

INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

THEMATIC PROGRAMME ON
FOREST LAW ENFORCEMENT GOVERNANCE AND TRADE

PROJECT DOCUMENT

TITLE:	STRENGTHENING THE CAPACITY OF RELATED STAKEHOLDERS IN JAVA ON IMPLEMENTING NEW INDONESIAN TLAS
SERIAL NUMBER:	TFL-PD 010/09 Rev.1 (M)
SUBMITTED BY:	GOVERNMENT OF INDONESIA
ORIGINAL LANGUAGE:	ENGLISH

SUMMARY:

Timber legality and verification system (*Sistim Verifikasi Legalitas Kayu - SVLK*) is developed to provide legal assurance on timber products from Indonesia in order that Indonesian timber goods will be accepted by the international market. After a long process that involving multi-stakeholders on forestry sector since 2003, eventually on 12 June 2009 the Ministry of Forestry issued a ministerial decree on sustainable forest management and timber legality verification through the Minister of Forestry decree No. P.38/Menhut-II/2009 concerning Standard and Guidelines on Assessment and Performance of Sustainable Production Forest Management and Verification of Timber Legality that applied for state and private forests. Additionally, with regard to the standard, an assessment guidelines is stipulated under decree of the Director General of Production Forest Management No. P.6/VI-Set/2009.

For the next step, the capacity of relevant stakeholders and organization still need to be improved to implement the regulation effectively, especially for the community forest owned. In light of the importance in tackling the issues, the project will support the **implementation of the new Indonesian TLAS for timber resource from community forest and community plantation forest in Java**. As the top priority, the proposed project will focus on improving capacity for relevant stakeholders that will be achieved through dissemination of information on the new standard of TLAS for community and relevant stakeholders, development series of training and strengthening of the institution. This idea under the ITTO Thematic Programmes on Forest Law Enforcement and Forest Degradation and Enhancing Environment (TFLET).

The expected outputs of the project are: 1) Dissemination of information on the new standard of TLAS for community and relevant stakeholders conducted through workshop, focus discussion and seminar; 2) Institution for independent monitoring implementaion of TLAS for timber resource from community forest and community plantation forest is assessed; 3) Series training to introduce and implement the standard on assessment of performance of sustainable production forest management and verification of timber legality from community forest resource for *license holder of community forest (HR)* and community plantation forest (HTR) as well as local government officers and the small/medium wood processing industries.

Upon completion of the project, the capacities relevant parties/stakeholder in implementing TLAS had been improved. Trade volume of legal timber from sustainable community forest and community plantation forest will improve as well.

A long term effect of the project intervention is expected that local economy of forest dependent Communities in java increased and Illegal logging and illegal timber in Indonesia reduced.

EXECUTING AGENCY: SECRETARIAT DIRECTORATE GENERAL OF FOREST PRODUCTION

COLLABORATING AGENCY: CENTRE FOR FORESTRY EDUCATIONI AND TRAINING, MINISTRY OF FORESTRY (MoF)

DURATION: 24 MONTHS

BUDGET AND PROPOSED SOURCES OF FINANCE:	Source	Contribution in US\$	Local Currency Equivalent
	ITTO	474,163.00	
	Govt. of Indonesia	81,000.00	
	TOTAL	555,163.00	

Table of Contents

LIST OF ABBREVIATIONS AND ACRONYMS

PART I PROJECT CONTEXT

- 1.1. Origin
- 1.2. Relevance
 - 1.2.1. Conformity with ITTO's objectives and priorities
 - 1.2.2. Relevance to the submitting country's policies
- 1.3. Target Area
- 1.4. Outcomes at project completion

PART II PROJECT RATIONALE AND OBJECTIVES

- 2.1. Rationale
 - 2.1.1. Institutional set-up and organizational issues
 - 2.1.2. Stakeholder analysis
 - 2.1.3. Problem analysis
 - 2.1.4. Logical framework matrix.
- 2.2. Objectives
 - 2.2.1. Development objective and impact indicators
 - 2.2.2. Specific objective and outcome indicators

PART III DESCRIPTION OF PROJECT INTERVENTIONS

- 3.1. Outputs and Activities
 - 3.1.1. Outputs
 - 3.1.2. Activities
- 3.2. Implementation approach and methods
- 3.3. Work plan
- 3.4. Budget
 - 3.4.1. Master budget schedule
 - 3.4.2. Consolidated budget by component
 - 3.4.3. ITTO budget by component
 - 3.4.4. Executing Agency budget by component.
- 3.5. Assumptions, risks, sustainability
 - 3.5.1. Assumptions and risks
 - 3.5.2. Sustainability

PART IV IMPLEMENTATION ARRANGEMENTS

- 4.1. Organizational structure and stakeholder involvement mechanisms
 - 4.1.1. Executing agency and partners
 - 4.1.2. Project management team
 - 4.1.3. Project steering committee
 - 4.1.4. Stakeholder involvement mechanism
- 4.2. Reporting, review, monitoring and evaluation
- 4.3. Dissemination and mainstreaming of project learning
 - 4.3.1. Dissemination of project results
 - 4.3.2. Mainstreaming project learning

ANNEXES:

- Annex 1 PROFILE OF THE EXECUTING AGENCY
- Annex 2 TERMS OF REFERENCE OF PERSONNEL AND CONSULTANTS FUNDED BY ITTO
- Annex 3 RECOMMENDATIONS OF ITTO'S EXPERT PANEL AND RESULTING MODIFICATIONS

PROJECT BRIEF

Lack of forest law enforcement, governance and trade generating illegal logging in Indonesia that consequently affecting Indonesian forest product share in the international market. With regard to the improvement of forest law enforcement, governance and trade, the Government of Indonesia has undertaken a lot of efforts and initiatives concerning to good forest governance through the issuance of regulation to provide legal assurance and guidelines for all stakeholders that have business or activities on forestry sector.

Therefore, since 2003 the Government initiated to collaboratively work with multi-stakeholders in developing timber legality standard. The Indonesian timber legality standard was developed to answer "attack" from various parties, particularly international forest community toward concerns on legality of timber and timber products from Indonesia. Doubtfulness on timber legality has affected to marketing and price of Indonesian timber and timber products that eventually creating uncertainty to the product sustainability. Timber verification legality system/TVLS (*Sistim Verifikasi Legalitas Kayu - SVLK*) is developed to provide legal assurance on timber products from Indonesia in order that Indonesian timber goods will be accepted by the international market.

After a long process that involving multi-stakeholders on forestry sector, eventually on 12 June 2009 the Ministry of Forestry issued a ministerial decree on sustainable forest management and timber legality through the Minister of Forestry decree No. P.38/Menhut-II/2009 concerning Standard and Guidelines on Assessment and Performance of Sustainable Production Forest Management and Verification of Timber Legality that applied for state and private forests. Additionally, with regard to the standard, an assessment guidelines is stipulated under decree of the Director General of Production Forest Management No. P.6/VI-Set/2009.

The next step, the capacity of relevant stakeholder and organization still need to be improved to implement the regulation and system effectively; **Those who are involved in the implementation of TVLS shall have adequate human and other resources and necessary technical skills to fulfill their responsibilities.** Epecially for the community forest owner and small/medium wood processing industries as well as for local government, **they are need further information and technical consultations on the accreditation and verification process**. In light of the importance in tackling the issues, the project will support the **implementation of the new Indonesian TLAS (Timber Legality and Assurance System) for timber resource from community forest and community plantation forest in Java**. As the top priority, the proposed project will focus on improving capacity of these stakeholders.

The project beneficiaries are wide range of stakeholders, from forest managers, local communities, academicians, verification and certification consultants, as well as local and national governments. Proposed pilot area on community based forest plantation is located in Java.

The expected outputs of the project are: 1) Dissemination of information on the new standard of TLAS for community and relevant stakeholders conducted through workshop, focus discussion and seminar ; 2) Institution for independent monitoring implementaion of TLAS for timber resource from community forest and community plantation forest is assessed; 3) Series training to introduce and implement the standard on assessment of performance of sustainable production forest management and verification of timber legality from community forest resource for *license holder of community forest* (HTR) and community plantation forest (HTI) as well as local government officers

The strategy to be implemented to achieve the planned output are through conducting several discussion, group meeting and workshops to inform the new standard of TLAS for community and relevant stakeholders (including small/medium size forest industries, local government, customs officer, and the local independent assessment body); development series of training based on participant's need; and strengthening of the institution which will be proposed as an independent monitoring institution. Those activities above are need a serious participation of all relevant stakeholders. This idea under the ITTO Thematic Programmes on Forest Law Enforcement and Forest Degradation and Enhancing Environment (FLEGT).

The project result could be seen from the outcome among others:

1. Enhanced capacity of small and medium sized forest enterprises in harvesting, processing and handling timber from legal and sustainably managed sources. The Ministry of Forestry regulation no. P.38/Menhut-II/2009 concerning Standards and Guidelines on Assessment of Performance of SFM and Verification of Timber Legality for License holder or in private forests will be implemented effectively. By the end of project, production and trade volume of tropical timber from legal sources by community and Small/medium forest industries increased and recognized as well accepted in key export markets.

2. Enhanced capacity of forest dependent and local communities to sustainably managed their forests in order to alleviate poverty. The number of community forests and small/medium forest industries operating in the legal/formal forestry sector increased. Employment opportunities developed and improved, and local economy of forest communities increased.
3. Independent Institutions for monitoring the implementation of new Indonesian regulation on Timber Legality verification will be proposed. The independent monitoring institution should be developed in order to provide assurance to all interested parties that the system is working as planned and maintain its credibility.

For its sustainability, capacity building activities undertaken to all involved stakeholders such in communities and the partnerships of small/medium forest enterprises. The effective networking among all relevant stakeholders will be maintained.

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

1. Local government does not support the policies since the national government do not consistent with their regulation.
2. Recognition of the legal timber and forest products from community forest or small/medium forest enterprises still low.
3. The qualified trainers are not available on time.
4. Not all stakeholders participate actively in the trainings
5. The new Indonesian Timber Legality verification system is not recognized by market as tools for verification of timber produced.

Those risks will be mitigated through the strategy implemented in the project as explained.

The proposed project indicated a total number of US \$ 555,163 will be needed. A significant amount of fund US \$ 474,163 (85 %) is expected come from main donor (ITTO). Counter budget will be needed to run the Executing Agency (Dit.Gen Forest Production Development) totally US \$ 81,000

LIST OF ABBREVIATIONS AND ACRONYMS

CBPF	: Community Based Plantation Forest
FLEGT	: Thematic Programmes on Forest Law Enforcement and Forest Degradation and Enhancing Environment
IUPHHK-HT	: The holder of Forest Product Utilization License in Plantation Forest
IUPHHK-HTR	: The holder of Forest Product Utilization License in Community Plantation Forest
IUPHHK-HKm	: The holder of Timber Product Utilization License in Community Forest
ITTA	: The International Tropical Timber Agreement
LP&VI	: Independent Assessment and Verification Agency
LEI	: The Indonesian Ecolabelling Institute
MoF	: Ministry of Forestry
Permenhut	: Ministerial Forestry Decree
NAC	: the National Accreditation Committee
IPB	: Bogor Agricultural University
UGM	: Gadjah Mada University
UNFF	: United Nation on Forest Forum
SK	: Decree
TLAS	: Timber Legality and Assurance System
TLVS	: Timber Legality Verification Standard

PART I PROJECT CONTEXT

1.1 Origin

Lack of forest law enforcement, governance and trade generating illegal logging in Indonesia that consequently affecting Indonesian forest product trade in the international market. Forest operations conducted against the law under-value the resource, result in the degradation of the resource, and lead to sub-optimal socioeconomic benefits for local people, unfair competition for legitimate operators, and sub-optimal tax revenues for the state as well as loss of environmental services. With regard to the improvement of forest law enforcement, governance and trade, the Government of Indonesia has undertaken a lot of efforts and initiatives concerning to good forest governance through the issuance of regulation to provide legal assurance and guidelines for all stakeholders that have business or activities on forestry sector. Therefore, timber administration will be undertaken in organized and efficient manners with the intention that forest sustainability, government revenue and optimum forest product utilization can be achieved.

Since 2003 the Government initiated to collaboratively work with multi-stakeholders in developing timber legality verification standard (TLVS). The Indonesian timber legality standard was developed to answer "attack" from various parties, particularly international forest community toward concerns on legality of timber and timber products from Indonesia. Doubtfulness on timber legality has affected to marketing and price of Indonesian timber and timber products that eventually creating uncertainty to the product sustainability.

Standard Verification of Wood Legality (SVWL) is developed through the following principles: (1) security of area and utilization right principle and (2) fulfil the system and procedure of legal logging, (3) fulfilment of environment and social aspect related to feeling.

After a long process that involving multi-stakeholders on forestry sector, eventually on 12 June 2009 the Ministry of Forestry issued a ministerial decree on sustainable forest management and timber legality through the Minister of Forestry decree No. P.38/Menhut-II/2009 concerning Standard and Guidelines on Performance Assessment of Sustainable Production Forest Management and Verification of Timber Legality that applied for state and private forests. Additionally, with regard to the standard, an assessment guidelines is stipulated under decree of the Director General of Forest Production Forest Development No. P.6/VI-Set/2009. Through the new regulation, verification will be undertaken by independent bodies/third party. The regulation is applied for all concession holders (natural forest, plantation, people forest-HR and community plantation forest-HTR), industries (upstream and downstream) and private forest.

It is expected that the implementation of the new regulations would be able to improve credibility of Indonesian timber and timber products, and at the same time would also improve the price, therefore, Indonesian forestry companies could manage their concessions sustainably. However to facilitate an effective implementation of the regulation, it is necessary to improve the capacity of particularly community and the small/medium main wood industries whose directly process the timber from community. Additionally, with the intention of developing institutional aspect of the TLVS, supports from forestry stakeholders are still required.

In light of the importance in tackling the issues, the project will support the **implementation of the new Indonesian TLAS for timber resource from community forest and community plantation forest in Java**. As the top priority, the proposed project will focus on improving capacity of these groups and the other relevant stakeholders that will be achieved through dissemination of information on the new standard of TLAS to the community and relevant stakeholders, and conducting development series of training and strengthening of the monitoring institution. This idea is proposed to be financed under the ITTO Thematic Programmes on Forest Law Enforcement and Forest Degradation and Enhancing Environment (FLEGT).

1.2 Relevance

1.2.1 Conformity with ITTO's objectives and priorities

(1) Compliance with ITTA 2006

The improving capacity of relevant stakeholders in implementing new Indonesian TLAS for timber resource from community forest (HR) and community plantation forest (HTR) in Indonesia is fully conform with the objectives of the International Tropical Timber Agreement (ITTA) 2006, on article 1 in specifically on paragraph:

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

(2) Compliance with ITTO Action Plan 2008-2011

The proposed project complies with various aspects as raised in the ITTO Action Plan 2008-2011 particularly in the commission of Economic Information and Market Intelligence:

GOAL 1: Improve transparency of the international timber market

And action:

1. Undertake an Annual Review and Assessment of the World Timber Situation.
2. Promote the collection and dissemination of accurate and timely trade and economic data relevant to the global timber market, in cooperation with international organizations and other sources, with a view also to reducing duplication where possible.
3. Where feasible and in cooperation with relevant organizations, fill key data gaps through regular assessments and special studies, including the collection and analysis of information on forest law enforcement, sustainable timber harvesting, illegal trade, secondary products, substitution, plantation timber, and certified products.
4. Compile and disseminate information on the marketing prospects of lesser-used timber species, non-timber forest products and environmental services and the development of markets for them.

GOAL 2: Promote tropical timber from sustainably managed sources

Actions as follows:

1. Support the effective enforcement of forest laws and regulations and the development and application of good forest sector governance, and facilitate the exchange of experiences among members.
2. Promote public awareness of progress made in implementing sustainable forest management and in the increased availability of tropical timber from sustainably managed sources
3. Provide a forum for discussion on non-discriminatory trade, subsidies for competing products, shortcomings in enforcement of forest law and regulation, and other factors that may affect the marketability and access of tropical timber products.
4. Assist members, as appropriate, to build capacity to engage in voluntary certification to enhance the market acceptance of tropical timber and tropical timber products.
5. Regularly analyse the market and product requirements and specifications that have to be met in order to develop exports of added-value products.

(3). Compliance with Thematic Programme on Forest Law Enforcement, Governance and Trade (TFLET)

The proposed project coherent with the general objective of the Thematic Programme which is to improve national forest law enforcement and governance in tropical ITTO member countries in order to:

- Enhance and diversify international trade in tropical timber from sustainably forests, and
- Help alleviate poverty in those countries.

And consistent with the specific objective of the programme:

1. To 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.

2. To improve transparency and effective management of supply chains and increased domestic and international trade in legally produced tropical timber.
3. To 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.
4. Improve international cooperation in forest law enforcement and governance among ITTO member countries and other related international initiatives.

The proposal is also consistent with the program objectives such as:

A. Strengthening forest law compliance and governance.

1) Improve policy and legal frameworks and strengthen institutions targeted at improved law compliance and poverty reduction through one or more of the following actions

- e. Implement measures to build capacity among enforcement organizations through training;
- f. Undertake other relevant activities to strengthen policy and institutional frameworks and support to capacity building for monitoring, verification and certification.

3) Enhance capacity of the civil society, the private sector organizations and other actors to contribute to forest law compliance through the following actions:

- a) Support capacity building and other efforts by the civil society and the private sector to detect and monitor illegal logging activities and other illicit activities in areas known to be critically affected by such activities;
- b) Support private sector organizations to develop and implement codes of conduct for legal compliance and SFM.

4) Strengthen educational institutions and other relevant bodies to:

- a) Develop and implement specific training courses and programmes on forest law compliance and governance, including training of trainers and training of forest-dependent communities and SMEs;
- b) Elaborate and disseminate relevant training materials

B. Support to production and marketing of legally produced tropical timber and effective supply chain Management

5) Support effort to increase awareness of illegal logging in domestic markets in Support development of cost-effective timber tracking system and methods to demonstrate the legality of timber and timber products, including system suitable for forest dependent communities and SMEs

6) Support efforts to increase awareness of illegal logging in domestic markets in tropical timber producing countries and to promote export and domestic demand for legally produced tropical timber and timber products.

C. Support capacity building of poor forest dependent communities and small and medium sized enterprises to produce and trade timber from legal and sustainable source through a variety of activities.

7) Support capacity building of poor forest-dependent communities and small/ medium sized enterprises to produce and trade timber from legal and sustainable sources through the project activities such as:

- a) Training and organizational development.
- b) Testing the criteria and indicator of legal verification

1.2.2 Relevance to the submitting country's policies

Indonesia has taken a long journey to ensure the legality of its timber and timber products. The efforts of Indonesia to combat illegal logging have linked with some initiatives, such as EU FLEGT VPA, US Lacey Act, CITES. The EU FLEGT VPA initiative brings both producing and consuming countries to share responsibility in combating illegal logging in each ends. VPA allow both consumers and producers of timber to address the illegal logging through a voluntary negotiation, yet binding in its effects. In this initiative producing country like Indonesia negotiates ways to address illegal logging through implementation of timber legality assurance system (TLAS) with EU as consuming countries. The TLAS scheme proposed in the VPA very much matches the Indonesian's Timber Legality Verification System (SVLK) developed under the initiative of the action plan to combat illegal logging in 2002.

Furthermore, US has recently amended the Lacey Act aimed at combating illegal logging and expanding anti trafficking protection to a broader set of plant and plants product, including timber. The Act has made it unlawful to import, export, transport, sell, receive, acquire, or purchase in interstate of foreign commerce any plants or products that were harvested or taken in violation of a domestic or foreign law.

The above initiatives will provide a robust incentive for tropical timber producers (such as Indonesia) and exporters to stamp out illegal practices in forest management and timber trade and encourage them to make rapid progress towards the demonstration of legal compliance.

The formulation of this proposal has been conformed with the National policy and regulation in Indonesia which are related to sustainable forest management and verification & legality are:

- 1) Law Number 5/1990 concerning the Conservation of Biological Natural Resources and the Ecosystem (the Republic of Indonesia's Government Official Gazette of 1990 Number 49; Annex to the Republic of Indonesia's Government Official Gazette Number 3419;
- 2) Government Regulation Number 6/2007 concerning Forest System and Forest Management Planning, and Forest Utilization (the Republic of Indonesia's Government Official Gazette of 2007 Number 22, Annex to the Republic of Indonesia's Government Official Gazette Number 4696) as amended.
- 3) with Government Regulation Number 3/2008 (the Republic of Indonesia's Official Gazette of 2008 Number 16, Annex to the Republic of Indonesia's Government Official Gazette Number 4814);
- 4) Minister's Regulation Number P.55/Menhut-II/2006 concerning Administration of Forest Product Originating in State-Owner Forest as amended several times, the last being with Number P.8/Menhut-II/2009;
- 5) Forestry Minister's Regulation Number P.51/Menhut-II/2006 Use of Origin Certificates (SKAU) for Transportation of Timber Forest Products Originating in Right Forest/Private-owned forest, as amended several times, the last being with Number P.33/Menhut-II/2007;
- 6) Regulation of Trade Minister Number 20/M-DAG/PER/5/2008 concerning Provisions for Forestry Industrial Product Export. Article 16
- 7) SFM Assessment whose funding has been available in the 2009 fiscal year, shall be implemented by virtue of Forestry Minister's Decree Number 4795/Kpts-II/2002 concerning Criteria and Indicators for Management of Sustainable Production Natural Forest in the Management Unit and Forestry Minister's Decree Number 208/Kpts-II/2003 concerning Procedure for Assessment of Timber Forest Product Utilization Performance in Natural Forest in the Management Unit for Sustainable Forest Management;
- 8) Director General of forestry production development regulation Number: P.6/VI-Set/2009 concerning Standards and Guidelines on assessment of performance in sustainable production forest management and timber legality verification.
- 9) Decree of the Secretariat General Ministry of Forestry No. SK 99/II-KUM/2008, has established a working group to stimulate finalization of timber legality standards processes and capacity building. This working group is created for supporting governance of forestry sector and negotiation RI and European Union on FLEGT –VPA.

- 10) The Working group of Timber Legality Standard is chaired by Director of Forest revenues and forest products circulation to accelerate finalization process of wood legality standard formulation. The standard itself will also applicable for other countries those are acting as wood consumers and wood products originated from Indonesia.
- 11) The working group of capacity building is chaired by the Head of Education Centre and Training of Ministry of Forestry that they will arrange plan and capacity building needs that are required in promoting timber legality standard implementation in accordance with the FLEGT-VPA negotiation process. There are 3 phases regarding FLEGT-VPA negotiation are as follow: on going negotiation, agreement signature and fully application of negotiation results.
- 12) Ministry of Forestry regulation No. .38/Menhut-II/2009 on Standard and Guidelines of performance evaluation on Forest Production management and Timber Legality Standard for those license holders or rights forests. In the standard and evaluation guideline was defined through a regulation of the Director General of Forestry Production Development no P.6/VI-SET/2009 on June 15, 2009.

1.3 Target Area

1.3.1 Geographic location

The project activities in improving capacities will be conducted for target group communities, mainly license holder of forest plantation and relevant parties as well as the small/medium wood processing industries in Java Region (West, Central and East Java).

Java is selected since in Java island area for community forest have expanded positively. The community forest area has reached 4,670 ha. They have a promising potency which could produce 39,42 million m3 from area of 1,57 million ha. As public awareness of illegal logging issues has grown, so the community forest owners need to seek assurances of legality of origin and compliance with national norms defining legality for the timber they produced.

Growing awareness of these issues, has also resulted in an increase in interest among manufactures especially the small/medium size processing industries located in Java regarding their supply chains and an interest in reducing the risk potential associated with conducting trade in illegally sourced materials.

Since the Ministry of Forestry has developed a mechanism for verifying the legality of forest products, this project will disseminate and inform the new formulated Timber Legality Verification System to the stakeholders in Java Island. Pilot area in West Java located in Ciamis District, Surabaya East Java and Semarang Central Java. To ensure the effectiveness of project implementation, administrative operation will be maintained in Jakarta.

1.3.2 Social, cultural, economic and environmental aspects

Social Cultural Aspect

The project will be conducted in pilot area which located in West, Central and East Java. Mostly of the forest area belonged to local community with secure tenure right and clear tree ownership. The improving capacities in implementing **TLAS for timber resource from community forest and community plantation forest** will involve local communities (in and around forest areas). Legally proved timber products from communities plantation will not be difficult to enter the market. It will bring the economic value of trees to the people directly, and will improve the conditions of poorest communities usually living surround the forest area. They will get mix of social, cultural, economic, and environmental benefits. This community forest will also provide green products from sustainably managed forests, local generating income from legal timber product will encourages them to plant more trees in various land type in Java. This condition will prevent the communities encroach the forest area.

This project will provide benefit from a social point of view to ensure the wood industries sustainably Awareness and skills of communities will improve, and then they have other beneficial activities (Community base forest management) to reduce local dependency to forest resource (they will not interested anymore involved in illegal activities) to support their families with sufficient income . It is recognized as mentioned above that the recent rampage of illegal logging has not only caused rapid changes of the economic structure of the community but has also resulted in the change of their environment, social and religious norms have been put aside and ignored. This project will seek a best approach to support and return their traditional wisdom values in utilizing the forest.

Economic Aspect

This project will be of benefit to the economy by helping to ensure further industrial development legally and to improve of legal market for trade forest products from community forest and community plantation forest which contribute a large share of revenue to national and regional economy

Environmental Aspect

Illegal logging is the cause of widespread environmental damage and presents a grave threat to biodiversity. The threat to ecosystems and biodiversity is enormous with very little long-term advantages for anyone other than those who are responsible for the plunder and smuggling of timber from the country. Illegal logging caused the destruction threats to the property and value of population of endangered species or other biological resources in major ecosystem. By introducing an effective mechanism for verifying the legality of forest products, the proposed project make a strong contribution to the achievement of SFM in communities forest area. This will contribute to the environment by highlighting the wood industries demand from the sustained yield of forest resources. Upon completion of the project the sustainable conservation of living resources and ecosystem will be developed and improved.

1.4 Expected Outcomes at project completion.

It is expected that upon completion of the project, the capacities relevant parties/stakeholder in implementing TLAS had been improved and developed. Trade volume of legal timber from sustainable community forest and community plantation forest will increase as well. The community will be inspired to plant their unproductive land with the commercial plantations since they have been aware that they forest could produce proven legal timber and will have open export opportunities for their processing wood products This outcome will promote the local economy of forest dependent communities.

By the end of project, the Ministry of Forestry regulation No. P .38/Menhut-II/2009 on Standard and Guidelines of performance evaluation on Forest Production management and Timber Legality Standard for those license holders or rights forests will be implemented effectively and disseminated amongst major forest stakeholders since the effective networking established. Appropriate independent institution will be established for monitoring of the implementation this regulation in the field.

A long term effect of the project intervention is expected that national economy from forestry sector increased and Illegal logging and illegal timber in Indonesia reduced.

PART II PROJECT RATIONALE AND OBJECTIVES

2.1.1. Institutional set-up and organizational Issues.

International Market especially in European market, must be based on a Legality Assurance System (LAS) which provides a reliable means to distinguish between legal and illegally produced forest products. The system consist of five elements: (1) a definition of legal timber; (2) verification of compliance with the definition; (3) verification of supply chain controls from harvesting to export to ensure that no timber of unknown or illegal origin is included in exported shipments; (4) issuance of licences; and (5) independent monitoring to ensure the LAS is working as intended.

In most cases, the verification of legal compliance and supply chain control elements will be operated by Partner country government agencies, or qualified private sector verification organizations (e.g. providers of inspection services) acting on a Partner country government's behalf. However, it is also possible that the LAS may provide for one or both of these elements to be operated by Verification bodies contracted by market participants- i.e. any entity operating timber production in a Partner country's jurisdiction. The latter are called market participant-based legality assurance controls. They may operate throughout the supply chain from timber harvesting, through transport and manufacturing to export.

The above information are new, and it will be disseminated during the training or the workshop to all stakeholders who will be directly involved in the process of timber legality assessment.

Concerning to the above matters, relevant institutions will be invited both in the training and in the workshop or in the focus group discussion. Such institutions which will be involved among others: Centre for Forest Education and Training, who dealing with the curriculum and syllabus or training material. The other partner is National Accreditation Committee, who will accredited the Independent assessment body; and the Independent assessment body itself will be invited to give the general sense of evaluation and assessment for timber verification.

2.1.2. Stakeholder analysis

In June 2009 Ministry of forestry issued Ministerial Decree (Permenhut) No. 38/Menhut-II/2009 outlining the arrangement for the institution that deal with standard of SFM and verification system for timber legality. Additionally, with regard to the standard, an assessment guidelines is stipulated under decree of the Director General of Forest Production Development No. P.6/VI-Set/2009.

The Objective of Legality Standard Formulation is to give a clear picture on how timber products are controlled, including its data recording and documentation. The Formulation of the Indonesian TLAS was a multi-stakeholder process which involve a wide range of stakeholders, such as local communities, forest managers, private sectors, academicians, local NGO as well as local and national governments.

P.38/Menhut-II/2009 stipulating institutional and operational framework for assessment of performance and verification of timber legality, and independent monitoring. Meanwhile P.6/VI-Set/2009 stipulating standards and guidelines for verification of timber legality performance in sustainability production forest management. In line with P.6/VI-Set/2009, the legality verification of timber is applied to operations in state-owned and privately-owned forests and at industrial processing facilities covering all round logs and processed timber products for domestic and export markets. Separate performance standards and guidelines are developed for the following license and forest ownership types:

- **Forest concession rights within production forest zones on state-owned lands.**
- **Community plantation forests and community forests within production forest zones on state-owned lands.**
- **Timber utilization rights within non-forest zones on state-owned lands**
- **Privately-owned forests**
- **Upstream and downstream industry.**

To inform the new standard related to above mater in general, series of national workshops have been done and continued by intensive meeting and discussion attended by all relevant stakeholders. In fact, however, all of involved stakeholders still need technical skill and financial assistance to improve their capacity in implementing this regulation effectively.

To address the above needs, on July 2009, intensive meeting has been held mainly to elaborate a clear and comprehensive problem analysis based on the key issue above for developing this proposal. Relevant stakeholder has shared in problem tackled through the project intervention in implementing new Indonesian TLAS for timber resources. **Based on the discussions, it appears that communities are the most group which** lack of access to have the information on the TLAS implementation, so the proposal is focussing to empower community forest and community plantation forest in Java Indonesia. This is an important step and show the designed project will be accepted and supported by all parties. The stakeholder analysis table below, present the perception as well as interest and opinion for project implementation and also for sustainability of the intervention upon completion of the project.

Stakeholder Group	Characteristics	Problems, needs, interests	Potentials	Involvement in the project
Primary Stakeholders				
Community farmers/forest owner/manager	Forest dependent Within & around the forest Community owned the land planted with forest tree species	<ul style="list-style-type: none"> • Livelihoods • Lack of knowledge and understanding about new TLAS for timber legality verification. • Lack of financial capacity 	<ul style="list-style-type: none"> • They are close to the resource/ access • They are organized • They have traditional knowledge • Interested to expand their market access 	<ul style="list-style-type: none"> • Primary project beneficiaries • Local communities will get necessary information and improve capacity as well as adequate economic incentives to manage forest sustainably
Small/medium sized forest enterprises/ forest industries.	Limited capacity and financial support	Need technical support to develop auditing systems of legal compliance	<ul style="list-style-type: none"> • Producers of processing forest products 	<ul style="list-style-type: none"> • Primary project beneficiaries. • Will use the new TLAS to improve control and verification of their supply chains.
Land owner	Not active and less of communications with business practitioners.	Lack of knowledge, lack of capacity	<ul style="list-style-type: none"> • Provide the land for the plantation activities. 	<ul style="list-style-type: none"> • Project partner • Involved in some activities related to improving capacities such as training and workshop/ dissemination process on TLAS

Secondary Stakeholders				
-------------------------------	--	--	--	--

Local Government	<ul style="list-style-type: none"> - Locally based - They have resources - They also have low enforcement power problem 	Limited coordination Lack of capacity	<ul style="list-style-type: none"> - Have authority In district/ provincial level - Can mobilized people in the community - They have network in provincial and district level 	<ul style="list-style-type: none"> • Involved in project activities mainly in facilitating dialogue and discussion in provincial and district level , • Working together with Executing Agency in providing field data and information related to new TLAS from community forest
------------------	--	--	---	--

National Government (Directorate General of Forest Production Development and Center for Forestry Education and Training)	Managing natural and plantation forests Responsible for Forestry Education and Training	High pressure on natural forest . Should promoting plantation forest Should promoting community forests and community plantation forests. Should improve the capacity building of forestry communities	Having resources Having network Having experience in preparing curriculum and conducting the training activities.	<ul style="list-style-type: none"> • Project implementing agency • Policy makers will create proper policy and strategy in order to support implementing new TLAS mainly in capacity building process • Provide manual for training activities with target group are: communities, small/medium forest enterprises, local independent monitoring body, local government
Independent assessment body	Experienced in conducting assessment of forest operations performance, experienced in using the standard, criteria and indicator for assessment.	Needs capacity building to enhance capacity for participating in policy and legal reforms, monitoring of legal compliance.	Having enough experts and staffs whose experienced is monitoring and assessing the legal compliance, FMU performance,	<ul style="list-style-type: none"> • Project implementation partner • Involving in dissemination activities • As trainers and facilitator in project activities
National Accreditation Committee	Experienced in conducting accreditation to all institution.	Implementing accreditation procedures to the assessment body	Provide procedures for accreditation of the assessment body.	<ul style="list-style-type: none"> • Participate in dialogues and focus discussion cause as key actor in giving accreditation to the independent assessment/ verification body.
Tertiary Stakeholders				
NGO's	Actively involved in monitoring activities	Lack of technical knowledge	Experienced working with communities	<ul style="list-style-type: none"> • Project implementation partner/sub contract • As facilitator/ in improving awareness activities on new TLAS mainly for communities as a target group

2.1.3. Problem Analysis

Lack of forest law enforcement, governance and trade generating illegal logging in Indonesia that consequently affecting Indonesian forest products trade in the international market. Illegal forest activities contribute to the degradation of forests and undermine the contribution of the forest sector to poverty alleviation, social and economic development. In international market, 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 access the export market is limited.

This is particularly in the case of community forests and small/medium community timber processing industries which are often not well equipped to comply with extensive documentary procedures and may therefore operate outside the law.

With regard to the improvement of forest law enforcement, governance and trade, the Ministry of Forestry of Indonesia has undertaken a lot of efforts and initiatives concerning to good forest governance through the issuance of regulation to provide legal assurance and guidelines for all stakeholders that have business or activities on forestry sector. Therefore, timber administration will be undertaken in organized and efficient manners.

The new Indonesian standard on sustainable forest management and timber legality verification has been formulated through the Minister of Forestry decree No. P.38/Menhut-II/2009 concerning Standard and Guidelines on Assessment and Performance of Sustainable Production Forest Management and Verification of Timber Legality that applied for state and private forests. Additionally, with regard to the standard, an assessment guidelines is stipulated under decree of the Director General of Forest Production Development No. P.6/VI-Set/2009. The Timber Legality Verification Standard (TLVS) is formulated based on consideration to promote the SFM and the implementation of forest governance, suppression of illegal logging and its associated trade.

As a new national program which directly influencing the share of Indonesian timber products in international market, the TLVS need serious preparation before implemented. The Indonesian TLVS have specific Standard and unique character that is not as easy to be understood by general public who are not familiar with forest operations. It has been acknowledged that the stakeholders (government institutions, private sector actors such as forest companies and verification agencies; and civil societies) involved in the implementation of TLVS shall have adequate human and other resources and necessary technical skills to fulfill their responsibilities.

For the enabling condition, the TLVS and its standard should be introduced to the wide scope of stakeholders through dissemination process. If the dissemination is not prepared carefully, it will be in-effective, wasting money and cannot achieve the target.

This proposal is focussed to support forest community owner, community plantation forests and small/medium size community forest industries **in Java. There are some reasons to support the community's capacity. The First reason, community forest area mainly concentrated in Java, have a promising potency which is could produce 39, 42 million cum from area of 1,57 million ha. The timber produced could give an alternative source of intake for the small/medium processing industries. Unfortunately, the market structure for this local processing timber is still domestic and limited since they have a constraint such as the lack of capability among forest communities and forest owners to control resources, prove the legal status, and implement SFM.**

Achieving verified legal compliance and sustainability of forest operations within a short time period is a huge challenge for many local community forest owners everywhere, and its apparent that they require significant support to meet the mounting and diverse market requirements in order to maintain their market shares.

The other reason is, In fact, community forest owners and small/medium sized community forest enterprises, are still and often selling their products through intermediaries, who do not care with the SFM and supply chain control. They are poorly equipped to benefit from market opportunities for tropical timber and further processing timber products, and to demonstrate legal compliance and sustainability of their operations in order to meet the respective market requirements. This problem then more elaborated, and after consultation process to determine the opinions and obtain input from representatives of the various stakeholders during the formulation of this project proposals, it is concluded that there is one key problem that affected the market access for their products. This problem is relating to the new established Minister of forestry regulation which is **Lack of capability in implementing new Indonesian TLAS for timber resource from community forest and community plantation forest** to prove legal compliance for the timber produced.

There are three main causes of the key problem was initially defined as (1) Inadequate dissemination of information on the new standard of TLAS for community and relevant stakeholders and (2) Institution for monitoring implementaion of TLAS for timber resource from community forest and community plantation **forest is not established** and (3) Lack of training in implementing the new Indonesia standard TLAS for *license holder of community forest (HTR) and community plantation forest (HTI)* as well as local government officers.

The explanation of those causes are as follows:

Lack of data and information concerning the involved stakeholders and key interest groups. The types of forest ownership have been mentioned in the new regulation which are : forest concessionaires, community plantation forests owners, community forests owners, timber utilization industries, privately forest owners and small/medium size processing industries. However, it is not clear yet about the data of total amount for each group of stakeholders and their area distributions. Especially info of community and private-owned forests.

Forest concession right holders or timber industry license shall comply with all criteria and indicators of the performance standard applicable to company's operation. Meanwhile, all state-owned forests managed by community and privately-owned forests, should comply with only several criteria and indicators mainly legality elements.

Institutional coordination is still lacking since they have not equipped yet with the systematic checking of timber flow and no agenda and framework for stakeholders consultations.

Checking compliance with and enforcing a definition of legally-produced timber requires clear definition, operationally workable and objectively verifiable. It must be easily understood by staff of both forest operators and enforcement agencies. In these cases, several rounds of stakeholder consultation and group discussions may be needed as well as field-testing application of the definition (of legality standard). Lack dissemination of this information will effect failure to comply the regulation.

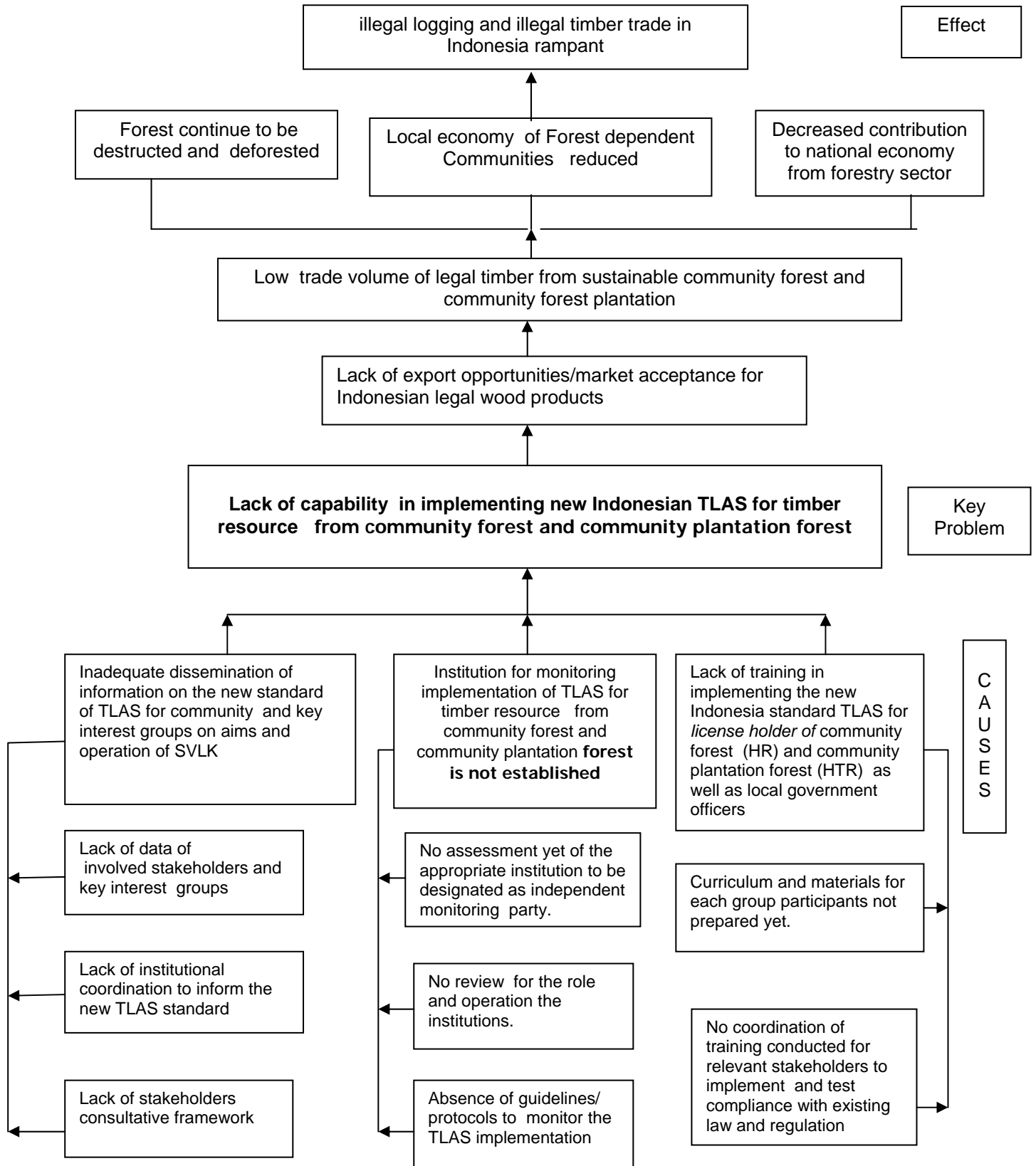
To apply the definition in practice may require significant training of operational and enforcement staff in the forest sector. Curriculum and materials (criteria and indicators) to determine compliance with each law or regulation for each groups participants have not prepared yet; There should be practical ways to carry out such tests in the field.

Independent monitoring to provide assurance to all interested parties that the system is working as planned and maintain its credibility, is needed. This institution is not established yet since the independent monitoring body should be an independent third-party, non-political body, possessing the necessary skills and systems to ensure its independence and objectivity, which monitors implementation of the new Indonesian TLAS by (i) checking all its aspects using best auditing practice; (ii) identifying non-compliances and system failures; and (iii) reporting its findings to the government.

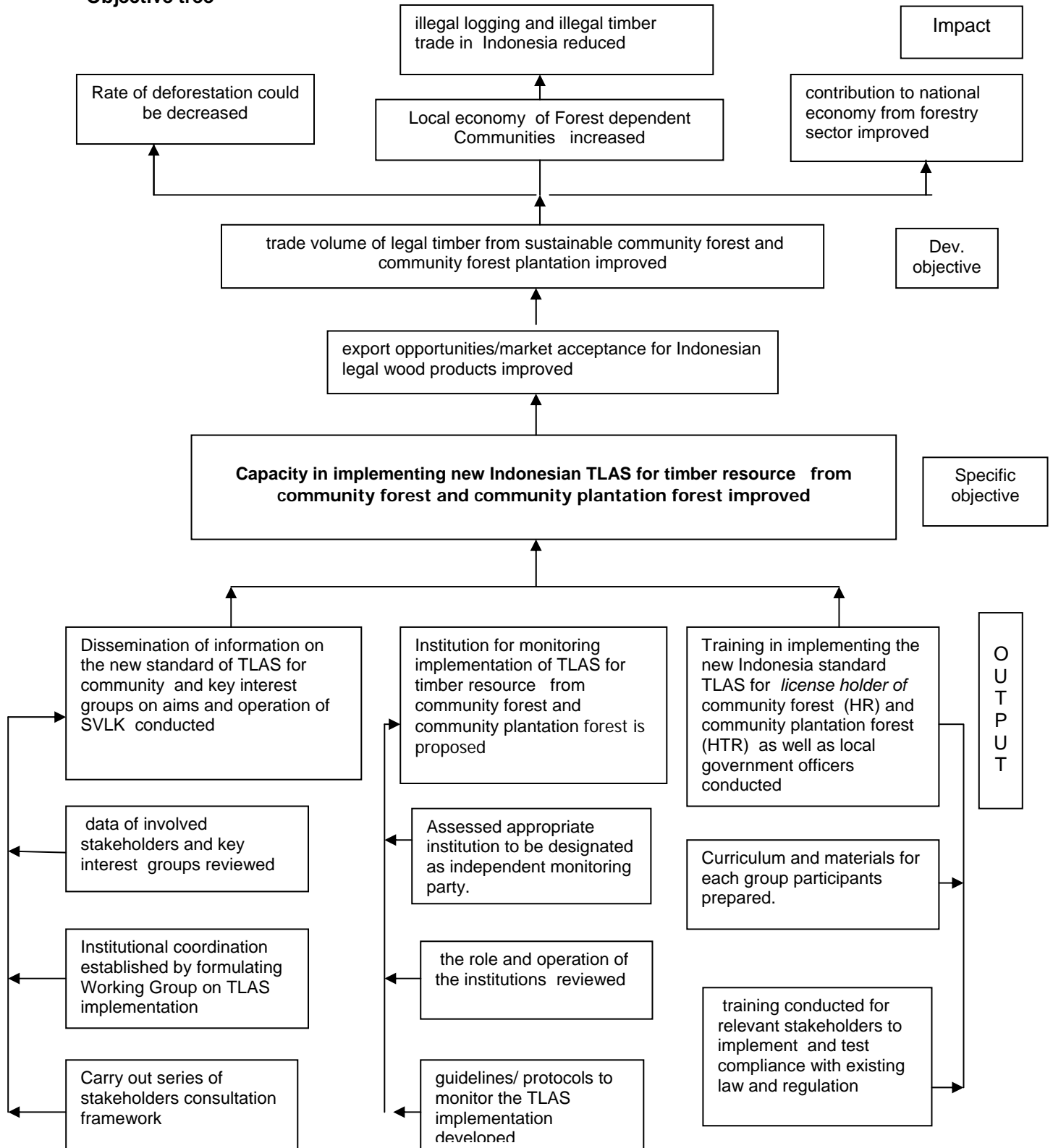
Civil society organizations in the forest sector can independently monitor the verification of legality and issuance of legality certificates. **However, the guidelines/protocols to monitor the TLAS implementation by civil society organizations is not formulated yet.**

The following Problem tree and objective tree will show what is the key problem and its causes and effects:

Problem Tree



Objective tree



2.1.4. Logical Framework matrix.

Strategy of Intervention	Measurable Indicators	Means of verification	Key Assumptions
<p><u>Development Objective</u></p> <p>To promote the increasing of trade volume of legal timber from sustainable community forest and community forest plantation</p>	<p><u>Impact indicators</u></p> <p>a. By 2015, the rate of logged timber from natural forest decreased from the current 80% to 50%.</p> <p>b. By 2015, the income levels of forest dependent economy have increased by 20-30%</p> <p>c. By 2020, Community forest and community plantation forest qualifies for certification.</p>	<p>Provincial Forest statistical Reports</p> <p>Annual Timber Production and trade Report</p>	<p>Recognition of Market to the legal timber products from community forests</p> <p>Local governments support the policies</p> <p>National government consistent with their regulations</p>
<p><u>Specific Objective</u></p> <p>To develop the capacity of relevant stakeholders in implementing new Indonesian TLAS for timber resource from community forest and community plantation forest in Java.</p>	<p><u>Outcome indicators</u></p> <p>a. <u>Workshops, focus group discussions and seminar conducted to disseminate information on the new TVLS/TLAS</u></p> <p>b. <u>Appropriate independent institution assessed and proposed to be established for monitoring the implementation of regulation in the field.</u></p> <p>c. <u>By the end of project, series of training conducted for :</u> <u>- trainers (attended by 50 stakeholder),</u> <u>- 15 community forest license holder from 3 provinces;</u> <u>-ten district government from 3 provinces;</u></p>	<p>Project Reports</p> <p>Annual Forest Provincial Report concerning timber production and its trade.</p> <p>Training report</p>	<p>All relevant stakeholders are committed,</p> <p>The communities actively participated and the local government support the activity.</p>
<p><u>Outputs</u></p> <p>1. Dissemination of information on the new standard of TLAS for community and relevant stakeholders conducted through workshop, focus discussion and seminar</p>	<p><u>Output Indicators</u></p> <p>a. <u>At least two expert/working group meeting conducted at the early stage of the project.</u></p> <p>b. <u>50 participants attended the 3 consultations/ dialogues for disseminating on the new standard of TLAS for community</u></p> <p>c. <u>At least 2 National Workshop carried out in Java and attended by 75 % of interest groups from 3 provinces. All related stakeholders have good understanding of TLAS aims and operation</u></p>	<p>Project Reports</p>	<p>All relevant stakeholders committed and actively participated in the meeting and in the training.</p>

Strategy of Intervention	Measurable Indicators	Means of verification	Key Assumptions
2. Independent Institution for monitoring implementation of TLAS for timber resource from community forest and community plantation forest is assessed and proposed.	<p>a) <u>Short term consultant hired to asses the existing relevant institution for the monitoring of TLAS implementation</u></p> <p>b) <u>The roles and operation of existing institution who eligible to monitor TLAS implementation reviewed</u></p> <p>c) <u>By the end of the project one package Protocols/ guidelines to monitor TLAS implementation in place</u></p> <p>d) <u>Institution for independent monitoring proposed</u></p>	<p>Consultant's Report</p> <p>Project Report</p>	<p>Ministry of Forestry support the project activities.</p> <p>Local government and civil society endorsed the suggested guidelines</p> <p>Proposed monitoring institution recognized & accepted.</p>
3. Series of training conducted to introduce and implement the standard on assessment of performance of sustainable production forest management and verification of timber legality from community forest resource for license holder of community forest (HR) and community plantation forest (HTR) as well as local government officers	<p>a. <u>Curriculum and materials of training and dissemination for each group participants prepared.</u></p> <p>b. <u>At least 3 series training for trainers attended by 50 participants, and 15 License holder of community forestry /small forest enterprises from 10 district within 3 provinces trained to implement TVLS</u></p> <p>c. <u>Personnel of at least 10 district governments in 3 provinces (forestry, customs, independent monitors, etc) trained, understand, resourced and are fulfilling their roles in TVLS operation.</u></p>	<p>Training Report</p> <p>Project Report</p>	<p><u>The curriculum and materials of training and dissemination of TLAS is prepared differently & properly according to the group of participants.</u></p> <p>The qualified trainers are available.</p> <p>All stakeholders actively participated in the training and intent to implement the new TVLS to prove the legality of forest products</p>

2.2. Objectives.

2.2.1. Development objective and impact indicators

To promote the increasing of trade volume of legal timber from sustainable community forest and community forest plantation

The Long-term Impact indicators are:

- By 2015, the rate of logged timber from natural forest decreased from the current 80% to 50%.
- By 2015, the income levels of forest dependent economy have increased by 20-30%
- By 2020, Community forest and community plantation forest qualifies for certification.

2.2.2. Specific objective and outcome indicators

To improve the capacity of relevant stakeholders in implementing new Indonesian TLAS for timber resource from community forest and community plantation forest in Java.

Outcome indicators:

- Workshops, focus group discussions and seminar conducted to disseminate Information on the new TVLS/TLAS
- Appropriate independent institution will be established for monitoring the implementation of regulation in the field.
- By the end of project, series of training conducted for :
 - trainers (attended by 50 stakeholder),
 - 15 community forest license holder from 3 provinces;
 - ten district government from 3 provinces;

**PART III
DESCRIPTION OF PROJECT INTERVENTIONS**

3.1. Outputs and Activities

3.1.1. Outputs

- 1). Dissemination of information on the new standard of TLAS for community and relevant stakeholders conducted through workshop, focus discussion and seminar

Indicators:

- a. At least two expert/working group meeting conducted at the early stage of the project.
 - b. 50 participants attended 3 stakeholders consultations/dialogues for disseminating on the new standard of TLAS for community
 - c. At least 2 National Workshop carried out in Java and attended by 75 % of interest groups in 3 provinces in Java, and finally the relevant parties have good understanding of SVLK aims and operation
- 2) Independent Institution for monitoring implementation of TLAS for timber resource from community forest and community plantation forest is assessed.

Indicators:

- a. Short term consultant hired to assess the existing relevant institution for monitoring the TLAS implementation independently.
 - b. The roles and operation of existing independent institution which eligible to monitor TLAS reviewed
 - c. By the end of the project one package Protocols/guidelines to monitor TLAS implementation in place.
 - d. Proposed independent institution for monitoring the implementation of TLAS for timber resource from community forest and community plantation forest recognized and accepted by all stakeholders.
- 3) Series of training conducted to introduce and implement the standard on assessment of performance of sustainable production forest management and verification of timber legality from community forest resource for *license holder of community forest* (HR) and community plantation forest (HTR) as well as local government officers

Indicators:

- a. At least 3 series training for trainers participated by 50 participants
- b. 15 License holder of community forestry /small forest enterprises from 10 district within 3 provinces trained to implement SVLK
- c. Personnel of at least 10 district governments in 3 provinces (forestry, customs, independent monitors, etc) understand, resourced and are fulfilling their roles in SVLK operation.

3.1. 2. Activities and inputs

Activities for Output 1:

- Activity 1.1** Review and evaluate the relevant stakeholders involvement in implementing TLAS for timber sources from HR and HTR.
- Activity 1.2** Establish Working group to supervise and assist the selected communities' forest owner and small sized processing industries on TLAS implementation in Java
- Activity 1.3** Carry out series of stakeholders consultation to disseminate of TLAS
- Activity 1.4** Carry out 2 national workshops in Java

Activities for Output 2:

- Activity 2.1** Asses the existing institution that eligible to monitor the implementation of TLAS
Activity 2.2 Review the role and operation of the proposed eligible institution as an independent body.
Activity 2.3 Develop one package Protocols/guidelines to monitor the TLAS implementation which could conducted by independent civil society group.

Activities for Output 3:

- Activity 3.1** Prepare curriculum and materials for each group of participants
Activity 3.2 Conduct 3 series training for trainers
Activity 3.3 Conduct training for License holder of community forestry /small forest enterprises from 10 districts within 3 provinces trained to implement SVLK
Activity 3.4 Conduct training for Personnel of at least 10 district governments in 3 provinces (forestry, customs, independent monitors, etc).

3.2. Implementation approaches and methods

To achieve of the project objective, the following approaches and methods are set:

- 1) Collect and analyze data and information to review and evaluate the relevant stakeholders involvement in implementing TLAS for timber sources from HR and HTR.
- 2) Conduct stakeholder consultation /dialogue and participatory discussions with local communities, private sectors and other relevant stakeholders (local government, independent assessment body, training institutions, customs staff, etc) concerning the importance and benefit of verification the legality of timber products either from all sources.
- 3) Design the mechanism of dissemination and training needed to inform the new Indonesian Legality standard (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.
- 4) Prepare the curriculum, and materials for training based on type of stakeholders.
- 5) Conducting Training including field testing of the Standard for wood legality verification.
- 6) Strengthen the information sharing and network within timber producer and the local government to share information as lesson learn implementing new Indonesian regulation concerning Timber Legality Assurance (Standard of Verification Timber legality) .
- 7) Discuss the alternative possibility and accepted as well as recognized independent monitoring body to assess the implementation of SVLK.
- 8) Promote the government effort concerning the development of program in forest-to- market linking which provides credible and verifiable assurances of the legality, origin, and forest management of a forest product entering a wider market, e.g. through a VPA negotiation with EU countries.

9) **3.3. Workplan**

Outputs and Activities	Responsible Party	Year 1											
		1	2	3	4	5	6	7	8	9	10	11	12
Outputs 1: Dissemination of information on the new standard of TLAS for community and relevant stakeholders conducted through workshop, focus discussion and seminar	Timber legality verification expert PMU, MoF, Local Government												
Activity 1.1. Review & evaluate the relevant stakeholders involvement in implementing TLAS.	Expert on timber legality verification, PMU												
Activity 1.2. Establish Working group to assist communities on TLAS implementation in Java	idem												
Activity 1.3 Carry out series of stakeholders consultation to disseminate of TLAS	idem												
Activity 1.4 Carry out 2 national workshop in Java	idem												
Output 2 : Institution for monitoring implementation of TLAS for timber resource from community forest and community plantation forest is assessed	PMU, MoF, local Government, NGO												
Activity 2.1 Asses the existing institution which eligible for monitoring the implementation of TLAS	idem												
Activity 2.2 Review the role and operation the proposed institution as independent body	idem												
Activity 2.3 Develop one package Protocols /guidelines to monitor the TLAS implementation conducted by independent civil society	idem												

Outputs and Activities	Responsible Party	Year 1											
		1	2	3	4	5	6	7	8	9	10	11	12
Output 3. Series training to introduce and implement the standard on assessment of performance of sustainable production forest management and verification of timber legality from community forest resource for <i>license holder of community forest (HR)</i> and community plantation forest (HTR) as well as local government officers	PMU, local Government, communities Training expert												
Activity 3.1. Prepare curriculum and materials for each group of participants.	Training experts, PMU, training assistant												

Outputs and Activities	Responsible Party	Year 2											
		1	2	3	4	5	6	7	8	9	10	11	12
Activity 3.2 Conduct 3 series training for trainers	Training expert, facilitators, resource persons, PMU												
Activity 3.3 Conduct training for License holder of community forestry /small forest enterprises from 10 district within 3 provinces trained to implement SVLK	Idem												
Activity 3.4 Conduct training for Personnel of at least 10 district governments in 3 provinces (forestry, customs, independent monitors, etc) understand, resourced and are fulfilling their roles in SVLK operation.	idem												
PSC Meeting													
Reporting													

3.4. Budget

The Master Budget, Consolidated budget by component, ITTO budget component and Executing Agency budget by component as a follows:

MASTER BUDGET TABLE

in US
Dollar

Outputs/ activities	Description	Budget Compon ent	Quantity		Units	Unit Cost US \$	Total Cost US \$	ITTO		Executing Agency	
			1st Year	2nd Year				1st Year	2nd Year	1st Year	2nd Year
Output 1	Dissemination of information on the new standard of TLAS for community and relevant stakeholders conducted through workshop, focus discussion and seminar										
Activity 1.1.	Review and evaluate the relevant stakeholders involvement in implementing TLAS for timber sources from HR and HTR		-	-	-	-	-				
	National Consultant (1 person, 2 months)		2		person-month	2,000	4,000	4,000			
	international consultant 1 person, 1 month		1		person-month	10,000	10,000	10,000			
	10 days duty travel, 3 provinces, 2 persons							-			
	- International ticket :		1		person-month	1,500	1,500	1,500			
	- domestic ticket							-			
	= West java		2		trip	400	800	800			
	= Central Java		2		trip	600	1,200	1,200			
	= East Java		2		trip	800	1,600	1,600			
	- Daily subsistence allowance							-			
	= International expert 5 days, 3 provinces		15		days	100	1,500	1,500			
	= local/national consultant, 10 days, 3 prov		30		days	80	2,400	2,400			
	- Meeting Package: 1 day, 3 prov, 30 participants		90		pax	50	4,500	4,500			
Activities 1.2.	Establish Working group to supervise assist the communities forest owner on TLAS implementation in Java										
	- Meeting Package: 2 times, 30 participants each		60		pax	30	1,800	1,800			
	- Fotocopy materials		60		pax	15	900	900			

Activities 1.3	Carry out series of stakeholders consultation to disseminate of TLAS									
	National Consultant (3 months,)		3	person-month	2,000	6,000	6,000	-		
	Resource persons (Expert) 3 persons, 3 times		9	person-month	250	2,250	2,250			
	Facilitators, 2 persons, 3 times		6	person-month	500	3,000	3,000	-		
	- Duty Travel						-	-		
	= domestic Ticket, 3 provinces, 6 persons						-	-		
	West Java		6	trip	400	2,400	2,400			
	Central Java		6	trip	600	3,600	3,600			
	East Java		6	trip	800	4,800	4,800			
	- Daily Subsistence Allowance : 3 prov, 4 days, 6 ps		72	days	80	5,760	5,760			
	- Meetings, 20 persons, 2 days/meeting, 3 times		120	pax	50	6,000	6,000			
	- meeting materials (fotocopy)		90	pax	15	1,350	1,350	-		
Activities 1.4.	Carry out 2 national workshop in Java									
	National consultant (1 person, 1 month)		1	person-month	2,000	2,000	2,000	-		
	- resource persons (expert): 2 persons, 2 times		4	pax	250	1,000	1,000			
	- Facilitators , 2 persons, 2 times		4	pax	500	2,000	2,000			
	1st workshop (east java), 50 participants						-			
	- Domestic ticket: 6 persons trip		6	trip	1,000	6,000	6,000			
	- DSA for tim expert : 2days, 6 persons		12	days	80	960	960			
	-Workshop; 50 persons		50	pax	50	2,500	2,500			
	- Daily subsistance Allowance for participants		50	participant	50	2,500	2,500	-		
	- seminar kit		50	pax	30	1,500	1,500	-		
	- Material workshop (fotocopy)		60	pax	15	900	900	-		
	2nd workshop (Jakarta)						-			
	-Workshop; 50 persons		50	pax	50	2,500	2,500			
	- seminar kit		50	pax	30	1,500	1,500			

	- Material workshop (fotocopy)		60		pax	15	900	900			
	-Daily subsistence Allowance for participants		50		participant	50	2,500	2,500			
	- Meeting package							-			
	workshop preparation meeting: 2 times, 10 persons		20		pax	30	600	600			
	evaluation meeting 1 time, 25 persons		25		pax	50	1,250	1,250			
Output 2	Institution for monitoring implementation of TLAS for timber resource from community forest and community plantation forest is assessed										
Activities 2.1.	Asses the existing institution eligible selected for inventory for the implementation of TLAS										
	National Consultant (1 person, 1 month)		1	-	person-month	2,000	2,000	2,000			
	5 days duty travel, 3 prov							-			
	- <i>Daily subsistence allowance</i>		15		days	80	1,200	1,200			
	- <i>Domestic ticket(3 provinces)</i>							-			
	<i>West Java</i>		1		trip	500	500	500			
	<i>Central Java</i>		1		trip	800	800	800			
	<i>East Java</i>		1		trip	1,000	1,000	1,000			
	Meetings: 15 participants per meeting, 3 times		45		participant	50	2,250	2,250			
	Fotocopy material/ document		45		pax	15	675	675			
Activities 2.2.	Review the role and operation the institution							-			
	- National consultant 1 month		1		person-month	2,000	2,000	2,000			
	- Meetings and discussion : 2 times, 15 participant		30		pax	25	750	750			
								-			

Activities 2.3.	Develop one package Protocols/guidelines to the TLAS Implementation monitor									
	- National Consultant, 2 months		2		person-month	2,000	4,000	4,000		
	- 3 x meetings: 15 participants per meeting		45		pax	50	2,250	2,250		
	- Fotocopy of material/document		45		pax	15	675	675		
Output 3	Series training to introduce and implement the standard on assessment of performance of sustainable production forest management and verification of timber legality from community forest resource for <i>license holder of community forest (HTR)</i> and community plantation forest (HTI) as well as local government officers									
Activities 3.1	Prepare curriculum and materials for each group of participants									
	- National Training Consultant, 2 months		2		person-month	2,000	4,000	4,000		
	- Training Assistant, 2months		2		person-month	500	1,000	1,000		
Activities 3.2	Conduct 3 series training for trainers									
	Training Consultant (1 person, 3 months)			3	person-month	2,000	6,000	6,000		
	- Resource Person (expert) : 2 persons, 3 times			6	pax	250	1,500	1,500		
	- Facilitators, 2 persons, 3 times			6	pax	500	3,000	3,000		
	Training Package (5 days; 20 persons/per training)									
	- Domestic Ticket : 6 persons, 3 provinces			6	trip	1,800	10,800	10,800		
	- DSA : 6 persons, 5 days, 3prov.			90	days	80	7,200	7,200		
	- training : 3 times, @5 days, 26 participants			390	pax	80	31,200	31,200		
	- seminar kit : 20 participants, 3 times			60	pax	35	2,100	2,100		
	- Fotocopy of training material: 20 persons, 3 times			60	pax	15	900	900		

Activities 3.3	Conduct training for License holder of community forestry /small forest enterprises from 10 districts within 3 provinces trained to implement SVLK									
	Training Consultant (1 person, 3 months)		3	person-month	2,000	6,000		6,000		
	- Resource Person (expert) : 2 persons, 3 times		6	pax	250	1,500		1,500		
	- Facilitators, 2 persons, 3 times		6	pax	500	3,000		3,000		
	Training (5 days; 50 persons; 3 times)									
	Domestic ticket: 6 persons, 3 provinces		6	trips	1,800	10,800		10,800		
	Daily subsistence Allowance: 7 days, 6 persons, 3x		126	days	80	10,080		10,080		
	seminar kit : 20 participants, 3 times		60	pax	35	2,100		2,100		
	- Seminar/meeting package: 26 persons, 3 times, 5d		390	pax	60	23,400		23,400		
	- Fotocopy training material		60	pax	15	900		900		
Activities 3.4	Conduct training for Personnel of at least 10 district governments in 3 provinces (forestry, customs, independent monitors, etc) understand, resourced and are fulfilling their roles in SVLK operation.									
	Training Consultant (1 person, 3 months)		3	person-month	2,000	6,000		6,000		
	- Facilitators : 2 persons, 3 times		6	pax	500	3,000		3,000		
	- Resource persons : 2 persons, 3 times		6	pax	400	2,400		2,400		
	Training (5 days; 22 persons, 3 provinces)									
	- Domestic ticket for 6 instructors, consultants etc		6	trips	1,800	10,800		10,800		
	- Local transports for participants: 22 persons		66	pax	35	2,310		2,310		
	- DSA for 6 persons, 3 prov, 7 days each		126	days	80	10,080		10,080		

	- Meeting package : 28 persons, 3 times, 5 day			420	pax	60	25,200		25,200		
	- seminar kit : 22 participants, 3 provinces			66	pax	35	2,310		2,310		
	- Fotocopy of training material			66	pax	15	990		990		
	Non-activity based cost										
	Project coordinator		12	12	person-month	2,500	60,000	30,000	30,000		
	Financial/Administration Staff		12	12	person-month	500	12,000	6,000	6,000		
	Secretary		12	12	person-month	500	12,000	6,000	6,000		
	Office service in main city		1	1	year	10,000	20,000			10,000	10,000
	Office supplies		1	1	year	3,600	7,200	3,600	3,600	5,000	5,000
	Phone and Communication		12	12	Month	100	2,400	1,200	1,200		
	Reporting / translating		1	1	pax	1,000	2,000	1,000	1,000		
	Final Report Reproduction			1	pax	2,200	2,200		2,200		
	Project preparation and reproduction			1	pax	4,000	4,000	-	4,000		
	Report Circulation & distribution			1		1,000	1,000	-	1,000		
	Steering Committee Meeting (2 times)		1	1	year	1,000	2,000	1,000	1,000		
	Laptop (2)		2	-	Unit	1,000	2,000	2,000	-	3,000	
	PC Computer + Printer		1		Unit	600	600	600		2,000	
	Duty Travel		1	1	year	20,000	40,000	-		20,000	20,000
	Annual Audit		1	1	year	2,000	4,000	2,000	2,000		

CONSOLIDATION BUDGET

Category	Description	Total	1st year	2nd year
10	Personnel			
11	Project Coordinator	60,000	30,000	30,000
12	Secretary	12,000	6,000	6,000
13	Administration Staff/Financial	12,000	6,000	6,000
14	International Expert	10,000	10,000	-
15	National Expert (Legal verification)	20,000	20,000	
16	Training consultant	22,000	4,000	18,000
17	Technical Expert (resource person)	8,650	3,250	5,400
18	Facilitators	14,000	5,000	9,000
19	Training assistant	1,000	1,000	
	Sub-Total	159,650	85,250	74,400
20	Sub-Contracts			
21	a. sub-contract	-	-	-
22	b. sub-contract	-	-	-
	Sub-Total	-	-	-
30	Duty Travel			
31	Daily subsistence allowance National	42,680	15,320	27,360
	Daily subsistence allowance International	1,500	1,500	
32	Transportation	-		
32.1	- International travel	1,500	1,500	-
32.2	- Domestic Travel	55,100	22,700	32,400
32.3	- Local transportation	2,310	-	2,310
	Duty Travel	40,000	20,000	20,000
	Sub-Total	143,090	61,020	82,070
40	Capital Items			
41	Laptop	5,000	5,000	
42	Personal Computer	2,600	2,600	
	Office Services in main city	20,000	10,000	10,000
	Sub-Total	27,600	17,600	10,000
50	Consumable Items			
51	Office Supplies	20,800	12,200	8,600
52	Phone and communication	2,400	1,200	1,200
	Sub-Total	23,200	13,400	9,800
60	Miscellaneous			
61	Meeting	19,400	19,400	-
62	Workshop	9,800	9,800	-
	Training	89,100	-	89,100
62	project preparation/report reproduction	4,000	-	4,000
63	Reporting / translation	2,000	1,000	1,000
64	Final Report Reproduction	2,200	-	2,200
65	Circulation	1,000	-	1,000
66	steering committee meeting	2,000	1,000	1,000
67	Annual Audit	4,000	2,000	2,000
	Sub-Total	133,500	33,200	100,300

Category	Description	Total	1st year	2nd year
70	National Management Cost	6,000		
	Total (10 - 70)	493,040	210,470	266,570
80	Project Monitoring and Administration			
81	ITTO monitoring & review	12,000		
84	ITTO ex-post evaluation	15,000		
85	ITTO programme support (8%)	35,123		
100	GRAND TOTAL	555,163		

ITTO YEARLY BUDGET TABLE

Category	Description	Total	1st year	2nd year
10	Personnel			
11	Project Coordinator	60,000	30,000	30,000
12	Secretary	12,000	6,000	6,000
13	Administration Staff/Financial	12,000	6,000	6,000
14	International Expert	10,000	10,000	-
15	National Expert (Legal verification)	20,000	20,000	
16	Training consultant	22,000	4,000	18,000
17	Technical Expert (resource person)	8,650	3,250	5,400
18	Facilitators	14,000	5,000	9,000
19	Training assisstant	1,000	1,000	
	Sub-Total	159,650	85,250	74,400
20	Sub-Contracts			
21	a. sub-contract	-	-	-
22	b. sub-contract	-	-	-
	Sub-Total	-	-	-
30	Duty Travel			
31	Daily subsistence allowance National	42,680	15,320	27,360
	Daily subsistence allowance International	1,500	1,500	
32	Transportation	-		
32.1	- International travel	1,500	1,500	-
32.2	- Domestik Travel	55,100	22,700	32,400
32.3	- Local transportation	2,310	-	2,310
	Sub-Total	103,090	41,020	62,070
40	Capital Items			
41	Laptop	2,000	2,000	
42	Personal Computer	600	600	
	Sub-Total	2,600	2,600	-
50	Consumable Items			
51	Office Supplies	10,800	7,200	3,600
52	Phone and communication	2,400	1,200	1,200
	Sub-Total	13,200	8,400	4,800

Category	Description	Total	1st year	2nd year
60	Miscellaneous			
61	Meeting	19,400	19,400	-
62	Workshop	9,800	9,800	-
	Training	89,100	-	89,100
62	project preparation and report reproduction	4,000	-	4,000
63	Reporting / translation	2,000	1,000	1,000
64	Final Report Reproduction	2,200	-	2,200
65	Report Circulation & Distribution	1,000	-	1,000
66	steering committee meeting	2,000	1,000	1,000
67	Annual Audit	4,000	2,000	2,000
	Sub-Total	133,500	33,200	100,300
70	National Management Cost	-		
	Total (10 - 70)	412,040	170,470	241,570
80	Project Monitoring and Administration			
81	ITTO monitoring & review	12,000		
84	ITTO ex-post evaluation	15,000		
85	ITTO programme support (8%)	35,123		
100	GRAND TOTAL	474,163		

EXECUTING AGENCY YEARLY BUDGET TABLE

Category	Description	Total	1st year	2nd year
30	Duty Travel			
33	Duty Travel	40,000	20,000	20,000
	Sub-Total	40,000	20,000	20,000
40	Capital Items			
41	Notebook Computer	3,000	3,000	
42	Personal Computer	2,000	2,000	
44	Office Services in main city	20,000	10,000	10,000
	Sub-Total	25,000	15,000	10,000
50	Consumable Items			
51	Office supplies	10,000	5,000	5,000
	Sub-Total	10,000	5,000	5,000
60	Miscellaneous			
61	Misc.	-	-	-
	Sub-Total	-	-	-
	SUB TOTAL ALL CATEGORIES	75,000	40,000	35,000
70	MANAGEMENT COST (8%)	6,000		
100	GRAND TOTAL	81,000		

3.5. Assumptions, risks, sustainability.

3.5.1 Assumptions and risks

According to the common training implementation the risks will most probably come from unavailability of instructors as scheduled in the operational planning and lack of awareness from the local government or communities group, specifically in assigning training participants.

The unavailability of training instructors, however, will be addressed by make a list of more instructors experienced on the implementation/evaluation of the standard of verification timber legality system from various institutions both locally and nationally. Contact them in advance to ask the availability of their time, and put in a time schedule. Each position of the training instructors will be allocated more than one person. This is to avoid if the appointed trainer is unavailable, he/she could be replaced by the other eligible selected training instructors.

In the case of recruitment training participants, it is necessary to develop a close collaboration with government (central and sub national level) for official endorsement to follow the project activities. Head of community's group could also be important person to influence their member to participate a training.

The communities sometimes reluctant to attend a training or a group meeting in case they are not clear with the purpose and benefit of those agenda. The project team will try to approach the head of community's group, head of village, and forest industries association, to encourage their member participate in the training and several group meetings. The project team will inform what is the purpose and benefit of those activities which is as a means of strengthening forest law governance and enforcement, and promoting the production and trade of timber products from legally and sustainably managed forests.

3.5.2. Sustainability

For the sustainability, the training of trainers and training of facilitators is expected could disseminate their knowledge to a wider participants. Meanwhile the implementation of standard for verification wood/timber legality will be a continues activities in timber trading demanding legal certificate.

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

- Established Independent monitoring body will work to monitor and ensure the continuation of the project result after the project completion which is the ability to implement the standard of legal timber verification improved. The standard will implemented as a requirement for entering a wider market access. As a consequence, forest industries enterprises will apply the standard effectively.
- The project activities that have already taken into account local communities conditions, will give a good impact to communities who will be inspired to plant their unproductive land with the commercial plantation species and manage it sustainably. The community forest owner will comply to the SFM regulations since they feel that the products will be treat and priced fairly.
- Maintain dissemination of the New standard for verification wood/timber legality to provincial and district level to be adopted in strategic plan of the provincial and distric level.
- Maintain the effective networking among stakeholders.

PART IV IMPLEMENTATION ARRANGEMENTS

4.1 Organization structure and stakeholder involvement mechanisms

4.1.1 Executing agency and partners

The Executing Agency of the project will be the Secretariat of the Directorate General of Forest Production Development MoF which will assume all the responsible for its coordination and implementing of the activities. It will responsible for managing of the implementation of activities and the ITTO fund. The executing and implementing agency will be involved in the project since the preparation until completion of the project.

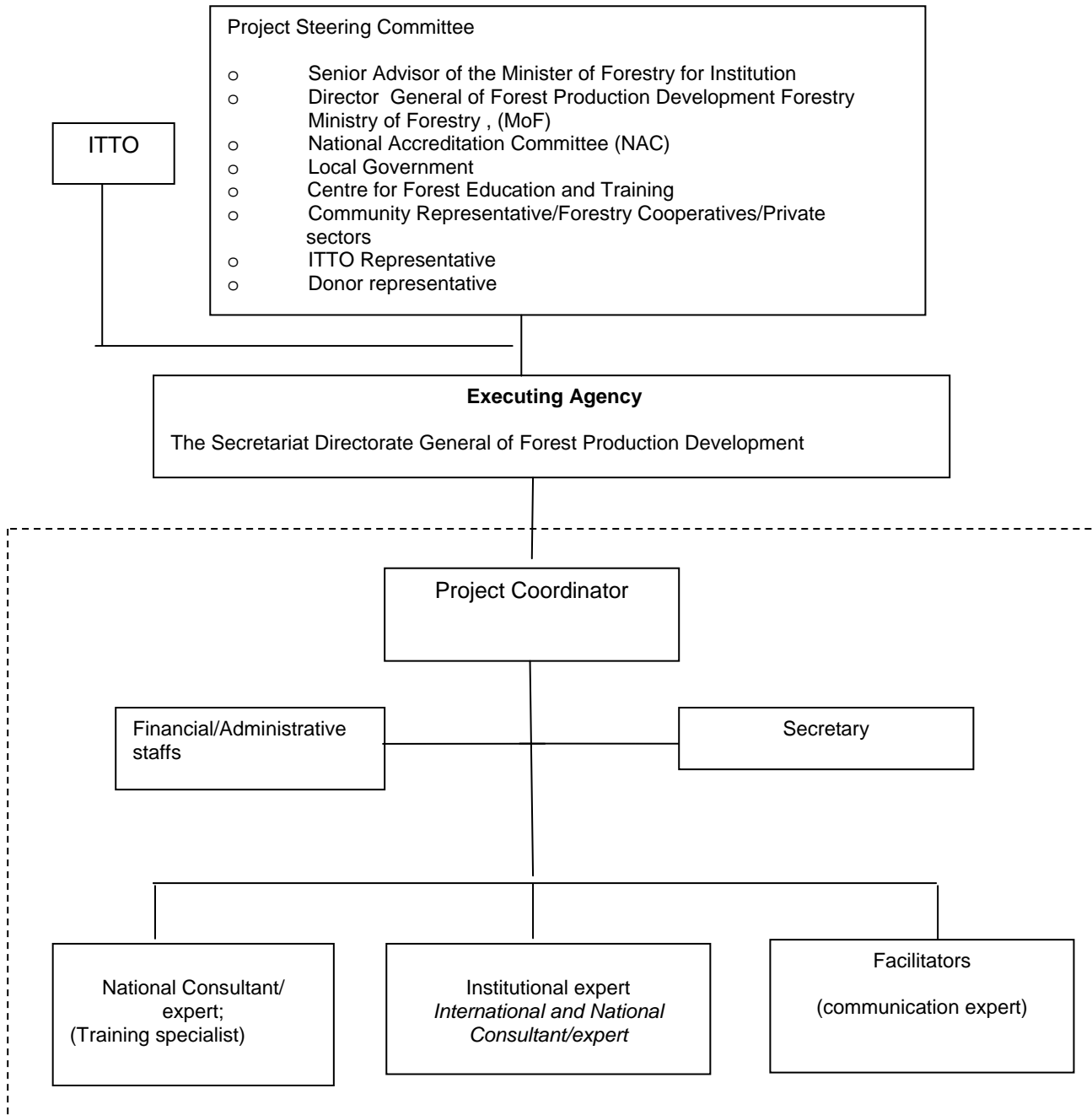
Executing Agency will work together with some experts, training institutions, forestry service of district level, communities group, local NGO, small scale industries or other relevant institution to implement some activities in the field. If necessary, the other activities will be implemented through sub-contracts with local NGO for efficiency.

4.1.2 Project management team

Professional staff will be assigned for the project coordinator who will be in charge the overall of the project implementation. The project coordinator will report to the Executing Agency as well as to ITTO in consultation with the Steering Committee. The project coordinator should be a qualified and acceptable senior forester who has the responsibility for the planning of the day to day project activities and project management

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

Organization structure of Project Management Unit



4.1.3 Project steering committee

The Project Steering Committee (PSC) consist of policy makers, academics, and communities representatives appointed by The Minter of Forestry. The duty of PSC are (a) approve program and budgets of the various activities within the framework of the project approved by ITTO (b) conduct annual reviews and evaluation of the project implementation (c) Approve progress report before submission to ITTO and GOI. The PSC will be chaired by the the Director General of Forest Production Development.

4.1.4 Stakeholder involvement mechanisms

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

The role of the Secretariat Directorate General of Forest Production Development are:

- Maintain coordination among relevant parties in implementing project objective and activities
 - Coordinate and consulting with ITTO upon the project development
 - Responsible for the project activities and giving support to project coordinator for Executing the project.
 - Monitor project fund based on project proposal and approval by ITTO and project agreement in accordance with ITTO guidelines and procedure as well as prevailed the government regulation
 - Provision of counter budget of GOI to support the project activities together with EA include appoint personnel to work in the project
 - Prepare and submitting project report to ITTO
- a) The role of Center of Education and Training, MoF are:
- Facilitate executing agency on preparing the material, curriculum and syllabus for training activities.
 - Monitoring of the training activities
 - Participate in the PSC meeting of the project
- b) The role of other stakeholder(local community Forestry/Private sectors) includes:
- a) Implementing technical aspects of SVLK in the field
 - b) Sharing information regarding implementation of the SVLK
 - c) Pilot testing the system with assistance of project experts/consultants.
- c) The role of local government:
- a) Participation in developing management plan
 - b) Involvement in training activities
 - c) Monitor and evaluate the activities in the field

4.2 Reporting, review, monitoring and evaluation

2.1 Project Progress Report.

The first project progress report will be given to ITTO 6 months after project start-up or at least 4 months before the date of the monitoring visits (or Steering Committee meetings) and 2 months before every Council Sessions (in May and November).

2.2 Project Completion Report

This will be submitted within three months after Project Completion.

2.3 Project Technical Reports.

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

2.4 Monitoring, Review and Steering Committee's Visits.

A Steering Committee will be established, to be appointed by the Minister of Forestry upon proposal from the executing agency. The Steering Committee meeting will be held annually or as necessary. ITTO monitoring visits, if considered still necessary, will be arranged after the achievement of the respective outputs according to the Workplan.

2.5.Evaluation

Evaluation will be conducted during the last quarter before completion of the Project.

4.3 Dissemination and mainstreaming of project learning

4.3.1 Dissemination of project results

The results of the project will be disseminated through various strategy such as public consultation, workshop, internet, documents dissemination, and writing article in the ITTO newsletter.

4.3.2 Mainstreaming project learning

This project will provide a lesson learned on implementing verification of timber legality based on new Indonesian standard and any mechanism on monitoring and evaluation of the process, especially to verify the timber legality from community forest, and community plantation forest as well as from small/medium size forest processing industries. And also lesson learned from establishing an independent monitoring agency which is accepted and recognized by all stakeholders.

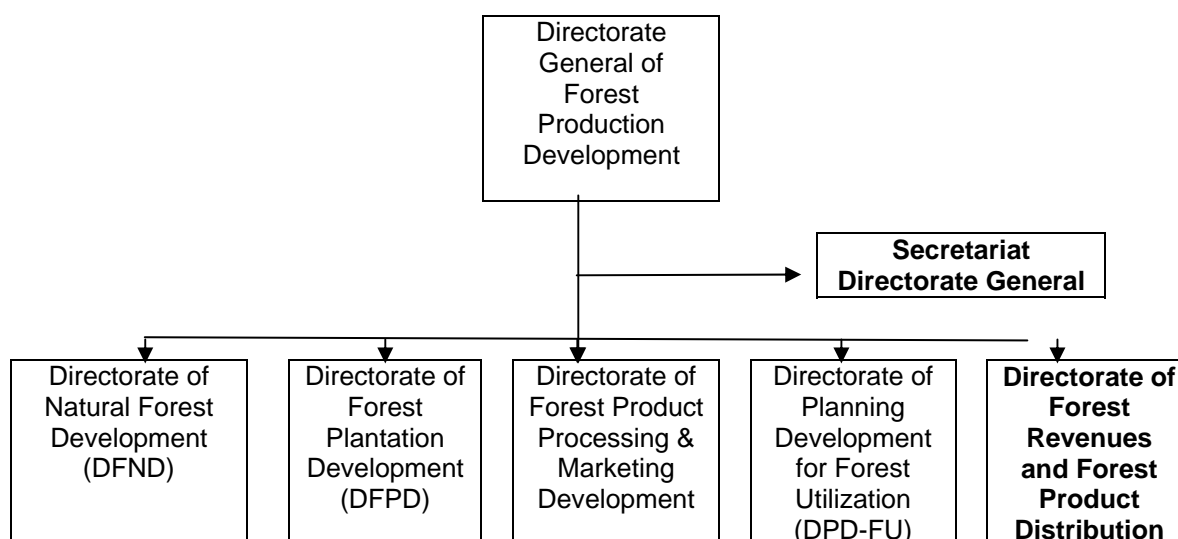
ANNEX 1

PROFILES OF THE EXECUTING AGENCY

BACKGROUND

The Directorate General of Forest Production and Development, the Ministry of Forestry of the Republic of Indonesia

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



The DG main task is to provide rule and regulation, policy, planning, standard operation and technical assistance for the management and development of all type production forest. In order to ensure sustainability of the project activities, the technical Directorate of Forest Revenues and Forest Product Distribution management will always be consulted. **Executing Agency for this Project is under the responsibility of the Secretariat of the Directorate General for Forest Production Development.**

INFRASTRUCTURE

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

BUDGET

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

Activities	2007 (USD)	2008 (USD)	2009 (USD)
Operational and Maintenance Cost	286,619	292,425	276,222
Publication	158,388	159,589	87,687
Planning Programs	1,169,368	1,301,831	1,058,431
Training Programs	142,811	104,692	64,976
TOTAL	1,757,186	1,858,536	1,487,316

Note: USD 1 = IDR 10,500

PERSONNEL

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

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

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

ANNEX 2

TERM OF REFERENCE FOR THE NATIONAL EXPERT

I. PROJECT MANAGEMENT UNIT:

1. Project Coordinator

Qualification:

As a Team/Project Coordinator the incumbent should be a senior staff from the relevant forestry institutions. Should have graduate qualification in forest management science, natural resource management, and at least 5-year experience in forest product trade, certification and training. Experience in conducting training activities with relevant stakeholders in forest industries.

Minimum Requirements:

- Team Leadership experience essential
- Understanding of Forest Certification process and Timber Legality System
- Familiar with ITTO C&I
- Good knowledge of the Sustainable Forest Management and training to achieve SFM including the government legislation
- Experience of training process
- Fluency in English

Responsibilities:

- To organize the meeting for executing the project, including to develop work plan, and to coordinate expert meeting
- To monitor and to evaluate project execution, program and budget implementation
- To coordinate with other institutional concerned
- To make report to ITTO
- To make report to the Executing Agency
- Period of assignment will be 2 (two) years

Duration: 24 months.

Location: Jakarta

2. Position: Financial/administration staff

Qualification and Experience:

Having background in financial works for at least 5 years; ability to speak and write in English, Familiar with ITTO auditing system.

Responsibilities:

Assisting Project Coordinator in project financial matters, evaluate and record the budget related the program execution. Prepare progress report.

Duration of employment: 24 months

Location: Jakarta.

3. Position: Secretary

Qualification and Experience:

Having background in secretarial works at least 3 years, able to speak and write in English, familiar with ITTO project documentation and reporting system.

Responsibilities:

Assist the Project Coordinator on day to day administration activities, filling document, preparing data and draft report outline. Prepare progress report.

Duration of Employment: 24 months

Location: Jakarta

II. Term of Reference for Project National Consultant

1. **Position: Timber Legality Verification and Certification Expert**

The national consultant will be assigned to achieve output 1 and output 2. The expert must hold expertise and knowledge in SFM, timber legality/timber trade, forest certification, at least 3 years working in qualified relevant bodies.

Duration: 10 months

Qualification: Hold at least Master degree and 3-5 years experience in forest policy. Good understanding in English both oral and written. Sufficient knowledge of world forest product market, experience in conducting evaluation, monitoring and verification of timber/forest product legality, as well as conducting chain of custody of raw material for forest processing industries.

Responsibilities: the expert will be responsible (1) To review and analysis of TLAS implementation in group of community forest and in small/medium forest processing industries (2) to contribute input in dissemination process and involve in consultation process (3) to analyse and propose an independent monitoring institution to monitor TLAS implementation; 4) to prepare a technical report is within the period of assignment. The technical report and documentation must be presented in the project meeting.

Payment: Expert will carry out the activity within the time as allocated by the project. Rate of payment is US\$ 2,000 per month

2. **Position: Training Specialist (Training Expert)**

The national consultant will be assigned to achieve output 3. The expert must hold expertise and knowledge in SFM training, and TLAS, at least 3 years working in education and training area.

Duration: 12 months

Qualification: Hold at least Master degree and 3-5 years experience in SFM, TLAS and forest training. Good understanding in English both oral and written. Sufficient knowledge in world timber marketing.

Responsibilities: the expert will be responsible (1) To establish manual training of TLAS (various target group) (2) to develop preparation and training program (3) to conduct training series of TLAS including field practice; 4) to prepare a technical report is within the period of assignment. The technical report and documentation must be presented in the project meeting.

Payment: Expert will carry out the activity within the time as allocated by the project. Rate of payment is US\$ 2,000 per month

ANNEX 3

RECOMMENDATIONS OF ITTO'S REVIEWER AND RESULTING MODIFICATIONS

Specific Recommendations		Modification/reformulation
1.	<p>The problem analysis needs to be strengthened in terms of components related to:</p> <ul style="list-style-type: none"> a) All stakeholders involvement; b) clarification on the specific problems faced by Java in the implementation of new TLAS; c) the problem tree needs to be reorganized particularly in the impact part as well as directions from causes to key problem and to impact accordingly. 	<ul style="list-style-type: none"> a) Related stakeholders involvement, the proposal have been revised as appeared in page 13 and 14; b) Specific problems faced by the community forest owners in Java have been clarified and explained in page 8-9 concerning the geographic location; and in page 13 on the problem analysis; c) The problem tree has been reorganized including the directions from causes to key problem and to impact, as showed in page 15-16. <p>So, the problem analysis have been revised based on the recommendation of the ITTO Reviewer. The revised of the problem analysis could be seen on page 15-16.</p>
2.	<p>The project design (logframe, assumptions, risks) sections needs clarification and elaboration:</p> <ul style="list-style-type: none"> a) objectives, outcomes, outputs and indicators needs more clarification and better formulation; b) the linkages between objective indicators and outcome indicator need clarification; c) clarification and specification on output indicators and project activities; d) risks and assumptions also need to be elaborated. 	<p>The Project Design (logframe, assumptions, risks) have been revised as appeared in page 17 and 18.</p> <ul style="list-style-type: none"> a) the objectives, outcomes, outputs and indicators have been reformulated.(pages 17- 18). b) The outcome indicators are a reflection of outputs achievement. Objectives could be achieved if the outcome indicators have been conducted. c) The output indicators are a reflection of activites. Indicators in Output could been achieved if the activities have been conducted. d) Risks and assumptions have been more elaborated as explained in page 34
3.	<p>The proposal needs to provide detailed information on its linkages and relevance to other international mechanisms and/or regional or bilateral initiatives such as ITTO/CITES projects, EU FLEGT and VPA and also the US Lacey Act.</p>	<p>The linkage and relevance of proposal with the other international mechanisms and/or regional or bilateral initiatives have been elaborated and explained in pages 7-8. As the objectives of this proposal is to improve the trade volume of legal timber from sustainable community forest and community plantation forests, the correlating of this objective is very close with other international mechanisms such as EU F LEGT, VPA and US Lacey Act. All of them have similar objective: to combat illegal logging in each ends.</p>