *HTI* collaborative pattern management is as follows:

- (1) Together with the company guards the *HTI* crop from the humankind disturbance, forest fire, and forest encroach, as well as illegal logging;
- (2) Maintaining the main crop with maintenance means from the *HTI* Company;
- (3) Together with the company compiles the Company's plan, especially the activity that would collaborate;
- (4) Building communal business group or *Kelompok Usaha Bersama* (*KUB*) or the co-operative in an effort to accept the work in a wholesale manner;
- (5) Working in accordance with the agreement or the letter of the work agreement (*MoU* or the work order) ;
- (6) Bearing together with the Company if the crop and the harvest production failure, and respectively must accept the available condition;

The Company's obligation in the *HTI* collaborative management is as follows:

- (1) Together with the community guards the *HTI* crop from humankind disturbance, like forest fire, forest encroach, and illegal logging;
- (2) Increasing the productivity of the *HTI* crop through the research and development activity, the wood harvest productivity, and production efficiency of the crop and the wood harvest;
- (3) Giving help of production means to the community/the farmer that collaborate, like fertilizer, the seed/the seed, pesticide, and herbicide;
- (4) The Company is not justified controlled dominantly against the community/the farmer that collaborate;
- (5) Carrying out the distribution produced by wood justly in accordance with *MoU* that is agreed to together;
- (6) Bearing together with the community if the failure of the harvest happening and each must accept the available condition;
- (7) Keep and maintain the continuity of the co-operation collaborative management to continue planting in the *HTI* area.

The right and their respective obligation must be held firm because any unilateral decision will result in unharmonious co-operation in afterwards the day. Believe each other must be built in a good manner to sustain the *HTI*. Therefore, if this scheme could be accepted by all the parties, then certainly the *HTI* development will run smoothly in the future so as the acceleration of the *HTI* development that becomes hope of the Government and the Company will happen in time that is not too long.

4.6. The stage of the Conflict Resolution

As being explained in the session 1.1 above that the resolution of the land of the use conflict could be carried out via the welfare approach and the security. The welfare approach gave more priority to the distribution (benefit-sharing), whereas the security approach gave more priority to the parties of the legality of the land legally positive (the standards from the government) or in accordance with UU 41 in 1999. The approach legally really enabled the conflict continually because of the community happened land-thirsty.

Gotten by several stages before heading to the legal approach, that is through discussed in the level of the village/the village and sub-district. If the village/this village discussion do not achieve the agreement, usually the parties make an effort to hold the conference in the level of the regency/the city and the province. Further, if the agreement is not reached, then the parties will look for justice through the local district court, et cetera. The Appendix of Table 1 explains the stage discussed and the conference between the community's group and the stakeholders. The success in each level really depends on the wish together to obey each other, honored, and the co-operation between stakeholders in this territory in accordance with their respective role.

Forcing of the acknowledgment of the right to the land by a group of community/the certain farmer who is driven by the Non-governmental Organization (NGO) could result in the bigger conflict. Therefore, the resolution must be high attention to the hierarchy of the authority in the government system. Even more stakeholder's involvements in the conflict resolution could aggravate the situation because of the difference of the mission and the aim of the use of the land. Since certain parties without strong base that control the land often forces the desire with the aim of reinforcing the bargaining position and increase the influences in order to be not disturbed by contradictory certain parties. His resolution must be returned in the function and the layout that are agreed to by all of the decision-maker's parties in the central and local government. Forms of the joint agreement must base in the standards and the current provisions or at the same time making an effort to revise the layout for the development of the territory.

4.6.1. Communicative Forum

The potential conflict of interests of the land use could not be avoided when respective the parties wanted to make use of land space for the development or any other activities, including for the development of *HTI*. Pressure from various parties that wants to make use of resources continued to flow and even the government allocates without paying attention to the available condition in the field. This could damage one or several parties when the parties interested in this land obviously force the land-use. So what needs is uniting the view and the perception about the land-use, for the development of forestry and non-forestry.

The development of the forest, especially the development of the plantation forest often needs the very wide land and could reach 300 thousands hectare that sometimes beyond in several regencies. Therefore, it definitely will become a complex problem when other sector would also use these lands. The situation and this condition often cause a friction in the field because they compare with other sector of forestry which has not given the contribution towards the income of the small area yet.

The vehicle to reduce the occurrence of this conflict, naturally, is formed a communication forum between stakeholders. This forum is the forum for communication between various parties in relation to the utilization of the land. As far as possible the landscape regulation is matched with the site plan that is agreed to the area and does not deviate from the landscape plan of the province territory or the regency/the city. More detail will be discussed in the practical mechanism of the collaborative management for the conflict resolution in accordance with the juridical provisions formal that is relevant - in the separated book.

The communication forum formation should involve the community's groups and the users of the land. As facilitating the forum for this communication is not free from the role of the regional government as the key to the direction in arranging the scheme of using the space of the land in the area. The communication forum could be in the level of the province and in the regency/the city depends on the area of the land for the interests of the *HTI* development.

4.6.1. Participative Forum

In the *HTI* development often faces the direct conflict with the community/the user's farmer of the land that controls this land for generations. Beside this, not only the friction and the collision happened to the user's parties of the other sector, but also with the non-governmental organization (the NGO) that regards that the allocation changes from the natural forest into the plantation forest are considered the environmental vandal and gave less benefit for the community inside and around the forest. Therefore, it is important to build a participation forum in order to involve them in the process of the *HTI* development from planning through up to the implementation and activity evaluation. This forum is known with the participation forum which consists of the government of the sub district/the village, private enterprise or the company, and the community as key actors in making the *HTI* development successful.

In the *HTI*- collaborative management really is needed by the presence of this participation forum because of the danger with various problems that hindered the development progress. The participation forum will divide the task and the role of every stakeholder that has connection with the *HTI*-collaborative management. The interests of the community must be adopted in the *HTI* planning system, that is must be put into the General Work Plan (*RKU*) and the Annual Work Plan (*RKT*) of the Company. Further must be planned in the Company Operasional Plan (*RO*) in each year so as to need the allocation of the budget of the cost to build the community in various parties, including the increase in the institutional capacity, the economic capacity and his human resources capacity.

The framework of the *HTI*-collaborative management institution consists of (1) the framework of the law and (2) the practical mechanism of the *HTI*-collaborative management. The two frameworks are combined in the participation forum for collaborative management (Picture 4). In the framework of the law (legal) must through various processes that must be passed through. Appendix of Picture 4 summarizes the current legality of the *HTI*- collaborative management in the area of *IUPHHK-HT*.

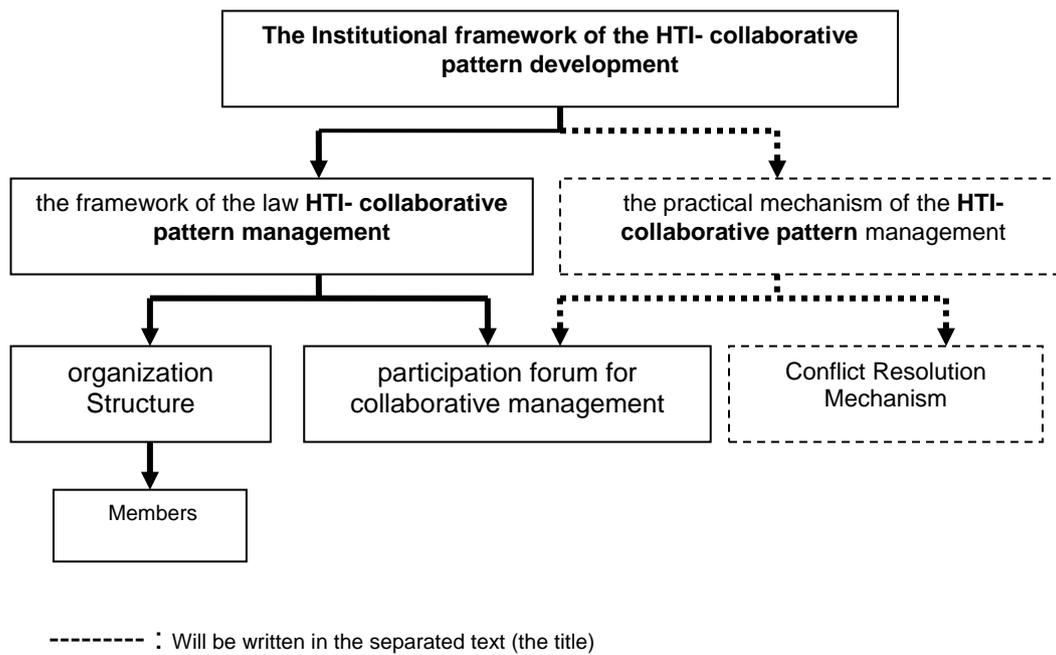


Figure 4. The Institutional framework of the HTI- collaborative management

Source: Elias, 2008

Further in this participation forum the involvement of the community/the farmer in the process of *HTI* planning of becoming important because they must have been involved since the beginning in the *HTI*- collaborative management. So, the role of the official of the company must understand the field condition and the social management in various types and characteristics. This condition could not be ignored because the community often did not easily accept the presence of the company without the program and the *HTI* development activity that could give the benefit for them. The discussion scope about the forum for communication and participation will be discussed separately from this book. Elements that are involved in the forum for participation and communication this is peeled in the practical mechanism of the *HTI*- collaborative management for the approach of the conflict resolution in accordance with the relevant legal framework.

CHAPTER 5. Conclusion and Recommendation

The giving process to the access and the capacity for empowering the community is recommended as follows:

- (1) The land legality for the *HTI* collaborative management must be clear before the community-company carried out any business activities on land. And, the two should commit to what the collaborative management is going on the land commanded by the community. It is to avoid a conflict between company-community in using the land resources because of any matters, such as overlapping, occupying and claiming the land in the field. The company facing the conflict, especially the area occupied and claimed by the farmer/the community, the *HTI* participative/collaborative development should follow the principles of good governance, e.g. justice, openness, results orientation, balances, support and honored each other, as well as mutually beneficial and responsible;
- (2) The legality of the *HTI* participative/collaborative management is indicated by being signatures the memorandum of understanding (MoU) and must be strengthened by the Local Government (or the leaders of sub-district namely '*Muspika*' in accordance with PP No. 19 in 2008) or the Notary, so that it's honored by the land resources users. Therefore, the MoU has a legal binding to all parties involved in the *HTI* collaborative management in order to meet the agreement. It's on the occasion of created empowerment of the community inside and around the forest (PP No.6 in 2007 Jo. PP No.3 in 2008);
- (3) The Land Information Letter (land is out the forest) or the Acknowledgement by Letter of Right (land is generally in the forest) published by the Sub-district Head should be honored as long as not causing the interests friction of the land use. Among the parties must submit and obey the function of the forestry zone, such as for the *HTI* development in accordance with the agreement between the sectors in the area.
- (4) In order to avoid the overlapping area for utilizing the land, cases of land claimed and occupied by a certain parties, and then it is necessary to be made the understanding and agreement between the users of the land resources in the area. The lands' agreement must be mapped and becomes a part of the MoU's appendix, so that the involvements' parties should submit (obey the functions of the space for the forestry cultivation and non-forestry);
- (5) To harmonize the territory of the *HTI* development, the communication forum is needed (with element consists of stake holders (the government, the company, the community, the tertiary institution, etc.) so that the involvements' parties obey the function of the space agreed to and matched with the scheme of landscape plan or RTRW's of district/city . At the field level, especially in the *HTI*-collaborative management needs the participation forum (with element consists of the government official 'forestry extension', the sub district/the village, the public figure/the tradition, NGOs and the company);
- (6) The landscape of the *HTI*-participative/collaborative management utilized the land together between the *IUPHHK-HT*'s holder and the community/the farmer should conform with Ministry of Forestry's decision No.70/Menhut-II/1995 which is giving the space in the *HTI* development to the community of 5% for the life-supporting crop and 10% for the special local crop;

- (7) In accordance with the agreement of the forest management between the company and the community, the operational technical regulation of company is set and agreed to together in the *HTI*-collaborative development planning. Even though the company will continue giving the opportunity and the chance proportionally for the community to achieve the self-reliance's community;
- (8) To increase of the government role, the company, the NGO, the tertiary institution, as well as the local alternative finance agency should be afforded to prevent the conflict occurrence between the stakeholders. One of the tools is by honoring each other on the local rights commands bequeathed to their generations, so the parties feel secure to operate the activities. The company could facilitate through the guarantee of his financial access to the community and promote to establish the co-operative inside and around the forest.

To reduce the possibility of the conflict in the community/the farmer level, by the Government authorizing should force the clear land status commanded by the communities. Therefore, the investors held on the location' permits and business' licenses should be protected by the Government and the community to secure their private' business of *HTI*-collaborative management. The rights in a manner for generations is difficult to be proven by his legality, including the Information Letter of the Land (SKT) and the Recognition Letter of the Right (SPH), must be controlled by the parties immediately to avoid a conflict of land use.

The agreement noted in the MoU must become committing by the parties that co-operated or are in the *HTI*-collaborative management. Therefore each party must hold firm (commitment) against what agreed to together be. In each decision making related to the land use and controlled by the community/the farmer must involve their participation in order to avoid the conflicts. If not, the development of *HTI* could be considered facing many obstacles in each operating activity.

The *HTI*-collaborative management the community/the farmer and the company must be striven to the proportional benefits and match the requirement for the community/the farmer in accordance with the socio-economic dynamic changes in the local area. The MoU must continue being evaluated by the two periodically, for example in every three years. Whereas the right recognition of the land must get deep attention from the government, or minimum respects to the lands proven legitimately and based on the available documents for their generations (inheritances) honored by the local traditional community, as well as by all ones acknowledged without any pressures by the interested parties.

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APPENDICES

Attachment 1.

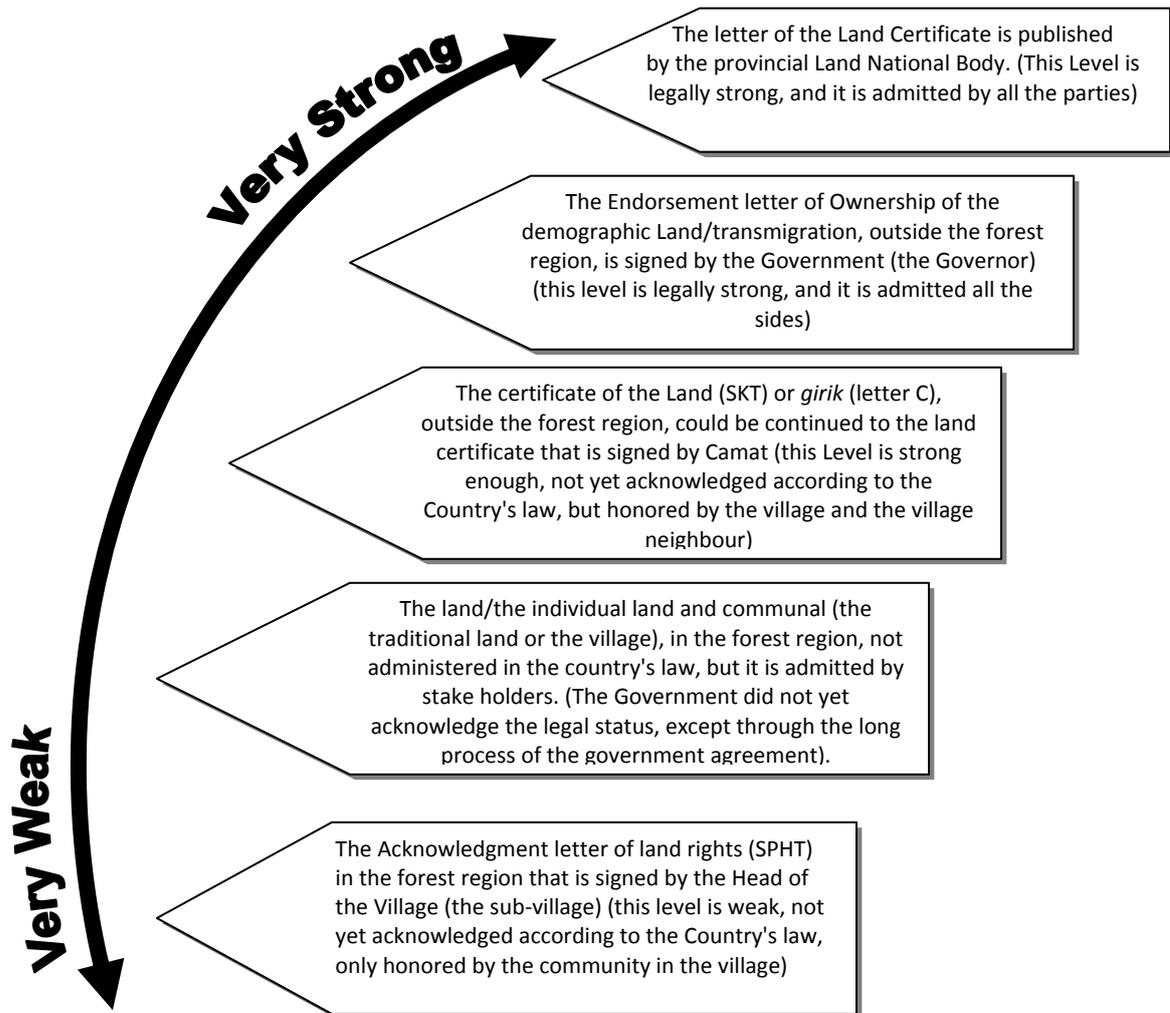
Conference efforts and the law for the resolution of the land use conflict in the region of the industrial forest plantation.

Efforts	Criteria	Related Side
Discussed in the level of the village/sub-village	<ol style="list-style-type: none"> 1. The conflict in the most simple level and small-scale. 2. The land came from the ancestor's inheritance (the claim). 3. The land usually is only used for the horticultural crop. 4. Legality evidence of the land is not available. 	<ol style="list-style-type: none"> 1. The individual and the small village community group. 2. The leading figure from the local community 3. The head of the village/desa 4. Company/Business Unit 5. The characteristics of the meeting are unofficial with the agreement as results.
The conference in the sub district level	<ol style="list-style-type: none"> 1. The land conflict in the somewhat complicated level and on a rather big scale and could cover between the villages. 2. The inheritance land (the claim) & the occupation by the community for small businesses (the garden). 3. The land has been used for the estate crop and horticulture. 4. Ownership evidence of the land from the sub-district took the form of the Certificate of the Land (<i>SKT</i>) 	<ol style="list-style-type: none"> 1. The individual and the community's group between the villages. 2. The public figure and NGO. 3. The sub-district head and sub-district boards of leaders (<i>Muspika</i>) 4. Business unit 5. The characteristics of the official meeting with result the inter-group and stake holder agreement
The consensus in the district level	<ol style="list-style-type: none"> 1. The land conflict level is rather complicated and on a scale rather big 2. Could cover between the sub-district, and the regency. 3. The inheritance land (the claim), the occupation and the overlap use of the land for small businesses and/or middle (estate). 4. The land has been used for the estate crop and horticulture by the community/the company. 5. Ownership evidence of the land/the land from the sub-district took the form of <i>SKT</i>, the traditional right, and the <i>HGU</i> certificate. 	<ol style="list-style-type: none"> 1. The individual, the group, and the other company. 2. The public figure and NGO. 3. Governor, Bupati/Mayor, sub-district head and district board of leaders. 4. Between business unit 5. The characteristics are official meeting. 6. Results: consensus among the inter-group stake holder agreement

Efforts	Criteria	Related Side
<p>The law at the level of the regency/the city and the province.</p>	<ol style="list-style-type: none"> 1. The land conflict level is very complicated and large-scale. 2. Could cover between the regency. 3. The inheritance land (the claim), the occupation, and the overlap use of the land for small businesses and/or middle (estate). 4. The land has been used for the estate crop and horticulture by the community or the other company. 5. Ownership evidence of the land/the land from the sub-district took the form of <i>SKT</i>, the traditional right, and the <i>HGU</i> certificate. 	<ol style="list-style-type: none"> 1. The individual, the group and the other company 2. The public figure and NGO. 3. Minister, Governor, the Regent/Mayor, sub-district head and district board of leaders. 4. Between business unit 5. The characteristics of the session of the court. 6. Results: the decision of the court.

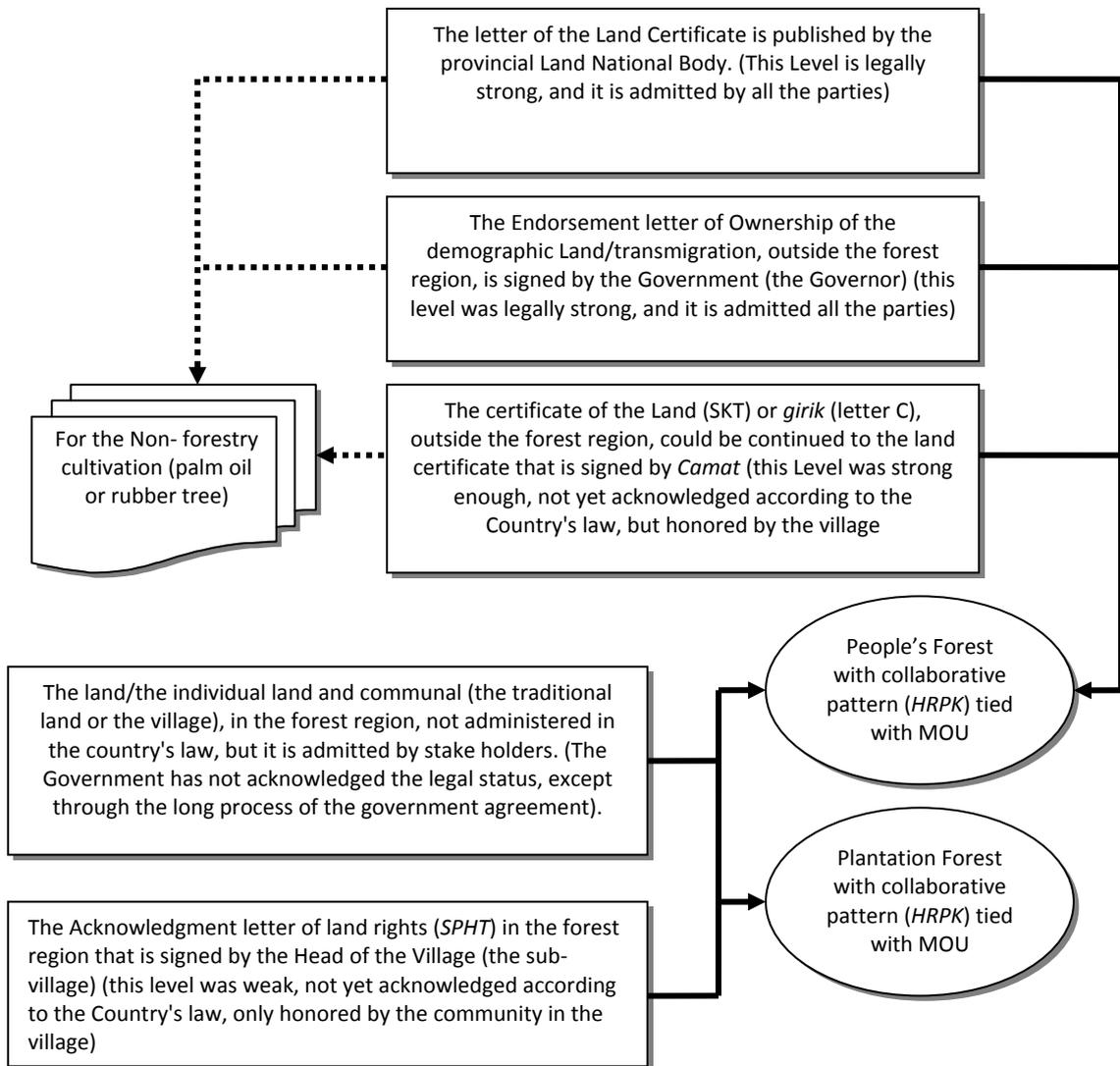
Attachment2.

The strength stage of the legality of the land that is controlled by the community/ The farmer is based on the acknowledgment of the local titles/rights



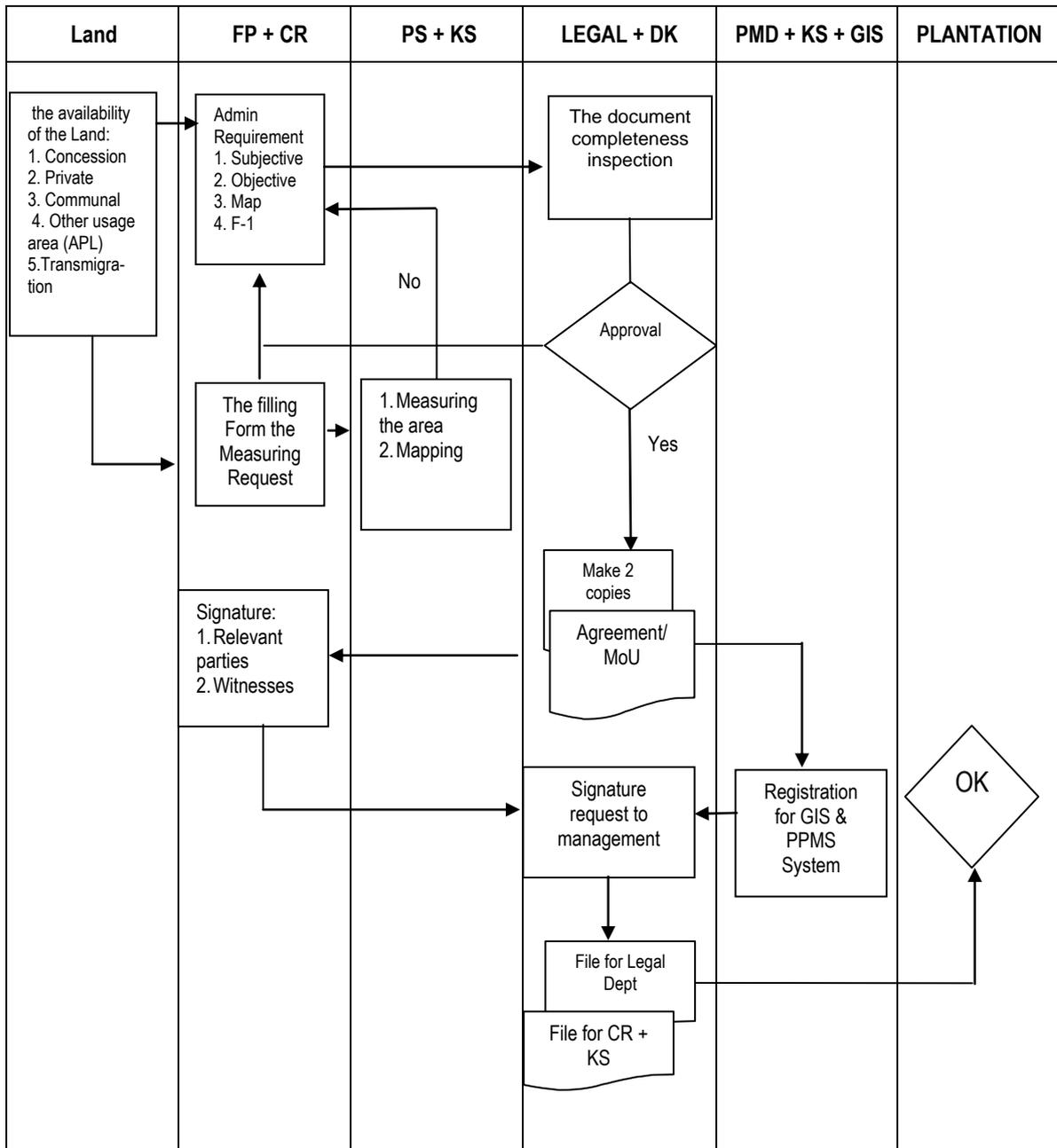
Attachment 3.

The development of the Industrial Plantation Forest with the participative /collaborative scheme is based on the acknowledgment or honoring the local title to the land



Attachment 4.

The process flow of the legality in the development *HTI*-collaborative management



Definition

1. CR: Community relationship .One of the organization interiors of the company for the public relations management
2. Legal: The organization part of the company that had the qualification and the capacity handled the compilation the (MOU) agreement.
3. District: Part of the area management that is responsible towards all the activity in the field.
4. KTU: Part of the area management that is responsible towards all the administration activities the company in the field.
5. PMD: Part of the organization of the company that is assigned to carry out the monitoring of the achievement planning survey in the field.
6. GIS : Global computerization system information system for the mapping that is prepared to know and control the location, the area and the area boundary in accordance with the condition.
7. DK : Forestry agency in Province/District-Regency/City
8. FP : The Participation forum is the forum that is formed with the instruction on the Sub-district Head that consisted of the official of the sub-district, the village head, the official of the company, the local traditional agency, and arranged about the community's participation/the farmer in the development *HTI- Collaborative scheme*
9. Planning Survey: The official from the company that carried out the function of the location inspection of the area, the grating and issued the map in accordance with results of the field.
10. PPMS: The computerization system that specifically had a function of controlling the realization of planting that will be utilized to do payment of the area.
11. KS : National Consultant that is appointed by ITTO PD 396/06 Rev.2 (F)
12. *HTI*: Industrial Forest Plantation (*HTI*) that is done with the collaborative scheme.
13. Subjective Condition: The identity from the parties that will enter into the agreement. The identity could take the form of the ID Card/SIM/Statement Letter concerning the person/the subject.
14. Objective Condition: Ownership proof of the land (the certificate or the Certificate of the Land) – if in the area not the forest region and the recommendation, for example the transmigration land, and the land had the individual.
15. Form F-1: The sign of recognition that is legal according to government both in a manner the government bureaucracy and the status of demography.
16. BA: The record that is made together by the company's parties and the community's parties that is signed by respectively the parties and the witness from respectively the parties.
17. PK: It is the special submission for the management agreement from the company's parties.
18. *Kwitansi*/Receipt: It is acceptance proof of legal money that must be supplemented with the duty stamp and the signature by the receipt.

Responsibility

Community Relationship (CR)

1. To inform correctly and positive about the collaborative co-operation to the community without having the personal. the group and the other form self-interest;
2. Aim at built and explained to the community about the form of the collaborative co-operation;
3. Resolved the problem with the community in the matter of the disturbance of the operational process (comfort for the employee of the contractor's worker) ;
4. Co-operate with planning survey for land objectivity (the area. the land and available vegetation insides as well as the monitoring produced by the grating) ;
5. Co-operate in a legal manner for the compilation MoU to equip the condition objective and subjective in accordance with current laws;
6. Carried out the follow-up against the related department towards the process of administration that not according to schedule;
7. Made the progress CR district report the towards the scope respectively the district (the area of the district. the number of villages. the activity of economics. the area of the estate and the crop kind. the area that already MoU. the area that has been planted) ;
8. Reported this CR progress to the area management.

Legal

1. Made, helped and co-operated aim at CR in the process of the completeness of the subjective and objective condition for the production of MoU/addendum in accordance with the provisions of time that is determined by the management.
2. The follow-up towards the delay of the completeness of the legality;
3. Made the report on the recapitulation of the agreement/addendum that is linked with the available data and is included in the agreement and addendum and is regarded as the report on the routine.

PS District

1. Did in a structures manner and helped CR in the grating of the gross area, the net area as well as inventory the land;
2. Carried out the registration of the land with the numbering of the compartment/the piece by equipping the gross and net area in the GIS system and PPMS;
3. Did monitoring the progress against harvesting, re-planting with details, the village, the compartment and the piece;
4. Made the progress report with details of the progress and the net of the area in the concession and the progress apart from the concession (the personal land and APL).

Head of Administration and District Administration

1. Made the recapitulation of the harvesting progress and re-planting as well as update daily progress in i-log and PPMS;
2. Carried out the verification of the data in accordance with the provisions that are agreed to. carried out the preventive verification in the progress of the daily;
3. Made the estimation request of the fund in accordance with the realization produced by the grating;

4. Recapitulated the report and made BA compensation and the replacement plant the life in accordance with the BA area the crop and equipped with conditions that are determined in the provisions of payment.

Function of related Department

CR Area

1. Organized and facilitate the CR personnel in the District;
2. Made and explained the task and responsibility as well as the stabilization of the personnel's capacity;
3. Ascertained the process of the implementation of the proceeding activity well and truly;
4. Coordinated the process of the work with the related department;
5. Resolved the problem that happened in the field;
6. Held the special meeting to discuss the progress of the work of CR District.

District Manager

1. Made and aimed the work program according to plan the achievement of the target;
2. Monitored the progress of the work of the *HTI* development in the field;
3. Coordinated cross-department to ascertain the smoothness of the process of the work;
4. Co-operate with CR Area to resolve the problem that emerged;

PMD Head

1. Monitoring the working process in the field;
2. Facilitated the personnel in the field to ascertain the function respectively the proceeding personnel objectively.

PROCEDURE

The Steps of Activities

General provisions

- Only valid for the new land (in SK Minister. Regent's Recommendation and the Governor and the area of the other use);
- Against the land ex-LOA that received the legality of the *HTI* development and the development of the agroforestry crop (rubber and the food crop) did not need administration from the beginning;
- Results of the grating of the land by the PMD team and the community are put into the land register and the crop as the company's assets;
- the Community together with the company guarded and treated the crop as well as prevented the occurrence of fire and forms of other destruction from the other parties that is damaging the company and/or the community.

The Process of the Understanding and Agreement

1. The Administration completeness as a legal basis
 - (1) Form F-1 that is signed completely together with the data and his supporting document;

- (2) Obligatory filled the condition for the legality of an agreement:
 - a. The Subjective Procurements:
 1. Identity from the parties that will enter into the agreement. The identity could take the form of the ID CARD/SIM/the certificate about the person (the subject);
 2. If that is representative that signed in the agreement the recipient then must be supplemented with original Letter of Representation (*surat kuasa*) along with the identity of the giver and the power recipient.
 - b. The Objective Procurements:
 1. Land ownership evidence (the certificate/*SKT*). If in the area not the forest region and recommended, for example the land transmigration, the land belong to the individual;
 2. Please attached the location map, the gross area (for the new land) and map of the realization planted (for the area that has been planted and ex-LOA), that depicted the location of the land, the area and its boundary.
2. The provisions of the Payment Conduct
 - 2.1. For the obligatory submission of the payment request attached "Recapitulation Data of Compensated Payment"
 - 2.1.1. The completeness of the data:
 - BA Plantation Result Inspection (PQA) included the report on the area of the crop that is planted, signed by: Superintendent Plantation and Manager District.
 - BA Delivery of Land Compensation Benefit for the life-supporting crop, signed by the company's parties and the community;
 - Letter of Land Cooperation Agreement
 - Map of the realization planted: attached the map with the gross area and realization results of the grating, signed by: Superintendent Plantation, PS and Manager District.
 - If in an agreement met the old crop and the new crop, then information should mention (the location. the border and the area) and give the different colour.
 - 2.1.2 The control of the Activity and the Evaluation
 - The Activity is controlled by the Department CR (Community Relationship) together with the farmer/the community in accordance with the division of labour and responsibility;
 - The Evaluation is carried out each in every 3 (three) the month in order to receives feedback from various stake holders;
 - Steps in the improvement (renegotiation) are carried out towards continuation of the collaborative co-operation.

**DEVELOP PRACTICAL MECHANISM
OF COLLABORATIVE PLANTATION FOREST
BASED ON RELEVANT LEGISLATIVE FRAMEWORK**

By:

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“Strategy for Collaborative Plantation Forest: ‘A Conflict Resolution Approach in Indonesia’”)

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CHAPTER 1. INTRODUCTION

1.1. BACKGROUND

Until now, hostility of the forestry management paradigm has not finished yet between Central and local government. That is about the command and the collaborative management, as well as agrarian devolution. It continues moving onward many conflicts among stake holders (Sunito, 2008). The Law of Forestry No. 41 in 1999 instructed to the Ministry of Forestry continuing to make an effort to defend the forest region. In 1990, began the change in the new paradigm in the forest management, where the inhabitants inside and around the forest is given by the opportunity to participate in the utilization of the state's forest region. Participation is only interpreted to take part in utilizing forest products and not having authority as player in the forest management. The utilization is only limited around the forest region, so it is very difficult to reconcile the different interests in the community because the gap is too wide among stakeholders. Besides this, the difference of the policy direction of forestry between the Government (the Centre) and the local Government often occurred in using the land, e.g. overlapping in the licenses and the authorities (Nawir, et. al, 2003).

The uncertainty of forestry policy reform direction since 1998 and the implementation of regional autonomy in the year 2001 gave the very real negative influence for the forestry sector. The negative influence was height rate of deforestation and degradation and un-harmonious relations between the central and local government caused by the different orientation in the land use interests. The local government wanted to accelerate the development by changing the function of the forest, e.g. from the forestry cultivation region (KBK) became the area for other use (non-forestry) cultivation (KBNK), such as for the oil palm estate and the other cultivation of the estate crop. The progress of economies in transmigration villages with the PIR-Trans oil palm pattern opened the local community's eyes to compete and open the land to establish the oil palm estate for business orientation (Suganda, et al. 2007). Instead of the palm oil estate, the community also tried to get cultivate of the people's rubber for resulting latexes. The two commodities could change the level of welfare to be much better. Mainly the rubber crop, the community understood technically this cultivation for their generations. The attractiveness of the community against this rubber crop, because it was easy to be cultivated, harvested the latex and easy to be learnt, and the importance thing was the price of latex (the material processed rubber) lately quite high because this commodity was really demanded in domestic and world market.

The efforts to reforest on the un-productive areas has been hurdled by the fact in the field valuing the forest economy for the community could not compete with the non-forest commodity, like the oil palm and rubber tree that in the last decade became the prime commodity. Recently, the un-interested community against the forestry commodity is caused by the price of fast growing species which are too cheap, minimum incentive from the government policy making an attractive to the community to carry out the people's forest development (*HR*) and the community-based plantation forest (*HTR*), and the harvesting time is too long. Process of the license policy until the product marketing is very discriminatory compared with the non-forestry commodity, such as of the plantation estate and agriculture. There is increasingly aggravated by the fiscal policy implementation in equality between yields from the state' forest and the community, so the condition causes many problems for the community.³

³ The pattern of the HTR development according to PP 6 in 2007 Jo PP 3 in 2008 could be carried out through the self-reliance, the developer of and the partnership pattern.

A challenge for forestry stakeholders is to formulate policy, instead of pressuring the rate of forest conversion into the non-forestry, also develop the technical plantation system that can accommodate and produce the commodity in order to have the economical benefit, and at the same time the environment is useful for the human being. The implementation can be begun with a policy to give the community having an access permit in the development of the community-based plantation forest through the benefit distribution, as well as push the harmonization in forest development afforded by the company through the partnership mechanism. Presenting the perpetrators of the plantation forest from state-owned enterprises (SOE) or private can involve as a developer of the *HTR* or a partnership scheme, and then can be extended the *HTI* development from the partnerships to the collaborative management scheme. Basically the collaborative management scheme focus three matters, those are (1) to involve in decision making (participative), (2) to give benefit-sharing mechanism, and (3) to acknowledge/respect for the local rights (recognition). These schemes can be done through combinations between the wood crop and the annual crop cultivation, as well as the people's forest crop of the collaborative management scheme, and then the scheme can become alternative in increasing the community welfares.

In several *HTI* companies, the application of the plantation forest with a partnership scheme in Indonesia still is remaining any weaknesses, especially related to the fake partnership scheme, or still is participative manner. The landscape of the land use has not been proportionally yet in accordance with SK the Minister for Forestry No. 70/Kpts-II/1995, where the *HTI* Company is obliged to provide a 15 percent space of the total effective area for the community activity: 10 percent for the multipurpose-tree-species (MPTS), and 5 percent for life-supporting crop. Since the community involvement in the decision making process still is very limited then there had not been shown the real collaborative management. The community is still positioned as an object of development and categorized as an inferior, so the community's bargaining position is still weak, especially in decision making and distribution of benefit. Let's see at the company of WKS in Jambi Province and BP Group (consist of PT. Aya Yayang Indonesia 'AYI', PT. Hutan Sembada 'HS', and PT. Jenggala Semesta 'JS') in South Kalimantan Province. Therefore, it is necessary to seek a partnership scheme with a simple mechanism and a justice benefit distribution. Might the company give a 5% space for the life-supporting crop without disrupting the main crop? If the space is there, how to combine and allocate the land for the main crop and the life crop, and how is the mechanism? What the company, the community but stakeholders can hold firm the commitment and how to design this mechanism? These questions will look for several solutions related to the industrial forest crop development.

1.2. Intention and Goals

The intention of this article is to develop practical mechanism of collaborative plantation forest based on relevant legislative framework. The plantation forest management can be placed in the industrial plantation forest (*HTI*), community-based plantation forest (*HTR*), people's forest (*HR*), social forest (*HKm*), etc. However, the collaborative scheme is improvement from a partnership scheme that has been applied by the *HTI*'s Company or community or individual. The collaborative scheme should be designed based on legal framework related to the regulation and the legislation that are valid in empowerment of the community. Practical mechanism will be chosen according to compatibility with the location of the plantation forest. To equip this paper, data are taken from the PT. Wira Karya Sakti (WKS) in Jambi Province and PT. Barito Pacific (BP) Group in South Kalimantan Province where they are very experience in the partnership co-operation between the company-community.

The main aim of this writing is to be developed a practical mechanism of the collaborative management in the plantation forest, especially in *HTI*-pulpwood and *HTI*- construction-wood in order to leverage the community empowerment through by increasing an access and capacity

building, benefit sharing, and recognition of the land right for the community/the farmer (the individual, the group and/or the co-operative). The partnership scheme undertaken will be increased, especially the role of the community in decision making and the acknowledgment/respect to the local rights, toward the collaborative scheme. The community can be increased their role if being built a forum to discuss the activity and involve in the decision making.

The special aim in this writing is to design a practical mechanism of collaborative plantation forest in the industrial plantation forest (*HTI*) area that covered: (1) the mechanism of the conflict resolution (2) participative and communicative forums, (3) the mechanism of the benefit-sharing, and (4) mechanism of the borrowing of rolling fund on the alternative finance agency.

1.3. Scopes

In writing this text is restricted by the scope of the plantation forest of the industrial crop (*HTI*) held with the collaborative scheme, or in term becomes the *HTI*-collaborative scheme. The collaborative scheme contained by the concept about the matters of:

- (1) Setting the management order in the *HTI* area agreed to (negotiated) by stakeholders and based on some privilege (land tenure) acknowledged or honoured by the government and received by the users of resources; and
- (2) Processing the distribution of authority among stakeholders to make a decision and carry out the supervision in usage of the *HTI* area together (collaborative).

The concept of *HTI*- collaborative scheme is started from the lesson of the partnership scheme applied by several *IUPHHK-HT* companies, afterwards is developed in his management system to become a *HTI*-collaborative scheme. This means that in the *HTI*-collaborative scheme is not only focused in the benefit-sharing, but also how management system to be. It is important because the community is often not involved in the process of planning, organizing, executing, monitoring and evaluating in the *HTI* development activity that co-operated in a partnership scheme. The *HTI*-collaborative scheme is the highest partnership, where the two co-operative parties have a property right and responsibility as well as the recognition or respect by various stakeholders. In the collaborative management, the community/the farmer are enabled to have equality in management decision making.

The object of the *HTI*-collaborative management scheme mainly would be developed on the area overlapped with other business sector, occupied or claimed by the community. Besides being applied in the area of *IUPHHK-HT*, this scheme can be also developed further in the area of *IUPHHK-HTR*, *HKm*, Village Forest (*HD*) received a permitted legal from the Government. The acknowledgment of the property rights (the area) is in charge of by the community in the working area of *IUPHHK-HT* still weak, because they can not prove the legality of land ownership. The likewise can weaken the community's bargaining position in collaborative management decision making.

The institution framework of the management of *HTI*-collaborative scheme in South Kalimantan Province and Province of Jambi can be followed in Chart 1. In the legal framework of the management collaborative has been discussed in the separated text before the practical mechanism of collaborative plantation forest. Chart 1 show that there is connectivity among both of them in the participative forum of collaborative management.

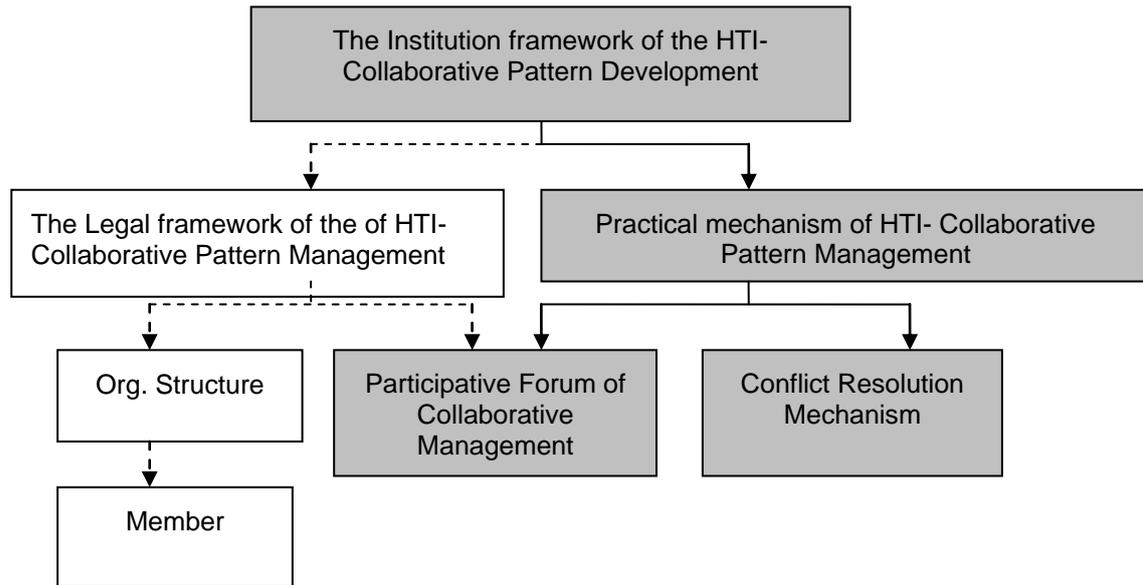


Chart 1. The Institution framework of the HTI- Collaborative Pattern Development .
Source: Elias, 2008

----- : Was written in the text beforehand

The election of the applied collaborative pattern in these areas is based on the trend that will be needed by the community and company in the future. *HTI* has developed since the 1990's by applying the forest development with a partnership scheme. This pattern still often causes many conflicts (claimed, occupied and overlapped the forest land by the community) in the working area with other usage. The partnership scheme has not been fit with the needs of the community because of low income (un-proportional in benefit-sharing). Therefore, the partnership scheme carried out by the *IUPHHK-HT* will be improved towards the collaborative management with several alternatives commodity and community development program (CD program).

The government give an access to the community as the forest utilization to *HTR*, but these efforts are not understood by the community as a whole, such as silviculture techniques, procedure to get permit and borrow money to the alternative finance agency facilitated by the Government (that are the Department of Finance and the Department of Forestry). By doing in partnership, the minimum key factor in financial access and market are guaranteed by the company related to the industry as the market. In the medium and long term, the community maybe have a self-reliance indicated by (1) the rate of return received by the community/the farmer has been met a minimum standard of living (living cost) at the local area, (2) the community received his income routinely, (3) the community/the farmer has built a business group together and/or the co-operative, (4) can give the livelihood and employ the workers.

The institutional strengthening of the community will be realized in the Communicative Forum (Comfor) at the regency or the province level and the Participative Forum (Parfor) in the field level that will play a role in decision making of collaborative management. Right and obligation equivalence between the collaborating parties in decision making are the reflection from the highest partnership management.

CHAPTER 2.

CURRENT MANAGEMENT COOPERATION OF THE PLANTATION FOREST

Currently, the patterns/scheme of the co-operation in the plantation forest development is in various forms, there are only participation, partnerships, and community-based forest management (CBFM). The management co-operation experience of the industrial plantation forest through the partnership scheme in WKS Company and BP Group will be useful to improve several concepts of the collaborative management. From the concept of this partnership co-operation apparently is rather difficult to be developed in the area of Forest Timber Product Utilization Permits on Plantation Forest (IU-PHHK-HT) because of the dominant command from the holder of permission as the partner's businessman to his partner's group.

The fact, the companies of Forest Timber Product Utilization Permits on Plantation Forest (IUPHHK-HT) applied the involvement of the community inside and around the forest is still limited by participation only. The company has not given opportunity yet to the inhabitants or the community inside and around the forest to take part in being involved in decision making (participative). In addition, the industrial plantation forest with the partnership scheme (HTPK) developed by the company completely not able to give an equivalence in the distribution of the benefit (benefit sharing) and the acknowledgment of the local rights (recognition).

2.1. *The Company-Community Partnership*

In the long term, the relationship of partnership between company-community in the *HTI* development is very potential to supply raw material for the wood-based industry. On the one hand, the community that is hereditary ("de facto") commanded the land can get the income based on his right and clear responsibility, and on the other side the company is willing to secure his investment by minimizing the social risk.

The benefit of the partnership for both of them are: (1) guaranteeing of source of the wood supplies for the company in the long term, and (2) giving financial benefit from the plantation forest management for the community, (3) resolving the conflict by recognizing the type difference in the local land rights, (4) developing a good relations with the local community through the incentive and the integrated agricultural program, and (5) creating the direct & indirect benefit for the community inside and around the plantation area, e.g. the access opening to the other region and increasing informal sector activities.

WKS have developed the *HTI* in Jambi since 1997, and succeeded in developing the *HTI*-partnership scheme in the plantation forest' working area (HTPK) and outside the area of the concession through the partnership program in the people's forest (HRPK). Meanwhile, BP Group in South Kalimantan have not succeeded yet in developing the *HTI*-partnership pattern outside the area of his concession, whereas the partnership in the working area just begun in 1999 by a few of hectares' co-operated area.

Table 2. Estimate of wood production in the company-community/the farmer partnership area up to June 2008

Scheme	Average area harvested	Wood Volume harvested (M3)			Farmer's income per family	
		Volume per Ha	Total Volume	Portion to total annual intake	From wood (at harvest time)	Monthly regular income
	(Ha)	(m3)	(m3)	(%)	(Rp)	(Rp)
WKS:						
a. inside concession area	1 451.43	130.30	189 121.80	5.03	3 377 175	736 770
b. community's land	2 015.88	120.34	242 091.00	8.09	3 268 686	775 540
BP Group						
a. AYI	57.81	175.20	10 127.79	10.45	4 797 920	725 530
b. Hutan Sembada	50.09	173.54	8 693.38	12.04	4 692 880	715 300
c. Jenggala Semesta	0.00	0.00	0.00	0.00	0.00	0.00

For WKS, the wood from the partnership area of in and out the concession will become the addition of wood supplies from the main source of wood produced by Company's themselves (this is not a partnership area). This supplies contribution around 18 percent of the total volume of wood supplies for the pulp and paper industry. Meanwhile, the contribution of wood supplies from the partnership area in BP Group around 12 percent comes from *HTI*-pure AYI and *HTI*-trans HS. Additional wood from *HTI*-trans JS is not available because of the land still in the conflict. Table 1 summary hectares of area and volume of wood on the partnership area as well as the income of the community per year.

The number of the community's groups involved in the partnership scheme is 87 groups of farmers, with 8 906 members. Until now, in several locations of the people's forest partnership has the first cycle to harvest, especially the plants for 2003/04. Since June 2008 has been harvested 12 095.28 hectares. Based on the area harvested, the total of production is 1.455.546 cubic meters. The economics benefit already distributed to the community/the farmer for 6 years about Rp 21.83 billion or in average Rp 3.64 billion per the year.

This income is still very small (8%) compared to the Jambi' basic regional wage in 2007, e.g. Rp600.000 per month. Whereas the income without the crop (tree growing) according to the data gathered by the team from the Faculty of Forestry, Bogor Agriculture University (2000) is around Rp 7.35 million per the year (US\$795) or Rp 612.500 per month. In 2007, the income of this farmer increased between Rp 736.770 of – Rp 775.540 per month.

In the new partnership scheme, WKS strive to improve the relationship with the community through the agricultural development option. The option is made by a different agreement contract. However, in the WKS' previous partnership scheme, the social program is not the process in initiating a partnership scheme, but conversely the scheme can provide the important contribution for a good application program.

Meanwhile, BP Group has not been the collaboration forest management for the conflict area yet, whereas in area without conflict has had co-operation with the community. The production of wood from *HTI*-pure AYI is 20%, *HTI*-trans HS is 80%, and *HTI*-trans JS still has not produced. The area of *HTI*-trans JS has still occurred the conflict (occupied and claimed land) by the community/the farmer approximately 1.200 hectares, because the community wanted the land for the mining area or the rubber crop cultivation.

Since 1997 BP Group in South Kalimantan has not been succeeds in developing a partnership scheme of the people's forest outside his concession area, whereas inside the concession area has just been begun in 2000. The number of the community's groups involved in a partnership is 24 groups and 108 head of household' members. BP Group partnership scheme must be improved because the *HTI*-trans JS is still occurred the conflict, so the company can not carry out planting in this area. The pattern of collaborative management must be applied, even though it should be preceded by dialogue with the community to achieve the agreement in the *HTI*-trans development. The option chosen by the Company is depend on the agreement of the two parties that essentially must attend to the community's need. The kind of crops can be compromised by the two ones in fair distribution of the benefit.

2.2. Obstacles and Challenges Partnership Scheme

Beside the benefit of the partnership, any obstacles and challenges must be identified and attended to improve in the future. The community' needs are very dynamic and continue growing with passing of time of the community requirement. At least there are three main obstacles (Nawir, et. al, 2000) in relation to (1) the shortage of trust building mechanism, (2) the challenge to the benefit-sharing, and (3) the ineffective institutional setting.

2.2.1. An Ineffective Mechanism in Trust Building

To get the trust from the local community is not easy process, especially in facing the skeptical community caused by un-pleasure experiences in the past with the company. One problem in the socialization process is the socialization program bias because of the main target in the dissemination program aimed to the group leaders and the public figure. The fact, many plantation forest companies in Indonesia that has had legal permission from the government often ignored the participation and the involvement of the local community in the internal management.

The evidences show that WKS still reaps the protest from the Jambi' Farmers Association (PPJ)– a Non-governmental Organization (the NGO) in Jambi – that mobilized a thousands of farmers from the Jambi community. Although at the end of April 2008 is agreed to together between the Government of Jambi Province and Forestry Minister to change 40.000 hectares area in WKS concession claimed and/or occupied by the community for planting non-forest commodities⁴, and then should be replaced with forestry crop cultivation, e.g. *meranti* (*Shorea sp*) and *jelutung* (*Dyera sp*), but his problem has not been resolved yet because the community already planted oil-palm and/or rubber in this area. This compromise is that *meranti* and *jelutung* can be planted in between their life crop. By accident this case, WKS must improve the partnership scheme through the decision making mechanism heading to the collaborative management in the future is bigger in afterwards the day. The farmer/ community's rate of return must be striven to be equal compared by the income of other sector.

⁴ Non-forestry commodities are like palm oil or rubber tree. The tree is categorized as a community' life crops, especially for the community out Java, one of the islands in Indonesia.

Similar case in BP Group, cause not to be an adequate socialization process from the management of the company, the 1200 hectares area in JS is claimed by the community/the farmer. The community/the farmer around the area of this *HTI* have not known the benefit from the plantation forest. The occupation of the area is aimed by the reason that the land contained coals under the layer of land. Until now, JS allowed this area not planted. This condition will cause a wider conflict encroaching into the other area. This problem will be more difficult compared with the conflict of land use for the palm oil and rubber because the opportunity of getting money from coal is faster and very big.

Of matters above, the other pressure factor against the company including (1) companies dominated the process to formulate the rights of the two parties in agreement, (2) the ineffective mechanism in receiving information transparently. Firstly, the case in WKS is related to the domination of the process in formulating the rights and the obligation, the individual did not know the contract document (SPK) per the farmer's individual because this document is only given to the Head of the Village (Sub Village) or the leader of the farmer' group. This can become the potential of conflict between individual in group by the time of the revenue sharing. In BP Group is different, where the contract document signed by the individual so the farmer knew the rights and his obligation clearly. The document contract of the land of the two companies is not informed to their heir. This can become a potential of conflict in the future.

Secondly, related to the transparent information share, in part: (1) no agreement between the company and his partner about the general provisions in the field to give mutual information; (2) no scheduling for the periodic meeting to interact regularly and discussed the problem; and (3) no mechanism clearly in the monitoring and the evaluation activity. Both in WKS and BP Group often ignored the transparency of the company's information to be communicated to the community, for example is information about the price of wood before harvested and the evaluated the company's finance performance (Nawir, et al. 2000).

2.2.2. Challenge to the Commercial Viable

Beside the benefit of wood production and financial, the commercial viable in mutually beneficial partnership relations is still facing several challenges, in part of (1) obstacle on the application of the effective management plan, (2) inadequate capacity building, (3) re-investment mechanism has not been determined clearly, (4) lack of consideration on the diversified income program.

The internal problem of the company often hurdles the application of effective management plan. The community and the company's staff are often lack of attention from the management, even though they are close to the community. The difference of vision, concept, and principles on the plantation forest development based on partnership has not been communicated clearly from top management to operational and field staff level. The classic problem in WKS and BP Group are in part of (1) occurring dual interpretation among the field staffs about the partnership development whether the scheme is good enough to the resolution approach or not for the land occupied, (2) rotation and changing the staff, so as influencing the consistency of the application of the company's policy, and also the continuity of relations between the company's staff and the community developed, and (3) the company is most focuses in short-term, so as not shows an integrated re-investment mechanism, (4) the competition on the land use toward the expansion for the oil palm area in WKS, or the competition on the mining of coal in BP Group area.

2.2.3. Setting on Un-effective Company's Organization

Understanding about the earlier conflict potential really will help the company in handling the conflict before the problem become a bigger and difficult to be handled. The main challenge is to develop practical mechanism for conflict resolution approach can be received and respected by the

main partner. Beside the conflict resolution mechanism, the mutually beneficial partnership might be developed in MoU including re-negotiations mechanism between the company and the community. The different interest is in a very basic between the company and the community/the farmer causing in the interests collision in the field. This is shown the conflict between WKS and the community/the farmer related to the use of the land, likewise occurred on BP Group.

2.2.3.1. Ineffective Conflict Resolution.

The legal approach to solve the conflict of land use problem often incomplete in the field because of the men' problems are not the true person. In the end article of MoU is said that if any disputes between two parties, his conflict resolution should be carried out by people's meeting to find best solution (*musyawarah*), but if *musyawarah* is not reached then this disputes will be taken away to the local court.

Field observation shows that the appropriate conflict resolution mechanism is not always improve because of the shortage of the company's knowledge in the development of several mechanisms. The problems observed in the field are including (1) participation approach in determining the conflict resolution mechanism is not commonly used, (2) type of sanctions and how to apply to them is unclear. Therefore, the company must determine the field rule to solve the conflict and apply sanctions, so the conflict resolution mechanism (or re-negotiations) does not allow the parties to change the mind since they agree to MoU.

2.2.3.2. Re-negotiations mechanism does not consider the second rotation of the crop.

The company must be honest that the investment security becomes the important substance so as be able to apply the agreement with somewhat flexible to change. Re- negotiations can be carried out by the provisions as follows:

- (1) Depends on the decision of the company: other matters not included in the agreement will be re-negotiated, and will be accommodated in the agreement separately as long as not compatible with the contents of the agreement, and be agreed by the two parties as well;
- (2) Needs the legality process: the two parties held a copy of agreement and have the same legal force. Re-negotiations against several items of the agreement in MoU must be proved by the notary; and
- (3) Represents the community: the farmer's community can be represented by Chairman of Forest Farmer Group (KTH) or the Co-operative.

Most of farmers do not understand the rights or the contents of the agreement negotiated. Besides this, the representative from the company can not explain the change mechanism against items in re-negotiations, for example the opportunity to re-negotiate the price of wood or royalties.

2.2.4. Several aspects must be improved.

To improve the aspects of the management and operational headed a better performance in the partnership management is really affected by the local condition and situation. The community does not want to improve the object of the co-operation immediately without a model can improve the condition for increasing their welfares. On the other hand, the company must continue socializing the newest program and improved the technique and the distribution of benefit associated with the community' demand dynamic. The improvement of this performance can be

done by trust building, revising the institutional setting, guarantying and maintaining the partnership.

2.2.4.1. Building the trust and the mutually beneficial relationship through the accountability and the transparency process.

The company must continue committing since the beginning by agreeing the long-term plan and program with the community. In once period, a partnership concept can go and fit with their expectation, but in the future can change in accordance with the social, economics and politics dynamics. The company will be expected guaranteeing the local community's participation approach in applying a socialization program, setting the agreement, and designing the management plan.

The quite difficult conflict is experienced by WKS as a result of pressing three matters – the company no longer can plant in the second cycle of the *HTI* crops because of being claimed by the community/the farmer where the community wanted to replace the crop with the oil palm or rubber. Although the community/this farmer did not have the official legality on this land claimed, but the company did not have the capacity to chase the farmer from inside the area of *IUPHHK-HT*. This must be looked for a solution in order not to become more serious. The company must do something to develop mutually-beneficial relationship, including applying the collaborative management by combining the plantation between the main crop (*Acacia sp.* or *Eucalyptus sp.* and rubber) – for the oil palm does not allowed because this kind does not be listed in the forestry crops. The company has to approach the community/the farmer, it will be through the NGO, to look for the best solution together in order to continue maintaining the relationship of the two parties by attending the current norms standard. Therefore, it is necessary to be made a change of the agreement texts and management plans.

On the other hand, the planting activity and harvesting at BP group being hamper because of the land claims by the community related to the assumption of the coal content in the working area, especially in the area of *HTI-trans JS* and *HS*. The kind of planted crop, e.g. *Paraserianthes falcata*, *Peronema canescens*, and *Gmelina arborea* as the kind of construction-wood considered by the community not giving the beneficial results and take a longer time to be harvested the yields. Results of the interview with the manager for BP Group have given a good signal to combine this kind of the construction-wood immediately with rubber tree in accordance with surrounding community participation.

2.2.4.2. Improving organization in the partnership.

The claims case by Jambi Farmer Association (*PPJ*) in WKS gave the lesson for us to anticipate the dynamics of the social change, economics, and politics. The inter-parties of participative forum must be built in the field level with the elements consist of the government, the company, the NGO, and the community. In the field level would be the *HTI* agency of the community's representative (*LKM-HTI*), whereas in the province level would be the Community Communicative Forum for *HTI* (*FKM-HTI*) or can reinforce the function of the Regional Commissariat of the Association of Forest Concession Holder (*Komda APhi*). For the region of BP Group, the claims of the community have not been yet as great as WKS. So, the handling will be simpler, but must continue alerting against the dynamics of the claims of the community around the forest.

The co-operation has had strength or superiority and mutually-beneficial inter-group must continue being supported and increased to balance what received by the community from the other company with a different port-folio. For example, WKS have given the work to the co-operative of the surrounding community through the nursery activity, the wood transport, etc. These works can give the benefit to the cooperative's member so it is important to be maintained for his continuation.

For BP have not been formed institutional related to partnerships with the community, both at the field level and the management. In the future, BP group should form institutional as a forum to discuss the problem related to these partnerships or a collaborative scheme.

2.2.4.3. Reinforced the commercial viable against the partner's company and the partner's group.

WKS and BP Group have connected the yield harvested to the owned industry. WKS is related to the PT. Lontar Papyrus pulp and paper industry in Jambi, whereas BP Group with the primary wood processing industry of PT. Barito Pacific Lumber. The two industries are in and around the crop of *HTI*. Therefore, the wood market resulted from the partnerships is guaranteed well by the production of the *HTI* partnerships, but still faced the problem, especially related to the wood in low price. Maybe the distribution of this benefit is unfair, but initially the agreement is agreed to the price and the certain portion indeed. It must be striven to improving the scheme in order to the community would accept the income of other wood for giving a better benefit to them.

Instead of the operational cost efficiency also became the important thing in the planting management of small scale wood, especially in managing the crucial cost component. His weakness is that the operational of activity is controlled only by the company. This indicated that the farmers are not involved in management decision making. Might be, by involving the community in giving some input to the operational management would help the company to be more efficient his cost. Through the development of the community's capacity around *HTI*, might be an out-sourcing for the activities to be handled by the small co-operation's group.

In the long term, the re-investment mechanism must become the important thing in further the agreement and management plans. The claim by the community/the farmer in WKS towards the second rotation showed that there is a group of farmer not obeyed to MoU. In addition, it is warned that there is some who surrounding *HTI* offered his land to be planted other than wood. The farmer like this in fact had the land bigger than 2 hectares. This has shown commercialization that are not justified because they actually only can manage the maximum land of 2 hectares for his family. This condition must be inventoried to put the actual portion to the community/the farmer associated with his capacity in order to be gotten the same distribution portion in the resources management.

Maintaining the partnership in the long-term contract agreement is more difficult than the initiation process. The setting must be flexible enough to adapt the change of the socio-economic in order to achieve the mutually-beneficial aims of the two parties. Nawir, et al. (2003) said that the dynamic process in maintaining the partnership is one of the methods to meet a mutually-beneficial partnership scheme in the long term. Flow of transparent information, the control mechanism and re-negotiations must always become a part of initiating and applying the partnership (Chart 2). Completely, how the mechanism to be set will be discussed in the following chapter.

CHAPTER 3. PRACTICAL MECHANISM OF HTI-COLLABORATIVE MANAGEMENT

This written text is focused in *HTI*-collaborative management as a concept for developing a partnership scheme has been executing in WKS and BP Group. The partnership mechanism is more controlled by the company, particularly in benefit-sharing, whereas in collaborative management, the scheme developed by the two parties always prior participative and recognition the land right instead of benefit-sharing. To easier understand the concept, it is necessary to develop a practical mechanism of the collaborative plantation forest for resolution conflict approach. The main issue of the collaborative management of the industrial plantation forest (*HTI*) discussed in this text is covered: (1) the mechanism of the conflict resolution; (2) the mechanism of decision making that will be presented in MoU; (3) the mechanism of the benefit-sharing; and (4) the mechanism of the acknowledgment of the local rights. By the mean, the practical mechanism is to guide the executive and stakeholders in developing *HTI* in his working area, so that the manager of *HTI* is easier to dissolve the concept and improve the partnership scheme before.

In this context would be used in term of the collaborative company to represent the *IUPHHK-HT* company and of the collaborative group to represent the community/the farmer collaborating with the company in certain area. The practical mechanism of the development of *HTI*- collaborative scheme can be followed in Figure 2. Each part of the structure in Figure 2 consists of various processes must be carried out by the parties in connection with the *HTI*- collaborative scheme development.

3.1. Principles and Foundations

The foundation that based the co-operation in the *HTI*-collaborative scheme development is togetherness (familiarity and working-together). This foundation is important to be made a commitment by the two parties, so that the one can go harmoniously and avoid a conflict of the land use. Each difference can cause the conflict have to be solved with the familiarity spirit and intensive dialogue to reach an honest agreement, without humiliating one of the parties or forcing his willingness. Besides this, in the implementation of the *HTI*-collaborative scheme development must also be carried out with a working-together spirit. The working-together is carried out by ways of co-operating with each other in one or several working areas to increase the protection for the *HTI* crop from fire, encroachment, and other destruction.

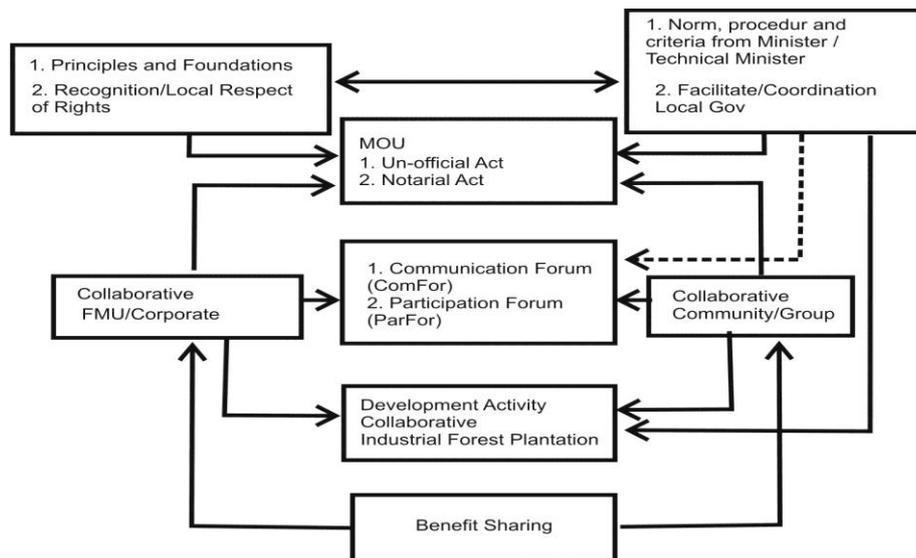


Chart 2. Practical Mechanism of HTI-collaborative development management

The principles must be in hands are (1) transparency in giving information, (2) justice or equality, (3) honored the local rights, (4) orienting the results, and (5) high responsibility. The principle of transparency becomes an important thing when the community/the farmer must be involved in the decision making process of the *HTI* management. The information concerning the collaborative company's plans must be informed to the community/the farmer inside and around the area of *HTI*. The important information is concerning the land-use would be collaborated; e.g. the *HTI* development activities can be worked by the local community both in and outside the collaborated area, and information about the work system and the wood price.

The principle of justice or equality is not only in benefit-sharing, but also in the decision making process. Its way must consider how big production inputs contributed by each one into the *HTI*-collaborative management. The collaborative-company might be have bigger production input, but does not mean that the company can dominate in the decision making process and try to pressure the community/the farmer, including in benefit-sharing. In the short term, it is possibly not become the problem, but in the long term it does potentially cause frictions, even the community will change unilaterally the kind of crops without collaborating with the company.

The orientation principle against the results signals that the community/the farmer always hope on results in the future. Since the results can not satisfy the requirement for his life then the community/the farmer will change their mind to switch the kind of crops with other beneficial crops by ignoring the government regulation and MoU. However, each party should keep on increasing the land productivity and the plant growth in order to get the yield having a high economic value.

The honoring local rights principle means as if the company must acknowledge the existence of the land controlled by the local community. It is not true, but their existence in the *HTI* area must be honored because their generations have done the land to be planted by the food crops in order to meet the daily needs. They cultivate on the land changeably by one hectare to shifting-cultivation, afterwards kept moving to other place in maximum radius around five kilometers.

The responsibility principle must be held by the two parties responsibly if there are any changes and dynamics in the community/the farmer level. This is important to be communicated intensively between the company and the community/the farmer that collaborates. Each party must hold firm

what has been agreed to together. This is more important for the principle how to keep and maintain assets (the crop and other resources). Thus the capital has been invested by the two-ones will produce optimum output and have high economic value.

3.2. Recognition/Local Respect of Rights.

The community/the farmer inside and around *HTI* have occupied the land since a long time (for generations from his ancestors). They can control the land around and over ten hectares because the land used keep moving year by year. Moreover, if the activity has been worked by one family, so even the land recognized in charge of one family can reach over 15 hectares before the *HTI* is developed by the company. Initially this forest land is left by the forest utilization, for example by HPH where his permission is pulled out because the forest is unproductive or not profitable enough as a business unit.

Therefore, lands those are unproductive in the production forest region and have been left by the one beforehand, and then the forest is allocated for *HTI* in order to be more productive. Widyantoro (2008) and Nawir, et.al (2003) divided into staging the strength of the land legality, which is from the weakest to the highest as follows:

- (1) The land without a letter or evidence anything, but is known or acknowledged by the village community/the local village. These lands are claimed by the community because before the existence of *IUPHHK-HT* had been used by them for their generations. There is also the communal land controlled by the village since long before the existence of *IUPHHK-HT*. The same matter of land that has been occupied although the crops only several trees;
- (2) The acknowledgment letter of right (SPH) published by the Village Head. The reason of this letter in part of claiming and occupation land for the generations used by his ancestors or by himself to meet the daily life by shifting cultivation;
- (3) The overlapping area because of the government permission with a different basic plots and using a map. This area usually used for palm or rubber estate activities by private enterprise with the core-plasma pattern. This problem is increasingly complicated when other parties wanted to enjoy from uncertainty;
- (4) The Certificate of the land (SKT), the proprietary rights certificate (SHM), and the transmigration land usually is outside the area of the forest region because of being changed by his function into the area of other use (APL) or the non-forestry cultivation area (KBNK). These lands can be done by the separation (enclave) from the *IUPHHK-HT* area, but still can be utilized as *HTI*-collaborative scheme.

In WKS and BP is met the condition in the area of *IUPHHK-HT* like the item (1) up to (3) that often obstacle in developing and speeding up his *HTI* development area. Finally, the company held the agreement with the community/the farmer who controlled this land with various conditions. Definitely, the company had the program and the plan to develop a partnership, and then they are matched with the demand of the community/the farmer and the company's capacity.

Results of the use agreement of the land are presented in the memorandum of understanding (MoU). This MoU between the company and the community/the farmer is not meant to acknowledge the ownership of the land legitimately, but as respect for the local rights. In accordance with the Act of No.41 in 1999 stated that the forest continued being controlled by the state.

3.3. Policy and the Government Authority

The government and the local government (the province and the district/the city) have a different authority in the context of community empowerment. The government determines norms, criterions, and standards of community empowerment. In accordance with the Government Regulation (PP) No.6 in 2007, the Article 84 (point 1 and 2) states that community empowerment can be carried out through village forest (*HD*), social forest (*HKm*) and partnership. The context of partnership here completely is not able to be interpreted as a collaborative form because of the only activities on the land /the forest management can be partnered or collaborated, whereas the other activity on the land /the forest management, like wholesale nursery, planting and maintenance, felling and wood transport can not be interpreted a collaboration, but a partnership pattern. Therefore, the government can arrange community empowerment in *IUPHHK-HT* by means of a partnership between the company and the community. The partnership can be lifted up becoming a collaborative pattern or the community-based forest management in the *HTI* development.

Decree of Forestry Minister No.70/Kpts-II/1995 said that the landscape of the *HTI* permitted (1) portion of the main crop is 70 percent, (2) the multi-purpose tree species is 10 percent, (3) the life-supporting crop is 5 percent, (4) the protected region is 10 percent, and (5) the infrastructure is 5 percent of the total area of *IPHHK-HT*. This implementation is not stiff like this decree, but it might be fit with the characteristic of the location and the number of the communities/the farmer inside and around *HTI*. Until now, the provisions or the regulation about the partnership has not issued by the Government yet so as the local government has not had the guideline for controlling and supervising the program.

Further, the government has issued the regulation related to the coordinator for community empowerment, e.g. PP No.19 in 2008 about the Sub-district. This regulation states that the implementation of community empowerment must be coordinated by the Head of Sub-district. By existence the National Program of the Self-reliance of Community Empowerment (PNPM), Head of Sub-district has the authority to use the fund of Self-reliance PNPM for the empowerment activity in his community's environment around *HTI*. Meanwhile, *Camat* as the official of the land certificate publisher (PPAT) ought to know definitely the status and the existence of the land in his territory. Therefore, the Head of Sub-district does not publish SKT enthusiastically if the land is in the forest region and has been determined by the Government in the Landscape Plan of the Regency/City. The structural and functional supervisory or advisory carried out by Local Government of District/City through the Community Empowerment Services.

3.4. Understanding between Company and Community.

The collaborative management is meant as a pattern of co-operation relationship between company and the other parties and/or the other law's body (in this text is the individual, the business group and/or the co-operative) to carry out the efforts giving mutually-beneficial. His activity covers the preparations stage (the socio-economic and trust building survey), the monitoring and the evaluation of *HTI*-collaborative management. The permission area received by the company for the *HTI* development must be socialized to the local community continuously and covered all the working area.

3.4.1. Memorandum of Understanding (MOU)

Understanding for the forest management is preceded with the socio-economic survey of the community through the Participatory Rural Appraisal (PRA) approach. This survey can be carried out by the company or the tertiary institution agency. To guarantee an independence of this

survey, it is better to be done by the independent's agency, like the tertiary institution or NGO. What will they do in the PRA? These are as follow:

- (1) What the location would be collaborated has filled the formal legality criterion or only in the form of the claim or the occupation without legality;
- (2) The kind of the main crop must be able to follow what the company plan, whereas the MPTS and the life-supporting can be compromised with the community;
- (3) The history of the community's agriculture inside and around the forest whether as a subsistence farmer or a certain scale of business activities;
- (4) The main wish for the individual, the community's group, and/or the local co-operative related to the income can be received routinely and periodically by them;
- (5) What the technique used by the farmer in managing the land, both the yard and the field in the area of IUPHHK-*HTI*?
- (6) What the work can be done by them to receive the addition income in the *HTI* development?
- (7) What the infrastructure development needed by the community to mobilize in connecting, or what building needed for religious duties, education, and health;
- (8) What the farmers need a business institution for productive activity that can increase his capacity in joining *HTI* development and receiving his benefit?
- (9) What training needed by the farmers in order to increase their attitude, knowledge and skills.

All of the community's wish related to the *HTI*- collaborative development is noted in MoU of the land use for the *HTI* development. The important thing with the *HTI*- collaborative development in a certain area is a must determine the kind of crops can be collaborated, e.g. as the main crop and non-main crop. Whereas the activity outside the agreement of the main crop, it would be noted in the separated agreement and packed in the community development program (CD).

The agreement between the two parties would be presented in the memorandum of understanding (MoU) and strengthened by the Head of the Sub-district (*Camat*) and *Muspika* in place. MoU with the community is directed communally, not individuals, e.g. in the scope of sub-village or village. The village public figure pointed out to represent the community signing the MoU between the company and the community. This is to facilitate the land use setting and benefits distributing, such as the land for paddy field, corn, and the soybean to meet the needs themselves. Whereas the rubber crop area, it is oriented to get latex and would be sold likely a business indeed (Nawir, et al. 2003).

The CD program is developed by the company through establishing the rubber tree plantation in space of area allocated in the proportion of 5% from the effective area of the *HTI*. In the application stage and development, the farmer/the community can borrow money from the alternative finance agency or credit union (CU), like the keeping-borrowing co-operative that has been known by the community in place.

3.4.2. Right and Obligation

In the *HTI*-collaborative development will be developed, it must fulfill a mutually-beneficial interaction, yield orientation, openness, justice and balance, and responsibility. These principles must be noted in MoU which is the agreement between the company and the community/the farmer in the *HTI*-collaborative development. Each right and their respective obligation are described as follow (Widyantoro, 2008):

3.4.2.1. Community and Company Tasks

The community's tasks in the *HTI*-collaborative management are as follows:

- (1) Accept the benefit from wood yield associated with the proportion agreed to MoU;
- (2) Allowed to access into the *HTI* area to plant the food crop, horticulture, and the life-supporting crop (rubber, pepper, etc.) in accordance with the space set in the Minister for Forestry decree No.70/Kpts-II/1995;
- (3) Follow education and training to increase the human resources capacity, the economic capacity, and the institutional capacity (gathering business group or Co-operative);
- (4) Involve in the company's planning process, especially in related to the implementation of the *HTI* collaborative development;
- (5) Accept the subsidies (production inputs), including fertilizer, pesticide, herbicide, seed/seedling for the food crop, horticulture, and the life crop;
- (6) For the time being, the community went through the co-operative can buy some shares of the company with normal price.

The company's rights in the *HTI*-collaborative management are as follows:

- (1) Utilize the woods from *HTI* harvested;
- (2) Employ especially to the individual/the community's group in working of felling, skidding, wood transport to the Place for Collecting Wood temporary (TPn);
- (3) Manage *HTI* in accordance with property (state property) given to the Company as *IUPHHK-HT*;
- (4) Continue *HTI* crop investment on the land controlled by the community/the farmer for the following cycle with respect to MoU;
- (5) Develop infrastructure in the *HTI* area including the building on the land controlled by the community;
- (6) Recruit manpower from outside as along as the local community or the collaborative ones do not fit the standard of productivity required by the Company.

3.4.2.2. Community and Company Obligation

The community's obligations in the *HTI*-collaborative development are as follows:

- (1) Together with the company secure the *HTI* crop from the disturbance of humankind, forest fire, and forest encroachment, as well as the theft of wood;
- (2) Maintaining the main crop with maintenance means from the *HTI* Company;
- (3) Together with the company sets the Company's plan, especially the activity would be collaborated;
- (4) Built Business Group Communal (KUB) or Co-operative in an effort to accept the work in a wholesale manner;
- (5) Operate in accordance with the memorandum of understanding or the letter of work agreement (MoU or the Work Order);
- (6) Responsible togetherness with the Company if any failures, both occurring to the crop and the harvest, and each party must accept the bad condition;

The Company obligations in the *HTI*- collaborative pattern development are as follows:

- (1) Together the community secures the *HTI* crop from the disturbance of humankind, like forest fire, forest encroachment, and the theft of wood;
- (2) Increase the productivity of the *HTI* crop through the research and development activity (research and development), the productivity of wood harvest, and the crop production efficiency and the wood harvest;
- (3) Give subsidies of production means to the community/the farmer that collaborate, like fertilizer, the seed/the seedling, pesticide, and herbicide;
- (4) It is not true if the Company controlled dominantly against the community/the farmer;
- (5) Carry out the yield-sharing justly in accordance with MoU agreed to together;
- (6) Responsible together with the community if any harvesting failures and each must accept the bad condition;
- (7) Maintain and keep the continuity of the collaborative co-operation in order to continue going on.

Respectively, their obligation is often not obeyed because of various matters, in part (a) is not available fund, (b) the reason to meet the customs and traditions obligation, (3) the influence of sides' certain pressure, (4) the state of emergency or the extreme weather, (5) there is an alternative choice more beneficial, etc. Therefore, the right and this obligation are to be the realization shared their partnerships role.

3.5. *Communicative and Participative Forum*

To connect the interests of the Government (including the local Government), private enterprise, and the community in community empowerment, including the *HTI*-collaborative development are necessary to build forums consist of communicative and participative forum. The communicative forum can be formed in the regency or the province level depends on his interests, whereas the participative forum is in the field level (sub-district). The organization of the membership of the communicative forum in the province level consists of the elements of the government, private enterprise and the community/the farmer.

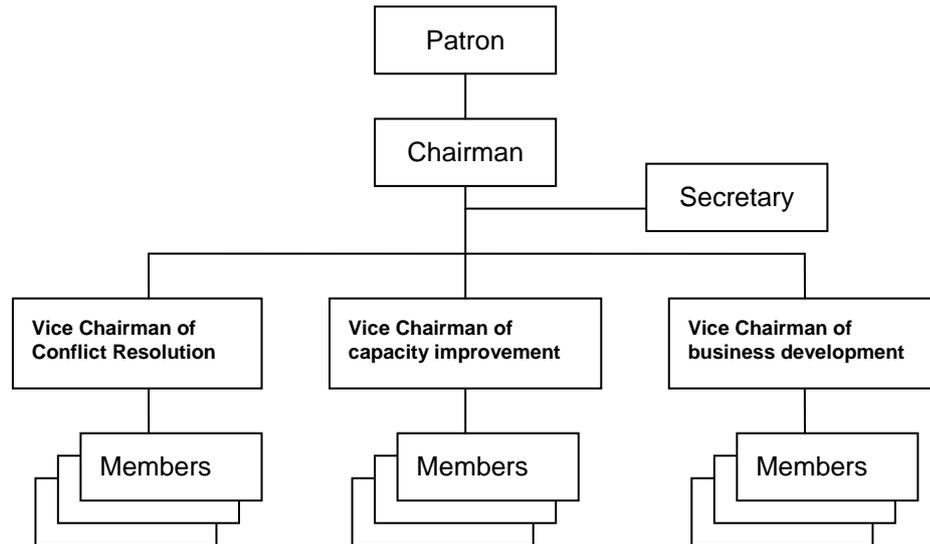


Figure 3. The structure of the communicative forum organization for the industrial plantation forest (HTI) development

3.5.1. Communicative Forum for HTI development in the Province Level

The composition of organization for communicative forum in province level in the *HTI* development is as follows:

- | | |
|---|---|
| (1) Person Responsible | : Governor |
| (2) Chairman | : Assistant II of Secretary of Regent |
| (3) Vice Chairman of Conflict Resolution | : Regional Police Chief |
| (4) Vice Chairman of capacity improvement | : Head of Forestry provincial service |
| (5) Vice Chairman of business development | : Field Operation Director (FOD) from the Company |
| (6) Secretary | : The Head of the Bureau of the Economy of the Area |
| (7) Vice Secretary | : Manager Forest Protection Dept. |
| (8) Members | : Service/related Institution in the province and people representative in accordance with the requirement. |

3.5.2. Communicative forum for HTI development in Regency/City Level

Composition of organization for communicative forum in the *HTI* development in regency/the city level is as follows:

- | | |
|------------------------|--|
| (1) Patron | : Governor |
| (2) Person Responsible | : Regent/Major |
| (3) Chairman | : Assistant II for Secretary of Regent |

- (4) Vice Chairman of Conflict Resolution : Head of Police Resort (*Kapolres*)
- (5) Vice Chairman of capacity improvement : Local Education Service
- (6) Vice Chairman of business development : Community Empowerment Service of the regency/city
- (7) Secretary I : Area Manager
- (8) Secretary II : Community Relationships in the regency level
- (9) Members : 353 Participative Forum for HTI-Collaborative Management

The need for a participative forum in *HTI*-collaborative management depends on the potential instability level of the conflict emergence between the company and the community/the farmer. The forum is meant to expedite the *HTI*-collaborative management and will be the Work Team of the *HTI*-collaborative development. The organization structure of the participative forum can be followed in Figure 4.

Almost resembled the communicative forum, the participative forum is more stressed on the aspect of his management in order to minimize the conflict in the *HTI* management, both in *HTI* development planning and the collaborative mechanism. In the communicative forum for *HTI* development is stressed the operational strategy and the program implementation in order not to the area overlap and land use conflict especially with the agriculture and the plantation sector.

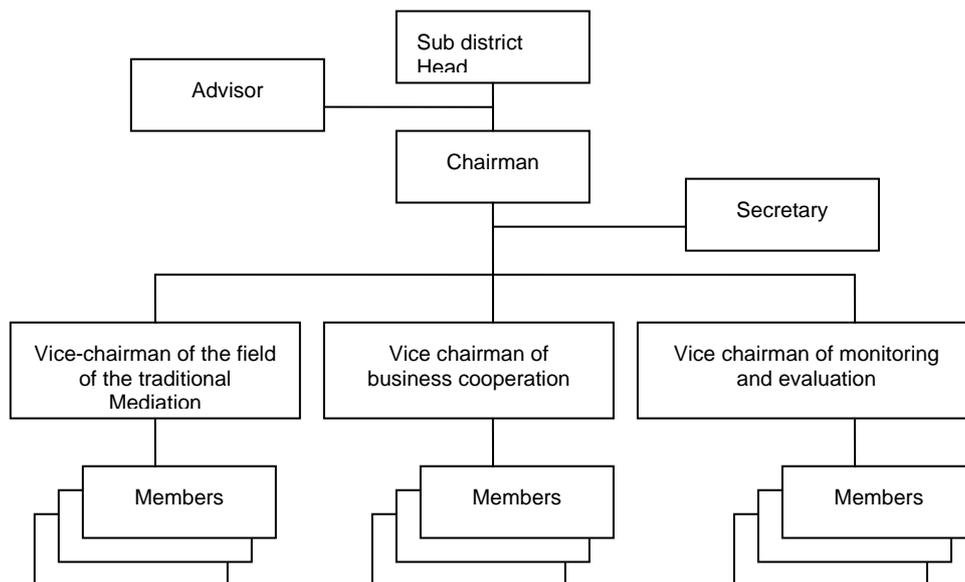


Figure 4. The organization structure of participative forum of the HTI-collaborative management

Composition of organization in the participative forum in *HTI*-collaborative management is as follows:

- (1) Person in charge : Sub district Head
- (2) Chairman : Distric Manager

- (3) Secretary I : *Forest Protection Manager*
- (4) Secretary II : *Community Relationships* Perusahaan at district level
- (5) Vice-chairman of the traditional : Chief of Traditional at sub district level Mediation
- (6) Vice chairman of business cooperation : The section head Empowerment of the Community at sub district
- (7) Vice chairman of monitoring and : *Corporate Planning and Mapping Manager* Evaluation
- (8) Members : Related organization at sub district level, NGO and representative of community as per needed

The participative forum would be formed by *Bupati's* decree (Head of District) to give the strengthening in the organizational community empowerment in the *HTI*-collaborative development. Composition of organization is not stiff and really might be adjusted and it depends on characteristics of the area. The involvement of the community is as far as possible adopted to give the lesson learnt in order to achieve a self-reliance in once upon time. Be reviewed from the strategic role on the element of the participative forum, then the role of the Sub-district Head (*Camat*) is a critical point in the field level to succeed the community empowerment program.

On the other hand, the existence of the communicative forum in province and regency/city level enable parties interested in the *HTI* development to develop the strategy, so that they can give positive contribution to the local Government development. The much expanded *HTI* establishment must be able to give the contribution towards the gross domestic regional product (GDRB) and the regional economic development where the *HTI* is built. However, the *HTI* development must be able to create the jobs opportunities in the area and give the opportunity as widely as possible to local manpower. Therefore, the communicative forum in the area is really needed when the *HTI*-collaborative development is going on.

CHAPTER 4. MECHANISM FOR THE LAND-USE CONFLICT RESOLUTION.

The land use conflict often causes the efforts impasse of resources sector, especially against the resources management less attractive accepted by the community/the farmer. The solution also sometimes needs a long time because of involving many interested parties, not only the community/the farmer as a land user generationally, but also involves the parties have got the benefit over the business.

4.1. Steps for Conflict Resolution.

There are nine steps for conflict resolution in the land use/the land utilization, that are (1) observation and problem inventory, (2) identification of the problem, (3) mediation and assistance, (4) dialogue or inter-group hearing, (5) strategy and management plans, (6) socialization to participants of prospective collaboration, (7) setting the operational plan, (8) actuating the activity, and (9) the monitoring and the evaluation. The process of the conflict resolution can be seen in Figure 2.

4.1.1. Observation and Problem Inventory

The local community, the company and the local government hold observation to find out and collecting some needs of the community and the capacity or the potential capacity had available by the community. Materials that are collected, and then studied and analyzed, so as producing several problems wanted to be overcome by the community. The problem found by the observer exactly has not been got empathy by all the local community. Even though, it is necessary to be done empathy's, so the local community becomes awareness that they have a problem like that, besides having the capacity to manage the resources. In this stage, the complaint by the company immediately must be followed up by the one that have authority by beginning to do controlling the field in order to be learnt the actual problem.

In this conflict resolution, the Government can form a team of investigation to research each case of the conflict between the company and the farmer/the community. This is important because not always the dominant group (a group of certain person) forcing the claims are not completely true in accordance with their forces or not represent in a whole. The communities/these farmers involved the forces are very possible to become their victim because of they have not big power to defeat the dominant group.

Further to the area overlapped area, occupied, or claimed by the others, including the non-forestry company, should be inventoried in order to get an accurate data and information about the hectares of area, the crops, the owner or the person that control the land as well as the other parties take part in this problem. Here, the role of the local Government in mediating the conflict resolution becomes very important because of many parties involved. If this case becomes a big problems, then it should be returned to the norms of the law by being facilitated by the local Government, and then to the Forestry Minister as the permission publisher.

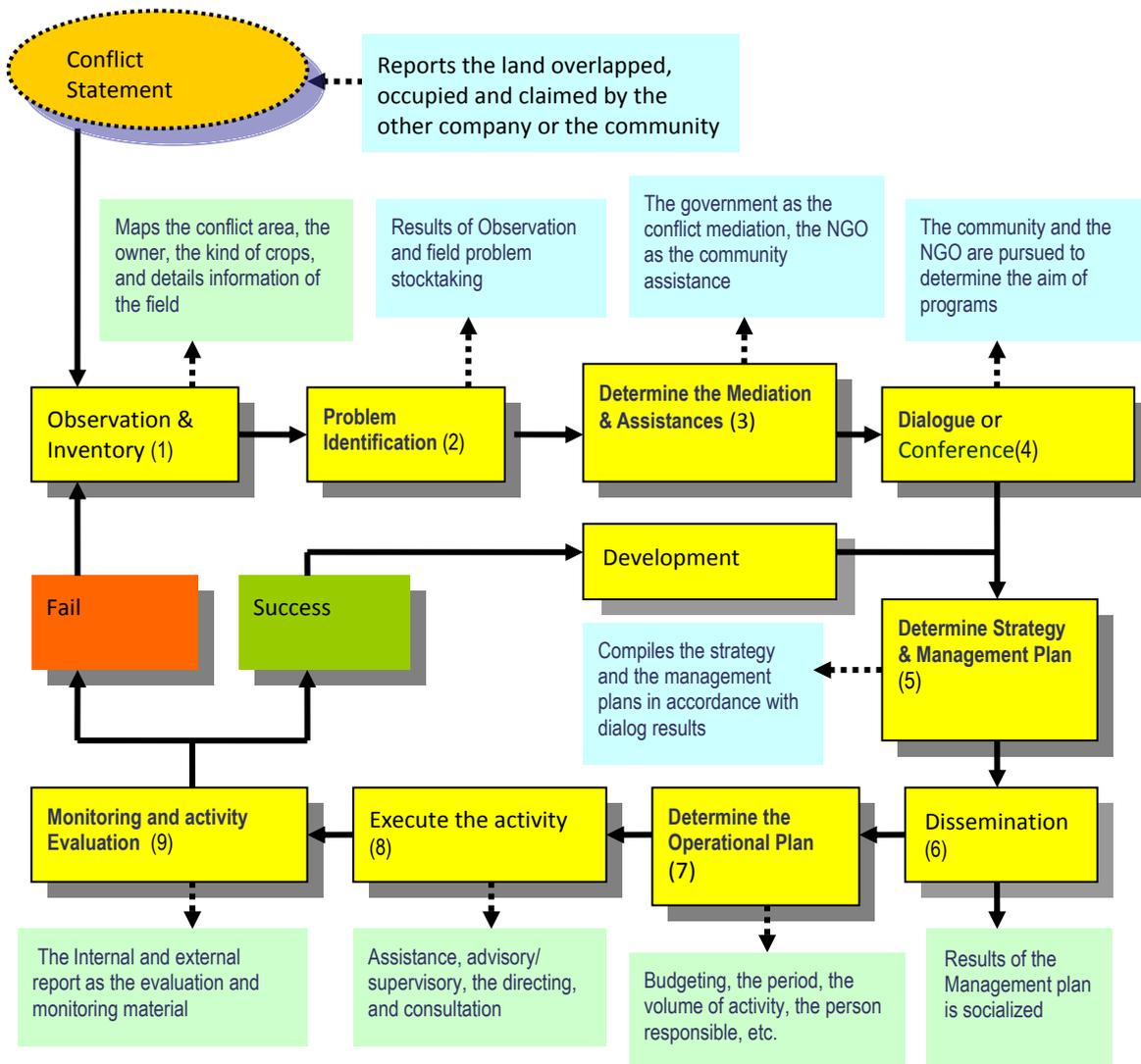


Chart 5. Mechanism of conflict resolution in the area of IUPHHK-HT

4.1.2. Problem Identification of Land-Use Conflict

This inventory activity is meant to know the real condition in the field. Results of observation or situation stocktaking and the social condition (the community) inside and around the forest are recorded and identified the available problem, and made the evidence (BA) signed by the farmer, the company, and NGO. Local Government is as the side that initiates the conflict resolution of this land. In determining the problem must be separated between the communities that are really inside or around the forest and the far community/ farmer (range limitation for their activity in the cultivation is maximum 5 kilometers) from the area of *IUPHHK-HT* or even outside the forest region according to the provisions of the local community.

In signing this BA definitely will face pros and cons because of the party involved would defend although they are far from the *HTI*. Those who are refused to signature are recorded; furthermore they become the discussions material in the forum for the conference/diet facilitated by the Regional Government. The signing must really represent the group on the whole, not a group of certain person then. This is needed to avoid claims of the other party feels unsatisfied. Here, the

role of NGO becomes the key to success the identification process of the problem because they will connect the interests of the community/the farmer with the government and the company.

In the identification of this problem is also recorded how long they have been stayed and manage the land for the seasonal yearly crop cultivation (for example the cereals and the rubber or oil palm estate). This is to anticipate the possibility increasing the claim done by the other farmer. Notes must be as information written in BA, for example whether the claim by the certain group is pure or has a certain intention overturned by the claimers, or even for the provocation.

4.1.3. Mediation and Assistance in Conflict Resolution

Normatively, the Government must facilitate as the mediator in this dialogue. The official of the government appointed as the mediator should be able to work professionally by separating his political interests or the interests of the group/the certain party. The existence of the company in this area certainly has an important meaning in moving the economies of the region and other region as well. On the other hand, the NGO and/or the tertiary institution can become the colleague of the community/the farmer because they have knowledge and the capacity to hold a dialogue with the government and the company. If it is needed by each conflicting party then it can be advocated through the lawyer in the dialogue or the conference.

The number of dialogue participants is better restricted to avoid the chaos in the dialogue or the conference, so as to be able to disrupt the main aim. Besides this, the facilitator or the moderator in this dialogue must understand the norms, the provisions of the regulation and the current legislation. Dialogue is better taken place in the closed room, for example in the regency auditorium or the available hall in the regency city.

4.1.4. Dialogue or Conference among the Conflicting Parties

After the mediation and assistance are determined, then the implementation of the dialogue or the conference is held on a place agreed to together between the government, the company and the community/the farmer with NGO. In the dialoguing forum, they must be a good motivation to resolve the case or the problem of the land-use conflict, not blames each other and looks for their own justification. All must submit to the norms acknowledged and honored by the local community and the legislation regulation acted in this country.

Must be reminded that if the agreement in conference is not reached, then the party most feels unsatisfied can raise his objection, furthermore can take the judgment track. Those did not obey the decision of the law, will be processed further by the authority of judgment. This is needed for the sake of law supremacy and the assurance of the law in this country, so as the company is guaranteed their business.

4.1.5. The Strategy and Management Plans

The company's strategy is certainly determined beforehand. The long-term plan must be determined by the company, whether on the conflict area or has not problems in accordance with area permission given by the government. The improving concept of the management plans must pay attention to the potential conflict for the land-use by the other parties in the future. The collaborative management will be maintained by the company and might be improved, especially on the decision making system and the acknowledgment or respect for the local titles/rights. On the basis of the aim appointed and agreed to together, the community is pursued to determine the strategy will be followed to achieve the aim. Agreements between the company and the community/the farmer must put into a signed paper at the moment as well.

A different interest is as far as possible adopted to seek the solution. Usually the claims by the community/the farmer are related to the business opportunity to use the land closed to his residence. Therefore, the company must be able to arrange the *HTI* landscape that's possible for the main crop, the MPTS, the life-supporting crop, the protected region and the infrastructure. The area has occupied by the community/the farmer must be put into the long-term plan and formulated what the strategy and accurate solution. For example, for the area of the rubber crop cultivation because of being categorized as the life-supporting crop, then can become the report on the company as the obligation in managing *HTI*. The area of the oil palm crop, if indeed must be striven, and then it should be replaced or planted with the local special crop in between. These compromises must be approved by various parties through the dialogue or the conference, and if necessary must be dialogued at the province level (the Governor) or the Minister for Forestry.

4.1.6. Socialization to the Candidate of Collaborative Participants

Results of the agreement in the dialogue presented in the strategy and the management plan must be disseminated to the collaborative candidate, covering fix location, activity, benefit-sharing, the system of the collaborative management co-operation, etc. to receive the more comfortable co-operation escort. The socialization can involve related parties, like the traditional body, *Muspika*, and the prospective local community that would collaborate with the *IUPHHK-HT* company. In this socialization must apply principles of equality and balance between the subject would be collaborated, mutually-trust and honored the titles/rights and obligations of each party without pressuring the others. The clarity and the inter-group commitment will very support this co-operation program (collaborative) successfully.

4.1.7. Setting for the Operational Plans

The strategy that has been agreed to, and then it is described in the operational plan scoping the working distribution and responsibility of the executives, the activities in each year, the method to carry out the activity, timetable and determination of the location, and the budgeting requirement as well. The operating procedure of the activity to reach a good quality results should be written in the standard operating procedure (SOP).

The partnership operational plan is an important thing for a long-term plan. Therefore, this operational plan must contain all the activity that has been agreed to. The operational plan is carried out every year in accordance with the working stage in the strategic plan of the company. Costs in connection with the implementation of the collaborative management (or partnerships) must be internalized in the component of the production cost, except cost in the community development program (CD program). This CD program is aimed to give the model for community/the farmer in self-reliance, so as the community can be personally working in the business of productive sectors.

4.1.8. Implementation of the Activity

The operational plan has been agreed to, later on will become the guide by all the parties involved in the implementation of the program. While the implementation of the program must be carried out by assistance and advised by the field official staff from the company or involved by NGO if must be. All parties must obey results of the agreement in the inter-group-dialogue forum mediated by the government. The community/the farmer who is given space to carry out the farming in the area of *IUPHHK-HT* in accordance with the requirement and provision in the agreement must be obeyed and won't change their mind until the agreement ending. Any changes in the contents of the agreement must be agreed by both sides, and the company must obey this agreement as well.

The other activities, especially the social action, like availability of school facilities, church, mosque, multipurpose building and other infrastructure considerate the company can be done to attract sympathy of the community. If necessary, to not disrupt the *HTI* area because of worry about encroachment and expanding the area for the rubber crop (the oil palm is not allowed), then the company can build the rubber crop in their villages (the rubber-tree village).

4.1.9. Monitoring and Evaluation.

Monitoring is carried out by recording and reporting each activity in order to compare between plans and realization. Since any deviation with the plan, then it should be feed-back to the executive immediately to receive their attention and be followed up for their improvement. The role of the NGO becomes important in the supervision through monitoring and evaluation of the collaborative scheme in the *HTI* development.

Program development and management plans are based on the results of monitoring and evaluation, where the activity has got successful and the community/the farmer started being happy with their yields. However, the community demand is very dynamic and continues lifting up in any time, so as it should be increasing to achieve the efforts in the future. Therefore, the increase of the collaborative management in the future must be striven by setting more optimal new strategy in the achievement of collaborative management, or giving land space for the farmers to do their efforts.

The mechanism above is not standard for all to resolve the land-use conflict in the different place. Therefore, if can be resolved by a simple ways, it will be better because of reducing the cost of the conflict resolution, whether in the field or the management level. The more complex problem will need a longer mechanism to process the conflict resolution, however as simple as possible in order to not cause new problems.

4.2. The Case: the PPJ Claimed Land-use in W.K.S and Community Claimed Land in B.P Group

In case of conflict between the company and the community/the Jambi farmer in WKS can be categorized as the claim of the community/the farmer through the unity of land user groups without permission to use the land in the area of *IUPHHK-HT* managed by WKS (the 3rd dimension and 4). If the problem of the land use conflict is not immediately resolved then it's possible to move to other dimensions causing a difficult position for WKS. Meanwhile in BP, the problem is simpler, that is the land claim by the individual or small groups because of being suspected in this land contain coal (the 4th dimension) or for planting the crop of the people's rubber. By claiming the land in the BP area, the land claimants hoped can sell the coal to the investor with very expensive price, or in the other location can be planted by the people's rubber.

In case of the *HTI* in WKS area, the most crucial stage of conflict resolution mechanism is later on facing the choice over the community's crop/the farmer in the area of *IUPHHK-HT*. Forestry Minister's Letter No. S.292/Menhut-VI/2008, on May 21, 2008, states that the conflict area of 41 000 hectares in the area of *IUPHHK-HT* WKS will be changed from people's rubber or oil palm plantation to the crop of *meranti* (*Shorea sp*) and *jelutung* (*Dyera sp*) with the partnership or collaborative scheme. On the other hand, in BP Group has not had a solution yet binding to the two sides – between company and the community/the farmer, but the company has held a dialogue with them to direct the co-operation through the Community-based Forest Management (CBFM), where in this area will be combined the crop between rubber crop and construction-wood.

- Possibility I : No change, this means that Forestry Minister's letter and/or results of the dialogue can not be applied;
- Possibility II : A change with compromising, this means that Forestry Minister's letter and/or the dialogue can be applied on the whole;
- Possibility III : A change with the compromising, but Forestry Minister's letter and/or the dialogue can not be applied on the whole;

The first possibility, the community/the farmer inside and around WKS feel have the strength with the PPJ support to continue occupying in part of WKS areas. So, the area has been occupied or claimed by the community/ the farmer continued being cultivated for the oil palm crop and rubber. This problem is the oil palm crop not permitted by the forestry policy in the forest region, because the wood of oil palm tree has not been commercially useable in the wood processed products. Whereas the rubber crop still produces wood that can be utilized as wood products (e.g. woodworking, furniture, particle-board, etc.), and having results in between by producing latex routinely. If it's happened in WKS, especially the rubber crop, it can be regarded as the life-supporting crop to meet the company's obligation in providing 5 percent of the total area of *IUPHHK-HT*. Even though Forestry Minister decree No. 70/Kpts-II/1995 is improved by regarding the crops of *Acacia*, *Eucalyptus*, or other as the MPTS and the life-supporting crop, however by pressuring the farmer / the community's who are still wanting the rubber crop as his life-supporting crop, then is not mistakenly if the company remains the position of rubber crop as the life-supporting crop. Now, in BP Group, the community continues bargaining the area claimed to ask for compensation if the land will be used as the mining region later on the day.

The second possibility, WKS will compromise with the kind of crops. The pattern will be taken is partnership, e.g. the area of the oil palm crop and/or rubber will be planted with *Shorea sp* and *Dyera sp* as the local supreme crop is 10 percent of the total area of *IUPHHK-HT*. By means, it can be happened that the oil palm crop will be dragged and replaced with *Shorea sp* and *Dyera sp*. Meanwhile in BP Group, his compromise is to combine the area to plant the rubber crop and construction wood plantation forest with the certain portion. As early in determining the aim of the *HTI*-trans development in the BP group, that are HS and JS must enclose transmigration to manage the forest, so as it's important to choice the rubber tree because this kind is the crops of the community's favorites.

The third possibility, although having compromise in WKS, but not all the area occupied and claimed by the community/the farmer can be planted with *Shorea sp* and *Dyera sp*. Especially in the area planted with the oil palm, then in between will be planted with *Shorea sp* and *Dyera sp*. Therefore, the oil palm crop will continue being cultivated by the community/the farmer until the end of its cycle, after that there is no way planted the oil palm in the following cycle. Whereas for the rubber crop area must not be interlude in between with *Shorea sp* and *Dyera sp* because the rubber tree is still categorized as the kind of the forestry crop and can produce wood. In the meantime, BP Group will compromise the plants against the land claimed by the community and will plant to combine between the kind of the construction-wood and the rubber tree plantation.

Based on three possibilities that will be occurred, this give the lesson learnt that evidently the community/the farmer is not immediately willing to do what decided by the Government or the company. This indicates that the strength of the community/the farmer position or reversely shows the government weaknesses that always urge to compromise with a certain side, so as resulting uncertainty in law and not securing the *HTI* investment in Indonesia. It is clearly understood because the kind of crop (wood) is not the kind interested in the community/the farmer.

CHAPTER 5. PROGRAMS AND STEPS IN DEVELOPING HTI-COLLABORATIVE MANAGEMENT

Several cases of the co-operation in the *HTI* development, both in partnership and collaborative scheme, is usually proceeded by claiming and occupying the land based on a very classic reason, that is the hereditary inheritance land from the ancestors. The next step, the community/the farmer demands his title on their "inheritance" by means of fee or similar other compensation.

Instead of the community can not show the ownership evidence of their land, then the claim under the name the inheritance will become a "potent weapon" to get their titles. Ingles, et al. (1999) categorizes in the four participative dimensions in decision making as follows:

- (1) That's under the gun pressure, law, social or publication (war situation, reform, under pressure because of the punishment threat, or negative publication);
- (2) Complaint to the court and the public's hearing with the People's Representative Council member;
- (3) Opinion to affect the decision-maker through the opinion collection, lobby, public meeting, and in-depth rapid rural appraisal 'RRA';
- (4) Opportunity to involve in the management decision making (suggestion from the advisory commission and the patron, in-depth participatory rural appraisal 'PRA', assemble the user of public property groups, and the farmer association).

In case of conflict between the company and the community/the Jambi farmer in WKS can be categorized as the claim of the community/the farmer through the association of property user groups without legality to use the land in the area of *IUPHHK-HT* managed by WKS (the 3rd and 4th dimension). Since the problem of the land-use conflict is not resolved immediately then it's very possible to move to the other dimensions that will cause a difficult position of WKS. Meanwhile, in case of BP Group is still categorized at the 4th dimension, which is the existence of the common property user groups, but not reach the farmer association movement.

5.1. THE DEVELOPMENT OF HTI-COLLABORATIVE MANAGEMENT PROGRAM

In establishing *HTI*-collaborative management often faces the constraints (hindrance), especially in determining preference and requirement of the program. The sides are often trapped in the assumption that they understand the problem and have the solution can be done (Byron, 1997), in fact it's not fit in accordance with the condition in the field. The efforts to improving the community's standard of living/the farmer around *HTI* often fail because of forcing the certain pattern of *HTI* development program, whereas the community/the farmer personally are not agree with this program. The development of *HTI* needs relatively longer time (6 - 7 years rotation) so as the community/the farmer must wait too long for the yields compared with the seasonal crop, like rice crop, corn, and other cereals.

Therefore, we must know the key actor and the information holder in the field. By analyzing the stakeholders then the survey team can carry out the participatory assessment against the actors

and the community/the farmer inside and around *HTI*. Thru the representativeness of the main stakeholders group will be achieved a better understanding about the requirement and preference of the development of *HTI*-collaborative management.

In developing *HTI*-collaborative management, analyzing to stakeholders must consider as follows:

- (1) The *HTI*-collaborative management based on thinking together to build the forest with fast growing species;
- (2) Local characteristic, like a join operation, strength of the community/the farmer in organizing, controller for resources in rotating the crop and farming methods, information knowledge in other business;
- (3) Relations with other stakeholders, like NGO, depending with the forest, conflict and operational strategy of the development of *HTI*-collaborative management; and
- (4) Bargaining position capacity to the decision maker, like results (gain) and the needs to collaborate (is gathered from Borrini-Feyerabend, 1996, the World Bank, 1996 in FAO, 1999).

Often the stakeholders' analysis and the participatory assessment to the community/the farmer are carried out after the collaboration program is begun. This will cause in much information and interaction with stakeholders is ignored in the next stage. Sometimes the requirement for the fund or the approval will determine the activity going on the development of *HTI*-collaborative management can be continued. Punctuality in analyzing stakeholders and the participatory assessment will depend on whoever develops the collaborative program and whether they will immediately carry out this activity program or not.

5.1.1. IDEAS TO DEVELOP HTI-COLLABORATIVE MANAGEMENT: WHOSE INITIATIVE?

At this time, the pattern of the *HTI* development co-operation is applied through partnerships by several companies of *IUPHHK-HT*. The beginning initiative is started when the company faces the hindrance in the field to carry out his investment activity. At first, the community/the farmer inside and around *HTI* carried out the dry-land agriculture activity to meet the requirement for his daily lives. Since this land is managed by the company through legal permission from the government to built *HTI*, the community/the farmer begin to be urged to co-operate with the company through the partnership pattern, with certain royalty fee, or profit-sharing system. However, this pattern can still not give an equality benefit or justice for the community/the farmer. This is marked by various land-use conflict problems because they have better opportunity cost.

Further, ITTO PD 396/06 Rev. 2 (F), the Forestry Service in South-Kalimantan Province and Jambi Province, as well as the company (WKS and BP Group) takes the initiative for maintaining in harmony relations with the community/this farmer by carrying out co-operation in the development of *HTI*-collaborative management. The community generally does not have time, resources and the needs to support the company in the development of *HTI*. Community/the local farmer is lack of skill, knowledge, time and the motivation to involve the stakeholders group in the initiative.

The land for developing *HTI*-collaborative management is inside the area of *IUPHHK-HT* by allocating 50 hectares of land. The optimal distribution of space in 50 hectare will be decided by the other national consultant. Be suggested that this space must allocate the main crops (wood) and the life-supporting crop and/or food crop and horticulture.

These matters must consider in the process of the development of *HTI* participative/collaborative pattern involved stake holders, these are:

- (1) Avoid strength domination in the participatory process. This can be happened when the company dominates his interests and tends to force ideas or his desire in the participative/collaborative pattern;
- (2) Preferably the community/the farmer held directly a dialogue with the holder's company *IUPHHK-HT* in order to avoid from information confusion, for example the fake struggle done by PPJ in Jambi Province;
- (3) The Government and/or the Local Government allocate the land-use by obeying the function of the Regional Landscape Plan of Provincial or District/City. The expansion of oil palm and rubber tree in the location around WKS and the coal mine around the BP location, it's enabled for the community/the farmer to change these business. It must be seated by the Government or the regional government to return on this function obedience.

In simplicity, the main aim at the first stage is to identify and analyze stakeholders, develop ideas for collaboration based on a participatory/collaborative assessment. These ideas can disappear if being ridden by the political element that often not directly connects with the interests of the community/the farmer. Until now, people not exactly know what back-ground will be in fact the demand of PPJ. The tendency is that they fought for his demand to control the land wider than the community/the farmers'. In the mind of demonstrators and this fact does that this land have a "potential benefit" and can be sold-bought by certain elements. The first victim who is affected by the negative impact is the *IUPHHK-HT* company, furthermore also the community/the farmer because they are made uncertain by certain elements will leverage a "potential benefit".

5.1.2. Managing the Land Collaboratively

By considering a multi-side participatory (ITTO Project PD 396/06 Rev 2 (F), Forestry Service, *IUPHHK-HT* company, and other sides) in this stage, three matters are useful to see the land management design will be set: (1) aim and target for the development of *HTI*-participative / collaborative management; (2) setting to manage and supervise the development of *HTI*-participation/collaboration management; and (3) setting for funding and the approval this program.

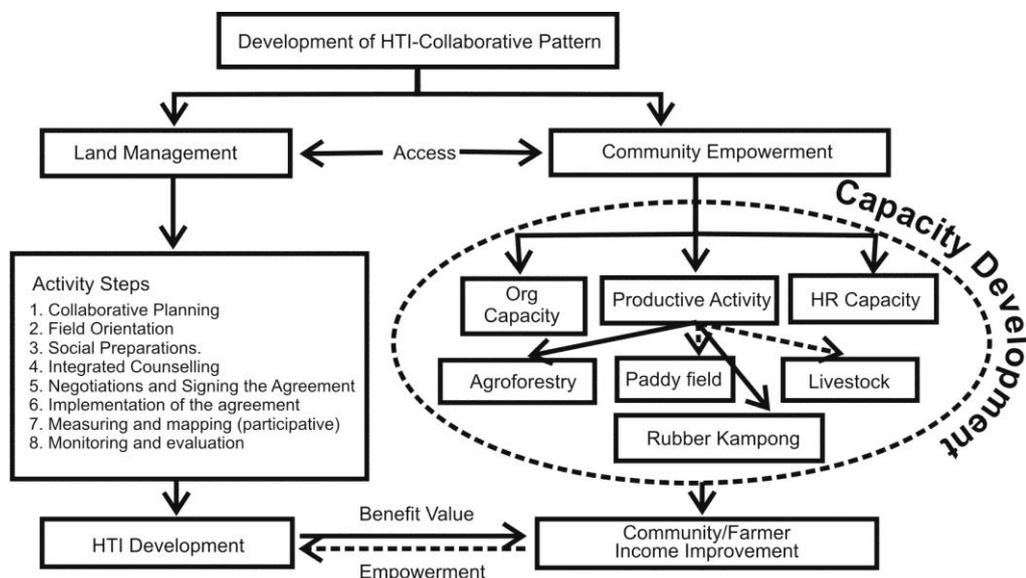


Figure 6. Development Management of HTI-Collaborative Pattern

The first part is the highest relevance in the participatory process in the development of *HTI*-participative / collaborative management. Inversely, for the second and third part are the domain stakeholders, that are determining the actor who will take the role in management, funding and supervising for all the development of *HTI*-participative/collaborative management. According to the results of field observation and interview with the farmers/the community inside and around *HTI* WKS and BP Group can be followed in Figure 6.

Figure 6 shows that the context of the development of *HTI*-participative/ collaborative management program is community empowerment in the area of *IUPHHK-HT*. The company gives an access in the land-use management and increases in the community's capacity in the organization matter, productive efforts to increase the economic capacity, and in human resources. The increase in this capacity is expected to bring about the community/the farmer headed self-reliance.

The land management stages in the development of *HTI*-participative/collaborative management includes: (1) collaborative planning; (2) field orientation; (3) social preparations; (4) integrated counseling; (5) the measuring and mapping (participative); (6) negotiations and signing to the joint agreement; (7) implementation of the agreement; and (8) monitoring and evaluation. These stages are really quite long because it's not easy to convince the community/the farmer before proved with the evidences as a model to them in the increasing their income.

(1) Collaborative Planning. In this stage, the field survey data and ideas have been accommodated afterwards processed to get clearly illustration for the development of *HTI* model will be built. The planning involvement of the community/the farmer inside and around *HTI* is usually discussed in the certain place, like the village hall, the inhabitant's housing, or the religious places. How many will inhabitants or the community/the farmer be involved in this model as well as what the community's needs, so that it can be collaborated with the company? Are any ones sides involved in collaborative planning? All of them are accommodated and given by the tasks in accordance with his competence.

WKS will apply the collaborative management with the fast growing species, like *Acacia* and *Eucalyptus* to fulfil supplies of raw material for the pulp and paper industry. Whereas in BP Group will apply the collaborative management by planting *Paraserianthes sp*, *Gmelina sp* and *Peronema sp*. These species are the main crop, whereas the crop for his combination among them will be superior rubber crop. If it's possible, kinds of the horticultural crop will be combined with the main crop, and it's in accordance with the agreement between the company and the community. Immediately, funding should be budgeted for by the company to bring about each activity in the development of *HTI*-participative/collaborative management.

(2) Field Orientation. In the process of planning it is possible represented by several people, so as still must be communicated with the inhabitants or the community/the other farmer will be involved in the development of *HTI*-participative/collaborative management. Communicating with the community/the wider farmer must be very careful because of the representativeness in the community/the farmer is not fully received by the most communities/the available farmer inside and around *HTI*. Therefore, the role of the key actor must be involved in the process of planning so as far as possible generally represented the community's /the farmer needs. It might be that orientation is not only just once, but it can be a several times until to understand with their plans. In this field orientation is also needed the data about land suitability for the main and combination crop as well as seasonal crop, including the tradition the community/the local farmer in seeking the livelihood.

(3) Social Preparations. The community's customaries/the local farmer who are known, afterwards is compiled by any activity proceeding before acting the main activity, like "*ngudas*" in Kalimantan island tradition or the public term is "*selamatan*" in several places. The local traditional

body must be involved in these social preparations in order to all activity fit with the community's habit.

Basically, social preparations are carried out in order to get supports from the community/the farmer before the activity going on. In other words, social preparations are all the effort from the activity carried out before developing activity for the community, with the aim: (a) the community knows the activity will be carried out by them; and (b) the community is available to participate in all stage of the program will be carried out in accordance with the community' aspirations and the requirement.

The team of ITTO PD 396/06 Rev. 2 (F) that becomes the initiator must intensively sound out various possibilities of the differences with the community/the farmer inside and around *HTI* both in the WKS Company and BP Group. Thus, in these social preparations as far as possible must take the social data in the field accurately and self approach directly to the community/the farmer;

(4) Integrated Counselling. The core of most integrated counselling is communication between various sides will be involved in the process of the *HTI*-collaborative management. In this stage, it's covering introductory and awareness. The introduction process is meant to know the requirement and the capacity both existing and potential owned by the community/the farmer in the local area. Whereas the awareness process is meant in order the community can hard understand with all about their requirement, capacity and problem dealt with.

In the implementation of counselling must be involved various elements and the community/the available farmer element inside and around *HTI*, especially who will be involved directly with the collaborative activity. Other sides, like *Muspika*, the customaries chairman, the public figure must be involved in this integrated counselling activity. The entire item of the activity has been planned beforehand must be distributed clearly and transparently to the community/the farmer and other sides involved.

(5) Negotiations and Signing the Agreement. The topic must be entered in the integrated counselling is the negotiations process covering the benefit distribution mechanism, task and responsibility, rights and obligations each side, as well as the risk must be handled together. These negotiations process is definitely difficult because the community/the farmer will compare the yields received by them later. If compared with other income and it's far different and smaller, the counselling Team, including the ITTO Team, Forestry Services and the company must continue striving in order to achieve the agreement, so as achieving the equality with the other income. Therefore, the activity of the collaborative management can be developed through various skim by combining several crop fitted by the community/the farmer needs.

Results of the agreement in these negotiations are immediately presented in the agreement (the memorandum of understanding) between company and individuals in the community/the farmer. In this agreement must note whoever co-operated in the collaborative management, kind of the activity, right and obligation, length of the co-operation period, benefit-sharing skim, cost liabilities, force majeure, conflict resolution, etc. in accordance with the agreement. And then, this co-operation agreement must be made by the management and signed together inter-group and witnessed by *Muspika* or strengthened by the notary. The benefit sharing mechanism will be discussed in the next chapter.

(6) Implementation of the agreement. Basically in implementing the program and the action plan of the activity must be in accordance with what has been agreed to together. In the implementation of the developed pattern is to harmonize the operational of *HTI* development and increase the co-operation, where the community provided the land controlled in a manner of the

tradition or hereditary, and the company manage this forest land. The developed pattern of the community's of land-use developed is to develop the association of the co-operation in the *HTI* development giving mutually-benefits, both economically, social and improvement of the quality of environment.

The implementation of co-operation is as follow: (a) advisory to the community institutional through the strengthening of the Communal Business Group (CBG); (b) material for establishing the superior rubber plantation and assistance to the technique of cultivation; (c) advisory to the permanent agricultural efforts and partly material of demonstration plot (*Demplot*) for paddy-field; and (d) the benefit from *HTI*-collaborative management. Especially concerning the benefit can be shared is including wood of *Acacia* and *Eucalyptus* in WKS, and *Paraserianthes* or *Gmelina* in BP Group. The distribution is covering the profit-sharing or royalty fee, whereas rubber becomes fully having to the community/the farmer in WKS and BP Group, and also for the horticultural and food crops although the two companies carry out the advisories.

(7) Measuring and mapping (participative). The location that will be a model of the development of *HTI*-collaboration management is measured and mapped in accordance with the block/the compartment of the crop for WKS Company and BP Group. In the process of measuring and the mapping must be involved directly the community/the farmer who will become part of collaborative management.

Furthermore, a result of this measurement is mapped with a co-ordinate position accurately. Matters that also must be mapped are the space of spatial: where spaces for the main and its combination crop are. This map will be a part of attachments in the joint agreement or the development of *HTI*-collaboration management between WKS Company and BP Group. The community/the farmer must have these maps so that at one day they can know and become evidence if any dispute of them all.

(8) Monitoring and evaluation. On the whole, the above activities need monitoring and evaluation. Monitoring is done routinely, both of the official from the company and the community/the farmer over the progress of the crop and achievement of the realization. Results of monitoring will become material for evaluation in each certain period. The whole activities can be evaluated in every three months. This is needed to know temporary progress results of the development of *HTI*-collaboration management. The comprehensive evaluation can be carried out in every year and at the end of the plantation rotation (6 – 7 years) to know whether the collaborative pattern can give a benefit equally to the community/the farmer involved or not.

The further cycle in the development of *HTI*-collaboration management covering: the aim, the action plan, the results, and the lesson learnt must continue to be evaluated. The cycles of tasks in planning, action plan and this lesson must be more focus to get effective improvement, efficiency and self-reliance. For sustainability of collaborative management related to their plans made by the partners must be improved day by day in order to go continuously. Furthermore intervention is necessary to re-negotiate in accordance with the dynamics of the social development, politics and the community's economics/the local farmer.

There are two separated sets to feed-back and lesson learnt: one for the collaborative program itself and other attention is specific-location initiatives. So, this set contains the meaning matter-such as:

- (1) Evaluation by the community/the farmer through the process and results of collaboration in specific-location must be compared with the plans and the co-operation agreement (collaborative);

- (2) Evaluation by the company through the process and results of the collaborative program must be compared with the design of the collaborative program.

The evaluation can cause or initiate a conflict due to the decision must represent what good and bad experiences. The decision must be made about what criterion used and how the experiences are compared with this criterion. A different stakeholder can have different perception about what done well and not as the initial plan made of. Notes in the initial agreement and discussions in the criterion can help reduce the un-agreeing group of participant. Maybe the company is necessary to use conflict management skills to facilitate negotiations into the inter-group agreement in the round of the next plans.

5.2. The Role of Stakeholders in the Development of HTI-collaborative Management

Stakeholders in the development of *HTI*-collaboration management consists of 3 (three) the main actor, that are government, company, and community. Moreover must be involved in part are university and NGO, as well as the agency of alternative finance if any in the local area.

(1) The Government

- (a) Undertaking his function as the regulator and the facilitator, and the dynamistic actor to push the *HTI* development: the land legality and the collaborative pattern;
- (b) Approving the institutional building for the forest farmer group and co-operative;
- (c) Strengthening the contents of understanding and/or the agreement between the company and the farmer/the community in the development of *HTI*-collaboration management;
- (d) Providing the forestry extension officer, and also for their assistance.

(2) The company.

- (1) Acting as facilitating the guaranteeing of finance if needed by the forest farmer co-operative and at the same time as the agribusiness manager;
- (2) Improving the condition of land to increase the land productivity and the function of the environment;
- (3) Choosing seeds, seedling, fertilizer, pesticide, insecticide, and environmental-friendly herbicide;
- (4) Helping the development of agribusiness/farming with applied technology in order to increase the product quality;
- (5) Carrying out the post-harvest process and arrange the logistics of the agricultural product;
- (6) Marketing the *HTI* and agriculture products in the local, regional and global market;
- (7) Developing the local capacity to manage productive business units through the gathering business groups (KUB) or the forest farmer co-operative.

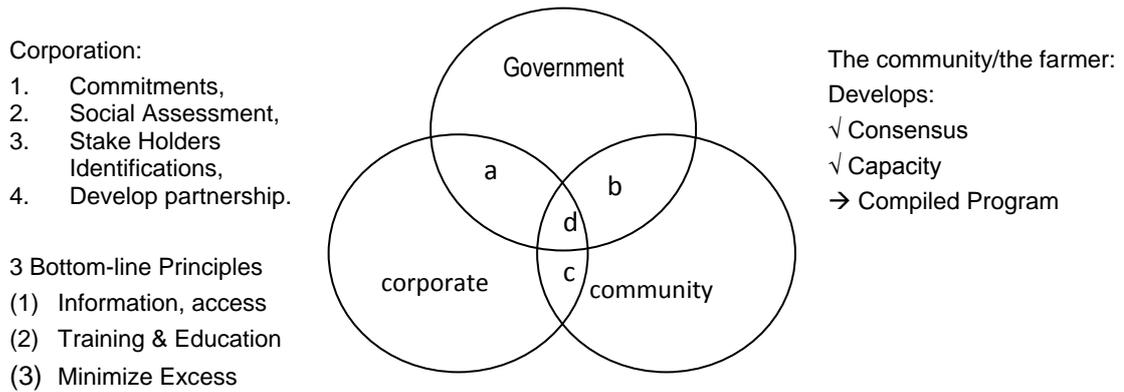


Figure 7. The main role of stakeholders in the HTI- collaborative management

- a = Intersect between the government and corporate to get safe investment and the assurance of efforts (the assurance of the region);
- b = Intersect between the government and community to protect the community's titles and the resolution of land-use conflict;
- c = Intersect between corporate and the co-operative for development collaboration of *HTI* partnership pattern;
- d = Intersect between the three main actors for focusing the increase of role, position, and institutional strengthening (government, corporate and co-operative) so that the business unit is more optimal.

(3) The Community bundled into KUB or the Co-operative

- (1) Forest Farmer Co-operative and company partner's undertake to run the organization (the collaborative management) proportionally;
- (2) Forest Farmer Co-operative must be responsible to return all the facilities accepted from the government or any parties;
- (3) Forest Farmer Co-operative promises to sale all the agricultural products produced to the IUPHHK Company holder.

(4) The NGO

- (1) Giving assistance from the beginning of provisions of the program to the self-reliance farmer;
- (2) Strengthening the institutional in the community/the farmer level;
- (3) Supervising the development of *HTI*-collaboration management program;
- (4) Giving consultancy to the community/the farmer and as assistance in the development of *HTI*-collaboration management.

(5) The tertiary institution and the Researcher

- (a) Processing the transferable knowledge and technology in developing the *HTI*-collaborative management;
- (b) Analyzing the development of the forest establishment related to diagnostics of collaborative management through the PRA approach;
- (c) Assisting and harmonizing all the programs done by the government, private enterprise/the company and the community.

5.3. Capital from the Alternative Finance Agency.

The agency of alternative finance is chosen because the conventional banking agency considers that in the agribusiness sector has quite big risk. This financial agency determines the soft loan interest, that is maximum 8 percent for small businesses and co-operative that will do in agribusiness sector. In these agriculture and plantation estate sectors has applied this system through the Public Service Body (BLU) for rubber and oil palm plantation estate. But, in the forestry business will begin to be applied the loan scheme for the plantation forest development activity by cost from the Task Unit (*Satker*) for the Forest Development Fund or the Funding Body for Forest Development (BP2H).

Therefore, the funding institution for forest development including the *HTI*-collaborative management, really role play indeed as: (a) the capital support (finance) for the community/the farmer that collaborates with the company; (b) the payment guarantees maximum in one week since the work finished; (c) the assistance and training in the collaborative management as well as the training for micro-small and middle businesses (UMKM) in connected with *HTI*-development by the community in doing business context.

In its progress, the collaborative partner's company can borrow the money from the Alternative Finance Agency (LKA), the Department of Forestry, for funding the *HTI* establishment. This is needed especially to increase the institutional capacity and the human resources capacity in the community/the farmer level that collaborate with the *IUPHHK-HT* company. Distribution of the loan fund for funding the forest development (P2H) will be in directly or through the bank as an executing agency, but not as a channeling agency, so as the executive's bank is responsible to return his loan to P2H, Department of Forestry.

Moreover, to increase the productive sectors development in the *HTI*-collaborative management, then the community/the partner's farmer collaborative is available to borrow the money from P2H directly or through the executive's bank to build the rubber crop in their settlement as the People's Forest. The community/the farmer can also expand other productive business facilitated by the collaborative company to develop *HTI*-collaborative management.

CHAPTER 6: Capacity Building and Benefit-Sharing Mechanism

The most important mechanism of the collaborative management is how to arrange three roles of the stakeholders, which are government, private enterprise, and community. This mechanism must be as simple as possible to avoid any problems if involving too many parties. This arrangement covers participation in decision making, the benefit-sharing, and acknowledgment/respect for the local titles (recognition). Emerging problems in the plantation forest development (*HTI*-collaborative management) must be discussed in a communicative forum built in a common initiative.

6.1. INSTITUTIONAL Capacity Building

As described in the background that the context of the community in the *IUPHHK-HT* area is in term of subsistence. Moreover also in a geographic condition with low accessibility cause communication and the development of information as well as the mobility of the community to be a very limited. The community is not used to gather in common resolving problems in their community.

The activity of the *HTI*-collaborative management at the initial planting and the starting operational felling will provide the labour-intensive work opportunity. Timely there are so many opportunities can be comprehended by the community if their capacity supporting to manage this opportunity. Instead of managing the technical capacity also must be supported in a quite adequate capital.

As the community is really difficult to be found individuals who have the capacity like that matter above. Therefore, ITTO PD 396/06 Rev. 2 (F), the Provincial Forestry Service, and the *IUPHHK-HT* company of WKS and BP Group try to prepare the community in order to be able to catch the available opportunity by giving the understanding the importance of constructive strength and the capacity, and by forming a group that has the same aim and perception around the group's member. This group later on is implemented by the management as the Communal Business Group (*KUB – Kelompok Usaha Bersama*).

This *KUB* is the term of organization in the community level as the realization of the economic capacity, and then it is expected to become:

- (1) The place to people's gathering that has a similarity of the aim to the unity of their capacity (ideas, supports, capital, etc.);
- (2) The organization or the available forum of productive activity in the community's environment especially the business opportunity from the company in operational activity. Fortunately, it is hoped that *KUB* can become a company' partner as contractors at the field works;
- (3) Business pool for giving the addition of income into the community development through profit-sharing;
- (4) Pool organized the community in supporting the training programs carried out by the company (superior rubber cultivation, the farmer's group pool, the management royalty, etc.).

In the long run this *KUB* is expected to become the people's representative in this community to continue the land management co-operation for the *HTI*-collaborative management. *KUB* is hoped to become a trigger of bigger activity, so as the community/the farmer is not only to become a manager (growers or farmers) but also can employ the other community to work as a technical worker of the working order.

6.2. Getting Income from Productive Activities

From the early study towards the social condition of the community in the *HTI* WKS and BP group especially in the fulfillment of the requirement for their life, is concluded that the community works as the rubber farmer, not the paddy-field farmer or the cultivators. This is proven by almost results of field rice cultivation only enough to meet the rice yearly. Moreover it is not enough, so as they are waiting for the following yield, the community must buy the rice. The daily life is fulfilled by selling the latex from tapping the local rubber owned by almost the community in the area. The mechanism of the latex market has built up, so as the community is not difficult in marketing their products.

6.2.1. Superior Rubber Tree

By beginning this condition, the *IUPHHK-HT* company of WKS and BP group develop the superior rubber cultivation program despite of intensive maintenance, but the limit of production is shorter and the yield is 2 – 3 times to do more. Besides of also the consideration of the product marketing is easy. This is proven in several places or the location of the development superior rubber cultivation that has given a better community's rate of return. Roughly, the income from wood of *Acacia sp* (akasia), *Paraserianthes sp* (sengon), or *Eucalyptus sp* (eukaliptus) and *Gmelina sp* (gmelina), the community/the farmer only receives around Rp270 000 per the month, whereas their latex can produce around Rp1.5 million per the month. Therefore, the total income will be received by the community/the farmer from wood and latex around Rp1.77 million per the month. This income has met the minimal living cost standard in Jambi Province and South Kalimantan Province, not using the minimum regional wage standard (UMR).

In the application, the guidance and material of the superior rubber cultivation given for the community means to give a benefit in the middle period over the co-operation of the land-use management in *HTI* development. The rubber tree is ready to produce at being 5 – 6 years, so as the execution of the assistances programs are carried out after the co-operation takes place on 1 or 2 year. In this period it is hoped that preparations of operational activity for the land and planting have been finished carrying out to all the land co-operated, therefore the total area of established *HTI* will have been known.

The aim wants to be received by applying model of the superior rubber development in the *HTI*-collaborative management is:

- (1) Fulfilling the Forestry Minister's regulation No. of 70/Kpts-II/1995 about the Landscape of the *HTI* Development and PP No.6/Menhut-II/2007 Jo. PP No.3/Menhut-II/2008;
- (2) Increasing the income of the community from the tapping of rubber, furthermore it is hoped that the result can fulfil the adequacy of the standard of the community's living so as to not depend on the routine activity in the development and management of *HTI*;
- (3) Carrying out the community empowerment program through the community development (CD) where this rubber crop has been known and has market as well as it is the request from the local community.

In the implementation of the management and material giving for the superior rubber development, designing strategy is the size of capacity adapted reasonably of 5 percent of the total effective *HTI* planted in the community's community. The material can be as helping the superior rubber development is as follow in Table 3.

Table 3. Materials (fertilizer and rubber seedling) for the community/farmer Collaborated

Kind of Material	Dosis (gram/ stem)	Per hectare of land for rubber (kg/ha)	Time Schedule
Rubber seedling (ready to plant)	---	476 (stem)	
Basic fertilizer (rock phosphate)	100	47,60	Before planting
Fertilizer-1 NPK 15-15-15	100	47,60	Year of 3 month
Fertilizer-2 NPK 15-15-15	130	61,88	Year of 9 month
Fertilizer-3 NPK 15-15-15	160	76,16	Year of 15 month
Fertilizer-4 NPK 15-15-15	210	99,96	Year of 24 month
Fertilizer-5 NPK 15-15-15	300	142,80	Year of 32 month
Fertilizer-6 NPK 15-15-15	300	142,80	Year of 40 month
Fertilizer-7 NPK 15-15-15	400	190,40	Year of 48 month

Source: Finnantara Intiga, 2008

The other benefits that supports the community development are: (a) incentive and infrastructure for land compensation Rp60.000/hektar; (b) incentive for land preparations Rp50.000/hektar; (c) sprayer-back if the community plant rubber in 1 unified area per 10 hectare; (d) herbicide 3 liters/hectare; and (e) assistances in the form of counseling, training and field practicing in the planting, maintaining (maintenance, mitigation and prevention from plant diseases) as well as the rubber tapping process. The company does not give wages in the process of planting, maintenance and harvesting the latexes of superior rubber (tapping). By focusing the participative management, it is expected to do a transfer of understanding and skills. This also to cover a number of superior rubber areas in a self-supporting by the community because of each village or each one of the community's members not certain to receive material of the superior rubber crop adequately. It is understood duties to the material number of rubber stump is determined by the net *HTI* area planted (0.75 hectare of rubber to 10 hectares of *HTI*).

6.2.2. Permanent Cultivation and Agro-forestry.

As being depicted in Chart 6 that for the paddy-field and livestock breeding drawn by interrupted line does not mean a must to discuss and construct a modeling. The location for observation of the *HTI*-collaborative management model in WKS and BP the group is only 50 hectare, so as this commodity is not enable to be carried out by planting. By mean of "*kampung karet*" is the community controlled the land in a manner for their generations in the working area of *IUPHHK-HT* WKS and BP group, in which their land settlement will be planted with the rubber crop. It means that the area of *IUPHHK-HT* will not be planted by the superior kind of the rubber crop.

From the previous study towards the social condition for the community's economics is found a fact that the most communities in providing the rice is by planting paddy through a shifting cultivation. The paddy is planted in one year, so as to get an adequacy of rice supplies for 1 year is determined by their area cultivated. This ways is very useful because in every time they should shift to the new other location, and back to the location after reaching of 5-8 years or when the covering crops has provided a nutrition for paddy after shrubs burning. Moreover this method is also dangerous and risk on fire.

The growth of population and households definitely will increase the requirement of the land for cultivation; in fact the area does not add so as unbalance in using the land. Moreover the lands that earlier is reserved to cultivate, it has been managed to the *HTI* development. By the condition this program is applied with the aims are: (a) reducing a pressure of land requirement for agricultural activity in the *HTI* area; (b) reducing up to eliminating the risk of land and forest fire caused by fire creeping from burning the shrubs for land preparations in the shifting cultivation way; (c) localizing the requirement for the agricultural land in order to permanent cultivation so as more efficient; and (d) introducing and giving the addition of the rice yield with planting more than 1 time for 1 year.

6.3. Benefit-Sharing Mechanism

Although most *HTI* developments in Indonesia apply a partnership in developing the plantation forest, but each area can differ from benefit-sharing method between the company and the community/the farmer inside and around the forest. This difference is based on their respective proportion and the beginning agreement between the stakeholders. The policy and the regulation published by the government (Cq. Department of Forestry) sometimes have negative impact or not beneficial for the community/the farmer inside and around the plantation forest.

During the agreement (next period), the community often changes their mind because the beneficial acceptance for the community/the farmer is not equal to the Company. This matter often raises a conflict because of equality estimated by the community since the beginning, evidently is different from the reality, moreover if they're compared with other opportunity. In fact, the others can produce higher than the yield received by the community from the co-operation with *HTI* development. Therefore they must look for some efforts to increase their feasibility of income in accordance with the requirement for the community/this farmer and how his mechanism must be arranged.

6.3.1. The Benefit Flow: The Community/the farmer is guaranteed to receive the benefit from the *HTI* participative/collaborative development.

It's important to make a condition to guarantee the community/the farmer in order to receipt benefit from the *HTI*-collaborative management. This is necessary to continue the program of *HTI*-collaborative management, community and economic development. To describe the analytical framework in arranging the collaborative mechanism, three questions must be answered related to the rumors of the benefit flow: (1) the rights of the land command, (2) benefit-sharing, and (3) application of the policy, the legislation and regulation (Widyantoro, 2008).

The guaranteeing of the rights of the land command that enabled the community/the farmer to access and manage *HTI* is a fundamental requirement for the *HTI*-collaborative management, and also the community/the farmer might clarify directly and indirectly benefits from *HTI*-collaborative. The command rights by the community/the farmer varies in each area, and several keys to his difference in part: the rights what will be accepted (for example the management, usage, exclusive, conversion, or sale), and resources what can be used or traded (example: non-wood forest products, wood, agro-forestry' yield, or land of *HTI*), and with whom (example: household itself, users groups, and the length of agreement).

In 2005, Forestry Minister's policy revised the instruction on the number of 70/Kpts-II/1995, where the supreme and the life crops can take the form of the main crop (the crop of the forestry

cultivation). This makes the community/the farmer getting not interested in the wood commodity (Acacia sp, Eucalyptus sp, etc), because they only wants the oil palm and rubber tree. Possibility the purpose must be rethought in order the rubber crop, except the oil palm, still can fill up the land space in the *HTI* development. The proportion is 5 percent of the total area of *IUPHHK-HT*, or if it's possible to be built rubber for the community as the people's rubber at their villages (kampong).

6.3.2. Income Distribution Mechanism of HTI-Collaborative Management

Once resources access is guaranteed by the company, what can the income generate do for the communities/farmers from the *HTI*-collaborative management? Can this be distributed to the communities/the farmers or used by the communities/the farmer's institution? Must this contribution be paid to the company or the government, if so, how many their proportions? Since the regulation and the policy enable the benefits flows to the community/the farmer on paper, then often meet a gap and challenge in the application. This becomes important to consider how the policy can be operated to the *HTI*-collaborative management and the benefit flow is applied in the field.

A case from the *HTI*-partnership scheme in WKS and BP group indicates that the benefit flow to the community/the farmer has still not found a pattern in accordance with generally expectation of the community/the farmer. In WKS applies the benefit-sharing with the proportion 70: 30; where 70 percent of the selling price for the company and 30 percent for the community/the farmer. Even though, BP group has not applied the partnership scheme, moreover participative/collaborative, so as the community/the farmer only accepts wages from BP Group. Farmers' income that accepted by the community/the farmer in WKS relatively bigger than BP group', but if being compared with the income from the oil palm and/or rubber still a one third. Although this income has already been over the minimum income regional (UMR) in each area, but comparatively is still under the other opportunity, so the community/farmer has got an opportunity loss. Consequently, WKS Company must make an effort to increase their income by giving the opportunity, for example the Company builds rubber tree at their villages (*kampong karet*). Whereas in BP group, especially to *HTI*-trans HS and JS can be combined between the plantation forest and rubber tree.

Based on the number of trees can be harvested in the certain rotation is counted by how many volumes (cubic meter) of wood is produced, afterwards divided into the two parties about the proportion agreed to. In WKS, the distribution of the benefit can be carried out through the production fee or s based on the current selling price (f.o.b) with the proportion 70 : 30, where 70 percent for the holder's company *IUPHHK HTI* and 30 percent for the community/the farmer. The entire product of latex is for the community/the farmer because WKS is not interested in latex. For HS and JS in BP group can be done with the profit-sharing, for example: the proportion 60: 40 that based on the distribution of the profit. Here, the company takes part in trying to get the rubber crop because the *HTI*-transmigration might be managed by the system. The wood scaling must be witnessed by the community/the farmer who joints in as well as participated in the *HTI*-collaborative management, so that respectively the parties know definitely results (money) will be received by them (Chart 8).

If the understanding and the agreement (MoU) is made between the company and the community/the farmer in one village/the kampong, then the benefit-sharing is handed to the village/the kampong, henceforth divided according to his proportion by the Village Head/Kampong and his officials. The distribution and his calculation must transparently and accountable in order to not cause the partner inter-member conflict. Beside this benefit to the individual or head of household, the company can give a fee to be granted to the village/the village as his treasury.

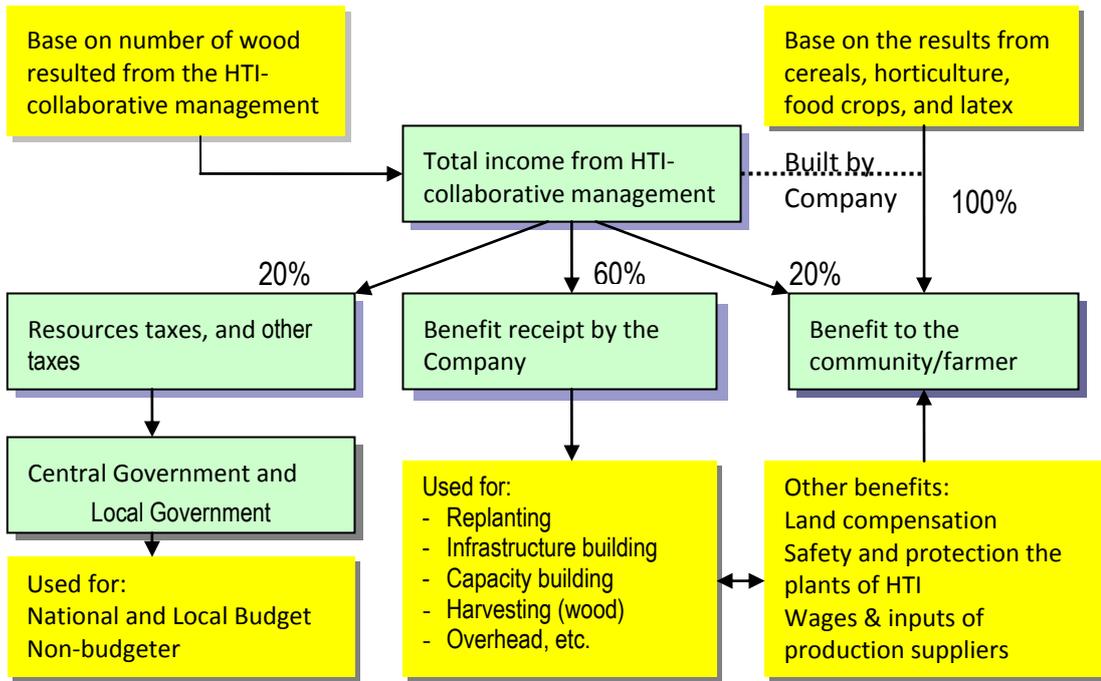


Figure 8. Economic benefit receipt by the Company and community/farmer

CHAPTER 7. Suggestion and Recommendation

Base on results of the study, it can be given by recommendations related to the practical mechanism of the *HTI*-collaborative management as follows:

- (1) Constructing the understanding is the initial step must be held before carrying out the *HTI*-collaborative management scheme. Principles in good governance must be forced by stakeholders;
- (2) In the arrangement towards the collaborative management related to decision making that will be negotiated by stakeholders must be based on a local titles and privileges acknowledged or honored by the government (legal) and accepted by the resources users (of the land) ;
- (3) Collaborative understandings or the co-operation agreement must be noted in the MoU (the memorandum of understanding) inter-group collaborated (the collaborative company and the partner's group) and strengthened by the notary's acts or by the government officials of the sub-district leaders (*Muspika*) ;
- (4) The process over the authority delegation for the resources users (the land) in his participation in making the decision must be based on the each proportion in accordance with task and obligation as well as stakeholder's responsibility. The company as the main manager ought not to dominate in decision making in determining the activity related to the community/the farmer interests inside and around the forest. All the activities that would be collaborated must be based on the agreement of the two parties;
- (5) The benefit-sharing must be distributed proportionally in accordance with the inputs of production factor contributed by each other and considered in order to head a justice or benefit equality so as it can be accepted by the community/the farmer, and as far as possible avoid the imbalance (gap) the opportunity loss when the community/the farmer get in other business;
- (6) Government and Regional Government role in the resolution conflict through the *HTI*-collaborative management scheme has a function as the mediator or facilitator in the dialogue towards an agreement for the conflicting inter-group. The role of NGO and/or the tertiary institution ought to only as limit as liaised the community's /the farmer needs in decision making, not involve in conflicting the use-use;
- (7) For the lesson learnt stage to the community/the farmer in the *HTI*-collaborative management, if needed, the collaborative partner's company should be functioned as warrantee in borrowing the fund to the bank's conventional or non-conventional one, especially for efforts of the people's rubber estate;
- (8) To avoid a conflict between the collaborative partner's company and the partner's group then the presence of the Communicative Forum (Comfor) and Participative Forum facilitated by the Government and private sector becomes an important thing and has been a certainty effort. In addition, for success of the *HTI*-collaborative management scheme is needed the assistance who comes from forestry extension, tertiary institution, or non-governmental organization (NGO).

Generally can be suggested, especially for the *HTI*-participative/collaborative must consider equality in the benefit-sharing between the company and the community/the farmer. Practical

mechanism of the *HTI*-collaborative management for conflict resolution approach is as long involvement as little stakeholders to avoid the complexity of the problem if any a conflict between the company and the community/the farmer. Benefit equality accepted by the community/the farmer must be continually striven for being increased in order to have commercial viability of the plantation forest development compared with other business. The involvement of the community/the farmer and/or the co-operative in each development activity of the plantation forest must be developed to increase the income of the community/the farmer and/or the co-operative through acceptance of the benefit-sharing and wages from the work order as the plantation forest laborers and accept the work contract.

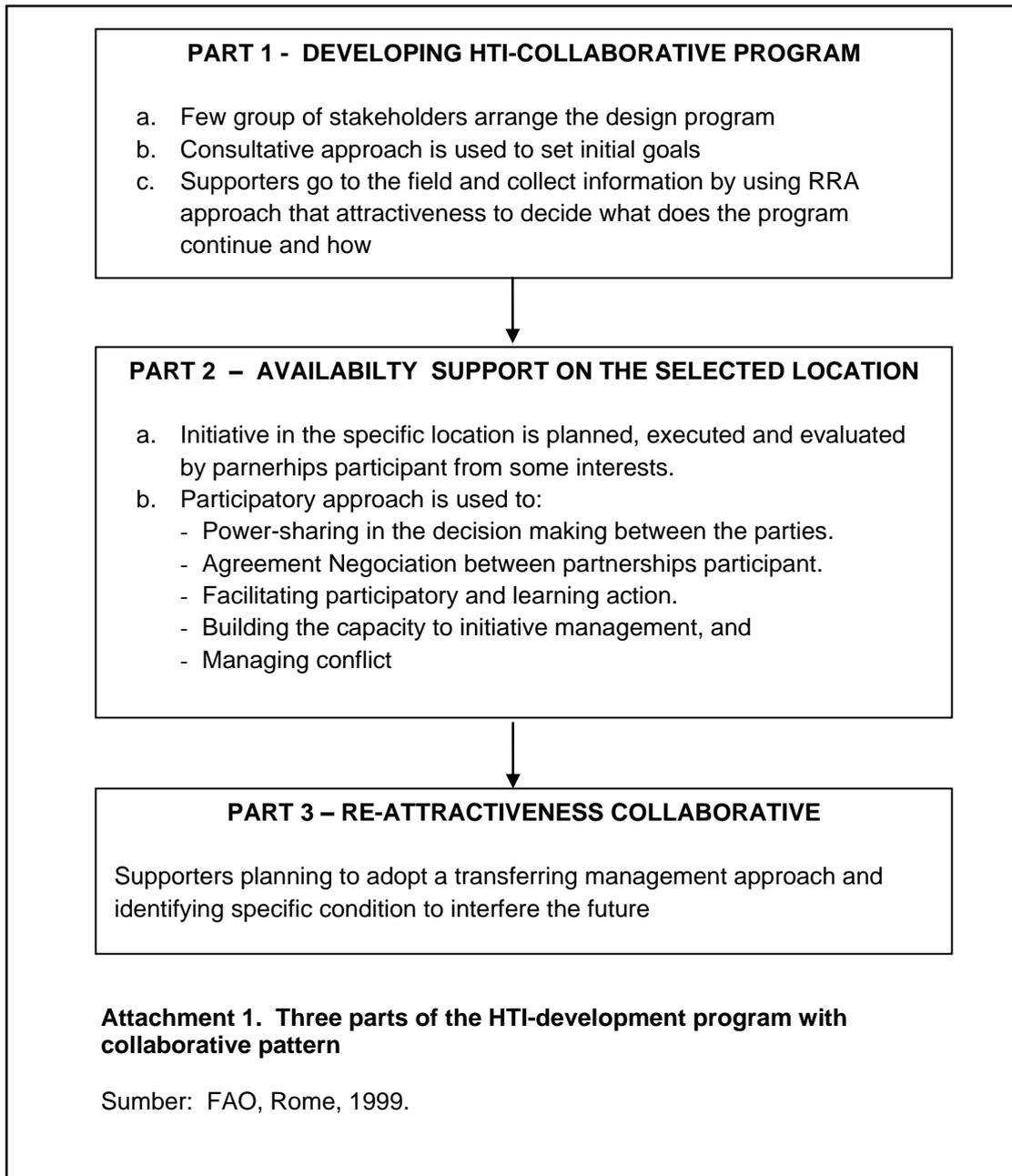
To avoid the pressure by the community/the farmer, especially who comes from outside the *HTI* location (between the Sub-district and the Regency/City), it is necessarily the regional government to control his community not to do the forest encroachment in the other area. The community/the farmer from outside the area usually encroach the land is wider than the local community and they do not have the legality anything in the area or this location.

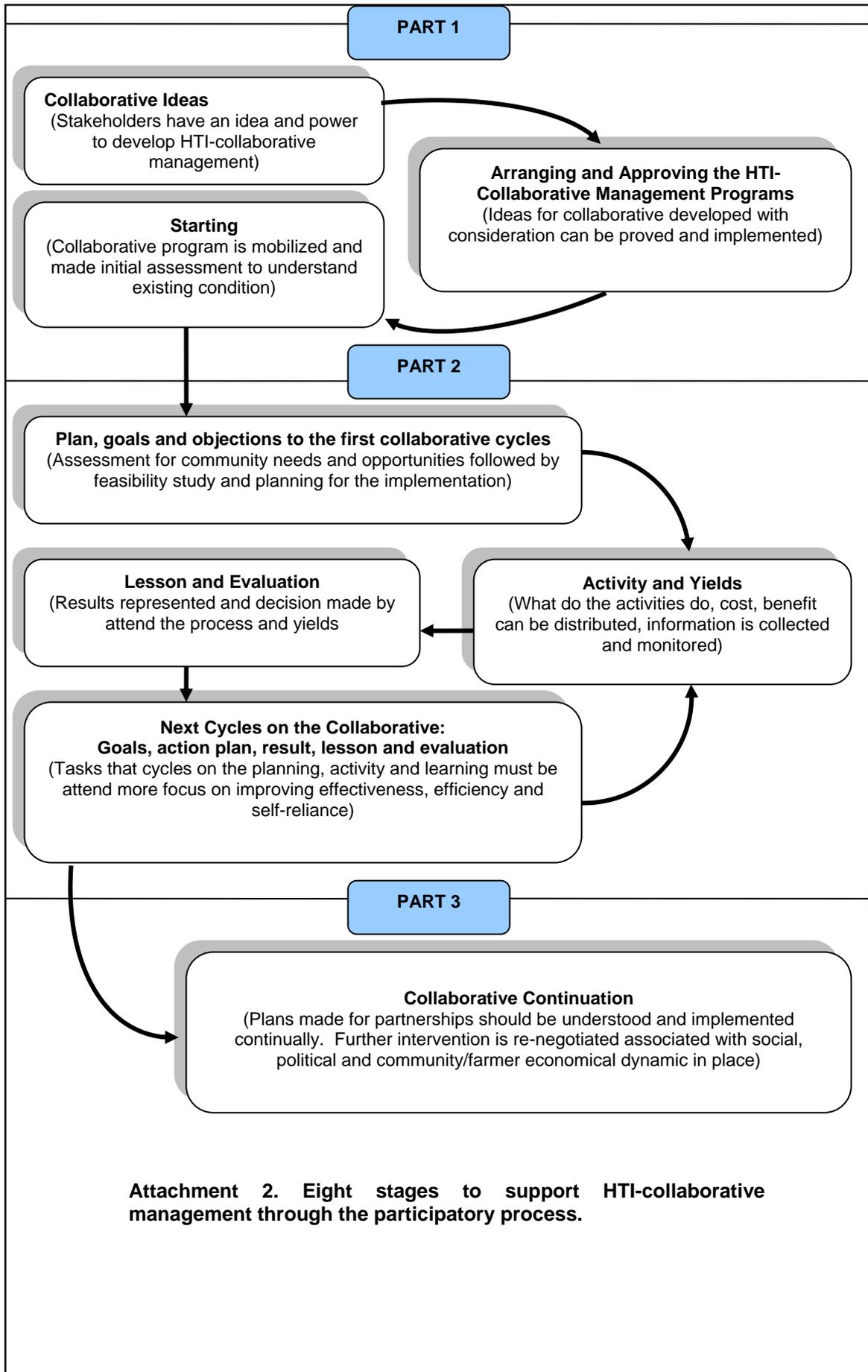
The landscape of the territory must be controlled and acknowledged by all parties in binding the principles of good governance to avoid overlapping the land-use by various interested parties. Further, the landscape in the area of *IUPHHK-HT* is necessary to delegate a serious attention for the holders of the business one and give the opportunity to the community/the farmer so as they can take part that business in order to not any conflict in the land-use of the *HTI* development.***

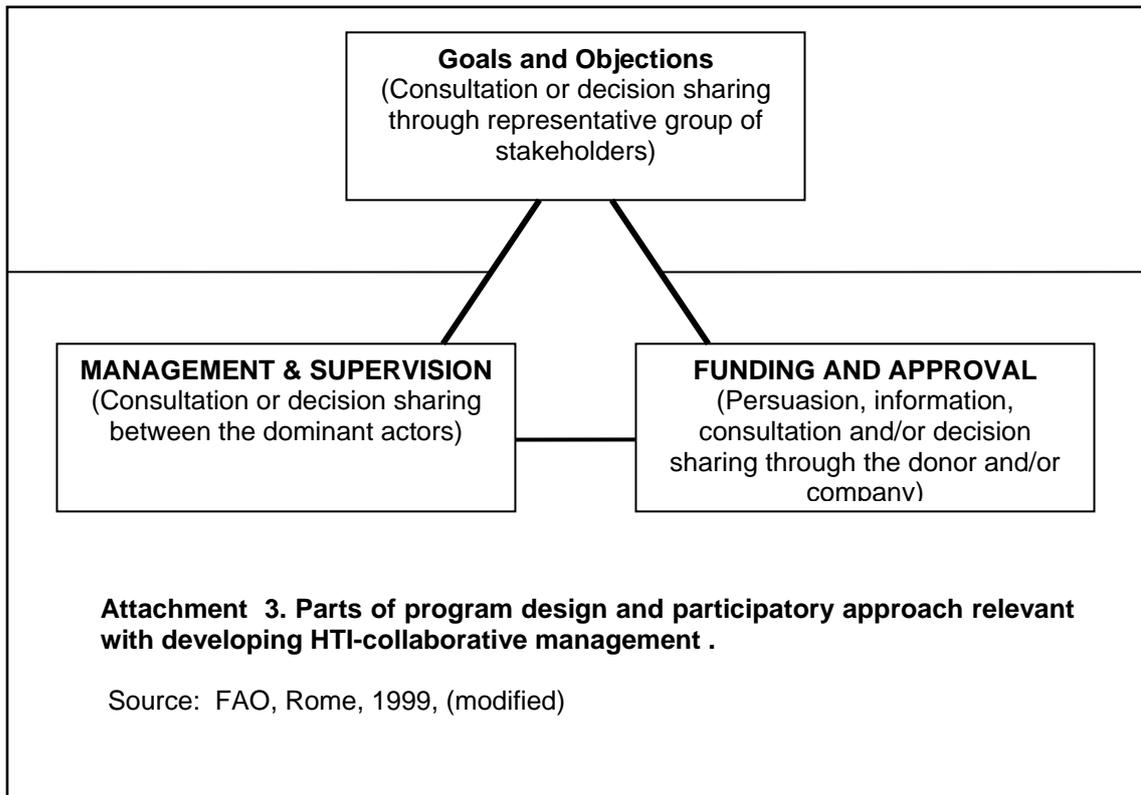
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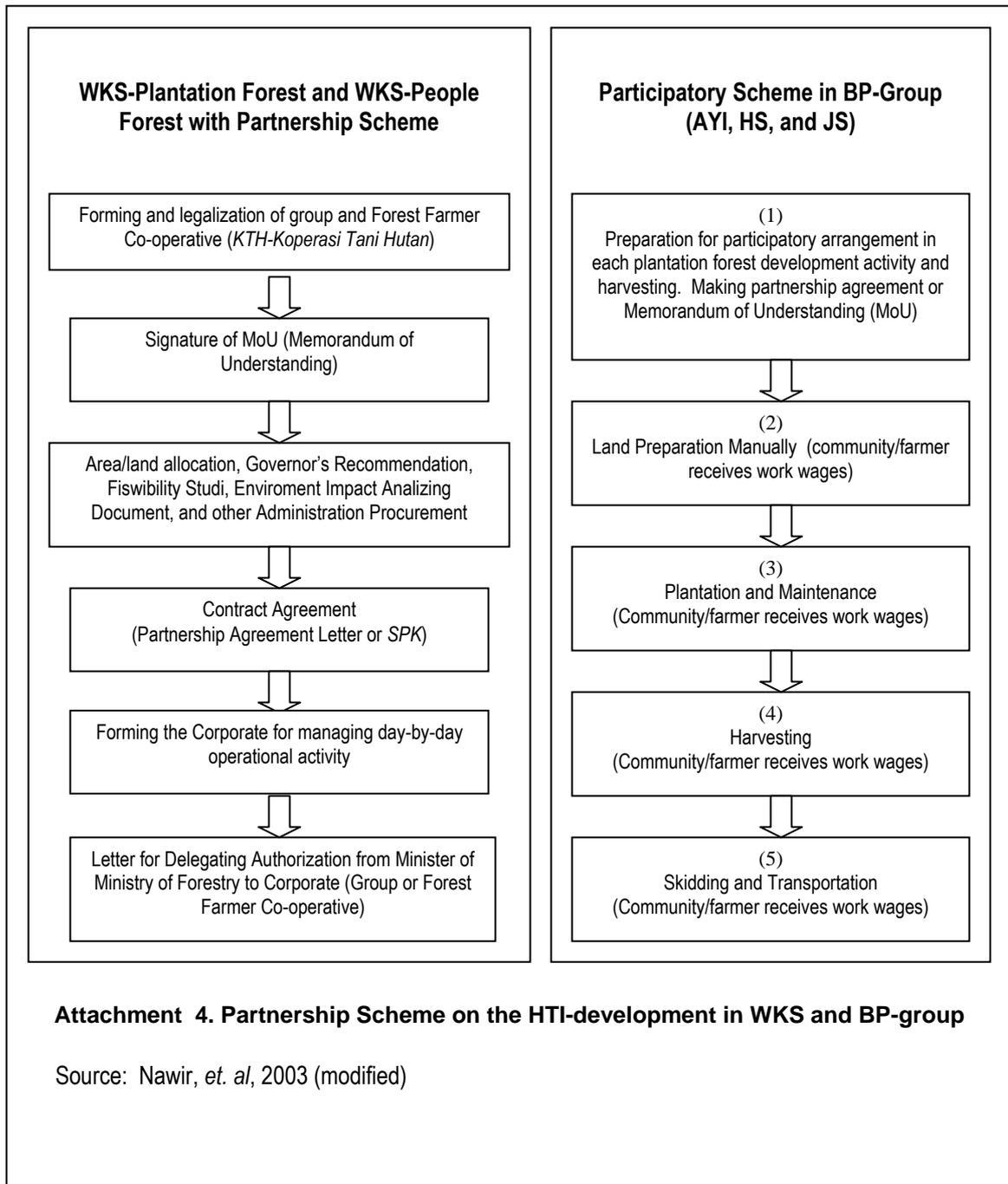
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APPENDICES









Attachment 5. Standard operating procedure of HTI-collaborative management system

1. Aims

- 1.1. Guaranteeing early readiness of hectare of the land to achieve plantation target;
- 1.2. Developing equality of receiving the benefit-sharing from plantation yield (main crop and life supporting crop) for the community/farmer;
- 1.3. Optimizing performance from related stakeholders directly and indirectly to support well processing in the HTI-collaborative management;
- 1.4. Developing clearly administrative processing flow;
- 1.5. Increasing personal knowledge and skill of community relationship (CR) in order to carry out good corporate governance in term of function, task and responsibility;

2. SCOPES

- 2.1. Land availability to support the target achievement;
- 2.2. Having equality of benefit-sharing for the collaborative community/farmer;
- 2.3. Creating a good administration and legality;
- 2.4. Creating coordination among working unit and part of relationship supporters;

Attachment 6. Definition.

DEFINITION

1. CR: Community relationship .One of the organization interiors of the company for the public relations management
2. Legal: The organization part of the company that had the qualification and the capacity handled the compilation the (MOU) agreement.
3. District: Part of the area management that is responsible towards all the activity in the field.
4. KTU: Part of the area management that is responsible towards all the administration activities the company in the field.
5. PMD: Part of the organization of the company that is assigned to carry out the monitoring of the achievement planning survey in the field.
6. GIS : Global computerization system information system for the mapping that is prepared to know and control the location, the area and the area boundary in accordance with the condition.
7. DK : Forestry agency in Province/District-Regency/City
8. FP : The Participation forum is the forum that is formed with the instruction on the Sub-district Head that consisted of the official of the sub-district, the village head, the official of the company, the local traditional agency, and arranged about the community's participation/the farmer in the development *HTI- Collaborative scheme*
9. Planning Survey: The official from the company that carried out the function of the location inspection of the area, the grating and issued the map in accordance with results of the field.
10. CR: Community relationship .One of the organization interiors of the company for the public relations management
11. Legal: The organization part of the company that had the qualification and the capacity handled the compilation the (MOU) agreement.
12. District: Part of the area management that is responsible towards all the activity in the field.
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18. Planning Survey: The official from the company that carried out the function of the location inspection of the area, the grating and issued the map in accordance with results of the field.
19. PPMS: The computerization system that specifically had a function of controlling the realization of planting that will be utilized to do payment of the area.
20. KS : National Consultant that is appointed by ITTO PD 396/06 Rev.2 (F)
21. *HTI*: Industrial Forest Plantation (*HTI*) that is done with the collaborative scheme.
22. Subjective Condition: The identity from the parties that will enter into the agreement. The identity could take the form of the ID Card/SIM/Statement Letter concerning the person/the subject.
23. Objective Condition: Ownership proof of the land (the certificate or the Certificate of the Land) – if in the area not the forest region and the recommendation, for example the transmigration land, and the land had the individual.
24. Form F-1: The sign of recognition that is legal according to government both in a manner the government bureaucracy and the status of demography.
25. BA: The record that is made together by the company's parties and the community's parties that is signed by respectively the parties and the witness from respectively the parties.
26. PK: It is the special submission for the management agreement from the company's parties.
27. *Kwitansi*/Receipt: It is acceptance proof of legal money that must be supplemented with the duty stamp and the signature by the receipt.
28. MoU: is letter made by community-company partnership to tied both of them in the collaborative manner and having equality in the law;
29. Addendum: is notes to add and reduce the contain of MoU containing a changes in the Letter of Agreement;
30. I-Log: is computerizing system to control, monitor of moving the wood starting from cutting field to log pond;
31. Acc.: is part of corporate organization (accounting) to verify, account and payment process;
32. SOP: Standard Operating Procedure determined by corporate;
33. Ex-LOA: is area had been finished and will be planted in the next rotation of lantations or ex-logged over area;
34. PQA: is the activity to consider the realization of plantation and consider the quality of SOP;
35. OL (Outhorized Letter): is a letter given to someone of community to represent negotiation or undertake a decision, determine, decide and signature the MoU;
36. PC (Personal Condition): is identity of the parties that will make agreement. Identity can be recidential identity card/Card of Driving License/Letter of Personal Explanation from the Government;
37. PA (Payment Application): is form of internal approval sheet in the corporate.

Responsibility

Community Relationship (CR)

1. To inform correctly and positive about the collaborative co-operation to the community without having the personal. the group and the other form self-interest;
2. Aim at built and explained to the community about the form of the collaborative co-operation;
3. Resolved the problem with the community in the matter of the disturbance of the operational process (comfort for the employee of the contractor's worker) ;
4. Co-operate with planning survey for land objectivity (the area. the land and available vegetation insides as well as the monitoring produced by the grating) ;
5. Co-operate in a legal manner for the compilation MoU to equip the condition objective and subjective in accordance with current laws;
6. Carried out the follow-up against the related department towards the process of administration that not according to schedule;
7. Made the progress CR district report the towards the scope respectively the district (the area of the district. the number of villages. the activity of economics. the area of the estate and the crop kind. the area that already MoU. the area that has been planted) ;
8. Reported this CR progress to the area management.

Legal

1. Made, helped and co-operated aim at CR in the process of the completeness of the subjective and objective condition for the production of MoU/addendum in accordance with the provisions of time that is determined by the management.
2. The follow-up towards the delay of the completeness of the legality;
3. Made the report on the recapitulation of the agreement/addendum that is linked with the available data and is included in the agreement and addendum and is regarded as the report on the routine.

PS District

1. Did in a structures manner and helped CR in the grating of the gross area, the net area as well as inventory the land;
2. Carried out the registration of the land with the numbering of the compartment/the piece by equipping the gross and net area in the GIS system and PPMS;
3. Did monitoring the progress against harvesting, re-planting with details, the village, the compartment and the piece;
4. Made the progress report with details of the progress and the net of the area in the concession and the progress apart from the concession (the personal land and APL).

Head of Administration and District Administration

1. Made the recapitulation of the harvesting progress and re-planting as well as update daily progress in i-log and PPMS;
2. Carried out the verification of the data in accordance with the provisions that are agreed to. carried out the preventive verification in the progress of the daily;
3. Made the estimation request of the fund in accordance with the realization produced by the grating;
4. Recapitulated the report and made BA compensation and the replacement plant the life in accordance with the BA area the crop and equipped with conditions that are determined in the provisions of payment.

Function of related Department

CR Area

1. Organized and facilitate the CR personnel in the District;
2. Made and explained the task and responsibility as well as the stabilization of the personnel's capacity;
3. Ascertained the process of the implementation of the proceeding activity well and truly;
4. Coordinated the process of the work with the related department;
5. Resolved the problem that happened in the field;
6. Held the special meeting to discuss the progress of the work of CR District.

District Manager

1. Made and aimed the work program according to plan the achievement of the target;
2. Monitored the progress of the work of the *HTI* development in the field;
3. Coordinated cross-department to ascertain the smoothness of the process of the work;
4. Co-operate with CR Area to resolve the problem that emerged;

PMD Head

1. Monitoring the working process in the field;
2. Facilitated the personnel in the field to ascertain the function respectively the proceeding personnel objectively.

PROCEDURE

The Steps of Activities

General provisions

- Only valid for the new land (in SK Minister. Regent's Recommendation and the Governor and the area of the other use);
- Against the land ex-LOA that received the legality of the *HTI* development and the development of the agro-forestry crop (rubber and the food crop) did not need administration from the beginning;
- Results of the grating of the land by the PMD team and the community are put into the land register and the crop as the company's assets;
- the Community together with the company guarded and treated the crop as well as prevented the occurrence of fire and forms of other destruction from the other parties that is damaging the company and/or the community.
- The community shall guard comfort and secure the contractors and/or worker in the working area;

The Process of the Understanding and Agreement

1. The Administration completeness as a legal basis
 - (1) Form F-1 that is signed completely together with the data and his supporting document;

(2) Obligatory filled the condition for the legality of an agreement:

a. The Subjective Procurements:

- Identity from the parties that will enter into the agreement. The identity could take the form of the ID CARD/SIM/the certificate about the person (the subject);
- If that is representative that signed in the agreement the recipient then must be supplemented with original Letter of Representation (*surat kuasa*) along with the identity of the giver and the power recipient.

b. The Objective Procurements:

- Land ownership evidence (the certificate/SKT). If in the area not the forest region and recommended, for example the land transmigration, the land belong to the individual;
- Please attached the location map, the gross area (for the new land) and map of the realization planted (for the area that has been planted and ex-LOA), that depicted the location of the land, the area and its boundary.

2. The provisions of the Payment Conduct

2.1. For the obligatory submission of the payment request attached "Recapitulation Data of Compensated Payment"

2.2. Completeness of data:

- BA Plantation Result Inspection (PQA) included the report on the area of the crop that is planted, signed by: Superintendent Plantation and Manager District.
- BA Delivery of Land Compensation Benefit for the life-supporting crop, signed by the company's parties and the community;
- Letter of Land Cooperation Agreement
- Map of the realization planted: attached the map with the gross area and realization results of the grating, signed by: Superintendent Plantation, PS and Manager District.
- If in an agreement met the old crop and the new crop, then information should mention (the location. the border and the area) and give the different colour.

2.3. Control of the Activity and Evaluation

- The Activity is controlled by the Department CR (Community Relationship) together with the farmer/the community in accordance with the division of labour and responsibility;
- The Evaluation is carried out each in every 3 (three) the month in order to receives feedback from various stake holders;
- Steps in the improvement (renegotiation) are carried out towards continuation of the collaborative co-operation.

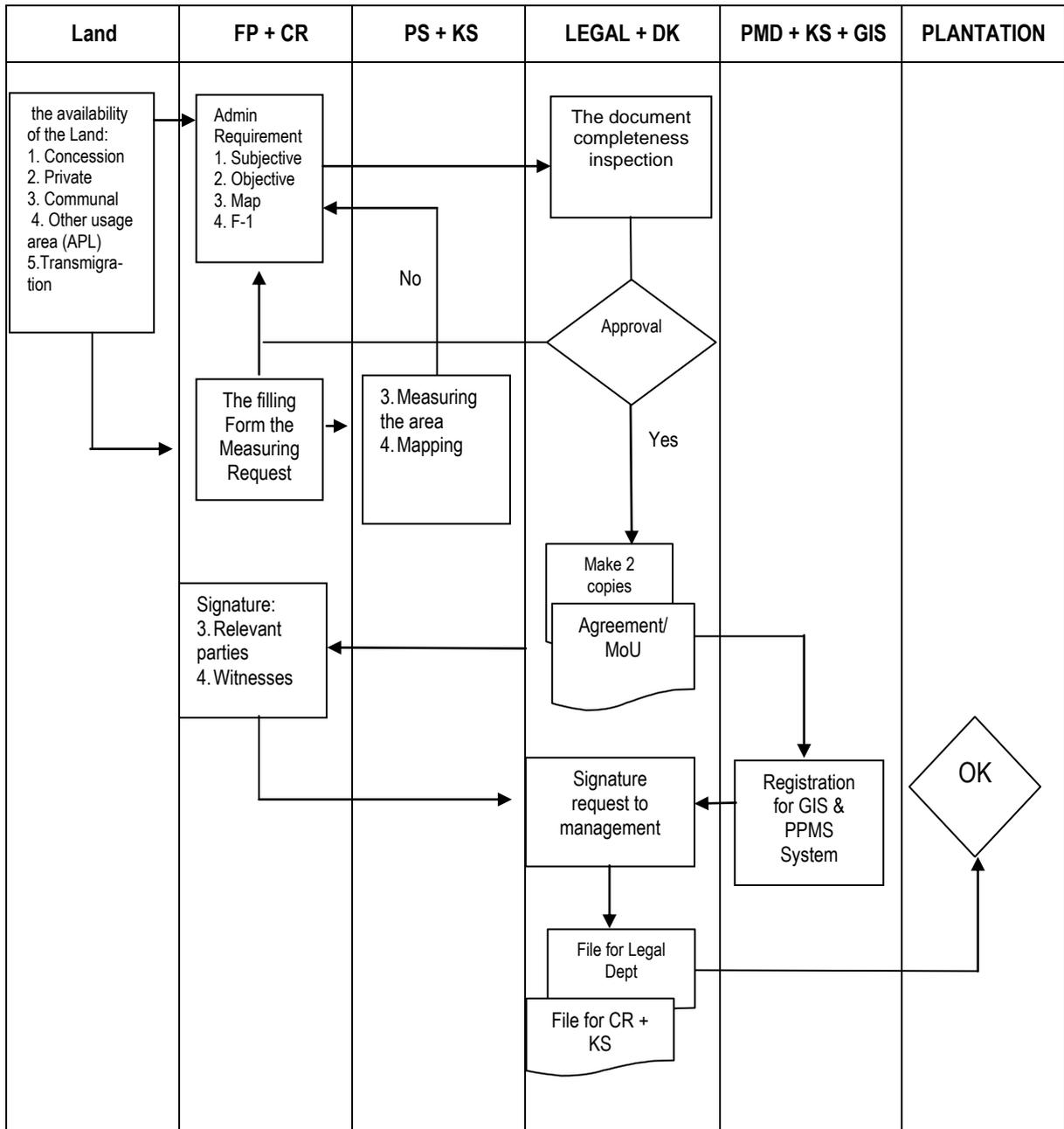
2.4. Benefit-Sharing

Benefit-sharing is set accordance with the portion of production inputs contributed by each other collaborating and it's procurement as follows:

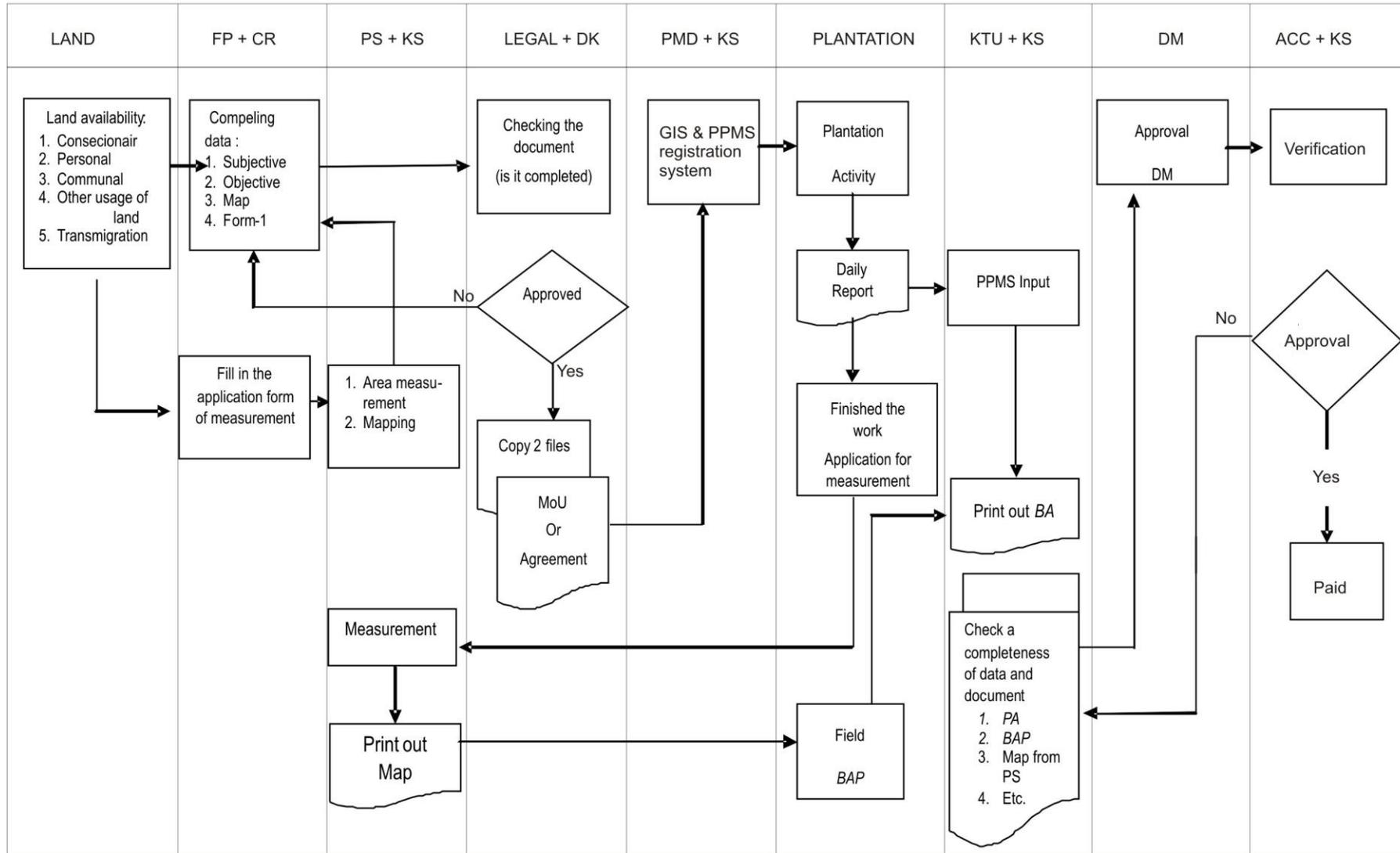
- Phase 1: given 10% of cost of good sold that agreed together and noted in the MoU and paid immediately after the area planted;
- Phase 2: given 10% of cost of good sold that agreed together and noted in the MoU, after the area or the ex-LOA re-planted and the plantation will have been one year;

- Payment for second rotation is back to the phase 1 and se on;
 - The benefit from the yield of horticulture and rubber tree fully be the community/ farmer right.
- 2.5. To permit payment should attach “Data Recapitulation of the Yield Payment”
- Payment based on the yield harvested on each area collaborated related to the MoU;
 - The applicant of payment should be signated by corporate staff oppointed;
- 2.6. Quitance/In-Voice
- Payment of the yield harvested is noted “payment for harvesting phase 1 associates with yield m3 in the location of
 - For replacing the life supporting species is noted “payment for land compensating aid to the life supporting species by hectares in the location of
 - Completed by “materai” associated with payment.
- 2.7. Payment Application
- Payment of royalty (if needed) is noted “payment for royalty fee phase 1 associated with realization of plantation byhectares in the location of
 - For replacing the life supporting crops is noted “payment of land compensation for life supporting crops byhectares in the location of
 - Quality Qriterion
 - Community receives the yield of wood as well as pricing assocites with the MoU between the company-community;
 - Control the activity
- The activity is controled by CR Departement (Community Relationship)

Attachment 7. The flow of the legality in the development HTI-collaborative management



Attachment 7. Administrative flow of diagram in the development HTI- collaborative pattern management





Ministry of Forestry Republic Of Indonesia
Directorate General of Forest Production Development
Directorate of Plantation Forest Development

In Collaboration with:

International Tropical Timber Organization (ITTO)
ITTO PD 396/06 Rev.2 (F)
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