

COMPLETION REPORT

ITTO TFL PD 010/09 REV. 1 (M)



ITTO PROJECT TFL-PD 010/09 REV.1 (M)

**“Strengthening the Capacity of Related Stakeholders in Java
on Implementing New Indonesian TLAS”**

1. Project Identification

1.1. Context

The Ministry of Forestry, using satellite images of 2006-2009, estimated the extent of community forests in Java Island at 2.6 million Ha with timber growing stock at 74.7 million M³. Carbon stock of these forests was estimated at 40.7 million tonnes. On average, growing stock of the community forests is relatively low, averaging about 30 M³/Ha in Java and Madura islands. These forests contribute at least 6 million M³/a of logs to domestic market, although overall log quality is still problematic in terms of recovery rate of processing. Timber supply from the community forests is playing ever critical role overtime amidst the dwindling supply capacity of Perhutani Co. Ltd. and natural forests as well.

Community forests consist of private forest and community plantation forests; the former refers to the forests planted by local communities on their own lands normally on small parcels including on yards, gardens, un-irrigated land fields, etc. while the latter is forest planted on state-owned lands under pre-agreed terms and conditions between concerned community and government. The term “community forests” used in the subsequent sections applies to both community forest and community plantation forest as defined earlier. Management of community forests varies from one unit to another as regards ownership, management orientation and intensity, institution, land tenure and socio-cultural dimensions. This variation has added to the complexity of problem on community forest development. Among the challenges in the application of TLAS to community forests are in convincing forest owners and managers of the potential benefits of adopting TLAS and in undertaking verification process under the system.

The role of logs produced from community forests is increasingly important due mainly to the dwindling supply of logs from natural forests and the increasingly tight requirements for using logs in wood processing imposed by importing countries especially as regard sustainability of logs producing forests and legality of timber products. In recent years, many mechanical wood industries in Java have relied heavily on community forests for their wood raw material supply. High dependence on community forests has, in fact, created a partnership scheme between local communities as logs suppliers and local wood industries as logs users that is beneficial to both parties. The scheme has been in place for many years now and proved successful especially in Java Island.

In the past, wood products administrative accounting for purpose of tax assessment and control of distribution of products originating from community forests was based on Forestry Ministerial decree No. P. 51/Menhut-II/2006 under which a certification of origin (SKAU) is required for any wood products transported and distributed. The administrative documentation process was almost fully carried out and completed by local wood industries; the local communities owning or managing the forests that produced timber were reluctant to undertake the administrative process for competence and cultural reasons. It is not surprising that observance of the decree by both local communities and wood industries was not satisfying for lack of control on the use of SKAU and many leakages on timber legality.

The issuance of forestry ministerial decree No. P.38/Menhut-II/2009 on TLAS (timber legality assurance system), is intended to increase timber legality in order to eliminate illegal logging and illicit trade of wood products; TLAS is mandatory to all wood industries and logs producers including community forests. However, local communities are not able to apply TLAS to their forests without being equipped with the necessary skills. Therefore, training on skills for TLAS application especially for the primary stakeholders namely local communities, wood industries, government officers and staffs as well as the institutions that will be monitoring TLAS application process is unquestionably needed.

1.2. Origin and problems addressed

Weak forest law enforcement, governance and trade had in the past generated illegal logging in Indonesia and adversely affected Indonesian forest products trade in the international market. Illegal forest activities contribute to forest degradation and undermine the contribution of the forest sector to poverty

alleviation, social and economic development. In international markets, it has become increasingly unacceptable to use illegal timber products in public and private purchasing. As a consequence, trade volume of legal timber that could enter export markets is becoming limited. This is particularly true in the case of community forests and small/medium timber processing industries which are often not well equipped to comply with extensive documentary procedures for timber legality and may therefore operate outside the forest laws.

The new Indonesian forest policy has been formulated and issued as the Minister of Forestry's decree No.P.38/Menhut-II/2009 concerning "Standard and Guidelines on Assessment of Performance of Sustainable Production Forest Management and Verification of Timber Legality for License Holders or in Private Forests" which is applicable to state and community forests. Additionally, with regards to application of the standards, operational guidelines have been stipulated under decree of the Director General of Forest Production Development No. P.6/VI-Set/2009. The Timber Legality Assurance System (TLAS) has been formulated primarily for purpose of promoting SFM, enhanced implementation of forest governance, suppression of illegal logging and its associated trade.

As a new national policy which directly may influence the share of Indonesian timber products in international market, application of TLAS needs serious preparation. The Indonesian TLAS has specific standards and unique characters that are not easy to be understood by general public who are not familiar with forest operations. It has been acknowledged by the main stakeholders (government institutions, private sectors including forest companies, verification agencies and civil societies) that application of TLAS requires adequate human resource and other resources notably relevant technical skills. TLAS and its standards should be introduced to wider stakeholders through dissemination process. If the dissemination is not prepared carefully, it cannot achieve its intended purposes in an effective manner.

The project focused on supporting owners of forest communities and small/medium forest industries in Java. Unfortunately, market for locally processed wood products is mainly domestic and limited due to such constraints as the lack of capability among forest owners in controlling resources, proving legal status, and implementing SFM.

Achieving verified legal compliance and sustainability of forest operations within a short time period is truly a huge challenge to most local community forest owners and managers. They are in need of considerable support to meet the mounting and diverse market requirements in order to increase their market share. In fact, community forest owners and small/medium scale forest industries, are selling their products mostly through intermediaries, whom pay less care with SFM and supply chain control. The forest owners are poorly equipped to benefit from market opportunities, to demonstrate legal compliance of their wood products and sustain their operations.

The key problem that has been affecting market access for community-based wood products relates closely to the newly announced Ministry of Forestry forest policy which is "lack of capability in applying the new Indonesian TLAS to timber sourced from community forests and in proving legal compliance of the timber produced". The extent of community forests in Java Island alone is around 1.6 million Ha capable of producing nearly 40 million Cum of logs per annum. Proper utilization of this wood potential could supply a huge volume of timber to small/medium wood processing industries.

Three main causes of the key problem had been identified, namely: i) inadequate dissemination of information on the new standard of TLAS to communities and relevant stakeholders, ii) institution for monitoring of implementation of TLAS for timber sourced from community forests and community plantation forests is not yet established, and iii) lack of training on implementing TLAS by *license holders of community forests*, wood industries as well as local government officers.

Independent monitoring institutions for TLAS application are truly needed in order to ensure all interested parties that the system works well in serving its intended purposes and is credible as a legality verifying tool. These institutions are yet to be identified since they should be independent third-party, non-political body, possess the necessary skills and resources to monitor TLAS application by: i) checking all its

aspects using best auditing practices; ii) identifying non-compliances and system failures; and iii) reporting its findings to the government.

The project was aimed at increasing trade volume of legal timber from sustainably managed community forests. Its specific objective was to improve capacity of the relevant stakeholders in applying the new Indonesian TLAS to timber sourced from community forests in Java. Correspond to the main causes of the key problem, the expected outputs of the project were:

- Dissemination of information on the new TLAS to local communities and relevant stakeholders conducted through workshops, focus discussions and seminars;
- Establishment of independent institution for the monitoring of TLAS application to timber sourced from community forests assessed; and
- A series of training conducted to introduce and implement the standards and guidelines on assessment of performance of sustainable production forest management and verification of timber legality for license holders or in private forests (TLAS), community forests owners, small scale wood industries and local government officers.

2. Project Objectives and Implementation Strategy

2.1. Project rationale

Adoption of TLAS is mandatory to any forest concessions, forest plantations, change of custody of wood products and wood processing companies. However, TLAS is also to be applied to timber originating from community-owned forests or community-based managed forests collectively called in this report "community forests". Despite simplicity of community forests management structure and operations, these forests are required to fully comply with TLAS for simple reasons: for protection of legal rights on ownership and trading of wood products originating from community forests.

Adoption of TLAS across the supply chains involves different stakeholders, each having specific tasks and responsibilities for providing legality documents required at every single chains. In the case of community forests, legality of harvested wood products are assured using prove of land-use right or land property rights. The stakeholder consultative meetings held during the project development stage revealed that stakeholders were not ready yet for applying TLAS to community forests for the following reasons:

- Poor knowledge of community forest owners and managers on wood accounting process in accordance with existing forest laws; they were reluctant to prepare the wood documents required by the laws;
- Intermediaries did not fully understand on existing wood accounting policy and its adoption to community forests; they committed mistakes in preparing proper wood documents;
- Concerned government authorities at the central and local levels did not appreciate the issues on certification of forest and forest products as well as TLAS application under a common platform; reliable data on growing stock of community forests and trade of wood products was not readily available; and
- Existing primary as well as advanced wood industries did not fully understand on the CoC process especially as concerns community forests originating wood products.

This project was designed to deal with capacity building for the application of TLAS to community forests involving stakeholders through dissemination of information, assessment of independent institutions for monitoring of TLAS application process, and conduct of training on skills needed for adoption of TLAS.

2.2. Project objectives and implementation strategy

The development objective of the project was to promote trade volume of legal timber from sustainable community forest and community forest plantations. Its specific objective was to improve the capacity of relevant stakeholders in implementing new Indonesian TLAS for timber sourced from community forests and community plantation forests in Java.

The implementation strategy pursued can be outlined as follows:

- ✓ Collect and analyze data and information for purpose of assessing involvement of the relevant stakeholders in implementing TLAS to timber sourced from community forests;
- ✓ Conduct stakeholder consultation/dialogue and participatory discussions with local communities, private sectors and other relevant stakeholders (local government, independent assessment body, training institutions, customs staffs, etc.) concerning the importance and benefit of verification of legality of timber products from any sources;
- ✓ Carry out intensive discussions with community forests three provinces of Java (one group of community each represents West Java, Central Java and East Java Province);
- ✓ Design the mechanism for dissemination and training needed to apply the Indonesian new TLAS (Ministerial regulation No. P. 38/Menhut-II/2009 and the Director General of Forest Production Development Regulation No. P. 6/VI-Set/2009) to a wider stakeholders;

- ✓ Prepare the curriculum and materials for training specific to individual groups of stakeholders;
- ✓ Conduct training including field testing of the standards for wood legality verification;
- ✓ Strengthen the information sharing and network within timber producers and local governments to learn lessons from application of TLAS to community forests;
- ✓ Develop selection criteria for appointment of independent bodies for monitoring of TLAS application process in a participatory manner;
- ✓ Discuss the criteria for selection of recognized independent monitoring bodies in assessing the implementation of TLAS; and
- ✓ Support the government efforts for developing a program on forest-to-market linking which provides credible and verifiable assurances of legality, origin of any forests product entering a wider market, e.g. negotiation of a Voluntary Partnership Agreement (VPA) with EU countries.

During the course of project implementation adjustments had been formally made to above strategy through decisions of PSC which included:

- To conduct auditing of timber legality certification process on two units of community forests or two groups of community forests primarily for purpose of practical learning;
- To pilot test application of TLAS to processing companies that processed community timber;
- Implement planned training activities by province with three different sessions, each devoted to local communities, local wood processors, and other parties, e.g. government staffs, NGOs, Universities, etc.; and
- Evaluate training process and impacts for purpose of developing better future training program.

2.3. Assumptions and risks

The assumptions made regarding the development objective were: i) recognition of market to legal timber products from community forests, ii) local governments support policy on TLAS application, and iii) national government is consistent with its regulations. These assumptions held true during the project duration. The Ministry of Forestry (MoF), consistently supported implementation of timber legality regulations; in fact, the MoF has targeted that in early 2013 all exported timber should have been legally certified; local governments have always involved in the training or dissemination activities indicating their support on TLAS policy. Process in market recognition is in progress; the signing of negotiated VPA, expected to take place in near future, is an indicator of market recognition.

The assumptions made on the specific objective were: all relevant stakeholders are committed, the communities actively participated and the local governments support project activities. These assumptions held true during the project duration. Implementation of the project, fortunately, faced no problem relating to these assumptions.

The risks that were also anticipated were related to unavailability of training instructors as scheduled and reluctance of local communities to attend scheduled training sessions and meetings. Un-availability of training instructors, however, had been anticipated by listing larger number of experienced instructors than actually needed for implementation of the training program. These professionals had been contacted in advance to ensure their in time availability. For instance, for any training session, one primary trainer and one alternate trainer had always been appointed to ensure on schedule implementation of these training sessions.

The communities actually were enthusiastic to attend the meetings. They were eager to know the information on what is the purpose and benefit of legal certification and how the process of it. At training activities the instructors/facilitators had explained what the benefits of certification are and that certification will soon become a mandatory to all involved timber producers and users. The ultimate targets of this project are strengthened forest law governance and enforcement and promoted production and trade of timber products from legally and sustainably managed forests.

3. Project Performance

3.1. Planned vs realized project elements

Table 1 shows planned and realized project elements; several activities have been adjusted or added to during the course of project implementation. The table indicates that there is no critical difference between planned and realized project elements except for the additional activities that were proposed by the PSC.

3.2. Project duration

The Project commenced in July 2010 planned for 24 months. A three-month extension without additional funds was granted by ITTO on 15 June 2012. With the extension, all project activities have been fully completed by end of September 2012.

3.3. Project budget

The total amount of budget was US \$ 555,163 comprising ITTO's and GOI contributions in the amount of US\$ 474,163 and US\$ 81,000, respectively. The total amount of ITTO's contribution, disbursed to GOI through Project Management Unit in four installments, was US\$ 411,930. The funds were to pay for project personnel (34%), sub-contract (1,5%), duty travel (20,7%), capital items (0,5%), consumable items (2,8%) and miscellaneous expenditures (28,74%). The most expenditure budget was for project personnel and miscellaneous components, since most activities were devoted to dealing with training, workshops and meetings. The budget on project personnel were used to pay the Resource Persons, Training instructors, Facilitators and meeting packages (nine times training activities, two workshops, and three group discussions).

The financial auditing will commence in mid October 2012 and the Final Audit Report is planned for submission to ITTO early in November 2012. The final audit report will disclose the actual amount of project expenditures at the project closing date.

Table 1. Planned vs realized project elements

Planned Elements	Realized Elements	Remarks
a. Specific Objective: To improve the capacity of relevant stakeholders in implementing new Indonesian TLAS for timber resource from community forest and community plantation forest in Java	100%	No change had been made to the specific objective and outcome indicators
b. Output 1 : Dissemination of information on the new standard of TLAS for community and relevant stakeholders conducted through workshop, focus discussion, and seminar	100%	No difference between planned and realized outputs
Activity 1.1 Review and evaluate the relevant stakeholders involvement in implementing TLAS for timber sources from HR and HTR	100%	No change was made to the activity
Activity 1.2 Establish working group to supervise and assist the communities forest owner on TLAS implementation in Java	100%	No change was made to the activity

Activity 1.3. Carry out series of intensive stakeholders consultation and facilitating the selected group of communities to disseminate TLAS	100%	No change was made to the activity
Activity 1.4 Carry out 2 national workshops in Java	100%	No change was made to the activity
Output 2 : Institution for monitoring implementation of TLAS for timber resource from community forest and community plantation forest is assessed	100%	No difference between planned and realized outputs
Activity 2.1. Assess the existing institution eligible for monitoring the implementation of TLAS	100%	No change was made to the activity
Activity 2.2. Review the role and operation the institutions	100%	No change was made to the activity
Activity 2.3. Develop one package Protocols/guidelines to monitor the TLAS implementation conducted by independent civil society	100%	No change was made to the activity
Output 3: A series training conducted to introduce and implement the standard on assessment of performance of sustainable production forest management and verification of timber legality for license holders community forests (HR) and community plantation forests (HTR) as well as local government officers	100%	No difference between planned and realized outputs
Activity 3.1 Prepare curriculum and materials for each group of participants.	100%	No change was made to the activity
Activity 3.2. Conduct 3 series training for trainers	100%	The activity was modified; implemented only in West Java province but to cover training of forest farmers, small-scale processing industries and different parties including government officials, NGOs and facilitators
Activity 3.3. Conduct training for license holder of community forestry/small forest industries from 10 Districts within 3 provinces trained to implement TLAS	100%	The activity was modified; implemented only in Central Java province with topics and sites of training the same as Activity 3.2

<p>Activity 3.4. Conduct training for personnel of at least 10 district governments in 3 provinces (forestry, customs, independent institutions, etc.)</p>	<p>100%</p>	<p>The activity was modified; implemented only in East Java province with topics and sites of training the same as Activity 3.2</p>
<p>In total, the original Activities 3.2 thru 3.4 and their modified versions have accomplished the same tasks except that “training of trainers” and each of activities had been implemented in one particular province</p>		
<p>3.5 <u>unplanned activities</u></p>	<p>100%</p>	<p>Upon proposal of the PSC and approval of ITTO two additional activities had been implemented namely: i) to audit legality of timber produced by two units of community forests, and ii) to evaluate results of training program</p>

4. Project Outcome and Target Beneficiaries Involvement

4.1. Specific objective achieved

- Planned activities pertaining to individual outputs, in their original and modified forms as well as approval additional activities, were all implemented and completed to fully deliver Outputs 1, 2 and 3
- Achievement of the specific objective has been assessed using the outcome indicators presented in the project document as follows:

Outcome indicator # 1

- Information on TLAS has been disseminated through conduct of 3 stakeholder meetings in Semarang (Central Java), Surabaya (East Java) and Bandung (West Java) that were attended by 103 participants in total;
- Intensive consultation on TLAS application with 3 forest community groups, one group in each province has been carried out; and
- Two national workshops have been executed in Java to discuss on various issues relating to TLAS application to community forests.

Outcome indicator # 2

- Independent institutions for the monitoring of TLAS application process have been assessed at 3 consultative meetings with NGOs and government officers in the 3 provinces of Java and
- Guidelines for the monitoring of TLAS application have been developed by competent professionals and endorsed through focus group discussions.

Outcome indicator # 3

- A series of training of forest farmers, small-scale forest processing industries and other interested parties, e.g. government officers, NGOs, etc. on skills relating to TLAS application to community forests have been implemented in 10 Districts in 3 provinces with a total participants of 196 people

Above assessment indicates that the pre-specified outcome indicators as presented in the project document have been fully satisfied through delivery of three outputs. Therefore, the specific objective has been truly and fully achieved. Consequently, achievement of the specific objective is a significant contribution to the objectives of TFLET Thematic program, namely: i) strengthen forest law compliance and governance through improved national policy and legal frameworks, strengthened enforcement and other institutions, improved data and knowledge, strengthened partnerships and improved cooperation among the private sector, civil society organizations and other stakeholders, and ii) improve capacity of community and small and medium-sized enterprises to implement and demonstrate that timber produced and traded comes from legal sources contributing to sustainable livelihoods.



Head of East Java Provincial Forestry Agency addressing the TLAS Seminar in Surabaya



Director General of Forest Production and Management and Director of Forest Industry and Forest Products Marketing inaugurated the TLAS Seminar in Jakarta



Conduct of the meetings on TLAS information dissemination in Bandung, Semarang and Surabaya, respectively



Awarding timber legality certificates to "Tani sejahtera" and "Enggal Mulyo" forest community groups at the meeting with European, American and Japanese buyers of wood products.

4.2. Existing situation at project completion vs pre-project situation

a. Tangible outputs of the project

- The information on TLAS disseminated through the workshops, meetings and discussions to facilitate comprehension of the issues and processes on application of TLAS, attended by 103 people representing community forest owners, government officers and staffs as well as small/medium scale forest industries;
- The piloting of TLAS application at two selected community forest management units and the ensuing two workshops on results of the piloting activities have enabled the communities to properly prepare TLAS documents and fully recognize the benefits of complying with TLAS policy and procedures;
- The assessment of institutions eligible for monitoring of TLAS application process to community forests through a series of consultation and meeting involving NGOs and government officers has resulted in objective selection criteria, a list of eligible independent institutions and practical monitoring guidelines; and
- A total of 196 people representing forest farmers, small/medium scale forest industries and interested parties including government officers and NGOs have been trained on skills required for practical application of TLAS to community forests.

It is worth emphasizing that the ministerial decree on TLAS was announced only in June 2009. Then, the main stakeholders of community forests were not aware of the characteristics and configuration of TLAS, nor they understood on the process of and requirements for the application of TLAS. This situation is considerably different from that at project completion as highlighted above. The complete results and outputs of the project activities are presented in eleven separate technical reports for reference of interested individuals or institutions.

b. Sectoral policies and programs

Application of TLAS has been announced by the MoF as mandatory to all forest management units and forest industries. Compliance to TLAS requirements and procedures will surely contribute to the national efforts in combating illegal logging. Moreover, as TLAS scheme matches very much the terms and conditions of the voluntary partnership agreement (VPA) under negotiation with the European countries, proper application of TLAS will unquestionably promote export of Indonesian wood products to these countries especially those originating from community forests.

c. The physical environment

Illegal logging is a serious threat to achieving SFM in Indonesia. Application of TLAS to Indonesian forests in general, to community forests in particular, should reduce occurrence of illegal logging thus positively contributes to SFM. Therefore, building the capacity in TLAS application by the project is a significant contribution to SFM in Indonesia. Indeed, it is too early to assess degree of this contribution since the project has just been completed.

4.3. Involvement of project beneficiaries

The primary beneficiaries of the project are: owners and managers of community forests, small/medium forest industries and local government units. Involvement of these beneficiaries in project implementation can be summarized as follows:

- Attended the meetings on elucidation of existing rules and regulations concerning timber legality and certification processes;
- Participated in the meetings with NGOs on the development of criteria for selection of monitoring institutions and monitoring guidelines;
- Acted as trainees of the training program implemented by the project;
- Timber processors were actively involved in the discussions on partnership between forest industries and community forest owners and managers;
- Central and local governments were actively engaged in the discussions on the issues surrounding implementation of Ministry of Forestry's decree No. P. 38/Menhut-II/2009; and
- Participated in the workshops/seminars on training evaluation.

Implementation of decree No.P.38/Menhut-II/2009 is mandatory to timber producers and consumers alike that the information on this decree is of highly attractive to the beneficiaries and had become a strong incentive for them to take part in implementation of the project activities. In fact, many farmer groups that had relied heavily on intermediaries in dealing with timber documentation are now able and willing to carry out the documentation process by themselves.

4.4. Project sustainability

Sustainability of the project rests primarily on the follow-up actions of the primary beneficiaries. The evaluation meeting carried out towards end of the project indicated that impacts of the project intervention are sustainable as evident by the facts summarized below:

- The Provincial Forestry Agencies in Java have indicated their readiness to financially support the community forest units that had obtained legality certificates particularly on forest surveillance activities;
- The Directorate General of Forest Production Development of the Ministry of Forestry is planning to allocate sufficient funds to finance activities on continued dissemination of information on TLAS as well as conduct training on TLAS application;
- The Executing Agency, in collaboration with the Ministry of Finance and local government, has explored sources of funds to finance activities relating to community forest development through different meetings under the projects; and
- The wood processors and owners/managers of community forests have developed a mutual-understanding and commitment to deal only with timber products that comply with TLAS requirements and procedures.

5. Assessment and Analysis

5.1. The project rationale and identification process

Forestry ministerial decree No.P.38/Menhut-II/2009 on TLAS was developed as an instrument to combat illegal logging and control trade of illegally sourced timber. Development of this decree that was finally announced in June 2009, was a multi-year process involving the main stakeholders of forest resource. It was recognized by the stakeholders during the development process that application of TLAS, once it is announced, will truly be a big challenge due mainly to the lack of comprehension regarding its structure, requirements, processes and resources. It was also admitted that TLAS has to be properly implemented if its intended purposes are ever to materialize.

To properly implement TLAS, a huge resource must be made available in terms of institutions, financial and technical skills. This project was formulated in response to the provision of this needed resource focusing on training of stakeholders on the technical skills required for applying TLAS and on assessment of institutions for monitoring of TLAS application processes. As such, the main feature of the project is capacity building with emphasis on technical training of the stakeholders to be involved in TLAS application. Scope of the project was also confined to application of TLAS to community forests and products in Java Island. Confining the scope was necessary considering limitation of project resource. Community forests in Java were selected as the sites considering the fact that the bulk of Indonesia's community forests is located in this island, estimated at around 1,6 million Ha in extent.

It should be clear at this stage that identification of the project was a long process and involved different stakeholders coincided with the formulation process of ministerial decree on TLAS. Therefore, understanding on the issues to be tackled by the project was particularly strong while the issues addressed were unquestionably relevant and consistent to the need of the forestry sector.

5.2. Problems addressed, objectives and implementation strategy

The key problem addressed by the project was "lack of capability in implementing TLAS for timber sourced from community-owned and community plantation forest in Java". Accordingly, the specific objective of the project was "to develop the capacity of relevant stakeholders in implementing TLAS for timber sourced from community forests and community plantation forests in Java". Its development objective was to promote trade volume of legal timber from community forests which is relevant to answer the issue on limited export opportunities for wood products obtained from community forests.

The strategy pursued in implementing the project was collaborative in nature with the following main elements:

- ✓ Collect and analyze data and information for purpose of assessing involvement of the relevant stakeholders in implementing TLAS to timber sourced from community forests;
- ✓ Conduct stakeholder consultation/dialogue and participatory discussions with local communities, private sectors and other relevant stakeholders (local government, independent assessment body, training institutions, customs staffs, etc.) concerning the importance and benefit of verification of legality of timber products from any sources;
- ✓ Carry out intensive discussions with community forests three provinces of Java (one group of community each represents West Java, Central Java and East Java Province);
- ✓ Design the mechanism for dissemination and training needed to apply the Indonesian new TLAS (Ministerial regulation No. P.38/Menhut-II/2009 and the Director General of Forest Production Development Regulation No. P.6/VI-Set/2009) to a wider stakeholders;
- ✓ Prepare the curriculum and materials for training specific to individual groups of stakeholders;
- ✓ Conduct training including field testing of the standards for wood legality verification;
- ✓ Strengthen the information sharing and network within timber producers and local governments to learn lessons from application of TLAS to community forests;

- ✓ Develop selection criteria for appointment of independent bodies for monitoring of TLAS application process in a participatory manner;
- ✓ Discuss the criteria for selection of recognized independent monitoring bodies in assessing the implementation of TLAS; and
- ✓ Support the government efforts for developing a program on forest-to-market linking which provides credible and verifiable assurances of legality, origin of any forests product entering a wider market, e.g. negotiation of a Voluntary Partnership Agreement (VPA) with EU countries.

5.3. Critical differences between planned and actual project implementation

As has been highlighted in Section 3.4, no change has been made to the development and specific objectives, outputs and to most of planned activities. Modifications were made to Activities 3.2 thru 3.4 primarily for reason of practicality and efficiency in operations. The modifications made are:

- Activity 3.2 was modified and implemented only in West Java province but to cover training of forest farmers, small/medium scale processing industries and different parties including government officials, NGOs and facilitators;
- Activity 3.3 was modified and implemented only in Central Java province with topics and sites of training the same as Activity 3.2;
- Activity 3.4 was modified and implemented only in East Java province with topics and sites of training the same as Activity 3.2; and
- In total, the original Activities 3.2 thru 3.4 and their modified versions have accomplished the same tasks except that “training of trainers“ had been changed to become “training of forest farmers” and each of the activities had been implemented in one particular province.

Upon recommendation of the PSC, two activities had been added to the original ones namely:

- Legality auditing of the timber owned by “Enggal Mulyo” community groups located at Ponorogo district of East Java province and and “Tani Sejahtera” community groups located at Ciamis district of West Java province; and
- Evaluate implementation of the training program.

In conclusion, the difference between planned and actual project implementation is not significant. In fact, the changes made have increased effectiveness of project operation and enriched outcome of the project.

5.4 Adequacy of time and project inputs

The project duration was initially planned for 24 months. A three-month extension in time without additional funding was granted by ITTO to complete planned and additional activities in order to fully achieve planned outputs and objectives of the project. The extension was needed to:

- complete the auditing of timber legality of two community forests management units in West Java and East Java;
- arrange business meeting between small processing industries and forest communities;
- complete evaluation of training activities, and
- finalize the completion report.

The financial contribution of ITTO disbursed to the Executing Agency, US \$ 474,163.00 in amount, was sufficient to implement planned/modified as well as additional activities, purchase needed capital items and pay for project personnel. Disbursement of funds was made timely in four installments at the request of the Project Coordinator on behalf of the Executing Agency. Contribution of the Executing Agency in the amount of US \$ 81,000 was fully realized timely as planned.

5.5. External influences

The assumptions made as regard implementation of the project were valid during the project duration. Local governments supported the policies announced by the central government because they were consistent with their regulations. The Ministry of Forestry consistently supported the implementation of timber legality regulations. In fact, the MoF has targeted that in early of 2013 all exported Indonesian timber products should have been legally certified. Local governments have always been involved in the training or dissemination activities. Market recognition was still under process; if negotiated VPA has been signed, the market recognition will be materialized. The communities were actively participated in the training implementation and in information dissemination process; the local governments supported these activities. Implementation of the project faced no problem relating to the assumptions made.

There were no problem with the availability of training instructors and facilitators. The absence of training instructors had been anticipated by assigning more than one experienced instructors to each of the training sessions and discussion/meeting events. This assigned instructors had been contacted in advance to ensure their in time availability.

The communities actually were enthusiastic to attend the trainings sessions and meetings. They were eager to know the information on the purpose and benefits of timber certification and how the process is to be conducted. During the training implementation local communities had been clearly informed of the benefits of timber certification and that TLAS will soon become mandatory to all timber producers including community forests. Indeed, the ultimate target of this project is to strengthen forest law governance and enforcement and promote the production and trade of timber products from legally and sustainably managed forests.

5.6. Project beneficiaries

The primary beneficiaries of the project were local communities owning or managing plantation forests, local timber processing industries and central as well as local government institutions. Each of the beneficiaries had been actively involved in project implementation. The local communities were involved in the training of skills as trainees, in the focus discussions as recipients of information on TLAS as well as informants of occurring issues and problems facing community forest management operations and timber certification process.

The local forest industries had also been engaged in individual meetings and discussions on TLAS application as well as in training sessions on TLAS application process. The industries, in fact had provided fruitful inputs to the project as regards the actual problems facing timber certification process. Concerned government institutions at the central and local levels had been actively participated in project implementation by attending the workshops, discussions and meetings and by facilitating administrative arrangements that eased coordination of stakeholders and technical arrangements for implementation of individual activities.

It is worth emphasizing that the active participation of the primary beneficiaries was induced by the facts that application of TLAS will be mandatory to all forests and forest products and beneficial to timber producers and users alike due to the critical role of TLAS in market promotion.

Another beneficiaries of the project were NGOs, academicians and forestry professionals whom had taken part in project implementation through their direct involvement in carrying out individual activities as appropriate, as instructors of training on technical skills, resource persons of the workshops and discussions or as experts, in formulation of monitoring guidelines and code of conduct of timber certification process and in evaluation of training implementation.

5.7. Sustainability

Among the critical project activities that to be implemented continuously after project completion include:

- to conduct training of the primary beneficiaries, i.e. community groups, wood industries and government staffs on technical skills for practical application of TLAS;
- to provide technical assistance on conduct of timber legality auditing at different community forest management units;
- monitor of TLAS application process by independent institutions;
- to occasionally organize regional workshops for exchanging of information and experience amongst the main stakeholders; and
- to regularly conduct stakeholder discussions involving not only the primary but also secondary stakeholder groups, e.g. custom service, police, judicial service, universities, NGOs for purpose of sharing information on TLAS as a national policy instrument.

The institutions that are responsible for implementing above critical activities are: the provincial and district government units through their respective forestry agencies and also the Ministry of Forestry through its technical regional offices (BP2HH) and Center for Forestry Education & Training. These institutions are respectively required to assign sufficient number of staffs to implement the activities. The funds needed for financing implementation of selected activities are to be sourced regularly from state budget appropriated through central, provincial and local treasuries. To ensure adequacy and timely availability of funds, each responsible party must develop yearly budget plan and timely submit to the Ministry of Finance in accordance with existing state budget allocation cycle.

During the last few stakeholder meetings, the issue on sustainability had been also raised and discussed. The Ministry of Forestry, provincial and local government units had indicated their readiness to continue implementing activities on TLAS application. Sustainability of the project is basically dependent on follow-up actions of the primary beneficiaries. Each of the beneficiaries has the very reasons to sustain the project as follows:

- The Ministry of Forestry is mandated by the state to adequately implement forest law enforcement and governance in light of achieving SFM and promoting exports of legally sourced wood products;
- The forest industries are legally required to apply TLAS to the timber processed and wood products manufactured; and
- The local communities are required to apply TLAS to the timber products originating from the forests they own or manage for legal trading purpose.

5.8. The institutions involved

The institutions involved in project implementation were:

- Local community groups;
- Local small/medium scale forest industries that use community-produced timber as the raw material
- Forestry Agencies of provincial and district governments;
- Directorate General of Forest Production Development of the Ministry of Forestry and its regional offices who is responsible for making TLAS operational in an efficient manner;
- National Accreditation Committee or KAN that mandated by the state to provide supervision on processes of any accreditation;
- Independent assessment bodies that possess experience in auditing of forests, forest products and manufacturing processes; and
- NGOs that have the experience working with local communities, private sector and local governments as well.

6. Lessons Learned

6.1. Project identification and design

TLAS is a national policy instrument to combat illegal logging and its associated trade and to promote marketability of Indonesian wood products in domestic as well as international markets. TLAS formulation was a multi-year, multi-stakeholder process that consumed a huge amount of resource. During this long process, involved stakeholders had already recognized the need for a massive capacity building if TLAS is to be properly implemented on the ground.

This project was a prompt response to forestry ministerial decree No. P.38/Menhut-II/2009 on TLAS that was announced on 12 June 2009. During the ensuing meetings on TLAS application, it was admitted by the stakeholders that they were not ready to properly apply TLAS in the field. This admission is in fact confirmation of the need for capacity building that had been recognized during TLAS formulation process. Indeed, capacity building is needed to resolve the critical problem on TLAS application which was defined as “lack of capability in implementing TLAS for timber sourced from community forests and community plantation forests” by the main stakeholders during the project formulation process. Therefore, the key problem addressed by the project was identified through an adequate and legitimate process and was relevant to the issues on TLAS application that required intervention.

Key problem to be addressed was thoroughly analyzed involving the main stakeholders; main causes as well sub-causes of the key problem were adequately identified and then used as the basis for defining the project intervention. By adequately and correctly identifying causes of the key problem, vertical logic of project elements was strong. Therefore, the project design was sound for the following reasons: i) project activities were defined correspond to the sub-causes identified; ii) project outputs were defined correspond to the main-causes identified; and iii) the specific objective was defined correspond to the key problem identified. Indeed, the project design was sound due to the strong relevance as well as sufficiency of the project intervention to resolve the problems at hand.

The project intervention was enhanced during the course of project operations. Heads of district governments that were initially not listed as the important stakeholders were also invited to participate in the different workshops, discussions and meetings. Prior to commencing with project operations, the implementation strategy to be pursued was re-examined by the project management team involving persons knowledgeable on actual project environment to ensure that the strategy implemented is workable on the ground. It was found that the strategy so developed did work well on the ground with only minor difficulties in achieving the specific objective of the project.

As has been touched upon elsewhere, critical difference between planned and realized project elements did not exist. Indeed, this situation is attributable mainly to the soundness of project design and appropriateness of the implementation strategy.

To ensure project sustainability after project completion, a post-project strategy has been designed which include selection of critical activities to be implemented, appointment of the institutions involved including the leading one, and identification of resources needed including their sources. This post-strategy has been developed adequately through formal consultation with the primary beneficiaries of the project, namely the local communities, local wood industries and concerned government institutions, i.e. Directorate General of Forest Production Development and its regional offices, Center of Forestry Education & Training of the Ministry of Forestry and provincial as well as district governments through their respective forestry agencies. Financing of selected activities is through state budget appropriation following existing cycle of state budgeting process.

6.2. Operational matters

The project was implemented by Directorate General of Forest Production Development of the Ministry of Forestry in a collaborative manner. The collaborators included those institutions from outside MOF, e.g. ITTO Secretariat, Provincial and local government units, NGOs, universities and from inside MOF, e.g. Center for Forestry Education and Training. The active participation of those collaborating institutions had eased arrangement and implementation of the project activities especially in the completion of administrative or bureaucratic processes, coordination as well as motivation of stakeholders to cooperate and support. The collaborative manner of project implementation had considerably contributed to the smooth operations without any major difficulties. The smooth project implementation was also attributable to the hardworking project management team that was led by an experienced Project Coordinator and competent PSC in providing the relevant directives and fruitful advices.

The inputs to project activities had been provided sufficiently in terms of quantity, quality and timing due to the full support of the ITTO Secretariat and timely submission of yearly plans of operations consistent with the existing ITTO guidelines. Project funds had been transferred by ITTO in four installments upon the requests made by the Executing Agency.

Roles and responsibilities of the parties involved were made clear prior to commencing with execution of individual activities; they were clearly defined and adequately elaborated in the respective relevant terms of reference. In this way, confusion of the parties during operational stage was avoided as regards their roles and responsibilities.

Project documentation was adequately performed and facilitated the sharing of information in an effective manner. Technical reports on individual activities, eleven reports in total, had been published and widely disseminated to relevant stakeholders.

Monitoring and evaluation of project operations had been accomplished satisfactorily by the PSC chaired by the Director General of Forest Production Development himself and by the Project Coordinator herself. The PSC met twice during the project duration and provided valuable directives and technical advices while the PC also paid visits to several project sites to gather first hand information on project operations.

The external factors that might adversely affect project implementation were anticipated through the risk analysis during the project formulation stage. The assumptions made were valid during the project duration: the Ministry of Forestry has consistently pursued its policy and strategy for improvement of forest law enforcement and governance through verification of timber legality; the local governments through their respective forestry agencies had been steadily cooperative and supportive during the period of project implementation; recognition of export markets to Indonesian wood products is forthcoming through the signing of VPA which was under negotiation during the period of project implementation; local communities in general, forest community groups in particular had been supportive after realizing the potential benefits of TLAS compliance accruable to them.

7. Conclusions and recommendations

7.1 Conclusions

- Identification of the problem to be addressed by the project was accomplished through an adequate process involving the main stakeholders and the key problem addressed was consistent with the issues on forest law enforcement and governance currently facing SFM in Indonesia;

- The project design was sound because it was derived from a thorough problem analysis involving the main stakeholders; the project intervention was relevant for solving the key problem addressed because it corresponded to the main causes and sub-causes of the key problem;
- The project was smoothly implemented due mainly to the collaborative strategy pursued, cooperative primary beneficiaries and partners, hardworking project management team, competent PSC and supportive ITTO Secretariat;
- The project was managed in full compliance with existing ITTO rules and procedures. As of completion date, two YPOs, three bi-annual progress reports, two yearly financial audit reports had been submitted to ITTO and approved. Employment of project personnel, national and international consultants and sub-contractors as well as procurement of capital items had been made with the prior expressed approval of ITTO;
- The specific objective of the project has been fully achieved through delivery of all planned outputs and execution of the activities pertaining to individual outputs; and
- The project results have been disseminated through the national workshops and seminars, meetings of the PSC and distribution of eleven technical reports to relevant stakeholders.

7.2 Recommendations

- The key problem to be addressed by a proposed project must be adequately analyzed involving competent professionals in order to correctly identify relevant main-causes and sub-causes of the problem as the basis for defining relevant project elements and intervention; soundness of a project design is closely linked with adequacy of problem analysis;
- It is strongly advisable to re-examine with the primary stakeholders the strategy to be pursued prior to commencing with project operations; by so doing, conformity of the strategy to actual project environment is assured and its risk to change is minimized during the course of project implementation;
- To facilitate a smooth and successful implementation of a project, a well dedicated project management team is required, timely availability of inputs in terms of funds and professionals must be ensured and established PSC has to be able to provide fruitful advices to project management team
- Any project is best to be implemented in a participatory manner; involvement of the main stakeholders and partners will create ownership and increase support to the project during its implementation and after completion as well;
- A TFLET thematic project, aside from its relevance to ITTO's and submitting country's policies, must also be suitable for achieving the relevant TFLET objectives
- During the course of project implementation and towards its completion, an exit strategy needs to be defined, establishing the activities to be implemented after project completion, the institution(s) to implement the activities and sources of needed resources; such a strategy would help guide future ownership and management of the project.

Responsible for the report

Name : Mrs. Lasmini

Position held : Project Coordinator

Date : October 2012

Signature :

SECRETARIAT DIRECTORATE GENERAL OF FOREST PRODUCTION DEVELOPMENT
 MINISTRY OF FORESTRY, REPUBLIC INDONESIA
 In collaboration with
 CENTRE FOR FOREST EDUCATION AND TRAINING - MoF

ITTO TFL PD 010 Rev. 1 (M)
 " STRENGTHENING THE CAPACITY of RELATED STAKEHOLDERS in
 JAVA on IMPLEMENTING NEW INDONESIAN TLAS "

STATEMENT OF ACTIVITIES
 For the periods from July 1, 2010 to September 31, 2012

PROJECT FINANCIAL STATEMENT
 (in US Dollar)

No.	Component	2nd Modified Approved Amount (A)	Expenditures to-date			Available Funds (E) (A - D)
			Accrued (B)	Expended (C)	Total (D) (B + C)	
I.	Funds managed by Executing Agency					
10.	Project Personnel					
	11. Project Coordinator	\$ 67.500,00	\$ -	\$ 67.500,00	\$ 67.500,00	\$ -
	12. Secretary	\$ 13.500,00	\$ -	\$ 13.500,00	\$ 13.500,00	\$ -
	13. Administration Staff/Financial	\$ 13.500,00	\$ -	\$ 13.500,00	\$ 13.500,00	\$ -
	14. International Experts	\$ 10.000,00	\$ -	\$ 10.000,00	\$ 10.000,00	\$ -
	15. National Experts (Legal verification)	\$ 20.000,00	\$ -	\$ 20.000,00	\$ 20.000,00	\$ -
	16. Training Consultant	\$ 24.000,00	\$ -	\$ 24.000,00	\$ 24.000,00	\$ -
	17. Technical Expert (Resource Person)	\$ 7.402,00	\$ -	\$ 7.393,26	\$ 7.393,26	\$ 8,74
	18. Facilitators	\$ 12.487,00	\$ -	\$ 12.480,00	\$ 12.480,00	\$ 7,00
	19. Training assistant	\$ 1.000,00	\$ -	\$ 1.000,00	\$ 1.000,00	\$ -
	Component Total:	\$ 169.389,00	\$ -	\$ 169.373,26	\$ 169.373,26	\$ 15,74
20.	Sub-contracts					
	21. Sub-contract	\$ 7.590,00	\$ -	\$ 7.478,25	\$ 7.478,25	\$ 111,75
	29. Component Total:	\$ 7.590,00	\$ -	\$ 7.478,25	\$ 7.478,25	\$ 111,75
30.	Duty Travel					
	31. Daily Subsistence Allowance	\$ 39.345,11	\$ -	\$ 39.345,11	\$ 39.345,11	\$ -
	Daily Subsistence Allowance	\$ -	\$ -	\$ -	\$ -	\$ -
	32. Transportation	\$ -	\$ -	\$ -	\$ -	\$ -
	32.1. International Travel	\$ -	\$ -	\$ -	\$ -	\$ -
	32.2. Domestic Travel	\$ 45.224,25	\$ -	\$ 45.224,25	\$ 45.224,25	\$ -
	32.3. Local Transportation	\$ 1.595,62	\$ -	\$ 1.595,62	\$ 1.595,62	\$ -
	39. Component Total:	\$ 86.164,98	\$ -	\$ 86.164,98	\$ 86.164,98	\$ -
40.	Capital Items					
	41. Laptop	\$ 2.000,00	\$ -	\$ 754,72	\$ 754,72	\$ 1.245,28
	42. Personal computer	\$ 600,00	\$ -	\$ 1.845,28	\$ 1.845,28	\$ (1.245,28)
	49. Component Total:	\$ 2.600,00	\$ -	\$ 2.600,00	\$ 2.600,00	\$ -
50.	Consumable Items					
	51. Office Supplies	\$ 9.889,88	\$ -	\$ 9.889,88	\$ 9.889,88	\$ -
	52. Phone and communication	\$ 1.250,91	\$ -	\$ 1.250,91	\$ 1.250,91	\$ -
	59. Component Total:	\$ 11.140,79	\$ -	\$ 11.140,79	\$ 11.140,79	\$ -

No.	Component	2nd Modified Approved Amount (A)	Expenditures to-date			Available Funds (E) (A - D)
			Accrued (B)	Expended (C)	Total (D) (B + C)	
60.	Miscellaneous					
	61. Meeting	\$ 26.506,74	\$ -	\$ 26.483,67	\$ 26.483,67	\$ 23,07
	62. Workshop	\$ 12.006,34	\$ -	\$ 12.006,34	\$ 12.006,34	\$ -
	62. Training	\$ 81.949,38	\$ -	\$ 81.949,38	\$ 81.949,38	\$ -
	62. Project Preparation/Report Reproduction	\$ 4.000,00	\$ -	\$ 4.000,55	\$ 4.000,55	\$ (0,55)
	63. Reporting/Translation	\$ 2.000,00	\$ -	\$ 2.000,00	\$ 2.000,00	\$ -
	64. Final Report Reproduction	\$ 2.392,77	\$ -	\$ 2.274,48	\$ 2.274,48	\$ 118,29
	65. Circulation	\$ 300,00	\$ -	\$ 300,00	\$ 300,00	\$ -
	66. Steering Committee Meeting	\$ 2.000,00	\$ -	\$ 1.999,48	\$ 1.999,48	\$ 0,52
	67. Annual Audit	\$ 4.000,00	\$ 1.500,00	\$ 2.500,00	\$ 4.000,00	\$ -
	69. Component Total:	\$ 135.155,23	\$ 1.500,00	\$ 133.513,90	\$ 135.013,90	\$ 141,33
70.	National Management Cost	\$ -	\$ -	\$ -	\$ -	\$ -
	79. Component Total:	\$ -	\$ -	\$ -	\$ -	\$ -
	Sub-Total:	\$ 412.040,00	\$ 1.500,00	\$ 410.271,18	\$ 411.771,18	\$ 268,82
II.	Funds Retained by ITTO:		c/	b/		d/
80.	Project Monitoring and Administration :					
	81. ITTO Monitoring Evaluation Costs	\$ 12.000,00				a/
	82. ITTO Ex-post Evaluation	\$ 15.000,00				a/
	83. ITTO Programme Support Costs	\$ 35.123,00				a/
	89. Component Total	\$ 62.123,00				a/
	Sub-Total:	\$ 62.123,00				
100.	GRAND TOTAL	\$ 474.163,00				\$ 268,82

Note: Budget Components are those detailed in the Project Document.

a/ Funds retained and accounted for by ITTO - details not available with Executing Agency.

b/ Total expended consist the amounts of Total Expenditures To-Date in Project Cashflow Statements for the periods 2012, 2011 and 2010.

c/ Accrued expenditures committed/accrued as at the end of the reporting date, but not yet settled.

d/ The total amount of other expenditures (\$ 223.82) and transfer expenses (\$ 45)

PROJECT CASH FLOW STATEMENT
For the periods from July 1, 2010 to September 30, 2012

Project No : TFL PD 010/09 Rev. 1 (M)
Project Title: "Strengthening the Capacity of Related Stakeholders in
Java on Implementing New Indonesian TLAS "

Component	Reference	Date	Amount	
			in US\$	in Rupiah
A. Funds received by Executing Agency :				
1. First Installment	G0101881989801	7/7/2010	\$ 100.000,00	Rp 907.400.000,00
2. Second Installment	G0110670627301	8/3/2011	\$ 74.455,00	Rp 654.384.995,00
3. Third Installment		08/23/2011	\$ 151.610,00	Rp 1.295.355.840,00
4. Fourth Installment	InTTSusp	02/21/2012	\$ 85.930,00	Rp 781.103.700,00
Other Revenue :			\$ (223,82)	Rp (2.084.348,27)
Gain or (losses) on exchange rates :				Rp 31.908.043,92
Total Funds:			\$ 411.771,18	Rp 3.668.068.230,65
B. Expenditures by Executing Agency:				
10. Project Personnel				
11. Project Coordinator			\$ 67.500,00	Rp 606.373.970,83
12. Secretary			\$ 13.500,00	Rp 121.274.500,00
13. Administration Staff/Financial			\$ 13.500,00	Rp 121.274.500,00
14. International Experts			\$ 10.000,00	Rp 89.750.000,00
15. National Experts (Legal verification)			\$ 20.000,00	Rp 175.685.000,00
16. Training Consultant			\$ 24.000,00	Rp 212.917.621,82
17. Technical Expert (Resource Person)			\$ 7.393,26	Rp 65.564.750,00
18. Facilitators			\$ 12.480,00	Rp 110.287.000,00
19. Training assistant			\$ 1.000,00	Rp 8.620.000,00
19. Component Total:			\$ 169.373,26	Rp 1.511.747.342,65
20. Sub-contracts				
21. Sub-contract			\$ 7.478,25	Rp 70.360.000,00
29. Component Total:			\$ 7.478,25	Rp 70.360.000,00
30. Duty Travel				
31. Daily Subsistance Allowance (National)			\$ 39.345,11	Rp 349.132.097,00
Daily Subsistance Allowance (International)			\$ -	Rp -
32. Transportation			\$ -	Rp -
32.1 International Travel			\$ 45.224,25	Rp 399.816.301,00
32.2 Domestic Travel			\$ 1.595,62	Rp 14.833.000,00
32.3 Local Transportation			\$ -	Rp -
39. Component Total:			\$ 86.164,98	Rp 763.781.398,00
40. Capital Items				
41. Laptop			\$ 754,72	Rp 6.800.000,00
42. Personal computer			\$ 1.845,28	Rp 16.626.000,00
49. Component Total:			\$ 2.600,00	Rp 23.426.000,00

Component	Reference	Date	Amount	
			in US\$	in Rupiah
50. Consumable Items				
51. Office Supplies			\$ 9.889,88	Rp 89.001.328,00
52. Phone and communication			\$ 1.250,91	Rp 11.077.569,00
59. Component Total:			\$ 11.140,79	Rp 100.078.897,00
60. Miscellaneous				
61. Meeting			\$ 26.483,67	Rp 237.286.264,00
62. Workshop			\$ 12.006,34	Rp 105.470.799,00
62. Training			\$ 81.949,38	Rp 721.616.390,00
62. Project Preparation/Report Reproduction			\$ 4.000,55	Rp 36.045.000,00
63. Reporting/Translation			\$ 2.000,00	Rp 19.154.000,00
64. Final Report Reproduction			\$ 2.274,48	Rp 21.782.790,00
65. Circulation			\$ 300,00	Rp 2.873.100,00
66. Steering Committee Meeting			\$ 1.999,48	Rp 17.900.000,00
67. Annual Audit			\$ 2.500,00	Rp 22.330.000,00
69. Component Total:			\$ 133.513,90	Rp 1.184.458.343,00
Total Expenditures To-Date:			\$ 410.271,18	Rp 3.653.851.980,65
Remaining Balance of Funds (A-B):			\$ 1.500,00	Rp 14.216.250,00

- Notes :
- (1) Amounts in US dollars are converted using the average rate of exchange when funds were received by the Executing Agency.
 - (2) Total Expenditures To-Date consist the amounts of Total Expenditures in Project Cash Flow Statements for the periods 2012, 2011 and 2010.
 - (3) Total Expenditures To-Date should be the same as amount shown in Sub-Total of column (C) of the Financial Statement 2012.

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“Strengthening the Capacity of Related Stakeholders in Java on
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