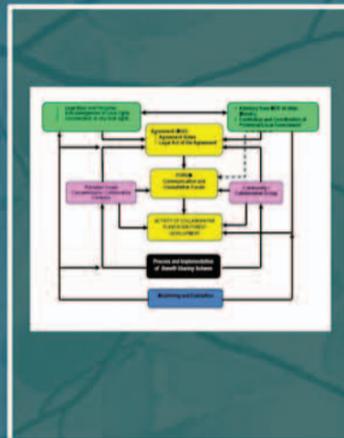


Practical Mechanism of Conflict Resolution on Plantation Forest Development in Indonesia

TECHNICAL REPORT VOLUME 4b

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



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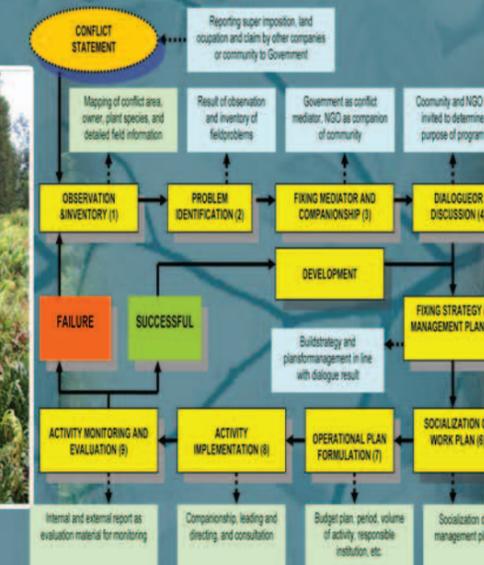
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TECHNICAL REPORT

Volume 4b

Practical Mechanism of Conflict Resolution on Plantation Forest Development in Indonesia

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

Strategy and action plan on plantation forests development in Indonesia that has been compiled through ITTO Project PD 396/06 Rev. 2(f) laid out various conflicts in land use through conflict resolution approach. The core of the approach is done through security approach and prosperity approach. This part of the book explains a mechanism for collaborative plantation forest development as an alternative in conflict resolution on land use in Indonesia as a prosperity approach.

The principle of collaboration is to build together to attain optimum result through equitable and fair distribution of benefit in proportion to its share. This form of cooperation should prioritize three factors, which are respect of community land ownership, participation in decision making, and mutually profitable benefit sharing. The process and steps of collaboration should be made simple in a mechanism of plantation forest development by way of collaboration in order to be understood and practiced by even the lowest circle.

To build such mechanism, ITTO Project PD 396/06 Rev. 2(f) conducted related studies on plantation forest development with collaboration pattern as an alternative to conflict resolution in land use in Indonesia. The concept of plantation forest development with collaboration pattern is derived from lessons learnt from the principles of partnership that has been done by P.T. WKS in Jambi Province and in P.T. AYI in South Kalimantan Province. The concept was later developed by improving the weaknesses in cooperation of land management for plantation forest development. In practice, cooperation in collaboration requires mutual understanding of the object of activities and the expected result of plantation forest development being cooperated together between permit holding company for product utilization from plantation forest and local community and indigenous population. The role of government could also not being ruled out especially in mediation if conflict arises between cooperating parties.

Word of thanks is directed toward the Director of Plantation Forest Business, Coordinator of ITTO Project PD 396/06 Rev. 2(f), Jambi Province Forestry Office, South Kalimantan Province Forestry Office, and East Tanjung Jabung (Jambi) District Office of Forestry and Estate Crops and South Hulu Sungai (South Kalimantan) District Forestry Office, and all others which has contributed significantly to this writing. May it be beneficial.

Jakarta, May 2012

Bambang Widyanoro

Writer

EXECUTIVE SUMMARY

Practical mechanism is intended to address conflicts of land use and forest resource / land use as described below. The term collaborative enterprise represents the holders of IUPHHK-HT and collaborative groups represent the community / farmers who collaborate with companies in a particular area. Every part of the structure contains a variety of processes that must be done by the various parties associated with the development of HTI- collaborative pattern. The first part that should receive attention in building consensus is the ground principle, principles, and appreciation or respect for local rights on state forest. The ground principle used is a mutual assistance or familial relationship, while the principles of collaboration include: transparency, fairness and equality for mutual benefit, results-oriented, responsible, and can be proved/ accountable, and sustainability of business. The role of government is crucial in facilitating and mediating the possibility of a conflict between the company and group collaboration. Government (Technical Ministry) build norm and criteria of collaboration and able to foster development to the two collaborating parties, while regional government (Governor/ Regent/Mayor), and management unit (KPH) foster harmonious relation and in sub-district level, sub-district head coordinate stakeholders in the field implementation (Figure 1).

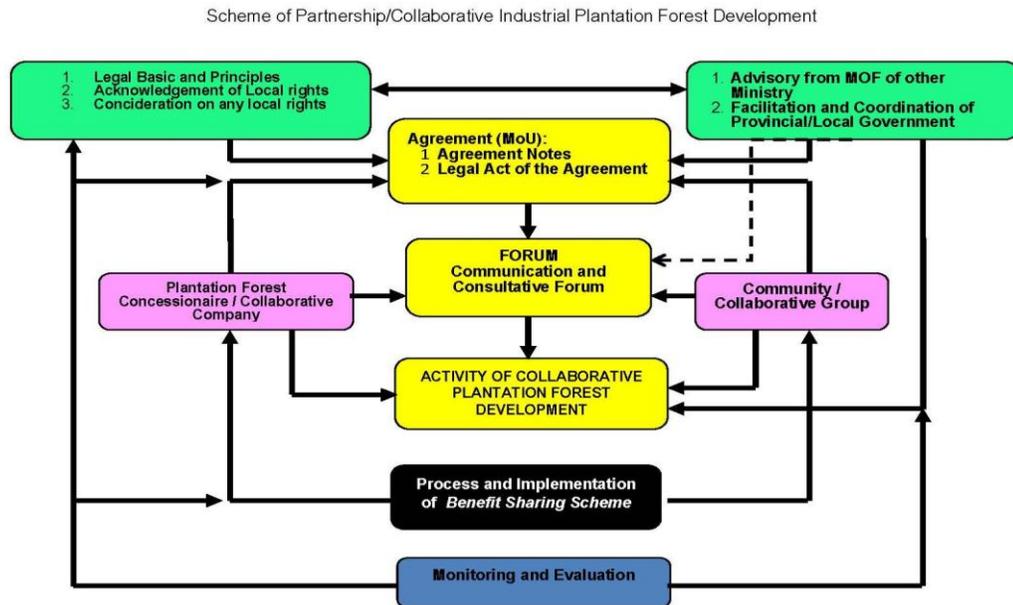


Figure 2. Practical Mechanism of Plantation Forest Development with Collaboration Pattern

Furthermore, in a deal that has been built, an agreement of cooperation (collaboration) should immediately follow, which contain the rights and obligations of the parties, and it must

have formal powers by involving the authority of sub-district (Muspika) and traditional institutions if necessary to sign as a witness. Or, to give it a stronger status it can be done in front of a Notary. Government is also obliged to push the formation of communication forum and participation forum. Communication forum involve the Regent to provide leadership in order for conflict not to arise with land users, while participation forum is built on site level which involve the company and the collaborating community, NGO, community leader, and head of sub-district for leadership (Figure 1).

Through the agreement that has been so constructed, then the company and collaborating group must comply with all content of the agreement. The period of the agreement can be valid for at least three planting cycles (planting cycle is 6 to 10 years, thus the agreement applies to 18-30 years). Every time a cycle is completed it can be evaluated to further improve performance and results obtained by the collaborating parties, which also increases government revenue and have a multiplier effect on local economic growth

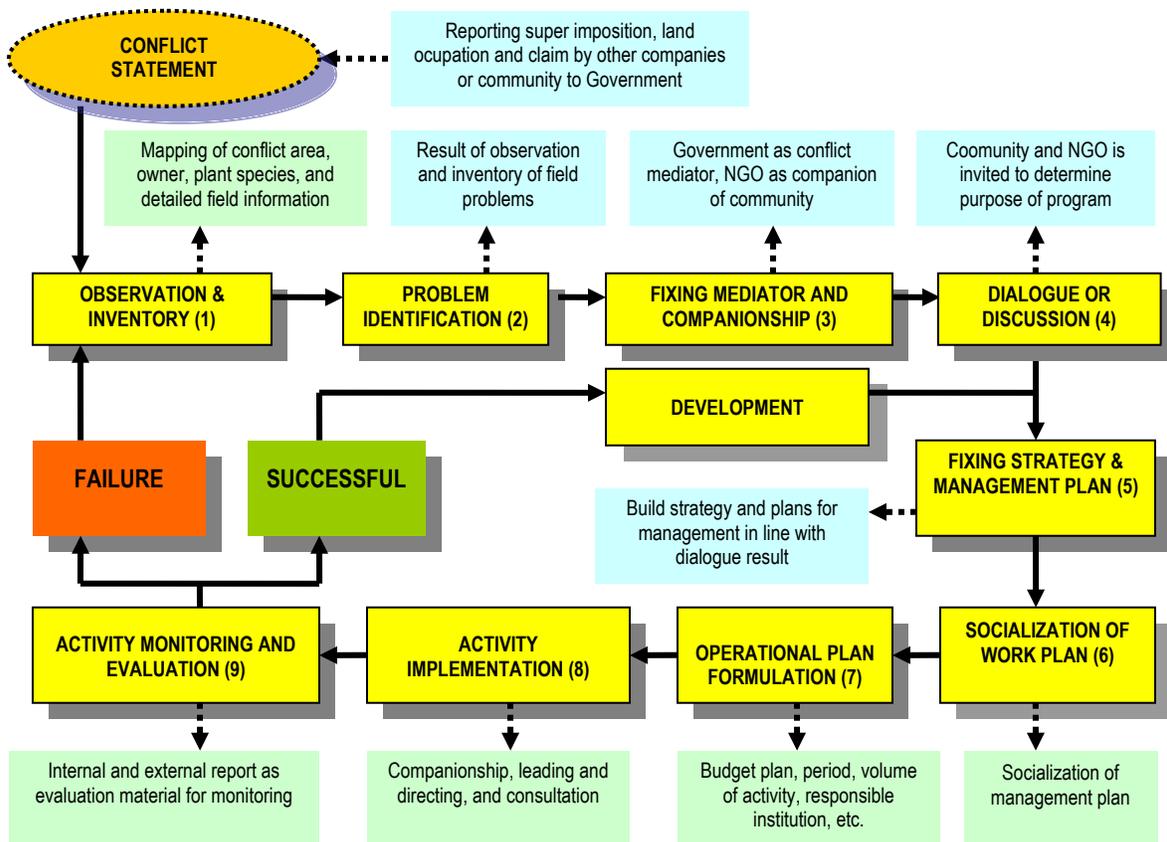


Figure 2. Flow of process of Plantation Forests Development with Collaboration Pattern: an Approach to Conflict Resolution

Plantation forest development with collaboration pattern, in addition to producing wood as main commodity, must also be able to provide additional benefits (co-benefit) to community in the form of crops, horticulture, and other plants that can routinely provide livelihood to the community. In some areas of plantation forest business, additional benefits is in the form of food crops and horticulture, among others from rubber, jelutung, rattan, resin, honey, chocolate, etc. For staple crops (wood) as the main business of the company, the portion that can be given to the public can be in cash as a royalty for the use of land previously occupied by them. As for rubber as long as companies do not do business in this commodity, then all produce are given to community / forest farmers.

In the implementation it does not always run smoothly, but often conflict arises due to the results obtained are not in line with expectations. Especially when compared with other businesses, such as plantations, mining, or other businesses that gives better results than wood. For that purpose, a resolution path is required starting from the declaration of conflict to conflict monitoring and evaluation to see whether success or failure occurs. Objects of a successful collaboration activity need to be developed in accordance with the dynamics of the community socio-economic development. Figure 2 describes the flow of forest plantation development process with collaboration patterns: an approach to the resolution of conflicts over land use and utilization of forest resources as a result of studies with several demonstration plots conducted at two locations, namely in Jambi and South Kalimantan Province. The process has also been tested in several companies of industrial plantation forest (HTI) in Indonesia.

The core of this flow is the necessity of an intensive dialogue process to resolve conflict through an approach that is persuasive and touching the rules of harmony. The next step is to determine the object to be built, their respective roles, the content of agreements and treaties, and incorporated into the budget of the company as an obligation to the social environment. Thus, the cost to implement all development activities of plantation forests with patterns of collaboration that involves the community should be internalized as a direct cost of the company. The results of this study suggest the need for adjustment of flow processes in several locations of plantation forests development because of differences in socio-cultural and environmental conditions of the community and local government spread across Indonesia. Mechanisms for benefit sharing is regulated in accordance with the agreements and treaties that have been made between the company and the community / farmer in the village, thus the division of benefits is handed to the village to be further divided according to the proportions by the village head and its apparatus (Figure 3)

Division and the calculations should be in a transparent and accountable manner so as not to cause conflict among collaborated members. In addition to these benefits to individuals or head of households, companies can provide fee granted to the village as cash.

Taxes in connection with income from sale (VAT), wage tax (income tax), regional levies, fees of forest resources (PSDH) and the profit tax and license fees for timber utilization of plantation forests (HHK IIUP-HT) is charged to company. Total tax and non tax amounts to about 20% of the sales price of wood. If benefit sharing proportion is 80:20, the actual amount received by company is only about 60% and 20% for community. The portion received by company is not amply high because part of the fund received from its business activities will be used again for development of HTI with collaboration pattern.

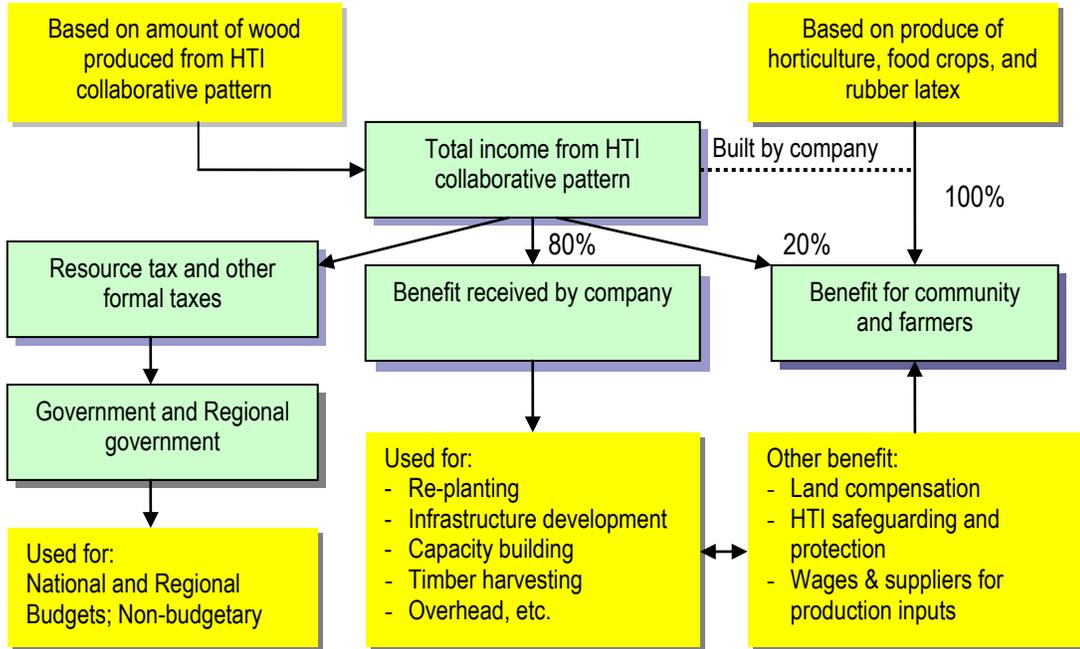


Figure 3. Economic benefits received by company and community/farmers from HTI with collaborative pattern

Equality can be achieved through harmonization of additional benefits (co-benefit) with the produce from rubber and / or jelutung tree planting built by the company for the community / farmer, produce of food crops and horticulture, and others in accordance with the potential and characteristics of natural resources in the HTI areas where results are 100% for the community.

In addition, they can get a job work contract (employment contract) at HTI development activities. The results of this study suggest that the income of communities / forest farmers is at least 1.5 - 2.0 times the regional minimum wage (UMRS) for forestry sector, and should be improved in accordance with the development of the prevailing wage in the province / district / city.

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Chapter 1

INTRODUCTION

1.1. BACKGROUND

Until now, the feud on forest management paradigm from a centralized control and management toward collaborative governance and devolution of agricultural resources management continue to roll and get a fairly serious disagreement among the stakeholders (Sunito, 2008). Ministry of Forestry as undertaker of Law No. 41 of 1999 on Forestry is still trying to maintain forest area. On the other hand, Basic Agrarian Law No.5 of 1960 regulates land rights as: property rights (with a certificate of ownership, SHM), building right (HGB), and right for enterprise (HGU). Forest boundaries are not clearly defined in the field resulted in the acquisition of land in the forest area by community and overlapping licenses for non-forestry enterprises. This creates friction and even conflict on land use and utilization of resources. Until now, the conflict becomes more prominent and the many demands in various regions have even become a political commodity that increasingly expand the impact and make the problem more complex. According to Law No. 41 year 1999, forest areas is controlled by the state so that the government (Ministry of Forestry) is entitled to regulate the management, utilization, and / or use through a variety of licensing, especially for the forestry sector.

At the site level, especially local and indigenous communities, or even community in general still considers that the forest is part of their life. Business licenses issued by local governments often overlap among the sectors of business. Since the 1990s a new paradigm shift in forest management is initiated, where the population in and around forests are given the opportunity to participate in the utilization of state forest land. Participation is only defined as taking part to exploit the forest and has no authority in the management decisions. Utilization is only limited the use of forest areas, making it difficult to reconcile the different interests in society because of too large gaps between stakeholders. In addition, there have been differences in the direction of forestry policy between the Government (Center) and the Local Government and often creating overlap in land use (Nawir, et. Al, 2003).

It is a challenge for the forestry stakeholders to formulate a conflict resolution mechanism that is able to resolve the differences set out above. Conflict because of the overlap of business licensing and land uses provided to investors may be directed through security approach or a

legal settlement if no agreement is reached, but if conflict should occur with community, a welfare or prosperity approach ought to be taken. Conflict between company and the community (local and indigenous people and migrants) often cannot be resolved in a short time, sometimes it takes even years without a clear resolution. Many patterns of welfare approach have been done by company, but the results have not met the expectations of community. Pattern developed by the forestry sector business are among others, a partnership pattern, including contract works (sub-contracting), suppliers, joint operation, management cooperation (collaboration), and others.

Uncertainty of the direction of forestry policy reform since 1998 and the 2001 regional autonomy adversely and significantly affect the forestry sector. The negative effects that have occurred, namely the high rate of forest and land destruction and the lack of harmony in the relationship between central and regional governments due to the different orientation of interest of land use. Regions wanted the acceleration of development with changes the function of forests from forest cultivation to become area for other uses such as for cultivation of non-forestry commodity, namely for oil palm plantation and cultivation of other species of estate crops plants. Economic progress in the transmigration resettlement villages with the pattern of PIR-Trans oil palm and the growing demand for rubber has opened the eyes of local people for the race to clear land for palm oil as their livelihood (Suganda, et al., 2007). Both of these commodities have been able to change their level of welfare to the better. Especially for rubber plant, the community is already familiar with the technicalities of its cultivation for generations. The public interest to plant rubber, among others is caused by the ease of this plant to be cultivated in their land or their yard, harvesting the sap is a practice that is easy to learn, as well as the price of rubber latex has lately risen because it is in great demand as a commodity in the domestic as well as in the world market.

With a business presence of state-owned and private owned forest plantations which is capable of capital support and absorbing products through partnership, enable the change of HTI development from a partnership project to the pattern of collaborative management (HTMK). Basically, collaborative management pattern emphasize three things, namely (1) participating in the management decision-making (participative), (2) distribution of benefits (benefit sharing), and (3) recognition / respect for local rights (recognition). This pattern can be done through combinations of planting wood and annual crops, as well as people's forest plantations in the collaborative management scheme (HTR-MK), expected to be an alternative in improving the local economy¹.

¹ HTR development pattern according to PP 6 Year 2007 jo PP 3 Year 2008 could be done through independent pattern, developer pattern and partnership pattern.

The disinterest of community to forest commodity² among other is caused by the price of fast-growing timber species which is too low, the absence of incentives and attractive government policy to draw people to the development of community forests (HR) and plantations of the people (HTR), and the waiting time is too long. Licensing policy to marketing of products is perceived as discriminatory as compared to non-forestry commodities, such as products from estate crop plantation and agriculture. This is further exacerbated by the implementation of fiscal policies that equate the forest products from state forests or plantations with that owned by the community making this condition to be burdensome for communities.

Application of HT-development partnerships in several plantation companies in Indonesia still has some drawbacks, mainly related to the issue of partnerships that are false, or still only participatory. The use of spatial land use has not been proportionally done in accordance with the Minister of Forestry Decree No. 70/Kpts-II/1995, where plantation companies are required to provide a space of 5 percent of the total effective area for planting crop plantation for communities in and around forests. Community involvement in decision-making process is still very limited and therefore has not demonstrated a real collaborative management. The community is still positioned as the object and in an inferior category, so-bargaining position is weak, especially in management decision-making and benefit sharing. It can be shown in companies visited which are the P.T. Wira Karya Sakti (WKS) in Jambi Province and P.T. Barito Pacific group consisting of P.T. Aya Yayang Indonesia (AYI), P.T. Hutan Sembada, and P.T. Jenggala Semesta in South Kalimantan Province. Therefore there is a need to look for a partnership with simple mechanisms and a more equitable sharing of benefits. Could the company provide the space of 5% for the planting livelihood crop plant without disturbing the main plant? If there is space, how to combine and allocate land for staple crops and livelihood plant, and how is the mechanism? Does the company, the community and stakeholders can each hold a firm commitment, and how will that be built? Answers to these questions should be sought with related solution to the development of industrial plantation forests.

1.2. PURPOSE AND AIM

The purpose of this paper is to provide practical guidance on the mechanism of collaborative plantation forest management in accordance with the legal framework related to the rules and regulations applicable in the context of community empowerment. The collaborative

² Currently, log price (f.o.b.) for fast growing species as raw material for pulpwood chips, such as acacia and eucalypt is Rp 300.000 per m³; while for furniture wood such as albasia dan gmelina, Rp500 000 per m³.

management mechanism is based on the experience of ITTO PD 396 Rev. 2 (F) which has made a demonstration plot in the forest plantation of P.T. Wira Karya Sakti (WKS) in Jambi Province and P.T. Aya Yayang Indonesia (AYI) in South Kalimantan Province.

The general objective of this paper is to build up of a practical mechanism of collaborative management in accordance with the local situation so as to resolve land use conflicts and the use of forest resources and provide the distribution of benefits which are more equitable between private companies as shareholders of IUPHHK-HT and community / farmers (individuals, group and/or cooperatives) in order to develop the construction of industrial plantation forests. Role of community in decision making and recognition / respect for local rights are given enough portion that will lead to the expected pattern of collaborative management.

Specific objectives in this paper is to establish a practical mechanism in collaborative plantations development, especially in the HTI areas which include: (1) conflict resolution mechanisms (2) licensing procedures, (2) the mechanism of benefit sharing, (3) procedure and revolving loan mechanism from alternative financial institutions.

1.3. SCOPE

The writing of this script is limited in scope to the management of industrial plantation forests (HTI) done in a collaborative pattern or in short, HTI Collaborative Pattern management. Collaborative patterns contain the following concepts:

- a. Management in the area of HTI has been agreed (negotiated) by the stakeholders and is based on a governance of special rights (land tenure) that is recognized or respected by the government and accepted by the resource users; dan
- b. Process of division of roles various stakeholders interest in making decisions and monitoring the use of HTI area is done together (collaborative).

Collaborative Pattern in HTI management concept started from the lessons of partnership that has been applied by several holders of IUPHHK-HT, and then developed into a management system of HTI Collaborative Pattern. This means that the HTI development patterns do not only focus on the collaborative sharing of benefits, but also how the management system is done. This is important because often communities are not involved in the process of planning, organizing, implementing, monitoring and evaluation of HTI development activities in partnership cooperation. Development of HTI Collaborative Pattern is the highest form of partnership, where both parties work together to have property rights and responsibilities as well as the recognition or respect by the various stakeholders. In collaborative management, community/farmers is made possible to have equality in management decision making

The object of HTI Collaborative Pattern development will primarily be developed in areas that overlap with other sectors of business license, occupied or claimed by the community. In addition that it can be applied in the IUPHHK-HT, the pattern can also be further developed in IUPHHK-HTR, Community Forestry, Forest Village (HD) who have obtained legal permission from the Government. Recognition of property rights of area under control of community in the work area of IUPHHK-HT is weak, because they could not prove rightful ownership of the land. This condition will also be able to weaken the bargaining position in the management of collaborative decision making.

Institutional framework in the management of HTI collaborative development in South Kalimantan province and the province of Jambi can be followed in Figure 1. The legal framework for collaborative management has been discussed in a separate manuscript prior to practical mechanism of collaborative management of HTI development pattern. Figure 1 shows that there is any connection between them in the collaborative management participation forum.

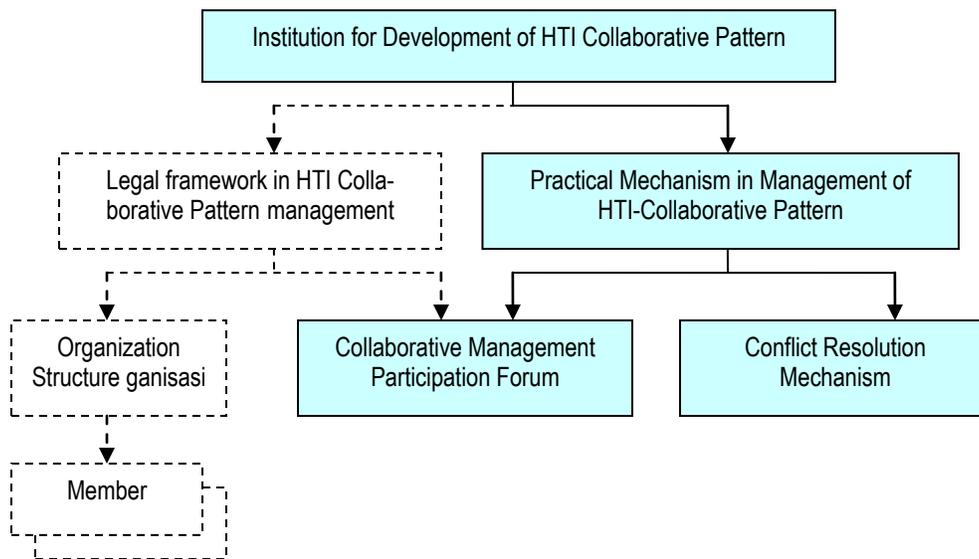


Figure 1. Institutional Framework of Management in HTI Collaborative Pattern
 Sumber : Elias, 2008

----: has been written in manuscript "Drafting of the Legal Framework for the Resolution Conflict"

Selection of the application of collaborative patterns in these areas is based on trends that will evolve in the future. HTI has grown since the 1990's by implementing forest plantation development partnership (HTPK). This pattern has still a lot of conflict (the claim and occupation of land by the public) and also the working area overlap with other uses. Partnerships are built not in accordance with the needs of the community because benefit sharing obtained by the public is still low. Partnership that has been carried out by the IUPHHK-HT holder will be refined into a

collaborative management with several alternative commodity options and community development program (CD).

The Government has provided access to the community as forest managers on the HTR in production forests that are not burdened with the rights (license), but these efforts have not been fully understood by the people, its silviculture, licensing procedures as well as the procedures of borrowing money to alternative financial institutions created by the government (c.q. the Ministry of Finance and the Ministry of Forestry). With a partner, a minimum key factor in the financial and market access has been guaranteed by the company as a market-related industries. In the medium and long term it is expected that community has become independent. The indicators are (1) the level of earned income communities / farmers have met the local minimum standard of living (living cost), (2) availability of income earned on a regular basis, (3) community / farmer has built a group of joint ventures and / or cooperative, (4) able to support and hire someone else.

Institutional strengthening of the community will be realized in the form of communication forum at the district or provincial and participatory forum at the field level which will play a role in the management of collaborative decision-making. Equality of rights and obligations between the collaborating parties in decision-making is a reflection of the highest management of the partnership.

Chapter 2

GUIDELINE ON MECHANISM OF CONFLICT RESOLUTION ON LAND USE IN PLANTATION FOREST DEVELOPMENT WITH COLLABORATION PATTERN

Practical mechanisms for conflict resolution in development of plantation forest (HT) collaboration pattern discussed in this manuscript includes the blocks: (1) basics and principle, and the recognition / respect for local rights, (2) norms, procedures, and criteria; (3) an agreement (memorandum of understanding, 'MoU'), (4) the rights and obligations of each party: company and group collaboration, (5) a forum for communication and participation, (6) activities that can be cooperated in collaboration in the plantation forest development, and (7) benefits sharing of collaboration. Simplification of this mechanism is meant for the managers of HTI in order to more easily digest and fix the fringes that should be trimmed to sustain business continuity.

The term collaborative enterprise is used in this paper to represent the holders of a IUPHHK-HT and collaborative groups to represent the community / farmers who collaborate with companies in a particular area. Practical mechanisms of HTI collaborative pattern development can be followed in Figure 2. Each section within the existing structure in Figure 2 contains a variety of processes that must be done by the various parties associated with the development of HTI collaborative pattern.

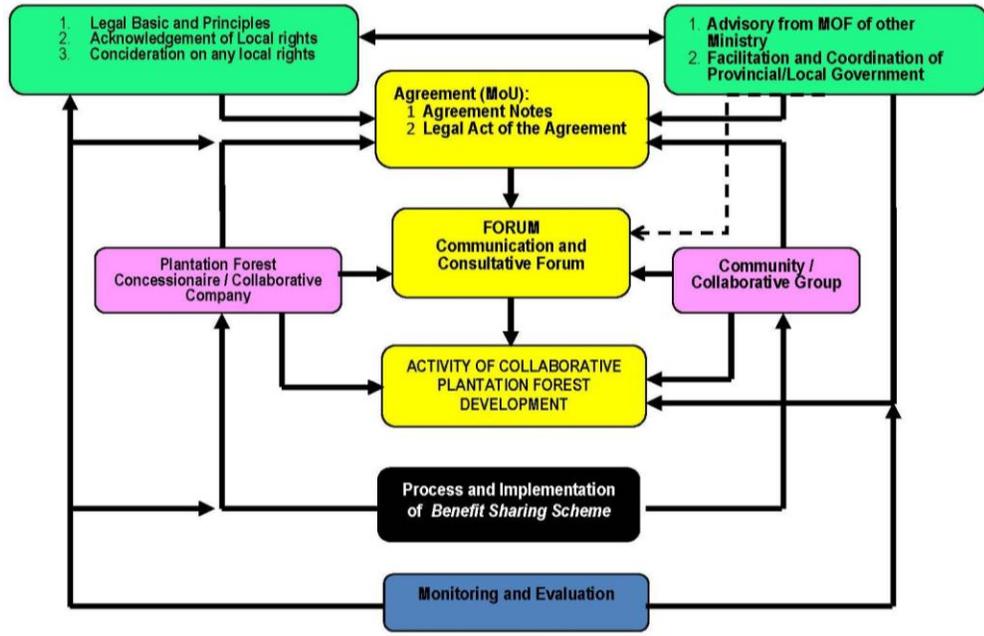


Figure 2. Practical mechanism plantation forest development collaboration pattern

2.1. FUNDAMENTALS AND PRINCIPLES

Fundamentals are the soul or "breath" of an organization or joint venture or partnership that is built to achieve the desired goals together. While principles are requirements that must be fulfilled in order that the organization can be run according to its rules. The two understanding are elaborated below as a basis for an organization so that it can run properly.

2.1.1. Fundamentals

Widyantoro, B. (2009) has reviewed the practical mechanisms for conflict resolution in the construction of Industrial Plantation Forest (HTI) for cases that occurred in the plantation company P.T. Wira Karya Sakti (WKS) and P.T. Aya Yayang Indonesia (AYI). The essence of management is the collaboration and involvement of stakeholders together for the use of land that will be cooperated in making decisions. Communities do not have the expertise to increase productivity, capital and technology.

The fundamentals underlying the development of cooperation in HTI collaborative pattern is togetherness (kinship in nature and mutual help). The fundamental principle is important to be made into commitment by both parties in order that the collaborative development of HTI patterns can run in harmony and avoid land use conflicts. Any differences that could lead to conflict must

be resolved in a spirit of kinship and discussion to reach consensus, without degrading any of the parties or to impose its own will. In addition, the implementation of a collaborative pattern of plantation development activities should also be done in a spirit of mutual help. Mutual help is done by working hand in hand in one or several areas of work to improve the protection of plantation forest from fires, encroachment, and other destruction. While the functions of economic and business should have a common principle of mutual benefit to the parties who cooperate.

2.1.2. Principles

In principle, communities want a better life than what they use to earn from crops on a plot of land that has been owned by himself and his family for generations. Companies, in addition to the obligations stated in the letter of the decision when getting a business license in the area of forest plantations, also is called for building the capacity of communities in and around the forest, either individually or in groups or cooperatives so that they are better able to organize and increase their welfare.

Management principles that underlie the work is fair or equitable, transparent, accountable, responsible, and sustainable (good governance, GG). In addition, company is expecting the availability of a certain area for forest plantations and business security for continuity of business for long-term investment. Fairness emphasized on sharing the benefits of the results of cooperation, including the amount of compensation received for participation in any forest plantation development activities, while equity put more emphasis on co-management. It is known that the public has a low management capacity, but in terms of planning forest plantations they have excess understanding of the location.

Transparency implies openness primarily to the data of the extent of area coverage that will be cooperated, the boundaries of land tenure, the substance that is in the MoU, and the costs incurred to carry out the activities and increase productivity. The public should also know the standard cost of plantation development, including input cost of production and harvest proceed. Companies often face difficulties or delays in cash flow for the implementation of activities, but people in general do not want to know about the difficulties that the company facing so that openness has no end to reach the same understanding. This can happen because people just want to have their daily income. They are of the opinion that company may lose, but community should not.

The principle of transparency becomes important when people / farmers should be involved in decision-making in HTI management. Information on the company's collaborative plans should be informed to the community / farmers living in and around the plantation. The most important is the information regarding the use of the land to be collaborated, HTI development activities to be undertaken by local communities both living in the area who will be

collaborated as well as outside communities, then information about the work system and timber prices.

Justice or equality is not just only in the benefit sharing, but also in the decision making process. The way is considering how large the inputs from production contributed by each to the development of HTI-pattern of collaboration that will be developed. Collaborative enterprise may have a greater input of production, but it does not mean the company can dominate the decision making process and try to push the public / farmers including the revenue-sharing benefits. In the short term may not be a problem, but in the long run it has the potential to create frictions, even community / farmer will change their minds unilaterally on the species of plants without collaborating with the company.

Oriented toward results suggest that the community / farmer always hoped for results to be obtained later. If the results to be obtained cannot make ends meet, then the people / farmers will change their minds to change the type of crop to a more profitable species and ignore government regulations and the MOU with the company. To that end, each party must continue to increase the productivity of their land and plant growth so that the results obtained have a high economic value.

Respect the rights of local means as if the company should acknowledge the existence of land controlled by the local community. Not so, their presence in the plantation area should be respected because the land has been passed down through generations working on it for growing food crops to meet the needs of everyday life. They work the land in rotation about one hectare for the farm, then moved to another place about five kilometer radius in the maximum.

Responsibility must be shown by both parties in terms of changes and dynamics at the community / farmer. This requires intensive communication between companies and communities / farmers who collaborate. Each party should abide to what has been agreed. In addition, the more important of these principles is how to keep and maintain assets (plant and other resources) in order that already embedded capital will produce the optimal output and has a high economic value.

Accountable means any activity and the costs incurred for the benefit of such cooperation should have a truth that can be accounted to interested parties. If they implement collaboration in full, then the public should be aware of cash flow, report on profit / loss of company doing plantation forest development with a collaborative pattern. Profit and loss statement includes all revenues and expenses and obligations to the state, social and environment, namely in the form of government revenue from taxes and non-taxes, the cost of externalities, and environmental costs. Maybe this will burden the company due to the collaboration that is formed is not based on the strength of the control / ownership of land legally, but by the "de-facto" hereditary right recognized by the group or village.

Sustainability is a principle accepted as a form of business continuity and used as standards of sustainable forest management. The initial agreement which is poured within memorandum of understanding (MoU) must be firmly held. In the MoU includes at least cooperation after the first cycle to be forwarded to the next cycle. For example, planting cycle is six years, then six years later the company and the people stick to the MoU which has been signed by both parties. If one does not adhere to the MoU, then this principle will not work effectively.

2.2. APPRECIATION OR RESPECT FOR LOCAL RIGHTS

Community / farmers in and around the plantation area have mastered their land for a long time, passed down through generations of their ancestors. They usually have control on approximately ten hectares of land because the use of land is shifting according to the "fallow"³ cycle. Moreover, if shifting is done by a family, land ownership of one family can reach 15 hectares before the start of HTI development. Initially, the forest lands are abandoned area formerly managed by forest managers, where permission to log has been revoked due unproductive or uneconomical reason if utilized by a single management unit.

Oleh karena itu, lahan-lahan yang tidak produktif di dalam kawasan hutan produksi dan telah ditinggalkan oleh pengelola sebelumnya ini kemudian dialokasikan untuk menjadi HTI agar lebih produktif. Widyantoro (2008) dan Nawir, *et.al.* (2003) telah membagi tingkatan kekuatan legalitas tanah, yaitu dari yang paling lemah ke tinggi sebagai berikut:

Therefore, these lands are not productive in the production forest area and have been left by previous managers which are then allocated to an industrial plantation forest developer (HTI) to become more productive. Widyantoro (2008) and Nawir, *et.al.* (2003) has divided the power level of the legality of the land, from the weakest to the strongest as follows:

- 1) Land without a warrant or any evidence, but is known or recognized by the hamlet / village. These lands are claimed by the community because they have cultivated for generations before the arrival of IUPHHK-HT, there are also communal land that is already occupied by the hamlet / village since long before there is IUPHHK-HT.
- 2) a letter of recognition (SPH) issued by the village head, where the basis of issuance is because the claim and occupation of land used for generations by their ancestors, or by

³ Fallow period is a period where land is left by its owner after being planted with seasonal crop to satisfy daily need. Usually farmers return after the land they left has become fertile again to be re-planted for a certain period of time, for example after one season (three months until one year).

themselves to meet the needs of daily life by farming or gardening and then abandoning it;

- 3) Overlap due to inconsistent licensing by the government in its allocation and use of different map - the area is usually for private plantation in the nucleus-plasma pattern. This issue is further complicated when there are certain parties who want to take advantage of the uncertainty of land ownership;
- 4) Certificate of land (SKT), certificate of ownership (SHM), and transmigrant lands that are usually located outside the forest area because its function has been changed into an area for other uses (APL) or non-forestry cultivation area (KBNK) – these land can be separated to become an enclave of IUPHHK-HT, but still can be used with HTI collaborative pattern.

In WKS and BP conditions found in the IUPHHK-HT such as in points (1) through (3) becomes often the bottleneck in developing areas and accelerate the development of the plantation. Finally, the company entered into an agreement with the community / farmers who controlled the land with a variety of requirements. Obviously the company has had a program and plans to build a partnership, which then was adjusted to the demands of the community / farmers and the ability of the company.

The result of land-use agreement is poured into a memorandum of understanding (MoU). Publication of the MoU between the company and the community / farmer does not mean lawfully admitted to the ownership of land, but its nature is respect for local rights. In accordance with Law No.41 of 1999 forest remains controlled by the state.

The study required the sort of sequential order of the statements to conflict until monitoring and evaluation of the success of collaborative management, either partial or whole. Elias (2009) recommends the implementation of collaborative management development strategies in forest plantation development in the field require adjustment to field conditions, specifically to the level of access and the capacity of communities in forest plantation development. If the capacity of the communities in plantation forest management is still low, collaborative management as a whole should not be forced, but suggested to start with a partial collaborative management in activities such as nursery, harvesting, and transporting timber, managed in a joint venture or cooperative. Successful implementation of a partial collaboration can then be upgraded to the development of collaborative management of the overall plantation forest activity.

2.3. POLICY AND AUTHORITY OF GOVERNMENT

Government and local governments (provincial and district / city) have a different authority in the context of community empowerment. The government sets the norms, criteria and standards in community empowerment. Law Number 41 Year 1999 regarding Forestry mandates that management and / or use of forests should be able to improve the life of forest communities. Its derivative regulation, namely PP. 6 of 2007 Article 84 paragraphs 1 and 2 jo PP. 3 of 2008 states that community empowerment can be done through the forest villages (HD), Community Forestry (HKm) and partnerships.

Partnership context here is not fully to be interpreted as collaboration because only activities of land / forest management that could be cooperated in a partnership or collaboration, while activities outside land / forest management, such as wholesale nursery, logging and timber transport cannot be construed as collaboration but as partnerships with sub-contract . Law Number 32 Year 2004 on Regional Autonomy authorized to give mandates to local governments to take care of some matters delegated to the region in order to grow and develop the area according to the local abilities for the welfare of society. Forestry matter is the choice of the regions in forest resources management which must follow the rules of the preservation of forests in order to achieve sustainable forestry development. In the above context, local government is authorized to manage the forest for the welfare of local communities and contribute to state revenues in the form of regional domestic income and gross national income. The government has provided access to the community to participate in forest management through people's plantation forests (HTR) through licensing for utilization of wood forest product.

As already mentioned above, the community should be empowered through HD, HKm, and Partnerships. Partnership that is ongoing in some management units can be upgraded into a pattern of collaboration between employers (management unit) and the communities in which in this context, the people is involved in the process in any decision-making in corporate management. Community development in the site level (management unit) is managed by the license holder together with the collaborating community and its implementation is coordinated by the Head of the Sub-District (PP No. 19 in 2008 on Sub-District).

Decision of the Ministry of Forestry No.70/Kpts-II/1995 stipulates that spatial plan of HTI allows (1) 70 percent of space is for staple crops, (2) 10 percent for local seed orchard, (3) 5 percent for livelihood plants, (4) 10 percent for protected areas, and (5) 5 percent for infrastructure (facilities / infrastructure). Percentages are from the total area of IPHHK-HT. Implementation is not necessarily as rigid rules, but it is possible to be tailored to the characteristics of the location and number of people / farmers who are in and around the

plantation. Until now, rule or regulation on partnership has not been published by the government so that local governments do not have guidance in fostering, supervision and control.

Furthermore, the government has issued regulations related to community empowerment, namely PP 19 of 2008 on the Sub-District. The regulation states that the implementation of community development should be coordinated by the sub-district. With the National Community Empowerment Program (PNPM) *Mandiri*, head of sub-district has the authority to use funds of PNPM *Mandiri* for activities of empowerment in communities in the vicinity of the HTI. Meanwhile, the head of sub-district as the official publisher of the land deed (PPAT) should know the exact status and presence of land in the area. Thus, the head of sub-district should not necessarily publish SKT if the land is located in the forest areas which have been established in accordance with the District/Municipality Spatial Planning. Development is structurally and functionally conducted by the Regional Government of the District/ Municipality Office through the local Community Empowerment office.

2.4. UNDERSTANDING AND AGREEMENT BETWEEN COMPANY AND COMMUNITY

Collaborative management pattern is defined as a scheme of cooperation relations between company and other parties and / or other business entity (in this manuscript meant as individuals, business groups and / or cooperative) to carry out mutually beneficial business. Its activities include the preparation stage (socio-economic survey and creating understanding), monitoring and evaluation of pattern in collaborative management of plantation forest.

The area where permission for the development of plantation companies is already obtained should be continuously socialized and disseminated to local communities to reach throughout the work area. The sequence of making a memorandum of understanding of cooperation and collaboration between community and company is shown below.

2.4.1. Memorandum of Understanding (MoU)

Forest management begins with the socio-economic survey of the community through participatory rural appraisal approach (PRA). The survey can be done by a company or institutions. To ensure the independence of this survey should be conducted by independent institutions, such as universities or NGOs. In PRA the matters to be known among other things are:

- 1) Whether the area to be collaborated meets the legal formal criteria or only in the form of claim or occupation without legality;

- 2) Species of staple crops should be able to follow what has been planned by the company, while the species for seed and livelihood plant can be compromised with the community;
- 3) The history of farming communities in and around the forest, whether as sub-system farmers or doing enterprise in certain business scale;
- 4) The primary desire for individuals, community groups, and / or local cooperative associated with the revenue can be obtained routinely and periodically;
- 5) What techniques are used by farmers in managing land / soil, either in their home-garden or in the field in HTI IUPHHK area;
- 6) What work is able and can be done to earn additional income in the development of HTI;
- 7) Construction of facilities / infrastructure, what is needed by the community for the mobilization and liaison between villages, or what buildings are required for the activity of worship, education, and health;
- 8) Do farmers need a business container that can enhance the productive capacity to participate in building a plantation and get the benefit?;
- 9) What training is needed so that farmers can improve attitudes, knowledge and skills.

The entire community wishes related to the development of HTI Collaborative Pattern poured in a memorandum of understanding (MoU) on the use of land for plantation development. What is important in the development of HTI Collaborative Pattern in a particular area should specify the species of plants that can be collaborated as a staple crop and land uses that can be used for non-staple crops. As for activities outside the main plantation agreements is set forth in a separate agreement and is packaged in a program of community development (CD). The agreement between the parties set forth in the memorandum of understanding (MoU) and confirmed by sub-district and local Muspika official. MoU with the community is directed to community, not individuals, namely the hamlet/village limits. Hamlet/village leaders appointed to represent community sign the MoU between the company and the community. This is done to facilitate the regulation of land use and distribution of, among others, land for planting of rice, corn, and soybeans to meet their own needs, and area for rubber planting to get the rubber sap to sell with a business orientation (Nawir , et al. 2003). Community development program conducted by the company to make a rubber plantation in the area that has been allocated in 5% of the total effective area of plantation forest. In the implementation stage, farmer / community can have loan facilities from financial institutions alternative or credit union (CU), such as savings and credit cooperatives that have grown in the region.

2.4.2. Cooperation Agreement between Company and Community

After the MoU and activities will begin, it is followed up with an agreement of collaboration between companies and communities / forest farmers. The most important content of the agreement is to regulate the rights and obligations between parties with mutual respect for each other (equality) and provide mutual benefits. Patterns of collaboration in the development of HTI must meet the reciprocity of mutual benefit, results-oriented, openness, fairness, balance, and responsibility. These principles should be embodied in the MoU as an agreement between the company and the community / farmer in HTI development with collaborative patterns. The rights and obligations of each party is elaborated below (Widyantoro, 2008). This right and obligation can be adjusted depending on the dialogue which has been mutually agreed.

(1) Rights of Community and Company

Community rights in the management of HTI Collaborative Pattern are as follows:

- (a) receive part of wood harvest commensurate with proportion agreed upon in MoU;
- (b) given access inside HTI area to plant food crop, horticulture, and livelihood plants (rubber, cocoa, pepper, and others) in accordance with the space regulated by Minister of Forestry decree as stated in SK Menhut No.70/Kpts-II/1995;
- (c) receive education and training to enhance human resource capacity, economic capacity, and capacity of institutions (KUB or Cooperatives);
- (d) participate in the planning process of company, especially which relate to implementation of HTI collaborative pattern development;
- (e) receive aids of production facilities, among others fertilizer, pesticides, herbicides, seed/seedlings for food crop, horticulture and livelihood plants;
- (f) within a certain period of development, community through cooperatives could purchase part of company share with reasonable price.

Company rights in the management of HTI Collaborative Pattern are as follows:

- (a) take advantage of wood products from HTI and employ collaborating individual/community to get a job in felling, skidding and transportation of wood to wood deck or Wood Assembly Point (TPn);
- (b) manage HTI as a state property which is provided to company as IUPHHK-HT;
- (c) continue investing in HTI plantation on land under the ownership of community/forest farmers for the next planting cycle in accordance with the mutually agreed MoU;

- (d) build facilities and infrastructure within HTI area including structures on land under community control;
- (e) import workers from outside as long as local and collaborating community do not provide sufficient productivity as required by company.

(2) Duties of Community and Company

Community duties in development of HTI Collaborative Pattern are as follows:

- (a) together with company to safeguard HTI plantation from disturbances caused by people, forest fire, forest occupation, and wood theft;
- (b) taking care of staple plants with tending facilities from HTI company;
- (c) together with company to make company plan, especially on activities that will be collaborated;
- (d) build Joint Business Group (KUB) or Cooperatives in an effort to get work contract;
- (e) work in accordance with MoU or work agreement (SPK);
- (f) mutually bear burden with company in case of failure, in planting as well as harvest, and each must accept the existing condition;

Company Duties in development of HTI Collaborative Pattern is as follows:

- (a) together with community to safeguard HTI plantation from disturbances of people, forest fire, forest encroachment, and wood theft;
- (b) increase HTI plantation productivity through research and development activities, wood harvest productivity, and efficiency in plantation and wood harvesting;
- (c) help collaborating community/forest farmers with production facilities such as fertilizer, seed/seedling, pesticides, and herbicides;
- (d) it is not proper for company to dominate collaborating community/farmers;
- (e) to share proceeds from wood with equity and fairness in accordance with mutually agreed MoU;
- (f) mutually bear burden with community in case of failure, in planting as well as harvest, and each must accept the existing condition;
- (g) maintain and keep the continuity of collaborative cooperation.

Duties of each are often not obeyed because of several things, among others (a) unavailability of fund, (b) complying with traditional obligation as reason, (3) influence of pressure from certain parties, (4) condition of danger or extreme weather condition, (4) availability of other

more profitable choices, and others. Because of it, the said rights and obligations exemplify the embodiment of role sharing of each partner.

2.5. COMMUNICATION AND PARTICIPATION FORUM

To bridge the interests of the government (including local government), private, and community in community empowerment, including the development of HTI collaborative pattern, there is a need for the existence of a forum consisting of communication forum and participation forum. Communication forum can be established at district or provincial level depending on the need, while participation forum is at the field level. Membership of communication forum at the provincial level consists of elements of the government, private and community/farmer.

2.5.1. Communication Forum on HTI Development at the Province Level

Communication forum in HTI development follows the construction of a communication forum established by the Governor as the highest leader in the province. The object is the synchronization of land-based development in the province, including the development of HTI (Figure 3). Duties and responsibilities of personnel who are in the communication forum are among others, to foster land-based regional development in order to avoid land use conflicts and the use of natural resources and forests.

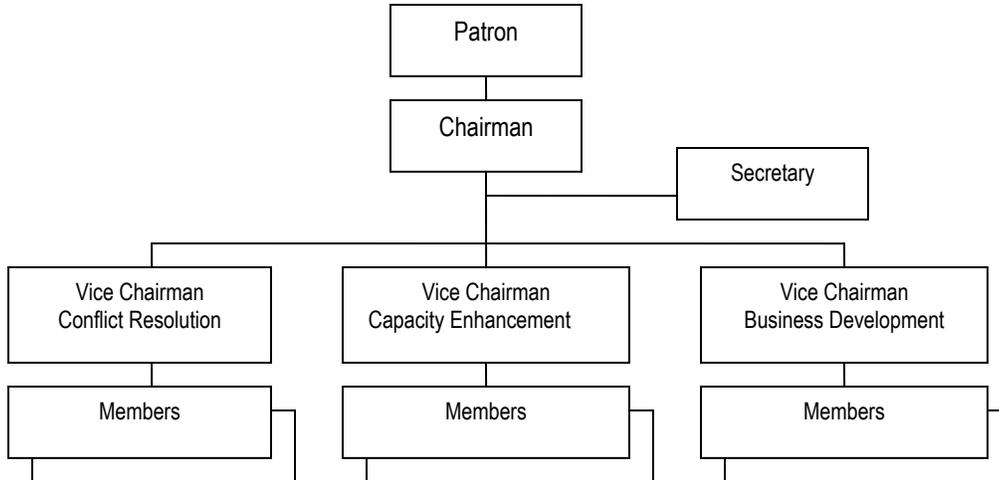


Figure 3. Organization Structure communication forum industrial plantation forest (HTI) development

Organization structure personnel are as follows:

Patron	Governor/Regent
Chairman	Province/District Secretary
Conflict Resolution Vice Chairman	Vice Head of Regional/Resort Police
Enhancing Capacity Vice Chairman	Head of Forestry Office at Province/District
Business Development Vice Chairman	Company <i>Field Operation Director</i> (FOD)
Secretary	Head of Regional Economic Bureau or Assistant II of Regional Secretary.
Vice Secretary	Manajer <i>Forest Protection Ministry of Forestry</i>
Member	Related institutions in the province or district and representative of community as needed.

2.5.2. Participation Forum on Development of HTI Collaborative Pattern

The need for participation forum on HTI Collaborative Pattern management depends on the level of sensitivity of conflict arising between company and community/farmers. The participation forum is meant to expedite the development of HTI Collaborative Pattern and is a work team on development of HTI Collaborative Pattern. The structure of participation forum can be seen in Figure 4.

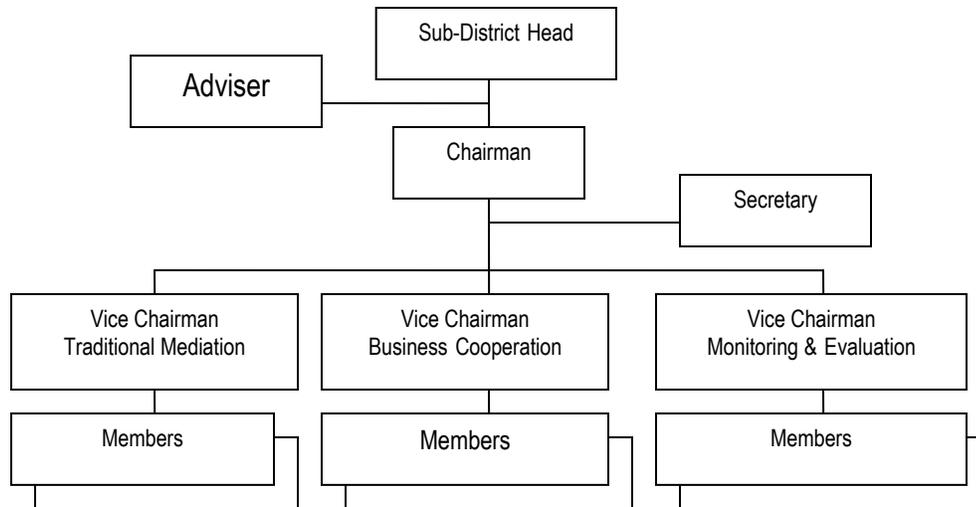


Figure 4. Organization Structure participation forum management industrial plantation forest (HTI) development with collaborative pattern

Organization structure in participation forum in HTI Collaborative Pattern management is as follows:

- | | |
|---|---|
| (1) Responsible person | Head of Sub-District |
| (2) Adviser | Field Operation Director |
| (3) Chairman | District Manager |
| (4) First Secretary | CR at Forest Protection at Sub-District level |
| (5) Traditional Mediation Vice Chairman | Traditional Head at Sub-District level |
| (6) Business Cooperation Vice Chairman | Section Head on Community Empowerment at sub-district |
| (7) Monitoring & Evaluation Vice Chairman | Company planning and mapping manager |
| (8) Members | Related institutions with sub-district, NGO, representative of community as needed. |

Almost similar to the communication forum, participation forum has more emphasis on aspects of its management to avoid conflicts in the management of HTI, either in development planning as well as in its collaborative mechanisms. On forest plantation development communication forum, industry emphasize on operational strategy and implementation program in order to avoid overlapping areas and land use conflicts can be avoided, especially in agriculture and estate crop plantation sectors.

Participation forum is established by a decree of the District Head (Regent) to provide the organizational strengthening of community empowerment in the development of HTI collaborative pattern. The organizational structure is not rigid and it is possible to be adjusted depending on the characteristics of the area. Community involvement as far as possible to be adopted to give a lesson to them at one time they become independent. Judging from the strategic role of this participation forum element, then the role of head of sub-district is very crucial at the field level.

On the other hand, a forum of communication at the provincial and district / city level allows the parties concerned with the development of HTI to develop strategies that can contribute positively to regional development. Construction of the vast plantations should be able to contribute to the regional gross income (GDP) and economic development in areas where plantation was built. Not to be missed, development of HTI should be able to create jobs in the area and provide greater opportunities for local workers. Thus, the communication forum in the region is needed when HTI collaborative pattern starts.

Chapter 3

MECHANISM OF CONFLICT RESOLUTION ON LAND USE IN THE MANAGEMENT OF COLLABORATIVE PLANTATION FOREST

Land use conflicts often lead to congestion of business resource sector, particularly for businesses that manages resources that are not too attractive to be accepted by the community / farmer. The solution also sometimes take a long time because it involves many parties, not just the people / farmers as users of land for generations, but also involve parties who feel they have benefited in the business.

3.1. STEPS IN CONFLICT RESOLUTION

There are 9 (nine) steps that can be done in an effort to solve the problem on the use of land (conflict resolution), namely (1) observation and inventory of problems, (2) identification of problems, (3) mediation and facilitation, (4) dialogue or deliberation between the parties, (5) strategy and management plans, (6) socialization to the prospective collaboration participant, (7) preparation of operational plans, (8) implementation of activities, and (9) monitoring and evaluation. Conflict resolution process can be followed in Figure 5.

(1) Observation and Inventory of Problems

Local people with company and local government make observation to discover and identify and collect the wishes of community and capabilities or potential capabilities that exist in the community. Collected materials are then reviewed and analyzed, resulting in a number of issues to be addressed by society. Problems found are not necessarily those that have been recognized by the entire local community. If so, efforts in such awareness are still needed, so that local people become aware that they have problems like that, besides having the ability to manage forest resource. At this stage, the complaint by the company should immediately be followed up by the authorities to start doing a field inspection in order to know the real issues going on.

In the framework of conflict settlement, the government may establish an investigation team to look over any case of conflict between the company and the farmers / community. This is

necessary because it could be that a group of people who are dominant in pressing the demand is not entirely correct in accordance with the demand or not necessarily represent the whole community / farmer because it is possible that the farmer / community involved will be taken advantage by the dominant group.

Next, areas that overlap, occupied, or claimed by other parties, including non-forestry companies, are inventoried in order to obtain accurate data and information about the extent of area, species of plant, the owner or the user of land and other parties involved the problem. Here the role of local governments in mediating the conflict becomes very important because of the many parties involved. If the problem develop further, then return to the legal norms applicable to be facilitated by the local government first and then to the Ministry of Forestry as the license provider.

(2) Problem Identification of Land Use Conflict

Inventory activities are intended to determine the actual conditions in the field. Observations or inventory situation and social conditions (community) in and around forests are recorded and identified. Existing problems is noted and minutes (BA) signed by the farmers, companies, and NGOs. Local government as the party took the initiative to resolve land use conflicts. In identifying the problem, communities that are really inside or around forests should be discerned from communities / farmers who are far away (as the limit of the maximum range of 5 km) from IUPHHK-HT or even outside the forest area in accordance with the definition of local communities.

It is almost sure that in signing the BA there would be pros and cons because the parties involved will persist even though they are far away from the plantation area. Those who object to sign are recorded, and will be subject to discussion in a deliberative forum, facilitated by the regional government. Signatories should truly represent the group as a whole, rather than a particular group of people. It is necessary to avoid the demands of other parties who are not satisfied. Here the role of NGOs becomes the key to the successful process of identifying a problem because they can bridge the interests of the community / farmers with the government and companies.

In the identification of this problem is also recorded how long they have stayed and work the land for cultivation of annual and perennial crops (eg crops and rubber or oil palm plantations). It is necessary to anticipate the possibility of additional claims by other farmers. Records as information need to be set forth in a BA, such as whether a particular group's demands is sincere or have certain intentions behind these demands, or even for provocation.

(3) Mediation and Facilitation in Conflict Resolution

Normatively, the government must facilitate as a mediator in the dialogue. Government official designated as the mediator should be able to work professionally without political interests or the interests of separate groups / certain parties. Company's presence in the area would have significance in driving the local economy and surrounding areas. On the other hand, NGOs and / or universities can be a companion to community / farmers because they have the knowledge and ability to dialogue with governments and companies. If required by each party to the conflict, dialogue or discussion can be advocated by a lawyer.

The number of participants in the dialogue should be limited to avoid unrest in the dialogue or deliberation that may confound the primary goal. In addition, the leader or moderator of the dialogue should understand the norms, the provisions of the rules and regulations. Place of a dialogue should be conducted in a closed space, for instance in the district hall or town hall in the district.

(4) Dialogue or Deliberation between Conflicting Parties

After mediation and facilitation is determined, then the implementation of a dialogue or discussion is held at a place mutually agreed between the government, company and community / farmers with NGOs. Parties in the dialogue should have equally good faith to settle the issue of land use conflicts, rather than blaming each other and to justify themselves. All must abide to the norms that are recognized and respected by the local community as well as laws and regulations existing in the country.

It should be reminded that if deliberations are not achieved, most disadvantaged party may file an objection and can take legal action. For those who do not comply with judicial decisions, then appropriate authorities will do further processing. It is necessary for the sake of supremacy and the rule of law in this country, so company is assured in its business.

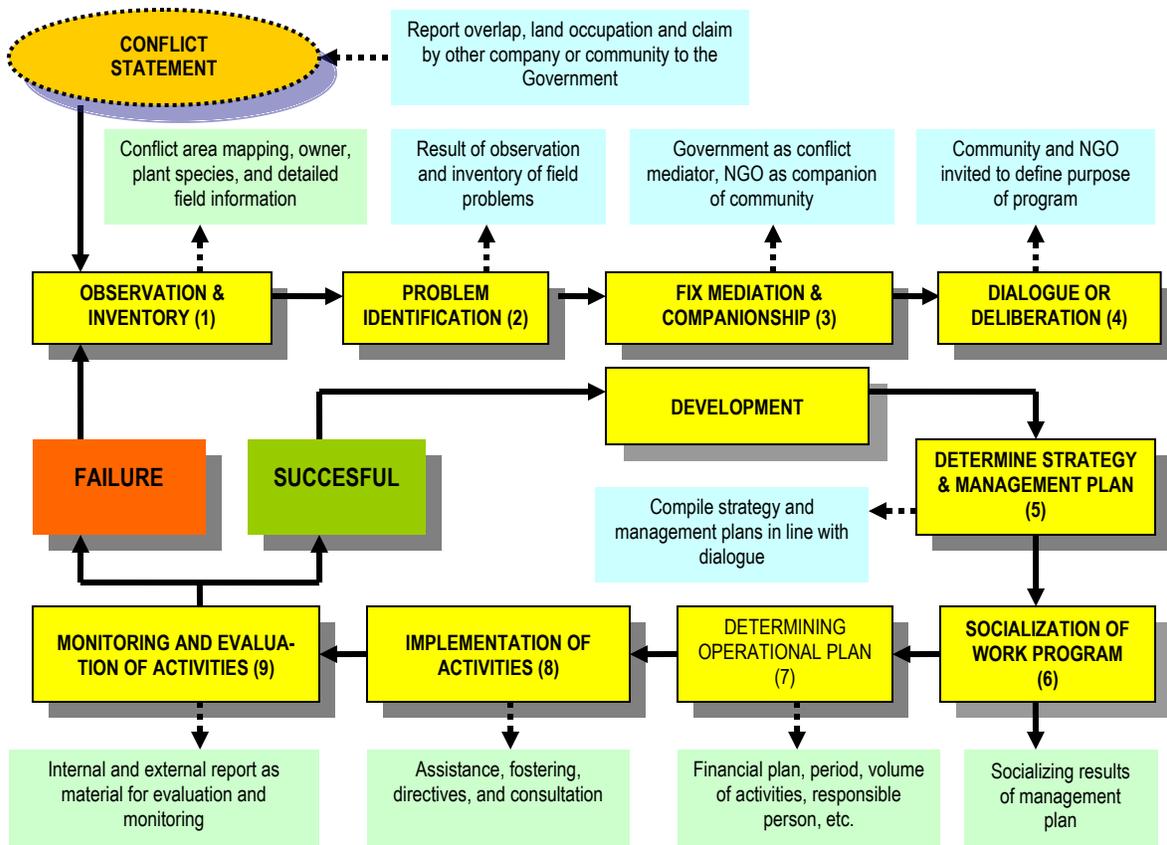


Figure 5. Conflict Resolution Mechanism in IUPHHK-HT area

(5) Strategy and Management Plans

The company's strategy, of course has been set before. Long-term plan was determined by the company, either to a conflict area or not according to permit area given by the government. The concept of improved management plans in the future should pay attention to potential conflicts of land use by others. Collaborative management to be retained by the company may need to be improved, mainly of the decision-making system and the recognition or respect for local rights. On the basis of goals set and agreed, the communities are invited to establish strategies that will be pursued to achieve these goals. Agreements between the company and the community / farmer shall be set forth in the agreement.

Different interests should as far as possible be adopted to find a solution. Usually the demand of the people/farmers is concerned on opportunities to use land that is closest to his residence. Therefore, companies should be able to regulate the spatial planning of HTI as well as possible for the principal crops, seed crops, livelihood plants, protected areas and infrastructure. Areas already occupied by the community/farmers have to put in long-term plans and strategies are formulated and what the appropriate solution should be. For example, for rubber cultivation

area due to its category as livelihood plant, it can be reported as a duty of the company in the management of industrial plantation forest. For areas where oil palm is planted, attempt if necessary to replace them or make alternate planting with local superior crops. Compromises must be approved by the various parties through dialogue or consultation, if necessary up to the provincial level (the Governor) or the Minister of Forestry.

(6) Socialization to Prospective Collaboration Participants

Results of agreement in a dialogue that has been outlined in the strategy and management plan should be disseminated to potential collaborative participants, including the certainty of the location, activities, benefit sharing, collaborative management system of cooperation, and others to obtain a cooperation guide that is more convenient. Socialization can involve the relevant parties, such as traditional institutions, *Muspika*, and local communities as candidates who will collaborate with companies holding IUPHHK-HT license.

The socialization must convey the principles of equality and balance between subjects who will collaborate, mutual trust and respect the rights and obligations of each party without the pressure of either party. Clarity and commitment between the parties will strongly support the success of the cooperation program.

(7) Preparation of Operational Plans

The strategy that has been agreed is set out in the operational plan (RO), which has included the division of labor and responsibilities of the executor, the activities in each year, how to implement the activities, time schedule and the determination of the location and cost requirements. Operating procedures for activities to achieve good quality outcomes is set out in the standard operating procedure (SOP).

Partnership operational plan (OP) is an important part of a long-term plan. Therefore, the OP should contain all agreed activities. Operational plan is implemented each year in accordance with the stages of work in the company's strategic plan. Expenses in connection with the implementation of collaborative management (partnership) must be internalized into the production cost components, except the costs of community development (CD). This CD program is intended to provide a model for community/farmers to be independent, so that they can try their own business in the productive sectors.

(8) Implementation of Activities

The approved operational plan is subsequently used as guidelines by all parties to be involved in the implementation of the program. During the implementation of the program, mentorship and coaching by field officers of the company or involving NGOs if needed. All parties must abide by the agreement between the parties in the dialogue forum which is mediated by the government. Community/farmers who have been given the space to do the farming areas in

IUPHHK-HT area with the terms and conditions set forth in the agreement must comply with it and will not change their mind until the expiration of the agreement. Changes to the agreement must be approved by both parties, and companies must comply with the agreement.

Other activities, especially social action such as the construction of school facilities, churches, mosques, multi-purpose buildings and other infrastructure considered by the company can be done to get public sympathy. If necessary, to not interfere with HTI area for fear that HTI continues to explore and expand the area of rubber plantations (oil palm is not allowed), then the company can build rubber plantation in their villages (rubber village).

(9) Monitoring and Evaluation

Monitoring is carried out by recording and reporting any activity to be used to compare with a predefined plan. If there are deviations to the plan, it immediately must be fed back to the performer to get attention and acted upon for improvement. The role of NGOs is important in surveillance activities through monitoring and evaluation activities undertaken by this partnership.

Program development and management plans are based on results of monitoring and evaluation, where it has been successfully implemented and community / farmers have started to enjoy the results. However, the dynamics of the community continues to grow so as to demand improvements in the achievement of business in the future. Therefore, the increase in the future collaborative management needs to be pursued by building new, more optimal strategy in the achievement of business partnerships, or provide land to farmers for business space.

The above mechanism is non-standard to resolve land use conflicts in different places. Therefore, if it can be done in a simple way it would be better because it reduces the cost of conflict resolution, either at ground level and management level. More complex problems will require the completion of the mechanisms that are longer. But simplify as far as possible in order not to cause new problems.

3.2. CASE SAMPLE:

CLAIM BY P.P.J. ON LAND USE AT W.K.S. AND LAND CLAIM BY COMMUNITY AT AYA YAYANG INDONESIA (A.Y.I.)

The case of conflict between the company (WKS) and the community / farmers in Jambi can be categorized as the demands of the community / farmers through a group of unauthorized land user groups in occupying the land in the HT IUPHHK area managed by WKS. If the problems of land use conflicts are not resolved soon then it will possibly move into other

dimensions that would complicate the position of WKS. While at BP the case is simpler, namely land claims by individuals or small groups because the land is thought to contain coal or leads to the location of people owned rubber plants. By claiming land in the area of BP, perpetrators hope to sell land which contains coal land to investors with a very high price, or in the case of the another location, to be planted with rubber trees.

At the HTI of WKS, a stage in the conflict resolution mechanism that is most crucial is when faced with the choice of the continuity of community/farmers plantation in IUPHHK-HT. Minister of Forestry letter No. S.292/Menhut-VI/2008, dated May 21, 2008, stated that the area of conflict is in an area of 41,000 hectares in the IUPHHK WKS-HT area will be converted into planting area of meranti and jelutung species with a partnership pattern. While in the BP group (AYI) there is no solution that binds the two parties - between companies and communities/farmers, but the company has been in dialogue with them in direct cooperation toward the pattern of mutual forest management with community (MHBM) where the area will be planted with the species of sengon and rubber.

Latest developments is based on three possible options, Widyantoro (2009) in the management of practical mechanisms of collaboration after the decision of the Minister of Forestry, a compromise is made with PPJ Jambi that the area claimed has been planted with jelutung (*Dyera costulata*) in between palm oil trees, as well as planting of Jelutung in conservation area. In addition, in areas which have been occupied only by local and indigenous communities the opportunity has been given to plant rubber (*Hevea* spp.)

Thus in the WKS, the rubber plant is considered as the livelihood plants where company has the obligation to provide 5 percent of the total land IUPHHK-HT for this purpose. Even though the Decision of the Ministry of Forestry number 70/Kpts-II/1995 has been changed, namely with regard acacia, eucalyptus, or other as seed and livelihood plants, but with the insistence of the community/farmers who still want rubber as the livelihood plant, then there is no harm in the company continues to position the rubber plant as the livelihood plant. While the species meranti (*Shorea* spp) as a seed crop is not an option because of the long life cycle and cannot produce an in between results, except from thinning the trees - it's hard to do. While in the BP group, the compromise is to combine trees for furniture combined with rubber wood in a specific portion. As the initial intent of HTI transmigration development objectives in BP group, HS and JS should include migration to jointly manage the forest, so the choice of the type of rubber is important because this species is a prima donna plant for communities.

Kasus tersebut di atas memberikan pelajaran kepada kita bahwa ternyata masyarakat/petani tidak serta-merta mau melakukan apa yang telah diputuskan oleh Pemerintah atau perusahaan. Ini mengindikasikan kuatnya posisi masyarakat/petani atau sebaliknya menunjukkan lemahnya pemerintah yang selalu mengajak kompromi dengan pihak tertentu

sehingga mengakibatkan tidak pastinya hukum dan tidak amannya investasi HTI di Indonesia karena jenis tanamannya kurang diminati oleh masyarakat/petani.

3.3. PROGRAM AND STAGE OF HTI COLLABORATIVE DEVELOPMENT PATTERN

In some cases of cooperation in plantation development, either in the partnership or collaboration pattern, it usually begins with a claim and land occupation with very classical reason that the land is a legacy handed down from ancestors. The next development is the community / farmers demanding their right of "legacy" through demands for a fee or similar compensation.

HTI development programs at both locations as examples of such cases has shown that a program that had been developed and socialized still have to involve the community / forest farmers in each subsequent plan. This indicates that all community related activities should be managed in a transparent manner. Below we present the program options and stages in the development of HTI pattern of collaboration.

3.3.1. Development Program of HTI Collaboration Pattern

In HTI collaborative pattern development, analysis on stakeholders must pay attention to the following:

- (a) Development of HTI collaborative pattern is based on the idea to develop a forest with fast growing species together;
- (b) Local characteristic, such as the need to do business together, strength of community/farmers in organization, resources control with planting cycles and method of planting, information knowledge on other enterprises;
- (c) Relationship with other stakeholders, such as NGOs, dependency on forest, conflict and operational strategy in development of HTI collaborative pattern; and
- (d) Ability to have a bargaining position to decision makers, such as gain and the wish to collaborate (derived from Borrini-Feyerabend, 1996, World Bank, 1996 dalam FAO, 1999).

Often the analysis of stakeholders and participatory assessment of community / farmers is implemented after the collaboration program began. This will result in a lot of information on interaction with stakeholders are ignored in subsequent stages. Sometimes the need for funding or approval of activities will determine the course of HTI collaborative pattern development activities can be continued. Timeliness in analyzing the stakeholders and participatory assessment will depend on who is building a collaborative program, and whether they will immediately implement the program activities or not.

3.3.2. Developing HTI Collaborative Pattern

ITTO PD 396/06 Rev. 2 (F) demonstration plot is created by the initiative of the Forest Service in the province of South Kalimantan and Jambi Province, as well as companies (WKS and the group BP) to achieve harmonious relations with the community/farmer with HTI development cooperation through collaborative patterns. Community in general does not have the time, resources and desire to support companies in the management of HTI development. Community / local farmers lack the skills, knowledge, time and motivation to engage groups of stakeholders in the initiative.

Land for plantation development in collaborative pattern is located in the IUPHHK-HT area with an extent allocation of 50 hectares. The optimal mix in division of space in the 50 hectares was designed by national consultants (Main, 2009). Community around the WKS has received the cooperation to plant jelutung among palm trees as well as in the conservation areas where jelutung is also planted.

The above case has shown HTI development process with participatory/collaborative pattern involving the stakeholders and therefore WKS has changed its strategy as follows:

- a) No exertion of company to dominate the participatory process, meaning that compromise remains to be done to avoid a larger conflict;
- b) Direct dialogue of community/farmer with IUPHHK-HT to avoid unclear and mazy information, such as the apparent struggle by PPJ Jambi Province;
- c) Allocation of land use by the government and/or local government in compliance with regional spatial function (provincial and/or district/city RTRW).

Growth of oil palm and rubber businesses in locations around the WKS and mines in the vicinity of BP allows people / farmers to switch to those businesses. This is supposed to be seated by the government or local government to return to the observance of these functions.

Those ideas will be lost when influenced by political element that is often not directly related to the interests of the community / farmer. Apparently PPJ demands by actors who are not accountable to the public have bought land from communities for later resale to other parties. In the minds of protesters and this are also the facts in the field that the land has the "potential benefits" that can be traded by certain individuals. The first victim that is negatively affected is the IUPHHK holder company, then also the people/farmers because they are swayed by certain elements that will magnify the potential.

3.3.3. Collaborative Land management

When considering participatory multi-stakeholder (ITTO Project PD 396/06 Rev. 2 (F), the local Forest Service, IUPHHK-HT holding companies, and others) into this stage, the following three issues are of important to look into in planning land management that will be developed:

- (a) Purpose and aim of HTI development with participation/collaboration program;
- (b) Regulation for management and supervising the HTI development with participation/collaboration program; and
- (c) Regulations for funding and endorsement of the program.

The first part has the highest relevance in a participatory process in HTI development of collaborative patterns. In contrast, the second and the third is the domain of the stakeholders, namely determining the actor who will take part in the management, financing and supervision throughout the construction program of HTI collaboration patterns. The results of field observation and interviews with farmers / communities in and around the WKS and the BP group can be followed in Figure 6.

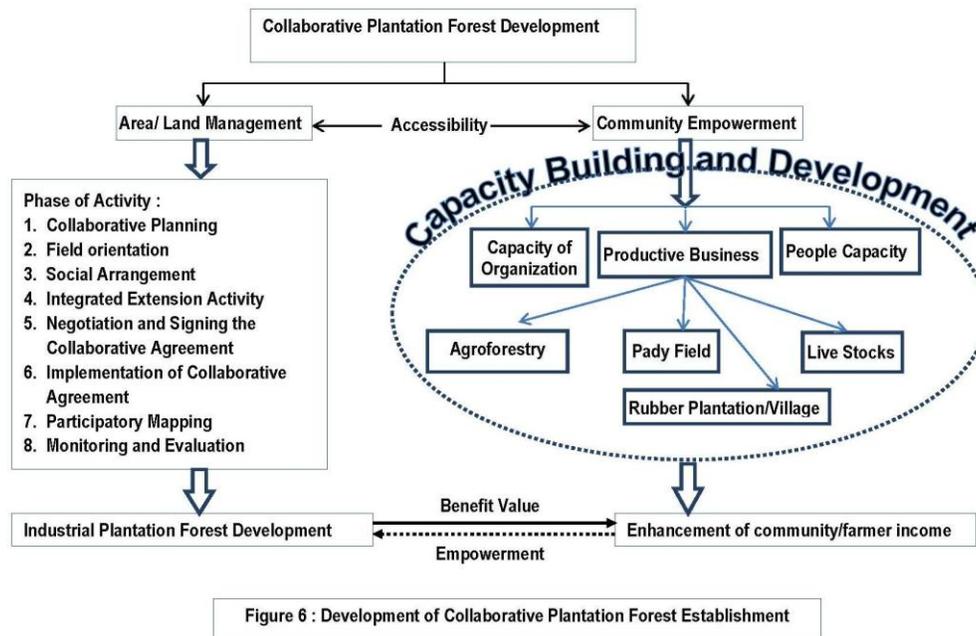


Figure 6 : Development of Collaborative Plantation Forest Establishment

Figure 6 shows that the context of collaborative pattern in HTI development is the empowerment of communities in IUPHHK-HT. Company provide access to management of land use and community capacity building/farmers in terms of organization, productive businesses that is a form of enhancing economic capacity, and improving human resources. Increased capacity is expected to create communities and farmers toward independence.

Phasing of land management in development of HTI collaborative pattern include: (1) collaborative planning, (2) field orientation, (3) social preparation, (4) integrated counseling, (5) measuring and mapping (participatory), (6) negotiation and signing of agreements, (7) implementation of the agreement, and (8) monitoring and evaluation. Phasing is indeed quite long because it's not easy to convince community / farmers before any evidence (success story) that is able to set an example for them in the acquisition of increased revenue.

(1) Collaborative Planning. At this stage the field survey data and ideas that had been collected and processed to obtain a clear picture of what HTI development model is to be built. Involvement of community / farmers in and around plantations in planning is usually discussed in certain places, such as village halls, public housing, or places of worship. How many people or communities / farmers will be involved in the model as well as what the community / farmers want to be collaborated with the company. Who are the parties that will engage in collaborative planning to be accommodated and given tasks according to their competency.

WKS will implement a collaborative pattern with fast growing species, such as acacia and eucalyptus to meet the supply of raw materials of wood chips for pulp and paper industry. While BP group will implement collaboration with plant species such as sengon, gmelina and sungkai. The species is a staple crop, while the combination crop to be planted is superior rubber trees. The horticultural crops species will be integrated where possible and in accordance with the agreement between the company and the community. Immediate funding will be provided by the company to realize each activities in the development plan activities of such HTI with collaborative pattern.

(2) Field Orientation. There is a possibility that the planning process may be represented only by a few people so that it still needs to be communicated to the population or community / farmers who will be involved in the development of HTI collaborative pattern. Communicating with the wider community / farmer should be very careful because the representation in the community / farmers may not be fully accepted by most community / farmers living in and around the plantation.

Therefore, the role of key actors should be involved in the planning process so far as possible to represent the wishes of the people / farmers in general. This orientation could not be just once, but can be many times to understand the plans. In this field orientation data is also needed on the suitability of land for food crops and staple crops and crop combinations, including custom of indigenous communities / local farmers.

(3) Social Preparation. Customs of community / local farmer who had known what activities are done just preceding the implementation of main events, such as "*ngudas*" in Kalimantan custom or in general term "*selamatan*" or saying the prayers in some places. Local indigenous

institutions should be involved in the preparation of this social order in accordance with the habits of the people / farmers.

Basically social preparation activities carried out in order to be implemented have the support of the community / farmer. In other words, social preparation is the whole effort of the activities carried out before the community development activities, with the aim of: (a) the public will recognize the implementation of activities, and (b) the public is willing to participate in all phases of the program to be implemented in accordance with aspirations and needs of the community.

ITTO PD 396/06 Rev. 2 (F) team as the initiator must intensively explore the many different possibilities that arise in the WKS and BP group companies with community / farmers in and around the plantation. Therefore, in this social preparation, field and social data should as far as possible be taken accurately and effort made to get closer to the people / farmers directly.

(4) Integrated Extension. The core of integrated extension is the communication between the various parties who will be involved in the development process of HTI collaborative pattern. This stage of the process includes efforts in recognition and awareness. Recognition process is intended to determine the needs and capabilities of both existing and potential possessed by the community / farmers and the local area. While the process of awareness is in order for people to understand and know wholeheartedly about the needs, capabilities and problems encountered.

Counseling should be involved in the implementation of various elements of the community / farmers who are in and around the plantation, which will mainly be involved directly with the collaborative activities. Other parties, such as Muspika, head of the indigenous group, community leaders should be involved in this integrated outreach activities. All points of activities that have been pre-planned is to be delivered in a clear and transparent way to the community / farmers and other parties involved.

(5) Negotiations and Signing of Agreement. Topics to be included in the integrated education is the process of negotiation that includes mechanisms for sharing benefits, duties and responsibilities, rights and obligations of each party, and the risk of joint responsibility. This negotiation process would be tough because the community / farmer will compare the results to be obtained later. When compared with other income it is much different and smaller then the extension team, including team of the ITTO, Forest Service and the company must continue to strive to reach an agreement so as to achieve equality with other income. Therefore, the activities that will be built in a collaborative management can be developed through various schemes by combining several species of plants that are desired by the community / farmer.

The results of the agreement in the negotiations are immediately poured in a collective agreement (memorandum of understanding) between the firms and individuals in the community /

farmer. This agreement should include who is working in a collaborative management, types of activities, rights and duties, length of partnership, benefit sharing schemes, the costs to be borne, hazard situation (force majeure), conflict resolution, and other matters appropriate with the agreement. Then it was made into an agreement that must be jointly signed by the parties and witnessed by *Muspika* or may be strengthened by a notary.

(6) Implementation of Agreement. The point in implementing the program and action plan activities must be consistent with what has been agreed. The implementation of the developed pattern is to align operations of plantation development and improvement of cooperation, where communities provide community held land by custom or heredity, and the company managing the forest lands. Community land use patterns that is developed was to build ties of cooperation in the development of mutually beneficial HTI together, both economically, socially and improvement of environmental quality.

Implementation of such cooperation include: (a) institutional development of community through the strengthening of the Joint Business Group (KUB), (b) material for development of superior rubber plantation and technical guidance on its cultivation, (c) developing sedentary agriculture enterprises and some rice field demonstration plot material, and (d) value of the benefits of HTI collaborative pattern. Especially with regard to the benefits that can be shared among others acacia and eucalyptus wood in the WKS, and sengon or gmelina in the BP group. Distribution can be either profit-sharing or royalty fee, while the rubber is fully entitled to community / farmers in the WKS and the group BP can be shared with the BP group companies. For plant species and horticultural crops are fully entitled to community / farmers, although the two companies to provide guidance.

(7) Measurement and Mapping (Participative). Locations that will be used as a model HTI collaborative pattern is measured and mapped in accordance with the distribution block / planting lot for WKS and BP group companies. In the process of measuring and mapping, community / farmers who will be part of collaborative management must be directly involved.

The results of measurement are then mapped to the exact coordinate position. Matters that also need to be mapped are the distribution of space: where to plant staple crops and crop combinations. This map will be part of the attachment to the agreement or a cooperation agreement with HTI management collaborative pattern between WKS and BP group companies. Community / farmer should have these maps in order to someday be informed in case of dispute between the two.

(8) Monitoring and Evaluation. Overall, the activities mentioned above require monitoring and evaluation. Monitoring is done regularly, either by company officers and the community / farmers on plantation development and realization of performance activities. The results of monitoring will be the materials for evaluation for any given period.

Evaluation of all activities can be done for every three months. This is necessary to know the temporary results of the development of HTI collaborative pattern. Thorough evaluation can be conducted annually and at the end of the planting cycle (6-7 years) to determine whether the collaborative pattern has been able to provide equal benefits to the community / farmers involved.

(9) Feedback and Program Continuity.

The continued cycle on the development of HTI collaborative pattern: objectives, action plans, results, and lessons that can be obtained continuously evaluated. Cyclic tasks in planning, lesson plans and measures should be examined more focus to obtain improved effectiveness, efficiency and independence. The viability of collaborative plans made by the partners to become better and can be implemented on an ongoing basis. Further intervention renegotiated in accordance with the dynamics of social, political and economic community / local farmers.

There are two separate orders for the feedback and lessons needed: one for the collaborative program itself and the other concern is the site specific initiatives. Therefore, the order implies the following:

- (a) Evaluation by community/farmers through process and collaboration result in site specific need to be compared with plan and collaborative agreement;
- (b) Evaluation by company through approaches and results of collaborative program compared to collaboration program plan.

Evaluation can cause or initiate conflict because decision has to be made about what is good and bad as the experience being reflected upon. Decision need to be made about what criteria will be used and how experience compare the said. Different stakeholders can have different perception about what is being done right or wrong compared to what has been made in the initial. Notes on initial agreement and discussion on criteria can help reduce the group of disagreeing participant. Company may need to use conflict resolution skill to facilitate negotiations leading to agreement in the next round planning.

3.3.4. Role of Stakeholders in Development of HTI Collaborative Pattern

Stakeholders in development of HTI collaborative plan consisted of three role holders which are, government, company, and community. In addition others needed to be involved such as universities and NGOs, as well as alternative financial institution if there is on in existence in the locality.

(1) Role of Government

- (a) To do its function as regulator and facilitator, as well as a dynamic force in pushing HTI development: land legality and its collaborative pattern;

- (b) Validate formation of forest farmers group and cooperatives as institutions;
- (c) Strengthen content of agreement among company and farmers/community in the HTI development program through collaborative pattern;
- (d) Provide forestry extension worker who at the same time will act as a cohort/companion.

(2) Company

- (a) Act as facilitator of financial guarantor if needed by forest farmers cooperatives and at the same time manager of agri business;
- (b) improve land condition in an effort to improve land productivity and the improvement of the environment function;
- (c) Select seed, seedlings, fertilizer, pesticide, insecticide, herbicide that is environmentally friendly;
- (d) Help to foster farmers business with applied technology in the framework of improving product quality;
- (e) Organize post harvest process and arrange logistics for agricultural produce;
- (f) market HTI product and agriculture produce in the local, regional and global markets;
- (g) Build local capacity to manage productive business unit through KUB or forest farmer cooperative.

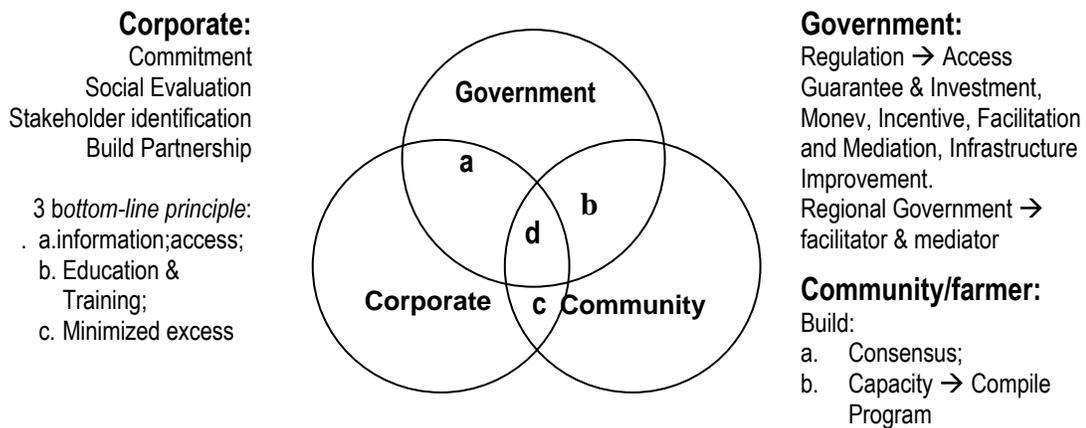


Figure 7. Role of stakeholders in HTI Collaborative Pattern Development

- a = Intersection between government and corporate to get a save investment and security of business (assurance of area);
- b = Intersection between government and community to get protection on community rights and conflict resolution on land use;

- c = Intersection between corporate and cooperatives for collaboration on HTI development with partnership pattern;
- d = Intersection between three major actors to focus on increase in role, position, and institutional strengthening (government, corporate and cooperatives) in order to have more optimal business unit.

(3) Communities joined in KUB or Cooperatives

- (a) Forest farmers cooperative together with its business partner run the organization (collaborative management) according to its proportion;
- (b) Forest farmer cooperative is responsible in returning all facilities received from the government or from any other parties;
- (c) Forest farmers cooperatives promises to deliver all agricultural produce to holder of IUPHHK.

(4) Non Governmental Organization (NGO)

- (a) accompany since the beginning of program preparation until farmer becomes independent;
- (b) strengthening institution at the community/farmers level;
- (c) supervise implementation of HTI development program collaboration pattern;
- (d) consult with community/farmer and act as companion in the development of HTI collaboration pattern.

(5) University and Researchers

- (a) process transfer of knowledge and technology in fostering development of HTI collaborative pattern;
- (b) evaluate forest development related to dianostics of collaborative pattern through PRA approach;
- (c) accompany and combine-harmonize programs imlemented by government, private sector, company and community.

3.3.5. Funding from Alternative Funding Institution

Alternative financial institution is selected because conventional banking view that the agribusiness sector businesses have a substantial risk. These financial institutions set soft loan interest rates, maximum of 8 per cent for small businesses and cooperatives that will enter the field of agribusiness. This system has been applied in agriculture and plantations enterprises through the Public Service Board (BLU) for oil palm and rubber plantation. The forestry sector will

begin to apply a loan scheme for forest development activities with funds from Work Unit (PIU) or the Forest Development Financing or Forest Development Agency (BP2H).

Therefore, funding institution for forest development including the development of HTI collaborative pattern has an important role as:

- (a) financial support for communities/farmers that collaborated with companies;
- (b) smoothening payment within maximum one week after work is finalized;
- (c) development and training in collaborative management and training micro business, small-medium (UMKM) related to development of HTI by community in doing business.

During its development, collaborative partner companies could borrow money from the Alternative Financial Institutions (LKA) of the Ministry of Forestry for financing the construction of HTI. This is necessary primarily for institutional capacity building and human resource capacity at the community / farmers who collaborate with companies holding IUPHHK-HT. Disbursement of loan funds to finance the construction of forest (P2H) goes through the executing bank to channel funds in an "executing", not "channeling" manner so that the executing bank is responsible to return the loan to P2H Ministry of Forestry. If this mechanism cannot run it, then P2H can directly serve as an "executing agency". Thus P2H can channel directly the HTR development loan money to farmers' groups.

To further enhance the development of the productive sector in the development of collaborative pattern HTI, the community / farmer collaborative partners can go to P2H through a bank loan executive to build rubber plants in their neighborhoods as people forest. Community / farmers can also develop other productive activities facilitated by the collaborative enterprise to develop HTI collaborative pattern. If companies are willing to be a guarantor (avalis), then the loan disbursement mechanism should remain with the farmer whose plantation is guaranteed to be successful by the company. Companies can also serve as a developer who built the plantation and then handed the plantation over to farmers' groups in a given year. The company will continue to accommodate the purchase of timber crops. In this case the company will secure timber from the HTR crop for his wood processing industry.

Chapter 4

CAPACITY BUILDING AND BENEFIT SHARING MECHANISM

The most important in the collaborative management mechanism is how to manage the three key roles of stakeholders, namely the government, private, and community. This mechanism should be as simple as possible to avoid many problems if it involves too many parties. Arrangements include participation in decision-making, the distribution of benefits, and recognition / respect for local rights.

Problems arising in plantation forest development with collaboration pattern should be discussed in a communication forum established at with mutual initiative. Below is explained how the process of capacity building and mechanisms of benefit sharing is fair.

4.1. BUILDING INSTITUTIONAL CAPACITY

As described in the background that the community context in IUPHHK-HT is a sub-system. In addition to low accessibility because of geographical conditions that led to limited communication and information development and limited mobility of community. They are not used to be acting in a group to solve common problems in the community.

Development activities in HTI collaborative pattern at the beginning of establishment and the start of logging operations will provide many job opportunities that are labor intensive. On this occasion there are opportunities that can be captured if the community has the supporting ability to manage them. In addition to technical capability it must also be supported by adequate capital.

In the existing state of society it is very difficult to find one individual who has the ability like this. Therefore ITTO PD 396/06 Rev. 2 (F), the Provincial Forestry Office, and the holders of HT IUPHHK companies WKS and BP group tried to prepare communities to be able to capture the opportunities that exist to provide an understanding of the importance of building strength and capabilities together by forming groups with similar goals and perceptions among members of group. This group embodies guidance in the implementation the Group Joint Venture (KUB).

The KUB is a form of organization in the community level as a manifestation of economic capacity and is expected to be:

- (a) a place to gather for people who have a common goal to unite the ability (of ideas, thought, capital, etc.);
- (b) a container or vehicle for productive enterprises that exist in the community, especially the business opportunities of the company's operational activities. In the future it is hoped that KUB is enabled to become an expected "partner" company as a contractor for execution of work;
- (c) a business vehicle to provide additional input for the development of the community through profit accumulation;
- (d) a facility of organizing society in welcoming development programs undertaken by the company (superior rubber cultivation, accommodating groups of farmers, royalty management, etc.).

Ultimately KUB is expected to represent the people in those communities to continue to work with the managers of HTI collaborative pattern land development. KUB is expected to trigger greater activity, so that people / farmers not only become manager (growers or farmers) but also can hire other people to work as a technical personnel in contract work⁴.

4.2. PRODUCTIVE BUSINESSES

From the results of initial studies on the social conditions of communities in the area of HTI at WKS and BP groups, especially in fulfillment of the necessities of life, it was concluded that people are rubber farmers, not wet or dry field farmers. This is evidenced by the fact that most of the paddy produced is only sufficient to meet demand for rice for a year. Sometimes even not enough so that while waiting for the next harvest, the people have to buy rice. Other necessities of life are filled with the proceeds from the sap of rubber tapping from local rubber plantation owned by almost everyone in the entire community. Rubber gum market mechanism is already built, so that people have no difficulty in marketing.

(1) Superior Rubber

Starting from these conditions, companies holding IUPHHK-HT, WKS and BP group develop a superior rubber cultivation program that despite intensive treatment will start producing

⁴ Widyantoro dan Doddy S. (2008). Integrated community-based plantation forest: Case study in Finnantara Intiga, West-Kalimantan, Indonesia.

earlier with results that are 2-3 times as much. For addition consideration, marketing produce are also easier. This has been proven in some place or location of the development of a superior rubber culture has given better income level to community/farmer. Roughly speaking, from acacia wood or eucalyptus income, community/farmers only get around Rp93.750/ha per month for 3 hectares of crops, while from rubber they could produce about Rp1, 5 million/ha per month. Thus, the total revenue to be gained by community/farmer from rubber gum and wood reached an average of about Rp1.593.750 million/ha per month. This income has to meet minimum standards of living expenses in Jambi and South Kalimantan province⁵, rather than using the standard minimum wage (UMR).

In its application, development and delivery of superior material to rubber cultivation is intended to provide medium-term profit to land management cooperation for plantation forest development. Maturing age to produce of superior rubber plant is 5-6 years, so the implementation of development cooperation program is carried out after 1 or 2 years. In that time period it is expected that operational activities of land preparation and planting was completed throughout the land to be cooperated, thus the total area of plantation land that is built up could already be known.

Objectives to be obtained from the application of development model with superior rubber trees in the plantation forest development with collaborative pattern are:

- a) Compliance with regulations of the Minister of Forestry No. 70/Kpts-II/1995 on Spatial Development of HTI and PP No.6/Menhut-II/2007 jo. PP No.3/Menhut-II/2008;
- b) Increasing the community income from rubber tapping is hoped further to meet the adequacy of standard of living so as not to create dependency on routine work activities in the development and management of plantations;
- c) Implement the community empowerment program through the development of community development (CD) in which the rubber is already known and have a clear market in the community as well as a request from the local community.

The implementation of fostering and provision of guidance material for rubber plantation development strategy is to design superior material support tailored to the amount of capacity in proportion of 5 percent of the total plantation land effectively embedded in a community. Type of material as superior rubber plantation development assistance can be followed in Table 1.

⁵ Result of discussion with Jambi and South Kalimantan Forestry Office provide information that minimum living standard of community/farmers in the vicinity of estate crop plantation and HTI is around Rp1,74 million per month

Tabel 1. Material support (fertilizer and rubber seed) to collaborating communities/farmers

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

Source: Finnantara Intiga, 2008

Other benefits that support community development activities are: (a) Incentive and land infrastructure Rp60.000/hectare; (b) land preparation incentive Rp50.000/hectare, (c) sprayer (back) if the rubber plant is in a compact area of at least 10 hectares; (d) herbicide 3 liters / hectare, and (e) guidance in the form of counseling, training and field practice in terms of planting, maintenance (treatment, prevention measures for pest and disease) as well as rubber tapping process. The company does not pay in the process of planting, maintenance and harvesting of superior rubber business (tapping).

By promoting participatory development, it is hoped there will be transfer of knowledge and skills. This matter will also spread evenly the area of rubber plants planted in self-help by the public because every village or every member of society does not necessarily obtain superior rubber material in sufficient amount as a source of public revenue because the amount of material is determined by the extent of HTI area.

(2) Development of Sedentary Agriculture and Agroforestry

As illustrated in Figure 6 that for rice fields and farms are shown by the dashed line, which means not necessary to be included in the model. Location for the observation of the development model HTI collaborative pattern in WKS and the BP group is only 50 acres, so that it is not possible to plant these commodities. As what is meant as he "rubber village" are people who control the land for generations in the IUPHHK WKS-HT and BP work area group where rubber planting will be done built on the land in their villages. It means that, in IUPHHK-HT area no superior rubber would be planted.

From the initial studies on the socioeconomic conditions of society, it is found that most of the need for rice by the community is acquired through the planting of paddy in rice field made by the method of shifting cultivation. Rice cultivation is done once a year and so to obtain adequate supply of rice for one year will depend on the extent of the field used for cultivation. The method is a very wasteful use of agricultural land due to having to move the location to create new fields every year, to return to its original location after the rotation reaches 5-8 years where land vegetation cover is sufficient to provide nutrients for the rice plant after the plant cover is burned. In addition this method is also vulnerable to the risk of fire.

Population growth and the increase in number of Head of Family (KK) would increase the demand for agricultural land, while land area stays the same so that imbalance will happen in land use. Moreover, land that had been reserved for farming has been managed for HTI development.

Starting from these conditions the program has the objectives of: (a) reducing the pressure of the need for agricultural land to plantation forest land, (b) reduce and if possible eliminate the risk of fires caused by fire from burning during field preparation of shifting cultivation, (c) the need to localize the area agriculture in order to become sedentary so it is more efficient, and (d) additional planting by introducing new variety of farm rice that can be planted more than once a year.

(3) Development of Micro Economy, Small, Medium and Cooperative

In addition to the two business sectors mentioned above, the development of the productive economic sector at the community level can be a trade in staple need, transportation, supplier, contract work, and cooperative. Criteria for micro business, small and medium enterprises and cooperatives is to follow the existing rules and regulations. The business can be run individually or with a business group (KUB) which has no legal entity or a legal entity to meet the needs of collaborative companies. This business can run without or with the collaborative development of HTI.

Each of these sectors can stand alone without the help of capital from the collaborative company or with the aid of revolving capital. Apart from capital of its collaborative company, they can apply for a loan from a bank capital and non-bank lending institution (financial alternative institutions, LKA). Capital assistance from the LKA will be discussed in a separate sub-chapter. Communities in and around forests should be made to lead a life of welfare, both local and indigenous communities through a variety of productive business enterprises. Many HTI activities offer employment ranging from procurement of seed, seed preparation, planting, land clearing, maintenance, harvesting, and transportation of wood from logging to wood processing industry. If the collaborating enterprise will provide them with help, surely the people in and around forest

plantations will safeguard the plantation. Such systems will be more effective than just relying on the safeguarding of work area even with concrete construction.

Products traded by the communities in and around plantations as far as possible be absorbed by the collaborative company or by the surrounding residents so that the impact of multiplier effect of the existence of plantation forest company is perceived by the surrounding community. Cooperative form of business that can be developed by its members is not limited to business necessity, but also to all the businesses that are related to forest plantation development and harvesting of crops. Coaching business is conducted by the agencies that deal with micro, small and medium enterprises and cooperatives. If this is done well, the plantations will be more robust and grow so that it can meet the supply needs of all industrial raw materials and agricultural products processing.

4.3. BENEFIT SHARING MECHANISM

Although most of the plantations in Indonesia is to implement the development of a partnership, but in each area it can vary between companies on how profit will be shared with community / farmers in and around forests. This distinction is based on the proportion of each and an initial agreement among the stakeholders. Policies and regulations issued by the government (Ministry of Forestry) sometimes unfavorably impacted communities / farmers in and around plantations.

Frequent changes in its development because of what the community / farmers received are not equivalent to that received by company. It is also a frequent cause of conflict because of equality that is expected from the beginning was different from the reality in the field, especially compared to other opportunities that could result in higher income than the income derived from the HTI development cooperation. Therefore there is a need to look for efforts to increase revenues that is more in line with the needs of the community / farmers and how the mechanism should be regulated.

4.3.1. Flow of Benefit: Community/farmers assured to receive benefit from HTI Development with Collaborative Pattern

Conditioning the public / farmers to guarantee the acquisition of the benefits of plantation development pattern of their collaboration with company. This becomes important for the sustainability of plantation management, community / economic development and local farmers. To describe the analytical framework in collaborative mechanisms, there are three questions that need to be explored in relation to the issue of the flow of benefits: (1) the rights of land tenure, (2) the distribution of outcomes, and (3) implementation of policies and regulations (Widyantoro, 2008).

Guaranteeing the rights of land tenure that enable communities / farmers to access and manage the plantation is a fundamental requirement for HTI development of collaborative patterns, and allows the public / farmers to describe the direct and indirect benefits of the collaborative pattern HTI. Property rights by the communities / farmers vary in each region, and some key differences include: the rights of what will be accepted (e.g, management, use, exclusion, conversion, or sale), what resources can be used or traded (e.g products of non-wood forest, wood, the agro-forestry, land HTI), and by whom (e.g his own household, user groups), and duration of the agreement).

In the process, the policy of the Minister of Forestry to revise the policies of the Minister of Forestry decree No. 70/Kpts-II/1995, wherein the superior plant and livelihood plant can become a principal forestry crop. This resulted in the community / farmers increasingly less interested in the types of commodities, because they just want the oil palm and rubber. These may need a re-thinking in order to plant rubber, but not palm oil that is not justified, can still fill the room with the HTI development of land in the proportion of 5 percent of the total IUPHHK-HT, or if possible to be build agro-forestry in their villages.

4.3.2. Mechanism of Income Distribution in HTI Collaborative Pattern

Once access is guaranteed by the company's resources, what was done to some of the income that can be derived from the HTI collaborative pattern? Can it be distributed in public / institutional use by farmers or communities / farmers? Whether the share should be paid to the company or the government, if so, what proportion? When the regulations and policies allow benefits to flow to the community / farmer on paper, often there are gaps and challenges in implementation. It is important to consider how the policy can be operated at HTI collaboration patterns and flow of benefits applied in the field.

A case of HTI development of collaborative patterns that occur in the WKS and the group BP indicate the flow of benefits to the community / farmers still have not found a pattern corresponding to the hopes of the community / farmers in general and depending of the level of conflict⁶. WKS implement a provision for the results to the proportion of 70: 30; where 70 percent of the selling price for the company and 30 percent for community / farmer. The BP group has not implemented a partnership, let alone participatory / collaborative, so that the community / farmer only receives wages from the area they claimed. The results received by the community / farmer

⁶ Result of interview on national consultant with community/farmers, especially at the conflict location in area of IUPHHK-HTI PT. Wira Karya Sakti, Provinsi Jambi

in WKS is relatively higher than in the BP group, but when compared with earnings of oil palm and/or the rubber is still a third⁷.

Although this income was above the regional minimum regional income (UMR) of each region, but still comparatively it is under other revenue opportunities, or there are missing an opportunity or chance, an opportunity loss. To that end, WKS company should strive to increase their income by providing the opportunity to do business, such as rubber villages built by the company for the community / farmer. Whereas in the BP group, especially in the HTI-trans, HS and JS can be combined between furniture wood plants and rubber.

Based on the number of trees that can be harvested at a specific rotation, how much volume (cubic meters) of wood produced is calculated, and then divided according to the proportions agreed by both parties. In WKS, profit sharing can be done through the production fee (royalty fee) or based on prevailing prices (fob) by the proportion 70: 30, where 70 percent for companies holding IUPHHKHTI and 30 percent for community / farmer. While the results from the sap of rubber is entirely for the community / farmer as WKS is not interested with latex rubber. For HS and JS in the BP group can be done with profit-sharing, for example, with the proportion of 80: 20 based on profit sharing or other systems. In this case, companies have begun to cultivate rubber plantations because of possible transmigration area using this system. Measurement of timber must be witnessed by the people / farmers who participated in the development of HTI collaboration patterns that each party knows with certainty the results to be obtained in the form of money (Figure 8).

If the understanding and the agreement (MoU) is made between the company and the community / farmer in the village /hamlet, then the distribution of benefits was submitted to the village / hamlet to be further divided according to the proportions by the village head / village apparatus. Division and the calculations should be done in a transparent and accountable manner so as not to cause conflict among members of the partner-ship. In addition to these benefits to individuals or households, companies can provide fee as a grant to the village / hamlet as cash.

⁷ Royalty from wood harvest for pulp raw material given to community/forest farmers: if they provide three ha of land, and harvest result after being measured amounts to 150 m³/ha, then harvest will reach 450 m³. If royalty is fixed to be Rp15.000 per m³, then communities cooperating in partnership with WKS will receive Rp6.75 million per six years (= Rp93.750 per month). This amount of income is very low and becomes very unattractive for communities/forest farmers, especially land could not be worked on for more productive plantation crop. In addition to wage received as laborer in nursery, planting, and wood harvesting Rp40,000 per day (with 25 working days per month), they will receive income of around Rp 1.093.750 per month. All taxes are paid by company, so that the said income received by community /farmers are net proceeds. This income is still lower than income received by community/farmers from palm oil or rubber where they can receive income of about two to three times more per month. It is a different story with BP group where there is no program for partnership, from claimed Albisia plants, they get only a wage for skidding logs from felling site to log decks of around Rp700,000 per month.

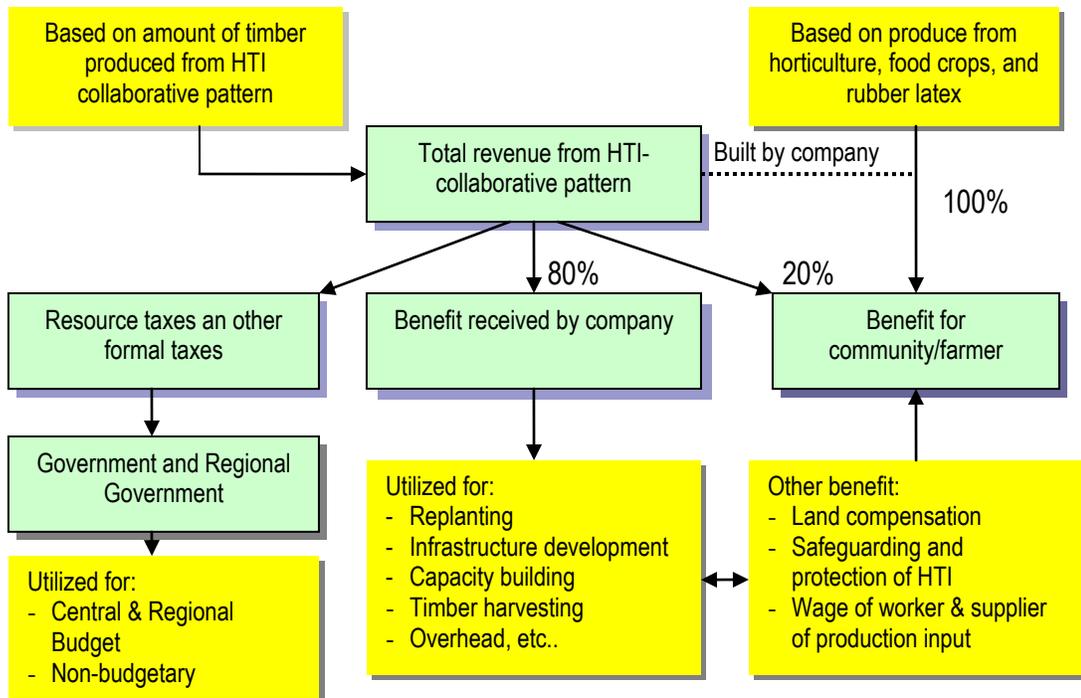


Figure 8. Economic benefits received by company and community/farmers in HTI participative / collaborative pattern

Taxes in connection with the sale (sales tax), wage tax (income tax), levies, fees of forest resources (PSDH) and the profit tax and license fees for utilization of plantation timber (HHK IIUP-HT) is borne by the company. Total tax and non-tax revenue is about 20% of the selling price of timber. The proportion of the division of the 80: 20, the company actually received only about 60% and 20% for community. The portion received by the company is not big enough because most of the proceeds from their business activities will be used for plantation development collaboration patterns again. Therefore, timber prices are often set by the company and not the price of wood in the free market because the market structure is still monopsony or oligopoly. Equity can be achieved through harmonization with the results from the sap of the rubber which was built by the company for the community / farmer, the results of food crops and horticulture plantations in the area where the results are 100% for the community. In addition, they can get a job work contract (employment contract) at HTI development activities.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.1. CONCLUSION

Practical mechanism in plantation forest development with collaboration patterns contain three main elements, namely (1) respect, or recognition of the rights to the land of local and indigenous communities, (2) participation in plantation forest management decision making, and (3) benefit sharing in proportion to the amount of investment and a reasonable balance of income. The mentioned practical mechanism can be addressed to resolve land use conflicts and forest/land resource use.

Each element of the practical mechanism contain a variety of processes that must be done by the various parties associated with the development of HTI collaborative pattern. The first part that should receive attention in building consensus is the basics, principles, and appreciation or respect for local rights on state forest land that has a license for utilization of timber. The basic principle used is mutual aid in overcoming the various problems and threats to the existence of forest plantations. While the principles of collaboration include: transparency, fairness and equality for mutual benefit, results-oriented, responsible, accountability, and effort in sustainability.

The role of government is crucial in facilitating and mediating the possibility of a conflict between the company and collaboration group. Central government will play a role in establishing norms and criteria for collaboration and to provide guidance to both parties that collaborate. Local government (Governor / Regent / Mayor) and Forest Management Unit (FMU or KPH) foster spatial pattern, overlapping licenses, and the stability of the forest area. While the sub-district head coordinate the parties in the implementation in the field so that a harmonious relationship is established.

Furthermore, the memorandum of understanding, MoU, must contain points of agreement that include: (1) the legality or strengthened land tenure rights, (2) technical schemes involving collaboration, and (3) the operational implementation of activities. The agreement of cooperation in collaboration contains the translation of the things that have been agreed in the

MoU, which include: (1) forest plantation development schemes of collaboration patterns, (2) the scope of the type and volume of the cooperation activities, (3) duration of cooperation: (4) the area or location of the cooperation, (5) the rights and obligations of the parties, (6) the proportion of benefit sharing, (7) facilities and assistance to be provided from the company to the local community and / or indigenous people. Letter of Cooperation Agreement (Collaboration) must obtain a formal power by the chief district (Muspika) and traditional institutions if necessary to sign as witnesses. Or, for further strengthening can be done before the Notary.

The Government shall also encourage the establishment of communications forum and / or participation forum. Communication forum involves the Regent as patron to avoid conflicts with land users, while the participation forum is established at the site, which involves the collaboration of companies and communities, nongovernmental organizations, community leaders, and sub-district head as coordinator.

Through the agreement that has been constructed above, then the company and group collaboration must obey the whole deal. The period of the agreement can be valid for at least three planting cycles (e.g, if planting cycles is for 6 or 10 years, the agreement applies to 18-30 years). Each completed planting cycle can be evaluated to further improve performance and results obtained by the collaborating parties, which also increases government revenue and have a multiplier effect on local economic growth.

Plantation forest development pattern of collaboration, in addition to the basic form of wood products, also must be able to provide additional benefits (co-benefit) to society in the form of crops, horticulture, and other plants that can produce regularly. In some areas of plantation forest business, additional benefits of food crops and horticulture, among others are from rubber, jelutung, rattan, resin, honey, cocoa, and others. For staple crops (wood) that is produced by the company, the portion that can be given to the public can be in cash as a royalty for the use of land previously controlled by local communities and indigenous peoples. As for rubber, as far as companies do not do business in this commodity, then all the proceeds is given to community / forest farmers.

In the implementation it does not always run smoothly, but often conflicting due to the results obtained are not in line with expectations. It required a path of conflict resolution starting from the declaration of conflict to conflict monitoring and evaluation to see the success or failure that occurs. Objects that have been successful in collaboration activities need to be developed in accordance with the dynamics of socio-economic development of community.

The core of the flow pattern of collaboration is the need for intensive dialogue to resolve conflict through an approach that is persuasive and touching the rules of harmony. The next step determines the object to be built, their respective roles, the content of agreements and treaties, subsequently incorporated into the budget of the company as a social obligation to the

environment. Thus, the cost to implement all plantation forest development activities using pattern of collaboration that involves the community should be internalized as a direct cost of the company.

Mechanisms for benefit sharing is regulated in accordance with the agreements and treaties that have been made between the company and the community / farmer in the village/hamlet, the division of benefits is handed to the village / hamlet for further distribution according to the proportions determined by the head of village or hamlet and its devices. Division and the calculations should be in a transparent and accountable manner so as not to cause conflict among members of the collaboration. In addition to these benefits to individuals or households, companies can provide fee granted to the village / hamlet as cash.

Taxes in connection with the sale (sales tax) as wage tax (income tax), levies, fees of forest resources (PSDH) and the profit tax and license fees for utilization of plantation timber (HHK IIUP-HT) is charged to company. Total tax and non-tax revenue is about 20% of the selling price of timber. Even though the proportion of the division is 80:20, company actually received only about 60% and 20% for community. The portion received by the company is not sufficient because most of the proceeds from their business activities will be used for plantation development collaboration patterns again.

Parity can be achieved through harmonization of additional benefits (co-benefit) with the results from rubber and / or jelutung built by the company to the community / farmer, the results of food crops and horticulture, and others in accordance with the potential and characteristics of natural resources in the HTI areas where results are 100% for the community. In addition, they can get a job work contract (employment contract) at HTI development activities. The results of this study suggest that the income of communities/forest farmers is at least 1.5 - 2.0 times the forestry sector minimum wage (UMRS).

5.2. RECOMMENDATION

- (1) Respect, recognition, or respect for the land rights of local communities and indigenous people, participation in plantation forest management decision-making, and benefit sharing in proportion to the amount of investment and a reasonable income balance must be set forth in the agreements (MoU and Collaboration Cooperation Agreement).
- (2) In inventory of problems at the site, following elements shall be included: government, enterprises, local communities and/or indigenous people, as well as community and local customary leaders to determine the legality of local rights and the rules or norms that apply in these locations.

- (3) The principle that must be adhered is the principle of mutual benefit for both parties working together and trusting one another for continuity and security of effort. The principles of collaboration must be adhered to by each party to ensure good governance in collaboration;
- (4) Each cooperating party must act consistently and adhere to what has been agreed to avoid conflicts. Governments should facilitate and mediate to resolve conflicts between the company and collaborating group. The role of Sub-District Head becomes very central to coordinate the parties in the implementation in the field so that a harmonious relationship is established;
- (5) Letter of Cooperative Agreement (Collaboration) should have formal powers by involving chief of sub-district district (*Muspika*) and traditional institutions if necessary to sign as witnesses. Or, for further strengthening can be done before a Notary;
- (6) The Government shall encourage the establishment of communications forum and / or participation forum. Communication forum involves the Regent as patron to avoid conflicts with land users, while the participation forum is established on-site, which involves the collaboration of companies and communities, nongovernmental organizations, community leaders, and local head of sub-district as coordinator;
- (7) After each completed planting cycle an evaluation can be done to further improve performance and results obtained by the collaborating parties, which also increases government revenue and has a dual effect on the growth of local economy;
- (8) All activities related to the cooperation agreement are entered by the company into the company budget as a social obligation to the environment. The costs to implement all development activities plantation forest with collaboration patterns involving community must be internalized as a direct cost of the company;
- (9) The division and the calculation of the direct benefits must be transparent and accountable so as not to cause conflict among members of the collaboration. In addition to these benefits to individuals or households, companies can provide fee to be granted to the village / hamlet as cash;
- (10) Taxes in connection with sales (sales tax), wage (income tax), local retribution, fees of forest resources (PSDH) and the profit tax and license fees for utilization of plantation timber (HHK IIUP-HT) are charged to the company;
- (11) Development of forest plantation with patterns of collaboration, in addition to the basic form of wood products, must also be able to provide additional benefits (co-benefit) for people to increase their income because based on the results of the study which states that the wood is felt less able to provide a reasonable benefit. Sharing of benefits should be paid directly

with cash and there is no protracted delay as far as possible to avoid degradation of confidence in the company.

5.3. SUGGESTIONS

- (1) Prior to the presentation of collaboration patterns to the local community and / or indigenous people, the company needs to conduct a field inventory of all the problems associated with plantation development plans in the area of business license;
- (2) Equity in earnings of joint collaboration in development of plantations forest when compared with other sectors can be achieved through increased revenue from additional benefits to the community / forest farmers to earn a minimum of 1.5 - 2.0 times the forestry sector minimum wage (UMRS).
- (3) The results of this study should be followed up with a solution in other than a collaboration form, particularly on the incidence of conflicts that threaten continuity of forest plantation development collaboration patterns. If it encountered a dead end, then the next step is to take legal action.
- (4) To be pursued that in addition to the main plant species in forest plantation development, the productivity of livelihood plant species need to be enhanced and produce can be obtained routinely every day.

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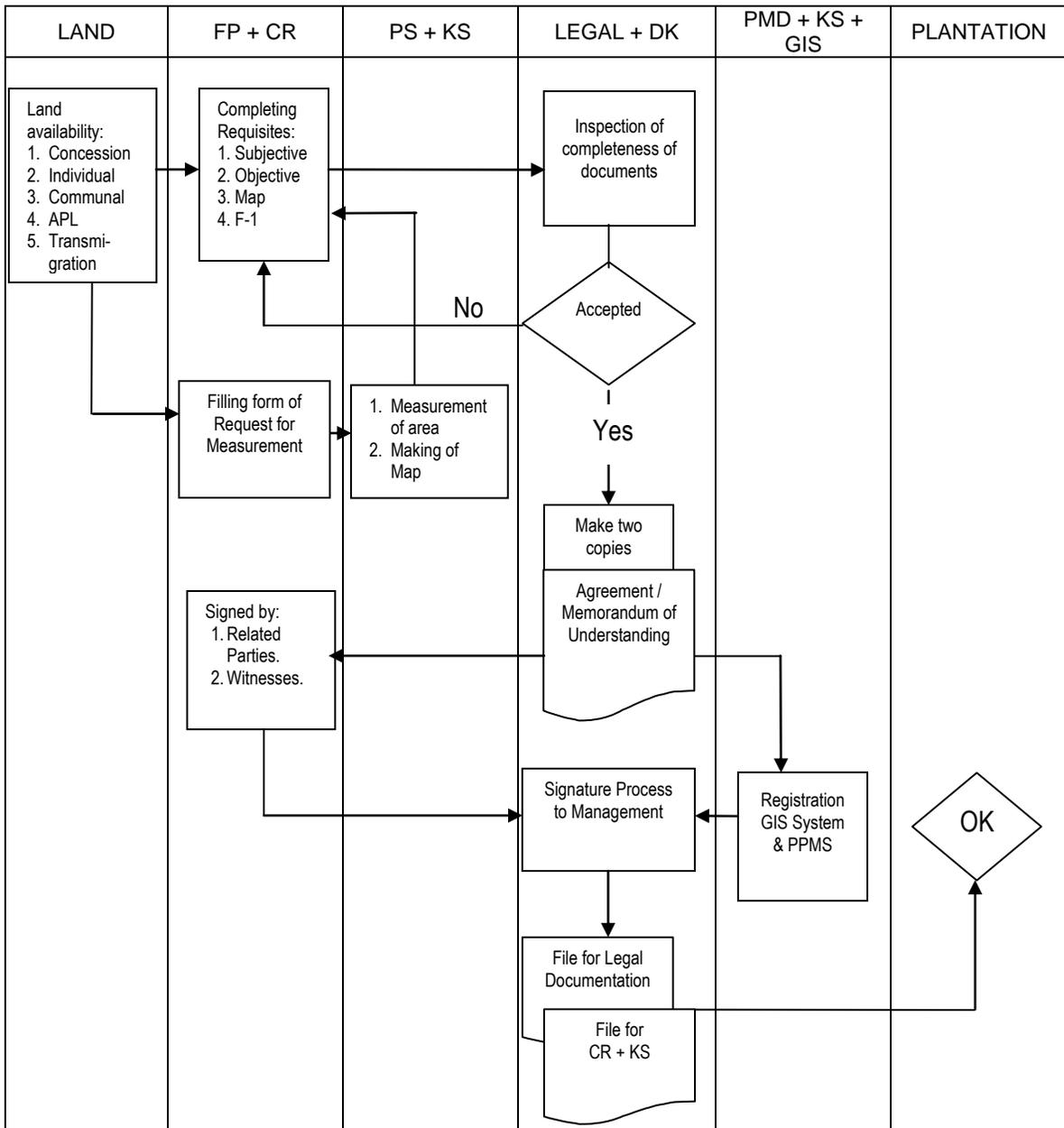
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Appendix 1. Efforts in legal and consensus discussion in conflict resolution of land use within the forest area of industrial plantation forest.

Effort	Criteria	Related Parties
Discussions at levels of settlement/village	<ol style="list-style-type: none"> 1. Conflict in the most simple level and small scale. 2. Land is a heritage from ancestor (claim). 3. Land usually used for horticulture planting. 4. Proof of legality of land unavailable. 	<ol style="list-style-type: none"> 1. Individual and small group (<i>dusun</i>) community. 2. Local community elders 3. Head of <i>dusun</i>/village 4. Company 5. Informal nature of meeting with mutually agreed conclusion.
Consensus at sub-district level	<ol style="list-style-type: none"> 1. Land conflict at a more difficult level and bigger scale and can involve several villages. 2. Heritage land (claim) & occupation by community for small scale activities (gardening). 3. Land already used for garden plants and horticulture. 4. Proof of ownership from sub-district office in a form of an SKT "land certificate". 	<ol style="list-style-type: none"> 1. Individual and inter-village community group. 2. Community elder and NGO. 3. Head of Sub-District and Muspika 4. Company 5. Semi-formal nature of meeting resulting in agreement of stakeholders.
Consensus at District level	<ol style="list-style-type: none"> 1. Land conflict at a rather difficult level with rather large scale 2. Could cover area of inter sub-district and inter district. 3. Heritage land (claim), occupation and super imposed of land use for small or medium (garden) enterprise. 4. Land already used for garden plants and horticulture by community and company. 5. Proof of land ownership from sb-district as SKT, traditional right, and HGU certificate. 	<ol style="list-style-type: none"> 1. Individual, group, and other companies. 2. Community elder and NGO. 3. Governor, Regent/Mayor, Head of Sub-District & Muspida. 4. Inter companies 5. Formal nature of meeting. 6. Consensus among stakeholders.
Law at levels of District / City and Province.	<ol style="list-style-type: none"> 1. Land conflict at very difficult level and big scale (anarchy). 2. Migrants can settle at inter-districts. 3. Heritage land (claim), ccupation, and super impose of land use for small and medium business (garden). 4. Land already used for horticulture & garden by community and other companies. 5. Proof of land ownership from sb-district as SKT, traditional right, and HGU certificate. 6. Indication of a super power behind social conflict. 	<ol style="list-style-type: none"> 1. Individual, group and other companies. 2. Community elder and NGO 3. Minister, Governor, Regent/ Mayor, Sub-District Head / Muspida 4. Inter companies 5. Nature of trial in court. 6. Result of trial in the form of a court decision

Appendix 2. Flow of legal process in development of HTI Collaborative Pattern management



1. DEFINITIONS

1.1. CR

Community Relationship, a part of company organization to manage community relationship

1.2. Legal

Part of corporate organizations that have the qualifications and ability to understand the various rules and regulations related to plantation forest development, community empowerment and capable of drafting a memorandum of understanding.

- | | |
|--|---|
| 1.3. Distrik (District) | Part of the area management responsible for all activities in the field. |
| 1.4. KTU | Part of the area management responsible for all activities of the company administration in the field |
| 1.5. PMD | Part of the organization that is commissioned to monitor the performance of planning in the field survey. |
| 1.6. GIS | Is a global computerized information system for mapping that has been prepared to identify and control the location, extent and boundaries according to actual field condition. |
| 1.7. DK | Provincial or District/Municipality Forestry Office |
| 1.8. FP | Participation Forum is a forum established by decree of the Head of Sub-District which elements comprises of officers at sub- district, village chiefs, company officers, local traditional institutions, and regulate the participation of communities / farmers in the development of HTI Collaborative Pattern |
| 1.9. Planning Survey (PS) | Officer of the company that performs the function of checking the location of the area and map making corresponding to measurement in the field. |
| 1.10. PPMS | Computerized system that specifically serves to control the area of plantation that will be used to make payments |
| 1.11. KS | National Consultant appointed by ITTO Project PD 396/06 Rev.2 (F) |
| 1.12. HTI | Industrial Plantation Forest (HTI) built through collaborative pattern. |
| 1.13. Syarat Subyektif (Subjective prerequisite) | The identity of the party entering into agreement. Identity can be ID card / Driving License / Certificate regarding the person / subject. |
| 1.14. Syarat Obyektif (Objective prerequisite) | Proof of land ownership (certificate or letter of clarification) - if it is outside forest or recommended area, such as transmigration settlement and individually owned. |
| 1.15. Form F-1 | Is a valid identifier according to good governance and government bureaucracy as well as resident status. |
| 1.16. BA | Is the official report prepared jointly by the company and the society, signed by each party and witnesses from each side. |

- 1.17. PK Is a special application for approval of the company's management.
- 1.18. Kwitansi Is a valid proof of receipt of money which must be equipped with a stamp and signature by the recipient.

2. RESPONSIBILITY

2.1. Community Relationship (CR)

- 2.1.1. Positive and rightful socialization about collaborative cooperation to communities without any personal, group or any other form of pretentions;
- 2.1.2. To direct, foster and explain to communities about collaborative cooperation format;
- 2.1.3. Resolve problem with communities on disturbances to the operational process (comfort for contract workers as well as personnel);
- 2.1.4. Cooperate with planning survey land objectivity (extent, land as well as vegetation growing on it and monitoring measurement record);
- 2.1.5. Legally cooperate to formulate MoU as an objective and subjective pre-requisites in accordance with existing law;
- 2.1.6. To do follow up actions with related ministry on administrative process which is not commensurate with schedule;
- 2.1.7. Make a district CR progress report on the scope of each district (extent of area, number of villages, economic activities, garden area and species of plant, area already with MoU, area already planted);
- 2.1.8. Report progress to CR area management.

2.2. Legal

- 2.2.1. To make, assist, cooperate and direct CR in the process of completing subjective and objective pre-requisites to formulate MoU/addendum in accordance with the time frame determined by management.
- 2.2.2. Follow up any delay in completion of legality;
- 2.2.3. Make recapitulation report on agreement /addendum related to available data and stated in the agreement as well as in addendum and regarded as a routine report.

2.3. PS District

- 2.3.1. Conduct a structured assistance to CR in the rough area estimate, net area land inventory;

- 2.3.2. Conduct land registration with numbering of compartment/lot complete with rough and net area in the GIS system as well as in PPMS;
- 2.3.3. Conduct monitoring of progress on felling, detailed planting, village, compartment and plot;
- 2.3.4. Conduct detailed progress report about area progress and net within concession and progress outside concession in private land and area for other uses (APL).

2.4. KTU and District Administration

- 2.4.1. Conduct recapitulation of progress in felling and planting as well as update daily progress in i-log and PPMS;
- 2.4.2. Conduct data verification in accordance with directives agreed upon, conduct preventive verification in daily progress;
- 2.4.3. Conduct application on estimated cost in accordance with realization of measurement result;
- 2.4.4. Recapitulate report and make BA compensation and livelihood plant replacement in line with planted BA area and completed with pre-requisite determined in terms of payment.

2.5. Function of Related Departments

2.5.1. CR Area

- Organize and facilitate CR personnel in District;
- Make and explain duties and responsibility and stabilizing personnel ability;
- Ensure process on activity implementation to run in order and smoothly and right;
- Coordinate work process with related departments;
- Resolve problems arising in the field;
- Conduct special meeting to evaluate work progress of District CR.

2.5.2. District Manager

- Make and direct work program in line with plan to reach target;
- Monitor work progress of HTI development in the field;
- Coordinate inter-department relations to ensure fluency in work progress;
- Coordinate with area CR to resolve arising problems;

2.5.3. PMD Head

- Monitor work process in the field;
- Facilitate field personnel to ensure each personnel duty is conducted objectively.

3. PROCEDURE

3.1. Steps in Activities

3.1.1. General Stipulation

- Valid only for new land (stated in Minister Decree, Recommendation of Regent and Governor and area for other uses);
- For logged over area which have been legalized for HTI development and agroforestry planting development (rubber and food crops), initial administration are not required;
- Result of land measurement by PMD team and community is entered into land and plant registry as asset of company;
- Community together with company strive to protect and take care of plantation and prevent the occurrence of fire and other form of destructions caused by outside factors which is detrimental for company and/or community.

3.1.2. Stipulation for Process of Agreement Formulation

3.1.2.1. Administrative Completeness as Legal Basis

- (1) Form F-1 has been completed and signed together with accompanying data and supporting documents;
- (2) Compulsory in complying with legality of an agreement:

a. Subjective Requirement:

- Identity of parties which will make agreement. Identity can be in the form of ID Card/Driver License/Explanatory Letter;
- If signatory is representing an authority, it has to be accompanied by a letter of attorney including the identities of giver and receiver of authority.

b. Objective Requirement:

- Proof of land ownership (certificate/SKT). If it is not in a forest area such as for example transmigration area, or individually owned land;
- Attach map of location, estimated land area (for new land) and map of realized planting (for area that has been planted and ex-LOA), which shows location of land, size and border.

3.1.3. Terms of Payment Procedure

3.1.3.1. Request for payment must attach a "Summary of Compensation Payment Data"

3.1.3.2. Completeness of data:

- BA Plant Inspection Results (PQA) lists the area that has been planted, signed by: Plantation Superintendent and District Manager.

- BA on transfer of land compensation aid for livelihood plants, signed by company and community;
- Letter of Agreement on Land Cooperation.
- Map on planting realization: Attaching map with rough area estimate and the realization of measurement result, signed by: Plantation Superintendent, PS and District Manager.
- If one agreement covers old plantation as well as new, explanation is given (location, border and extent) and different coloring.

3.1.4. Control of Activities and Evaluation

- Control is done by CR (Community Relationship) department together with community/ farmers commensurate with distribution of duties and responsibilities;
- Evaluation is done minimum for every three months to get feedback from the various interest stakeholders;
- Re-negotiation for improvement is done on the continuity of collaborative cooperation.