

PARTNERSHIP DIALOGUE IN COMMUNITY-BASED FOREST ENTERPRENEURSHIP IN WEST JAVA AND CENTRAL JAVA (BANDUNG AND JEPARA)



**Bandung, 3rd July 2012
and
Jepara, 6th July 2012**



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

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

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Front Cover :

Photo documentation collected by ITTO TFL PD 010/09 Rev. 1 (M)

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List of Abbreviations

AWKMI	: Asosiasi Wirausaha Kehutanan Masyarakat Indonesia / <i>The Association of Indonesia Community Forestry Entrepreneurship</i>
BA	: Berita Acara / <i>Minutes</i>
BUK	: Bina Usaha Kehutanan / <i>Directorate Forestry Utilization Development</i>
BLU	: Badan Layanan Umum / <i>Public Service</i>
BPDAS PS	: Bina Pengelolaan Daerah Aliran Sungai, Ditjen Perhutanan Sosial / <i>Directorate Watershed Management</i>
CIFOR	: <i>Center for International Forestry Research</i>
DISPERINDAG	: Dinas Perindustrian dan Perdagangan / <i>Department of Industry and Trade</i>
FAKO	: Faktur Angkutan Kayu Olahan / <i>Wood Transportation Invoice</i>
HKm	: Hutan kemasyarakatan / <i>Community Forest</i>
HTR	: hutan tanaman rakyat / <i>Community plantation forest</i>
JAVLEC	: Java Learning Center
LSM /NGO	: Lembaga swadaya masyarakat / <i>non government organization</i>
MFP	: <i>Multistakeholder Forest Program</i>
PHBML	: Pengelolaan Hutan Berbasis Masyarakat Lestari / <i>Sustainable Community Base Forest Management</i>
SKAU	: surat keterangan asal usul / <i>certificate of origin</i>
SVLK/TLVS	: Sistem Verifikasi Legalitas Kayu / <i>Timber Legality Verification System</i>
TLAS	: <i>Timber Legality Assurance System</i>
TUK	: Tata Usaha Kayu / <i>Wood Administrative</i>
UKM	: Usaha Kecil Menengah / <i>Medium Scale Business</i>
WASGANIS	: Pengawas Tenaga Teknis / <i>Technical Assistant Supervisor</i>

List of Annexes

1. Presentation by Dr. Ir. Dwi Sudharto, M. Si - Policy of Privately-Owned Community Forest Industry
2. Secretariat of ITTO TFL PD 010/09 Rev. 1 (M)

Chapter 1.

Report of Partnership Dialogue in Community-Based Forest Entrepreneurship in West Java (Bandung, 3rd July 2012) and Central Java (6th July 2012)

1.1. Introduction

Privately-owned Community forest is a chain within timber industries where at this time products of privately-owned community forest supply replacing resources from natural forests. In the other hand, by this time farmers of privately-owned community forest have not yet been enjoying forest products in optimum way. The fact describes that most of them have been at the level of poverty line.

It is expected by year 2010, and within 30 years through various scheme of funding resources and numerous approaches and patterns, The Ministry of Forestry has been developing privately-owned community forest over 3,5 millions hectares. Standing stock approaches around 125 millions/m³/year with potential value of harvesting around 20 millions/m³/year. Privately-owned community forest locations are scattered across Java Island, Sumatera and Kalimantan (Borneo) with types of species being introduced are Teak, *Sengon*, Mahogany, *Gmelina*, and *Jabon (Anthocephalus sp.)*. The areas of privately-owned community forest as said above are very much promising to leverage farmers' income which indirectly inline with the welfare level. It also gives better prosperity for those living in the village.

In fact with situation of areas of privately-owned community forest that are scattered, and fragmented in a small piece of tree grouping (in a form of garden), they majority applying a family-approach system. They apply a *tebang butuh* system, cutting the trees when needed that does not consider the aspect of sustainability and continuity. In consequence privately-owned community forests have not yet been able to leverage the local prosperity of farmers' welfare. In addition they apply a mechanism of a traditional timber trade in which it is still out of control. As a timber producer, farmer still does not know how a proper mechanism to support strengthening livelihood and stability of income.

It is identified that a unit of privately-owned community forest needs to be established. The unit itself should consider principles of sustainability of products, considering the aspect of social, economic and environment as a joint effort to support sustainability. Institutional arrangement also still be a hindrance from the aspect of organization, Human Resources and legal and business unit of effective privately-owned community forest which also considers a market orientation.

Successful privately-owned community forest development comprehensively creates an impact to the community's welfare. Elements for this success depend on investment, accessibility of market and domestic trading policy as well as international. This also is very much influenced by harmonized and synergy of partnership among inter-sectoral factors. Assistance roles by elucidators and NGOs are a very strategic approach that suppose to be conducted with continuity and comprehensive approach. Realized that limitation at farmers'

side in privately-owned community forest in this regard, including the capacity of institutional arrangement need to be supported and strengthened through the said such assistance.

Partnership relations between timber industry and privately-owned community forest so far develop a link upstream – downstream interaction. Often the conditions that appear are imbalance where profits or benefits mostly are going to industries which identically the same with capital owner, however farmers of privately-owned forest (mostly they are upstream groups) as land owner often get less advantage over benefits and significant profits being released from utilization efforts.

Efforts to bring equality of interest between privately-owned community forest managers with the rest elements in the upstream have to contribute balance situation and beneficial in justice as being earned also by processing industries in downstream. Roles of government are very significant to facilitate groups institutional empowerment, 1) access of capital investment through: facilitation of Community Enterprise Credit distribution (*Kredit Usaha Rakyat*) for Medium Scale Business (SMEs) privately-owned community forest, Facilitation of funding distribution through General Service Agency (*Badan Layanan Umum – BLU*) of Ministry of Forestry and facilitation of Micro Financing Institution Development (Cooperative), 2) Market access through: market guarantee with group partnership of privately-owned community forest with community-based timber products industry and market information of community-based timber products.

Instead of giving economic contribution, privately-owned community forest as state forest also have roles and function ecologically. They contribute to absorb carbon (carbon stock element), hence privately-owned community forest also participate in playing roles in de-accelerating global warming.

The reasons as mentioned above justification of Privately-owned Community Forest Partnership dialogue on entrepreneurship seemed a strategic action to support networking and partnership among entrepreneurs that process privately-owned community forest products with farmers of privately-owned community forest. In this regard Government through the ITTO Project TFL PD 010/09 which focused on issue of climate change and global warming participated in supporting the program toward sustainable forest and creating community welfare.

picture 1: Community Forest and small industry products



Chronological Entrepreneurship Dialogue in order:

1. Entrepreneurship Dialogue of Privately-owned Community Forest in West Java province and Banten was held on 3 July 2012 where the venue took at Aston Tropicana Hotel, Bandung. Attended by 81 participants they were comprising of group of local government district level, group of government Provincial level, farmers group, Industrial actors that they utilize and proceed privately-owned community forest products, group of director of Echelon 1 unit of Ministry of Forestry.
2. Entrepreneurship Dialogue of Privately-owned community forest in Central Java and DIY was held at 6 July 2012, located at Jepara Indah Hotel, Jepara. Attended by more than 70 participants from farmers group, district level government representative, provincial level government official, Jepara wood crafting groups, industrial group of timber processing those utilize privately-owned community forest products and national level official government (relevant directorates those represented BUK and Ditjen BPDAS PS).

Picture 2 : community entrepreneurship dialogue in West Java



1.2. Methodology of Entrepreneurship Dialogue

The methodology of entrepreneurship dialogue was formed in a presentation and discussion to share information each other on: 1. Potential of privately-owned community forest products to be built through a partnership in privately-owned community forest 2. Opportunity of timber industry to collect privately-owned community forest products; 3. Opportunity from processing industry of non timber forest products to also be participating in partnership with privately-owned community forest in fulfilling the gap of raw materials demand.

1.3. Materials Addressed

1. Policy Development of Privately-owned Community Forest based forest Industry by Director of Processing Development and Forest Products Marketing.

2. Development of Privately-owned community forest based timber industry by *Disperindag* of Jepara District.
3. Roles of forestry elucidators in the development of privately-owned community forest partnership.
4. Roles of General Service Agency of the Center of Forest Development Financing in facilitation of privately-owned community forest financing. (materials are as attached).

Picture 3 : several dialogues and meetings



1.4. Conclusion summary

1. Condition of Timber Processing Industry:
 - Many timber processing industry are insufficient of raw materials supply.
 - Privately-owned community forest as a major raw materials resource.
 - Partnership with farmers still be characterized by partially cooperation.
 - Mechanism of community-produced timber trade has not yet been transparent.
 - Supply guarantee of community-produced raw materials has not yet been certainly secured.
2. Condition of Privately-owned community forest:
 - Privately-community forest now has been getting familiarized.
 - Potential value of around 13,775 millions hectares.
 - Ownership per person is small, scattered around/fragmented.
 - Planting patterns are varied (monoculture, agroforestry).
 - Management system based on family entrepreneur.
 - Harvesting system has not yet been paying attention to sustainability, cutting when needed.
 - Mechanism of privately-owned community forest trade has not yet on farmers' side.
3. Synergy of privately-owned community forest partnership: farmers – partners in business – government – community institution.
4. Expected output: increasing the benefit value of ecology and social economic from privately-owned community forest activities.
5. Principles: equality, mutual advantages, openness, justice, togetherness and joint benefits.
6. The active roles: farmers of privately-owned community forest – business partner.
7. Facilitator and regulator: government.
8. Assistance of farmer of privately-owned community forest: elucidators, community

institution.

9. The center of BLU (General Service Agency) P2H (The Development Center of Forestry) has been preparing a scheme of financing/Loan for Privately-owned Community Forest.
10. An association of Indonesia Forestry Entrepreneurship Community (*Asosiasi Wirausaha Kehutanan Masyarakat Indonesia – AWKMI*) for development of community forestry business including the practitioner of privately-owned community forest.

Picture 4 : portrait of small home industry in Central Java



Chapter 2.

Summary of Partnership in Community – Based Forest Entrepreneurship in West Java Province

Bandung, 3rd July 2012

- Character of privately-owned community forest is not wide, scattered/fragmented with the system of family-based business management in efforts of family and harvesting cutting when needed system which not considers the aspect of sustainability and continuity, that effect to the privately-owned community forest could not be able to meet the farmers' welfare.
- Mechanism of community-produced timber trade is still non controllable. In this term, as a producer, farmers of privately-owned community forest should earn the benefits of timber extraction, but in fact they could not enjoy the benefits. This condition may be caused with the existing unit of Privately-owned community forest management unit which has not yet been based on products sustainability principle and business consideration by paying attention to social, economic and environment. However privately-owned community forest management institutional arrangement is still prone (organizational system, Human Resources, Legal entity etc) and the Unit of privately-owned Community Forest Business still need to work to produce an effective/efficient business with market orientation.
- Successful privately-owned community forest development with comprehensive approach will create impact over community welfare. Investment availability, wider access to the market and domestic and international trading policy are also contribution factors in building greater impact of welfare. This also is very much influenced by harmonization and synergy of collaboration among different intersectoral factors. Assistance role by elucidators and NGOs are very much strategic to be carried out in continuity regarding limitation of access of farmers of privately-owned community forest in many aspects including low capacity of institution.
- Partnership relations between timber industries and farmers of privately-owned community forest which have been crafted so far by this time between upstream – downstream quite often produce imbalance condition where capital or largest portion of profit go to the industries group which identic with the investment holder, however farmers of privately-owned community forestry as a land owner do not get the benefits and significant advantages from the said operation.
- Equality of interest between privately-owned community forest with overall aspects in upstream sector should give balancing and a fair benefit as earned by processing industries in downstream. Government's role is very much important to do facilitation of empowering group institutionalization, 1) accss of investment through: facilitation of Community Business Credit (*Kredit Usaha Rakyat*) for Small Scale and Medium enterprise community-based, facilitation of Funding Distribution through the General Service Agency (BLU) and facilitation of Micro Financing Institution Development (cooperative) 2) Market access through: market guarantee through partnership of community forest group with timber industries using community-based products from privately-owned community forest and market information of community timber

product.

- Entrepreneurship dialogue in Central Java is expected to promote an initial step of parties those have not yet been partnered and an evaluation material for those who have been doing partnership to promote better and improving partnership in the near future.
- Ministry of Forestry (BPDAS – Directorate of Watershed Management and Social Forestry Development and Ditjen BUK- Directorate of Forestry Utilization Development) play roles to bridge /facilitator that liaise business persons with farmers. Those relation supposes to be developed by a mutual trust and not an instantly developed process.
- The Association of Indonesia Community Forestry Entrepreneurship (AWKMI) which the members comprise of farmers of privately-owned community forest, HKM, Village Forest, HTR and craftsmen. However the aim of this association to be able for farmers and craftsmen getting to become a strong entrepreneurs. No very much depending on charity from externals.
- The success of privately-owned community forest development is also closely a hard work of elucidator's role. Agency that relates to elucidators is still mixture between the Forestry Agency and the Agency of Elucidator. It might be better to clarify the roles of this sharing roles. Forestry elucidator is at the same home but different chamber. The home is Ministry of Forestry, however the chambers comprise of Forestry Agency, The body of Elucidation Coordination/*Bapelluh*, *UPT (Technical Practical Unit)* of Ministry of Forestry.
- The role of elucidator will have responsibility bigger than before to accelerate the implementation of SVLK effective in timber business. SVLK now has been a mandatory so in the near future SVLK will prevent illegal timber traded outside. Industries do not want to receive timber with unclear the source of origin.
- Various benefits derive from SVLK practice as where the aspects are reflected here:
 - Ecological aspect: protecting biodiversity, preventing climate change
 - Political aspect: promoting legal timber trade, national branding
 - Economical aspect: value of timber trade is significant
 - Social aspect: could be playing roles as poverty alleviation.

Conclusion

1. Directorate Watershed Management and Social Forestry Development and AWKMI will establish a task force team. The team will be deployed to the field to do facilitation. Facilitation should also elucidate farmers group of privately-owned community forest to establish a legal entity cooperative system hence the SVLK practice could be free of charge.
2. Elucidators should be prepared to involve in the task force team
3. A call for action to embrace the era of Privately-owned community forest partnership toward better prosperity and bright future Forest Indonesia with better in together.

Chapter 3.

Summary of Partnership Dialogue in Community – Based Forest Entrepreneurship between Furniture, Handcrafting Ornament and Farmers of Privately-Owned Community Forest in Central Java Province

Central Java and DI Yogyakarta, located in Jepara, 6th July 2012

Partnership dialogue was divided into two sessions: Session I was to identify problems being faced and challenges and Session II was about solution to overcome problems being faced. It was facilitated by Herry Santoso (Javlec). Reason why Jepara was selected because this district is a center of wood crafting and meuble industries. Problems identified in Jepara that there was three (3) elements: lacking of raw materials, complexity of timber administration and problems of sustainability.

Forest sustainability tends to be paid attention with important point in Jepara because timber forest products are very much potential to contribute to run wood crafting business. Many meubel (furniture) industries in Jepara (15,000 units) employs 5000 man power. Meubel crafting business unit distribute around 15 sub district across Jepara district, and being a main focus of business in that region. Contribution to local gross income that reaches around 27,7%, followed by agricultural sector and restaurant business. Problems are on log supply and from the perspective of market. Export market is very much influenced by global economic crisis. Domestic market penetration seems to be helpful for improvement. Capital investment of handcrafter is very much limited, financial institution support is very lacking. Weakness tend to be obvious compared to other competitors from other countries. Manpower, resources and meuble design are only based on order. A couple of years ago Jepara meubel got patented rights, as one of the center wood crafting products ever in the world. Sources of wood raw materials: from Perhutani and privately-owned community forest as well as from outside Java. Other problem is related to raw materials and wood legality and environmental certificate.

This enterpreneur dialog is very much beneficial to elaborate problems being faced, and could be a moment to answer the existing challenges.

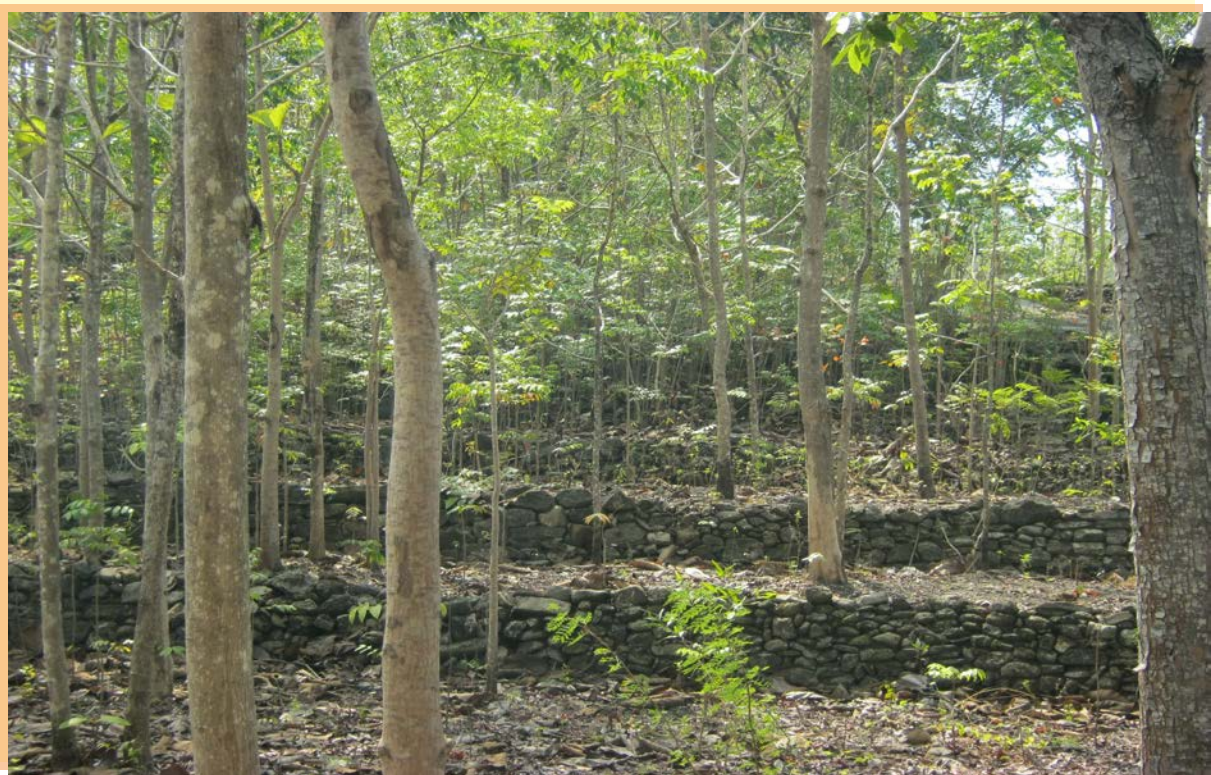
Privately-owned community forest now have been backing up the economic value. Production of timber from privately-owned community forest is very abundant but why wood industries are lacking of raw materials.

Learning from experiences of wood industries that they depend on natural forest resources, that they were raising star in the past but now have been collapsing. it is expected not to happen at privately-owned community forest. That is why timber industries now have been turning a lot to move the location of factory to Java island. Listening the potential value and products to be produced from privately-owned community forest (in Java Island and

Madura) it should also privately-owned community forest be securing resources and turn the management into sustainable manner system to prevent overexploitation by industries they demand on abundant wood raw materials supply.

Weakness of privately-owned community forest; limited land (small), community produced timber have a lot of obstacles in the process of delivery to the point of collection. They face some security checks while on the way and they should spend an amount of money that reduces the margin of sale (10% from the total) because of unexpected expenditure. A study from Javlec mentioned that it is around 7000 trucks go and forth bringing the woods from farmers to the point of collection downstream and the amount of charges to be accounted by PJR (Rp. 350 millions).

Picture 5 : Sample of Teak in Community Forest



According to the Development of Forest Products Marketing and Processing, Directorate General Forestry Business Development on timber legality assurance, that we have to diminish a stigma for the Indonesia name as always called a “thief” nation. Began from March 2013, European market will not be accepting illegal woods. By that way, it should be conditioned to legalize woods from this time as well it should be activated and put in place on products being produced from privately-owned community forest.

A presidential regulation will be released to regulate development activities that use legal woods and certified ones. Government will facilitate the development of privately-owned community forest and small-scale industries in preparing SVLK in more practical way. Todate, government also has been working to revise regulation P51 on community-produced timber circulation.

According to the Agency of Forestry and Estate Jepara District, by June 2012 there were 18,000 hectares of privately-owned community forest with species of *senon laut*. There is a trend setter to replace Teak with *senon* or other faster growing specieses being introduced. In Jepara Forest and Wood always closely associated since the fertility is categorized as high potential.

Picture 6 : Sample of Teak in Community Forest



Related to SVLK practice, Jepara faces constraint in deactivation of document. There are 1,400 m³/year being consumed by industries there, and the existing 1,000 m³ are around encirculated everyday. In deactivation of document, ability of resources in Jepara district are insufficient. The Agency of Forestry will serve those are coming to the Agency's office only.

Woods are entering Jepara which some of them come directly to the industries. The rest have to go through the intermediary traders. So far by this time purchased woods are carried out home without authorized with necessary documents. It is agreed to raise this to become a problem. If SVLK be put in place, should also be questioned what documents/paperworks accompany with this system.

. If there have been sawn timbers, document of FAKO should be functioned to protect the sawn timbers. In this case, limited resources in providing and issuing FAKO is insufficient. Could that be given BA for altering the form because the woods are not aimed to be traded. If permitted to use regardless FAKO documentation, but be allowed with BA form alteration will help very much for Jepara.

Picture 7 : Condition and Problems of IPPHK from Ht/HTR and Scheme of TLAS Regulation and Sample of Indicators



Scheme of TLAS Regulation and sample of indicators

The Head of Forestry Agency of Jepara District proposed that there should be a MoU between Minister level and the head of Jepara District to provide a legalizing guidance. The fact was that there were many woods carried out from the wood craftsmen and intermediary traders. The documents being needed are only “intermediary document” and how this to be linked to the timber legality system.

According to the Head of Industry and Trade Agency of Central Java Province, that SVLK now has been another challenging and attractive points to be discussed. Related to wood documentation, the easiest one would become another difficult point for those practitioners in the field level activity. If there are 15 m3 wood to be delivered, which is that meant would have 15 documents should be provided. How about the condition if purchasing being done in single way where in fact the documents to be provided would be many.

In 2007, there were 15,000 wood craftsmen. In 2010 they reduced into only 8,000 craftsmen. 90% of them were practitioners of small scale industries. In Jepara, the industries sinked because the system was established by government. The parties that benefit the profits only at timber traders and exporters. Farmers were very pressured since the condition of raw materials supply incompleted with the documents needed. Brokers play a very influencing role in determining the price where the farmer could not have power in acting that role. It is expected on how both sides (farmers and small scale industries) are to be empowered. Ideally for those small scale industries, they should be able getting the raw materials directly to be sold out. How government to be able handling this case.

Jepara is a very special venue with the value-added name (popular brand image yang in wood crafting). Teak raw materials have been popularized. Related to raw materials being provided there are two sides. Teak from Perhutani have not yet been meeting the demand

in consequence the price is very high. Privately-owned community forest products will meet this gap. It needs also to be considered on how this production sustainably managed. There are two aspects: in upstream sustainability issue and price should be paid attention. Should there be also other parties (in sharing the roles) and assist to facilitate (sample of roles was demonstrated by Dipantara and other facilitators).

Problems being faced by craftsmen is that the quality is controlled by buyer. In Perhutani the quality is better because age of trees to be cut older than other companies' produced which means the quality better. The quality of raw materials would be related with sorting process. Other problems are guarantee of raw materials availability. Buyers have questioned whether the raw materials available and is ready to supply continuously.

Problems do not rely on the quantity but the price also could not be afforded by industries. The rising price of industrial products could not chase the price of raw materials. However the supply of wood keep escalating with no objection to the turning down of price into lower position. Now certification of legality become a must to do and being mandatory. Europe buyers will need legality assurance. Problems of certificate that need government's facilitation to meet the requirements as standardized. It needs a coordinating process among parties. Today, production centers have been spread around not only located in Jepara, but now also replicated in Purwodadi, Blora and surround the circle of those mentioned areas.

Craftmen grumbled on the raw materials price raising up time to time. However the farmers also felt sorry that the wood price keep lowering (where the profit margin only 10%). The most advantage value could be taken from collector/intermediary traders. Group of Jati Mustika farmers (Blora) work on the area of 503 hectares and has received a SVLK certificate and now PHBML certification being proceeded (Sustainable Community-based Forest Management) but the problem was on the price. They need some helps from government to also consider this certification cost by reduction or even cut off the expenses.

Java island is flooded with industries, it may rise worry to threaten sustainability of raw materials because of forest logging activities. A policy making should control this logging activities that may be contra productive with efforts to build sustainability.

Related to carrying document for privately-owned community forest products which would be simplified from the SKAU document, replaced with Nota document, that should be faced carefully. Facilitating to ease the process will legalize something illegal, Need to tighten/rigorous controlling system to prevent disadvantage.

Collector suppose to be *pengumpul*. *Trader*. It could not be avoided to short cut the chain of trading which have been built for long time ago. Problem should answer the cause of high transaction cost. Each has own roles, the important point is to share the benefits /profit in justice.

Blora has been working on planting understory plants (*empon-empon*) side by side with the core standing stocks. The problem is on marketing. Regarding the proposal of

collaboration with cooperative, it is expected to get injection of finance/soft loan and credit from the central of decision maker. In the past there is a conservation credit, now is possible to be evaluated to help out the farmers of Privately-owned community forest to get investment.

The existing business investment credit is expected by farmers group to manage farming and processing of raw materials. The cooperative could collect or help temporary financing assistance while needed by farmers group members. The change of PP.55 in Blora to be problematic because the typical of timber from the forest is the same with the privately-owned community forest being produced. If the same typical document applies (only FAKO), worry about getting mixed of stolen wood with products of privately-owned community forest appears.

Simplification of document by government tends to be problematic among community members. As for instance in the past on the document was mentioned numbering of each single log (divided). If simplification process put in place, numbering itself will not be existing anymore, and difficulty of tracing will be another problem.

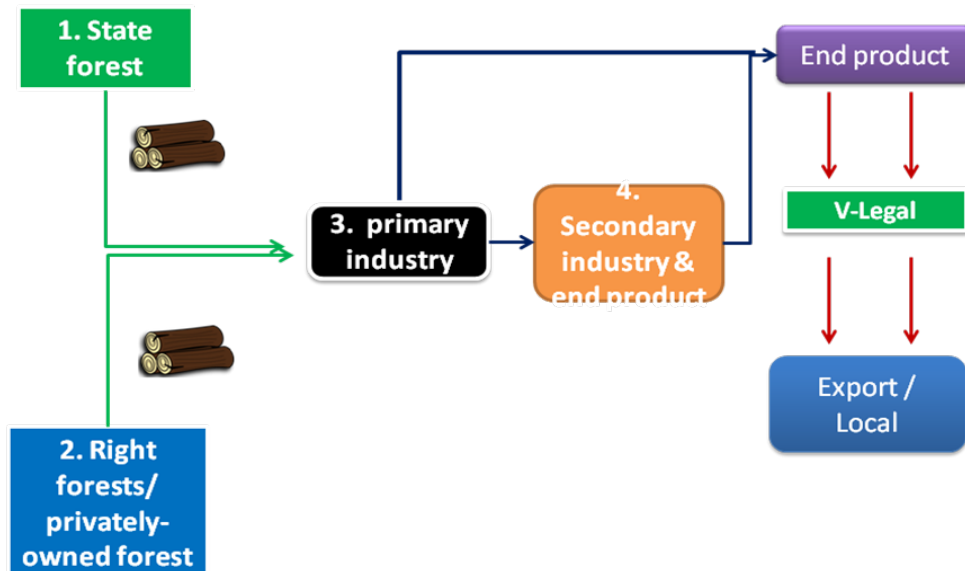
Role of intermediary traders is a reality in the field. There are brokers, intermediaries that all of them have been a mechanism in the trading scheme. If they are short cutted, will influence to the income. Legal entities are allowed as long as giving value added.

Related to SVLK, in Temanggung has been a preparatory process of certification (in Gawe Makmur, Gowak Village). This farmers group is difficult to access certification fund for Wood Verification Legality. It was questioned the procedures and mechanism to get that support.

About SVLK, the Central Java Province has been conducting dissemination of SVLK regulation since April 2009. SVLK will legalize and it is a must to provide assurance for those wood being exported outside Indonesia. SVLK costs quite alot, but this is one of stages that should be underwent in efforts to promote legality issue.

Picture 8 : SVLK / TLAS Scope

SVLK scope



In central Java Province, the caretaker of technical and supervisor is still insufficient. This will be a problem when the documents need to be deactivated through their function – where the officer in charge is not from wasganis “group”.

Farmers only get 5% margin. In industries the margin is around 20-25%. Why traders confessed that they get too much high price. Proposal: this business could only be done where all parties involved to get advantage; along the existing points of wood chain there is a management unit that also administer this benefit sharing. It is a proposal from community that a Cooperative of Bima, established from Community Estate Forest, is expected to be empowered with financing.

About timber legality, the system being established is already existing. It should ease not to be created a more complicated system especially for those timbers produced by community. Government also has to facilitate empowerment from the side of investment. In Industry, there is lacking of sufficient investment.

In considering the products being exported, the buyers will require documentations where at some points the producers could not provide those required documents. People expect to be empowered in partnership program, where the farmers also be prepared to become a super entrepreneur.

Privately-owned community forest need rearrangement and be inventoried. In each group could be identified number of members, and what typical of woods potentially to boost economic value etc. SVLK is a typical of improving the timber administration to be identifiable and traceable. Facilitation budget and SVLK issuance have been supported in

initial stage by the government. Please reassured to take advantage from this opportunity. The Directorate General of Forest Utilization Development has pledged to also get assistance of 10 Millions Poundsterling through MFP DFID III to accelerate SVLK privately-owned community forest operation and IKM to be able in year 2013 be ready to apply SVLK to be really on the ground.

It is advised to establish a certification group where one certification be able to have member of farmers group. Confidentiality would be kept firmly. It is identified if groups have less coverage area as normally required, the cost of certification will be much higher and expensive.

MFP is expected to facilitate forest farmers across the region the area together with traders and industries.

It has been mapped out the chain of community timber business chain from upstream, intermediary and downstream. Now a free market has been established. It is obliged for the rest of us to also get the justice, and fair benefits. If the chain of this timber trade connection be improved and wrapped up its administration, hence it could be achieved as expected. SVLK is one of identity. AWKMI was informed to have a gathering in Jakarta to discuss topics of working program regarding this entrepreneurship improvement.

Discussion Summary

Jebara 6 July 2012

1. Jebara (Local District Secretariat)

- 16 sub districts (including sub districts in Karimun Jawa island)
- 27000 hectares forest area
- Protected forest 2,432 hectares
- Production forest 11,000 hectares
- 28,000 hectares of critical land: 22,800 hectares located outside of forest
- 15,271 business unit of wood craft meubel
- Contribution of wood industry: 27.7%
- Round wood stock influenced by global economic situation
- Styles and shape still be influenced by customers' design expectation and model
- Some of Jebara wooden craft models have been recognized and patented by HAKI from Ministry of Legal and Human Rights
- Sources of wood: Java, Sumatera and Kalimantan
- Timber legality still have new problem (by now have not yet been applying certified wood).

2. Dr. Haryadi Himawan

- AWKMI has been established to accommodate entrepreneurship for community-based forestry management (HKM, HD, HR, UKM wood based, practitioners etc).
- Privately-owned community forest now has been a prime discourse especially in Java.
- Learning from the case of timber industry outside Java (wood supply imbalance

with the industry capacity and demand), by which they turn to close down the business.

- Will that the privately-owned community forest in Java potentiality be able to supply the timber demand for industries in Java.
- Need to look at down to earth about ability of timber potentiality in which to respond raw materials demand and production capacity.
- Ownership of privately-owned community forest in person is small group of people.
- Successful privately-owned community forest use to be supported by other livelihood income (the owners of privately-community forest often have also other activities like: traders, work overseas etc) to have savings in their life.
- Privately-community forest retributions are still around, however the margin of profit of farmers is still on the low level (compared to brokers and industry).

3. Dr. Dwi Sudarto

- Do not be afraid of certification, it is time to come to a legal period
- For demonstrating that Indonesia be able to conduct a mechanism of legal wood use.
- SVLK has been accepted internationally/EU. Implementation to take effect 2013 March.
- Privately-owned community forest and industry should be legal.

4. Kadishut Jepara (The Head of Forest Agency Jepara) Bp. Jarot

- 18 thousand privately-owned community forest, majority of Sengon, and small portion of teak.
- Teak is converted to sengon
- Privately-owned community forest as business
- Fertility of soil
- Certification is a little bit difficult
- Problems of SVLK practice:
 - i. Process of deactivation of the document for woods that are coming to Jepara, lacking of certified manpower (imbalance with the volume), need a specific treatment
 - ii. Influenced to timber carrying within Jepara area in case there are some still having no documents.
 - iii. Lacking of certified technical assistance to issue FAKO
 - iv. Documentation problem for finished products delivery and half finished products (if the finished products, the note from the company is sufficient enough, if half finished products, will raise problems)
 - v. Need to think about MoU between Ministry of Forestry and Jepara local government related to document/timber administration
 - vi. Problems at exporter and handycraft

5. Kadisdag Jepara (Mr. Edi Jatmiko)

- Wood industry is a superior
- Exporting value of products increased from 131 M \$ to become 138 M \$

- Raw materials of teak wood are lacking/ treated, need to meet the supply from Perhutani
- Community still prefer to plant *senon* rather than teak because they consider shorter age of growing circle
- Another favorite species is Mahagony
- Today's product experience diversification of raw material
- Quality of community produced teak wood is different from teak wood produced by Perhutani.
- Documentation and wood administration should please be paid attention for improvement

6. Margono (APKJ chair)

- Year 2007 (CIFOR) 12 millions of craftsmen, 90% of small scale industries, and decreased to 8000 units only.
- Todate 4000 craftsmen remain
- Average need of small scale timber industry reach 1000 m³
- Margin of industry is relatively small.
- Majority the margin is supported by the use of family members as resources in the production process (wage cost does not be charged – a lot reduced)
- Condition of craftsmen is similar with the farmers because the wood does not be proceeded according to the existing timber administration (could not be harvested properly, no any measurement properly and there is no documentation)
- Woods are alot of be sold in standing stock condition
- Craftmen/small scale wood industry expect to get raw materials directly and be able to sell the products directly.

7. Bambang Aji (CV Dipantara Yogya)

- Developing 96 farmers group to be trained and informed the knowledge toward meeting requirements in certification in Gunung Kidul
- Facilitation of FSC certification
- Jepara plays role a strategic position in wood crafting industry, and the Jepara craftment is to become a brand image.
- Perhutani products reach 300 thousand cubic metres/year
- Class A3 now has achieved 5 millions rupiahs/m³
- Privately-owned community forest now have been prioritized to supply the wood
- How privately-owned community forest be sustainable: for the environment/sustainability, for owners and for industrial sector/market
- Giving inputs/advises and additional value in timber/wood administration to those farmers, the owned of privately-owned community forest
- Should have other elses that take the roles in wood administration process according to the porsion, roles sharing.
- It might be better for wood measurement result which is real and the price of market is also realistic.

8. Taufik (Dishut Gunung Kidul)

- Supplier of elements of chair (foot) to industry in Jepara, 12.600 foot chair, for the market share of meuble set with price around < 2 millions
- Three times a week send the foot chair to Jepara
- Specialization of small wood
- Quality of small and low grass root level products that also have larger market share
- Quality of privately-owned community forest is affected by the age of cutting
- Qualified timber sortimen could be covering the image of wood sources coming from less qualified wood standing stock/bad
- Farmers should regulate the cycle of cutting to be provided with qualified wood sources
- There are businessmen want to get the size of wood with non standardized specification (because of specific order) hence the price also be influenced at farmers' level and the products buyer.
- Timber administration could be solved with the management unit, reducing the licence of partial cutting /individual based.

9. Ahmad Fauzi (Asmindo Jepara)

- Strong roles of demand and supply
- Wood raw materials supply is getting reduced. Industries have problem to fulfill the gap of supply.
- Wood price standard: thin – sufficient – thick

10. Bandi (wood farmer from AWKMI Blora)

- Jati Mustika group is granted SVLK and now has been proceeding to get PHBML certification (Sustainable Community Forest Management)
- Farmers grumbled about the low price of timber
- Farmer's price margin only 10%, largest margin is earned by brokers/timber traders
- 17200 hectares of privately-owned community forest, still be struggled to remain by farmers as privately-owned teak community forest
- Need supports from government to process PHBML certification
- Need a solution to overcome timber trader's

11. Nisro (PHR – Wonosobo)

- Forests in Java are treated with rampant industries relocation from outside Java into Java island.
- How to appeal community to stimulate safeguarding/pertaining forest sustainability.
- Farmers group of privately-owned community forest should be assisted to become powerful.
- SKAU and NOTA need to be strongly put in place, in order to prevent unrealized legality process. Keep the legal with end legality.

Responses

1. DR. Haryadi Himawan
 - a. Timber trade upstream-downstream is a chain of roles of all relevant parties/groups
 - b. It needs a follow up on implementing level to create a more fair condition for farmers of privately-owned community forest, traders/brokers/intermediary brokers/industrial sector,
 - c. AWKMI is an opportunity for privately-owned community forest farmers and IKM to provide development potential infrastructure more than expected.

2. DR Dwi Sudarto
 - a. Privately-owned community forest and IKM (Community-produced Wood Industry) have been changed their regulation (from Ministry of Forestry side)
 - b. Assistance and certification would be provided 2,7 Millions of funds by December 2012, where BUK Directorate General would facilitate. It is welcome for farmers group if they are ready to submit proposal. Farmers should send an application and it would be easier if the submission be represented in a group of farmers. Larger group/association of farmers which is formed in a group joining in KUD/Primary Cooperative in order that the administration to be able easier.
 - c. IKM will be much easier its administration procedures/timber administration
 - d. Jati/teak would need to apply SKAU licence, however sengon applies NOTA. The requirement should well-administered system through wrapping up with SVLK system.
 - e. Will be a revision of P51. It also have been revised an attachment of Perdirjen (Directorate General Regulation) for proceeding the process of SVLK, to be also facilitating privately-owned community forest and IKM.
 - f. Utilize the existing AWKMI in determining privately-owned community forest and IKM which have been ready to be certified/audited and assisted.

3. Bapak Jarot
 - a. Privately-owned community forest and IKM in Jepara are advised to establish groups of farmers or even a institutions (especially in response to receiving of timber raw materials from outside of Jepara) to be able the raw material be redistributed fairly.
 - b. The agency of document issuance would send directly copies of documents to the Agency of Forestry district level to Jepara including Copying documents submitted to the Forestry Agency provincial level, which is expected to monitor how many timber volumes entering Jepara district and tackling insufficient number of technical assistant officers for issuing FAKO.

4. Mr. Edi Jatmiko
 - a. Trading chain that have been existing for long time could not be trashed bin.
 - b. Timber measurement standard should be applied to guarantee certainty of timber volume and market price.
 - c. It is expected where regulation being developed by government not to

disincentive for farmers of privately-owned community forest and IKM, and supportive for business development certainty.

5. Blora

- a. Would receive SVLK, 500 Hectares
- b. MoU of Ministry of Forestry, where district leader and governor, about management of sustainable forest.
- c. MoU of farmer with PT Java Lestari in Yogyakarta
- d. Land utilization among core plantations by planting empon-empon
- e. Expectation that the existing of soft loan should also handle/regulate “cutting when needed/ momentum cutting”, such as applying conservation credit in the past time.
- f. Utilization/demanding over small size wood would threaten forest sustainability/privately-owned community forest, cutting plantations which have not grown up maximum.
- g. Teak wood of privately-owned community forest is expected to be cut with diameter of 20 cm
- h. 50% of Blora area is forest area/privately-owned community forest, where a warning from governor related to land area that plantation should also consider food crops need to get paid attention.

6. Bambang Aji

- a. Appreciation of simplicity of documentation procedures for community-owned timber
- b. It is expected that the process of simplification would not raise another problem at community's side
- c. Roles of traders/brokers/intermediaries are the reality in a timber trading mechanism. The most important thing that how profitability margin/value added for farmers increases.
- d. Size of teak wood always has to refer to the old table. The “old table” has been provided since long time ago and it is a valid reference. It should also use a formal table.

7. Supardi (Dishutbun Temanggung)

- a. Gapoktan Gawe Makmur (the Alliance of Farmers Groups- Gawe Makmur) has been proceeding to get SVLK licence. It has been now taking inventory stage and being assisted.
- b. How the procedures of getting funding assistance which 2 M could be also escorted for farmers.
- c. Privately-owned community forest 15,000 hectares, are dominated with sengon. Others are teak plantation and mahogany.
- d. Teak would be delivered to Jepara around 540 m³/month, where mahogany around 1000 m³/month

8. Slamet Rohadi (Dishutprov)

- a. The change of P.51 has been began in 2010, and also SKAU change.
- b. District has been instructed to measure that change with anticipating action.

- c. The SKAU stock remained by September 2012, however the old system is expected not to disturb documentation process/TUK later on.
- d. Partnership between business partners and farmers of privately-owned community forestry have been proceeded.
- e. Teak price keep increasing, but the sale price now is difficult to be reached by IKM, and would effect the sale price of IKM products.
- f. It was proposed for woods from privately-owned community forest do not need to be managed very much, but the timber/wood from state-owned forest need to be managed properly.
- g. The change of SKAU to become a NOTA, will appear problem that the timber would be difficult to be traced back the origin and sources.
- h. SVLK does not need to be put in place if the case that state is brave to declare that every single timber/wood from Indonesia is legal guarantee.
- i. Lackness of technical officer that be authorized to deactivating the wood document is an overall problem in Central Java Province. Training budget by BP2HP was deleted for this year's budget allocation.

9. Taufik

- a. Now it has been 8 cooperatives of HKM (community forest in state's land) exist. 3 cooperatives in people plantation forest, 1 cooperative of privately-owned community forest.
- b. It is welcome for IKM businessmen in Jepara to channel directly with the cooperatives, and it is encouraged to empower cooperative's resources. In capital investment side is not capable.
- c. Distribution of profit margin indeed has been created balancing among farmers – traders – and industries. Maximum 20%.
- d. It has been noted the contribution of privately-owned community forest in mechanism of community timber trade and community timber industry/IKM, distribution of profit margin also be identified on each party.
- e. It is necessary to build management unit in privately-owned community forest and arrangement of trading mechanism.
- f. SVLK is complicated and expensive for farmers of privately-owned community forest. The system being built is excellent but needs to get support from government for implementation on the ground.
- g. FAKO issuance and SKAU should be able given to personnel who involve in the management unit, hence the number of technical officers at Dinas level could be reduced.
- h. Farmers of privately-owned community forest should be brought to a business perspective in referring to the principle of privately-owned community forest is planted on land ownership and the orientation is yield utilization (wood and non wood) to increase the welfare.

10. Margono

- a. Farmers of privately-owned community should be generated and empowered. They would then be able to access capital and investment through a provided credit scheme.
- b. Profit margin is determined by ability of farmers' capital investment and IKM.

KUR takes long time process and could not answer reality of problems. Farmers need a rapid access and to-the-point targetting.

- c. Assistance for development needs to be escalated and keep the development activities regularly for farmers and IKM, managed in a cooperative institution or joining of farmers groups, in order that having ability and bargaining position better.

11. Bu Septi: representative of Woman Organization in Jepara (Exporter)

- a. Marketing products from supplier/development groups
- b. Woods origin and IKM are unclear. There are many. However the marketing still keep running smoothly.
- c. The process of SVLK is viewed complicated and problematic at ground level exercises. It was in reference to what have been happened and operated so far this time.

Closing notes

- a. Improvement of timber trade mechanism produced from community forest not only improving upstream-downstream mechanism. Middle man (intermediaries/traders/brokers) keep playing important roles in this chain of wood flow mechanism from standing stock.
- b. SVLK now has been appointed as mandatory, could not be avoided. It needs a rearrangement (DS).
- c. Certification could also be given to an alliance of groups accompanied by attachment of lists of individuals/farmers of privately-owned community forest/IKM (DS).
- d. Technical officer who issuing the document is authorized by forestry agency, provincial level. It is welcome to add if needed (DS)
- e. Costs of SVLK assistance by the end December 2012 would be backed up with BUK through MFP with provided funding around 2,7 Millions (DS)
- f. Bank credit is allocated and depending on the trust (J)
- g. Timber traders would be gathered (they are expected to get together in one forum facilitated by MFP) to get also contributing document services (J)
- h. Structure of community entrepreneurship has been more transparent with the already identification relevant parties that is available to support efforts of community initiatives.
- i. Partnership spirits to be developed. Chain linkage between upstream and downstream to be directed for more fair and justice in operation.
- j. Government will act more adaptive in facing the development of condition. It will be interpreted in regulation by giving more space of opportunity for community (farmers of privately-owned community forest) to make them empowered.
- k. In the context of illegal related to implementation of SVLK, need a thorough concept and implementation if the area of discourse goes to criminal, in order that the community is not on the inferior position.

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POLICY OF PRIVATELY-OWNED COMMUNITY FOREST INDUSTRY

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DIREKTORATE GENERAL FOREST UTILIZATION DEVELOPMENT

Presented at:
Partnership Dialogue of Privately-owned Community
Forest Entrepreneurship
Bandung, 3 July 2012

Outline

Condition of Forest Industry

Policy of Industrial Development based on
Privately-owned Community Forest
product

**SVLK (Indonesia-
TLAS)**

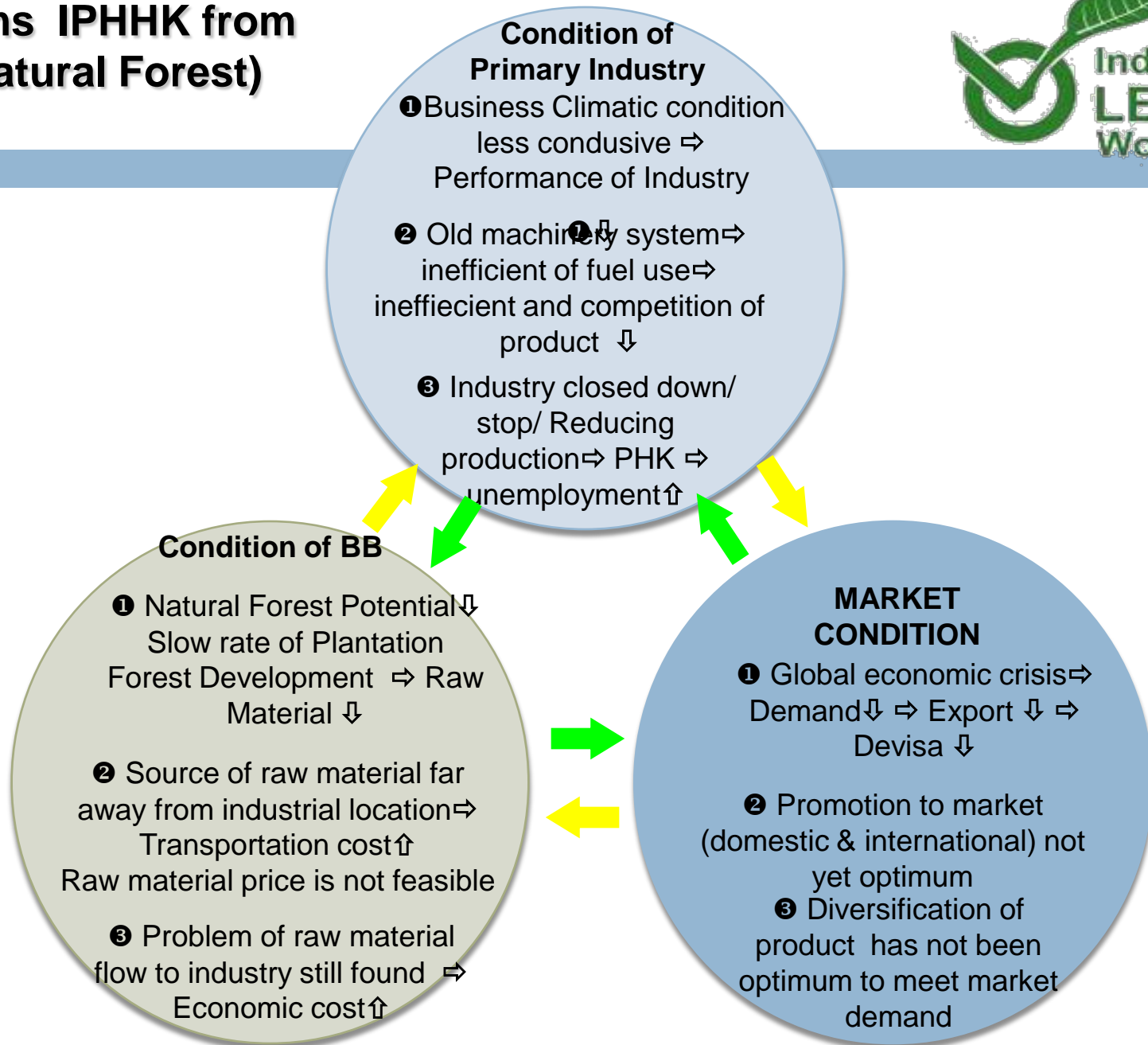
SVLK

Verification and Evaluation

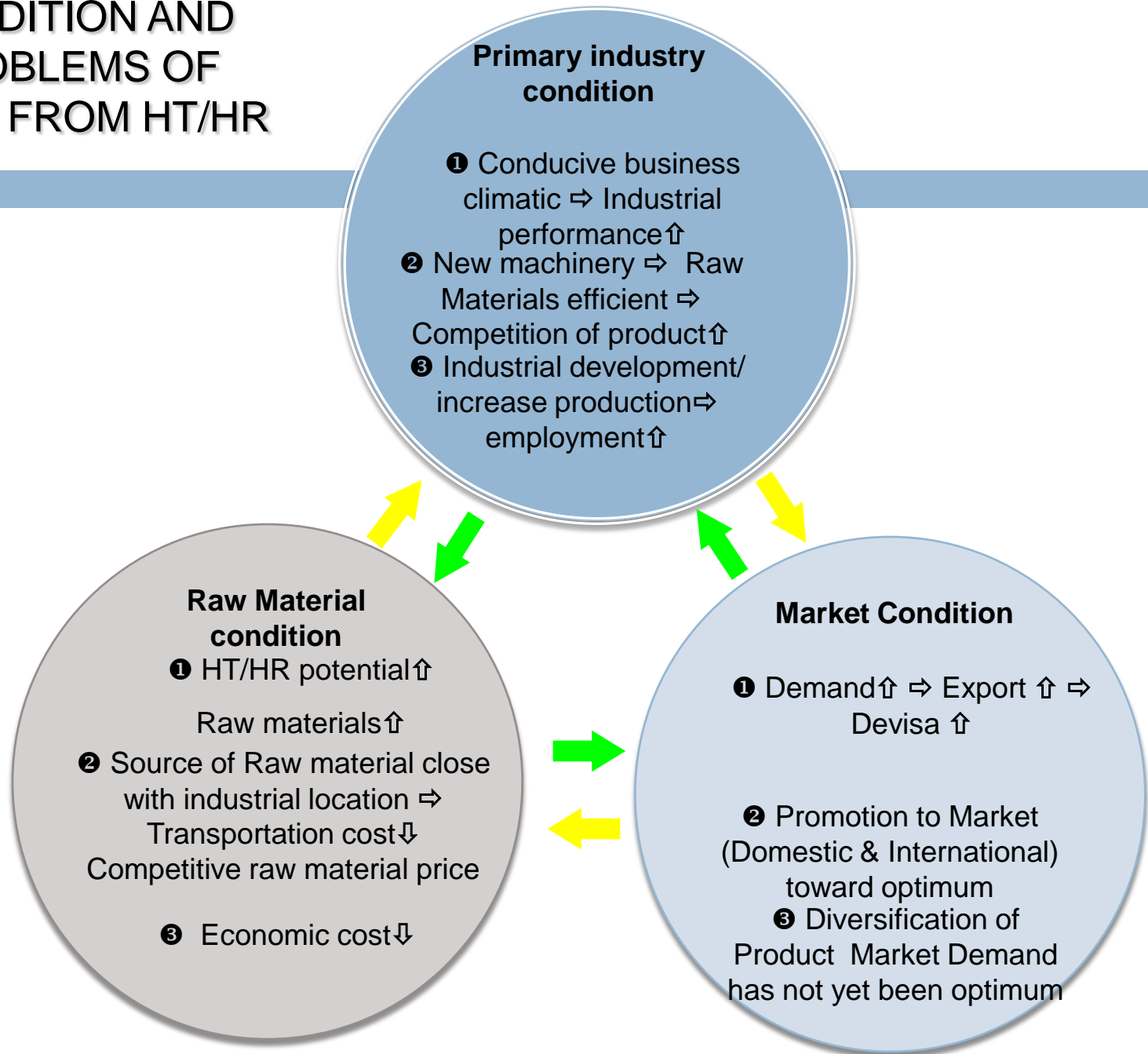
Roles & Other Agencies' Support

Condition of Forest Industry

Condition and Problems IPHHK from HA (Natural Forest)



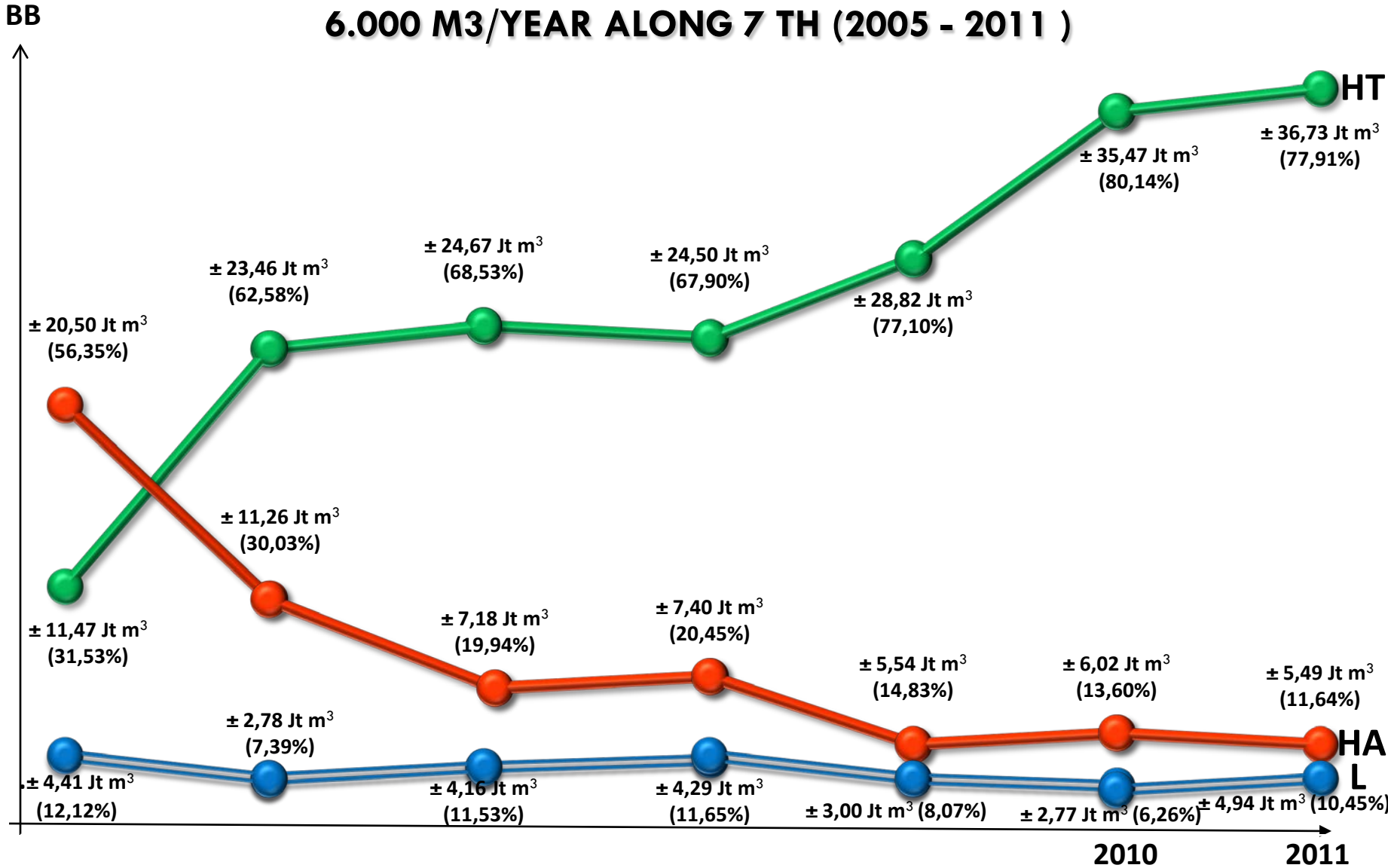
CONDITION AND PROBLEMS OF IPHHK FROM HT/HR





Condition of Forest Industry based on privately-owned community forest

DEVELOPMENT OF RAW MATERIAL SUPPLY STRUCTURE OF IPHHK KP > 6.000 M3/YEAR ALONG 7 TH (2005 - 2011)



Source of raw materials (Jt m3) :

- ▶ HA : Natural Forest (IUPHHK-HA / HPH & IPK / ILS)
- ▶ HT : Plantation Forest (IUPHHK-HT / HTI, HR, Estate timber, PERHUTANI & LC LAND Preparation IUPHHK-HT)
- ▶ L : legal sources from others (STOCK IPHHK, log wood import, auctions, trader owner, other IPHHK)

Java Forest Situation

Product

	DI Yogyakarta		East Jawa		Central Jawa		West Jawa and Banten		TOTAL	
	P	Pdv	P	Pdv	P	Pdv	P	Pdv	P	Pdv
Production forest	67,55	0.01	340,000.00	0.62	441,143.00	0.54	177,388.96	0.38	958,599.51	0.52
Privately-owned CF	95,000.00	0.86	1,700,000.00	2.29	2,192,534.00	3.58	1,720,712.94	2.72	5,708,246.94	2.72
TOTAL	95,067.55	0,43	2,040,000.00	1.45	2,633,677.00	2.06	1,898,101.90	1.55	6,666,846.46	1.62

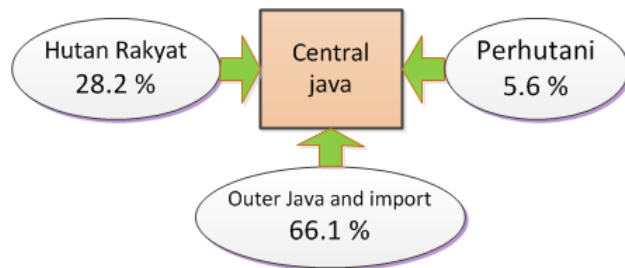
Compiled and Sourced: Dishutbun DI Yogyakarta (2009), Dishut Jabar (2010), BPKH XI (2009, 2010), Dishut Jateng (2012), Dishut Jatim (2012)

Remarks:

P = Production (m3)

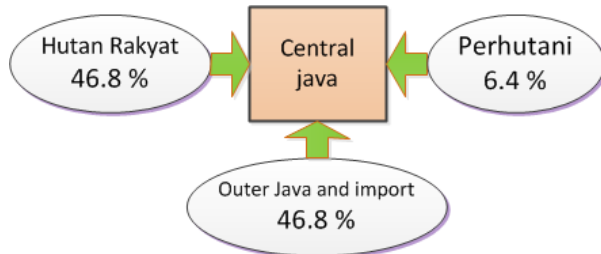
Pdv = Productivity (m3/ha/th)

Master Plan Industri Perakayuan di Wonosobo - 2010

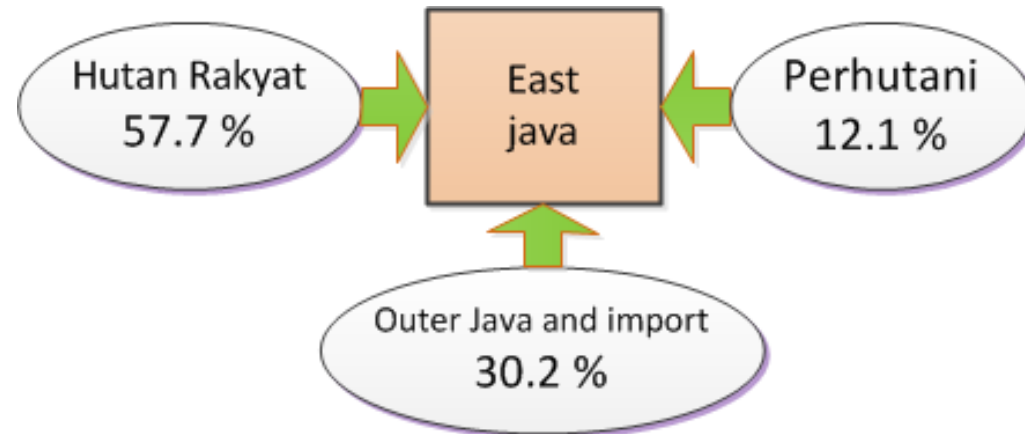


--Raw Material Supply--

Dishut Jateng - 2011



Dishut Jatim - 2012



Forest Industry Situation

Primary Industry

No	Propinsi	Di Bawah 2.000 m3		2.000 - 6.000 m3		Di Atas 6.000 m3		TOTAL			
		Kapasitas	Jumlah	Kapasitas	Jumlah	Kapasitas	Jumlah	Kapasitas		Jumlah	
1	Jawa Timur	380,461	323	569,818	116	2,863,700	87	3,813,979	40%	526	16%
2	Jawa Tengah	525,855	356	698,940	154	1,833,700	43	3,058,495	32%	553	16%
3	DI Yogyakarta	28,128	35	10,800	4	-	-	38,928	0%	39	1%
4	Jawa Barat					220,500	7	1,932,553	20%	2,150	64%
5	Banten	79,841	71	145,080	36	508,960	4	733,881	8%	111	3%
6	DKI Jakarta					50,400	1	50,400	1%	1	0%
TOTAL		1,014,285	785	1,424,638	310	5,477,260	142	8,030,283		1,288	
INDONESIA						29,640,331	304				

Diolah dari: Dephut (2009), BP2HP VIII (2012), Dishut Jawa Tengah (2012), Dishut Jawa Timur (2012), Dishut Jawa Barat (2011)

Forest Industry Situation

Advanced Industry with raw materials of wood

No	Propinsi	Industri Lanjutan
1	Jawa Timur	83,447
2	Jawa Tengah	34,728
3	DI Yogyakarta	116
4	Jawa Barat	3,017
5	Banten	86
6	DKI Jakarta	44
TOTAL		121,438

Diolah dari: Dephut (2009), Kemenperin (28 April 2012), Dishut Jawa Timur (2012), Disperindag Jatim (2010), Dishut Jawa Tengah (2010, 2012), Disperindag Jateng (2009), BPS Provinsi DI Yogyakarta (2008), Dishutbun DIY (2012), Dishut Jawa Barat (2011), BPS Provinsi Banten (2009), dan Bank Indonesia (2008).

Policy of Forest Industry Development



1. Regulating realization in licencing Industries (Revised Permenhut Nomor P.35/Menhut-II/2008 jo. Nomor P.9/Menhut-II/2009) :
 - ❖ Facilitation of capacity licence for production below 2.000 m³/year (portable machine);
 - ❖ Authority of licencing production licence capacity below 2.000 m³/year released by district leader/Municipality;
 - ❖ Requirements easier.
2. Facilitation of partnership between industry and community.
3. Collaborating facilitation for developing community nursery garden by primary industry of forest products.
4. Increasing the efficiency of forest products utilization and waste utilization toward zero waste industry and reengineering of the machine of forest industry.
5. **Strong support for the use of legal wood by forestry industries through Timber Legality Verification.**

SVLK

Indonesia TLAS

Basic Legal of SVLK

- Acts No 41 Year 1999 on forestry
- PP No. 6 year 2007 jo No. 3 year 2008
- Permenhut No. P.38/Menhut-II/2009 jo. No. P.68/Menhut-II/2011 on the Standard and Guidance of PHPL performance evaluation and VLK on licence holder or on the forest rights
- Perdirjen BUK No. P.8/VI-BPPHH/2011 on guidance and standard of PHPL performance evaluation and VLK (replacing Perdirjen BPK P.6/2009, P.02/2010, P.06/2010, and SE No. 08/2010).

WHAT SVLK IS ?

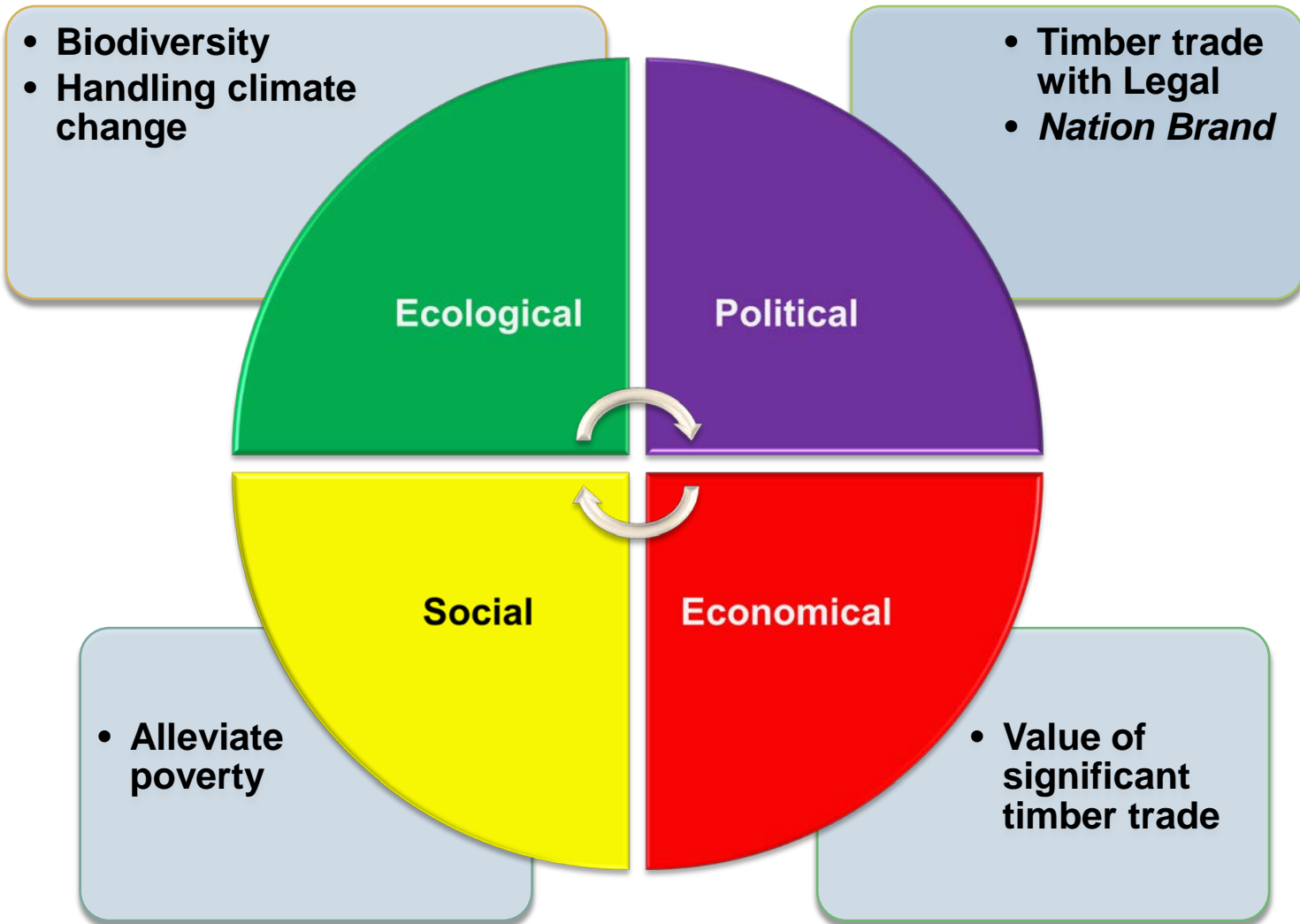


- Is a tracing system in which involve *multi-stakeholder* to promote and ascertain the wood source legality which around and traded in Indonesia
- SVLK is developed to stimulate implementation of government regulation which related to trading and circulation or legal forest products in Indonesia.

What SVLK's goal ?

- Developing a legality verification tool which is credible, efficient and fair to promote curbing illegal logging problems.
- Improving forest governance in Indonesia to increase competition of Indonesia forest products
- The only one timber legality system that is existing in Indonesia.
- Wipe off the grey area which proves creating a high cost economic procedures and illegal logging existing.
- Reduced the practice of illegal logging.

Why need SVLK??



Benefit of SVLK

1. SVLK gives certainty to market in Europe, United States, Japan and neighboring countries that timber and timber products being produced by Indonesia is legal and come from legal source.
2. Improving forest governance effectively.
3. Reducing high cost transaction
4. Development intensively by government
5. Opportunity to release from checkings that may raise a high cost economic transaction

ILLEGAL LOGGING HANDLING



ILLEGAL LOGGING AND
ILLEGAL TIMBER TRADE

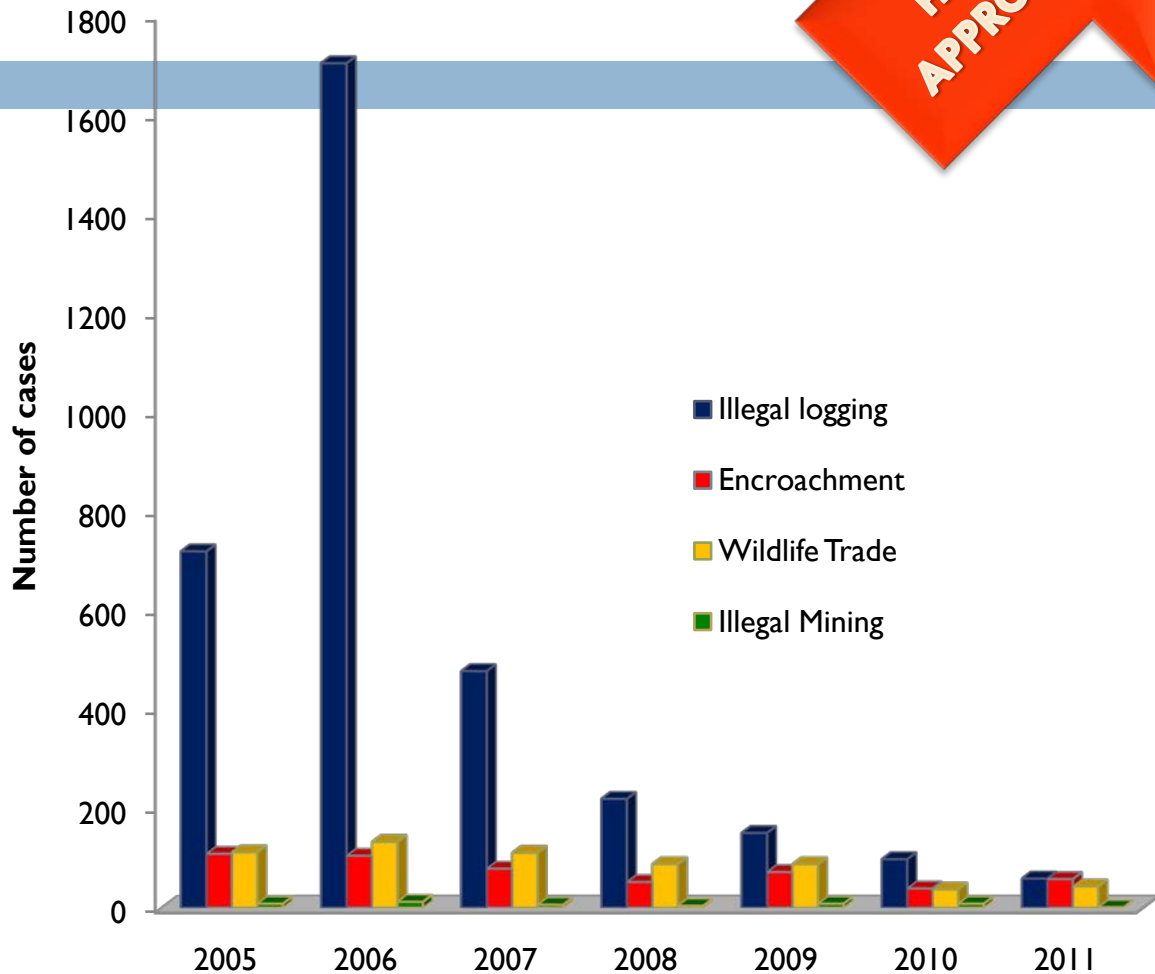
HARD APPROACH

SOFT APPROACH





**HARD
APPROACH**

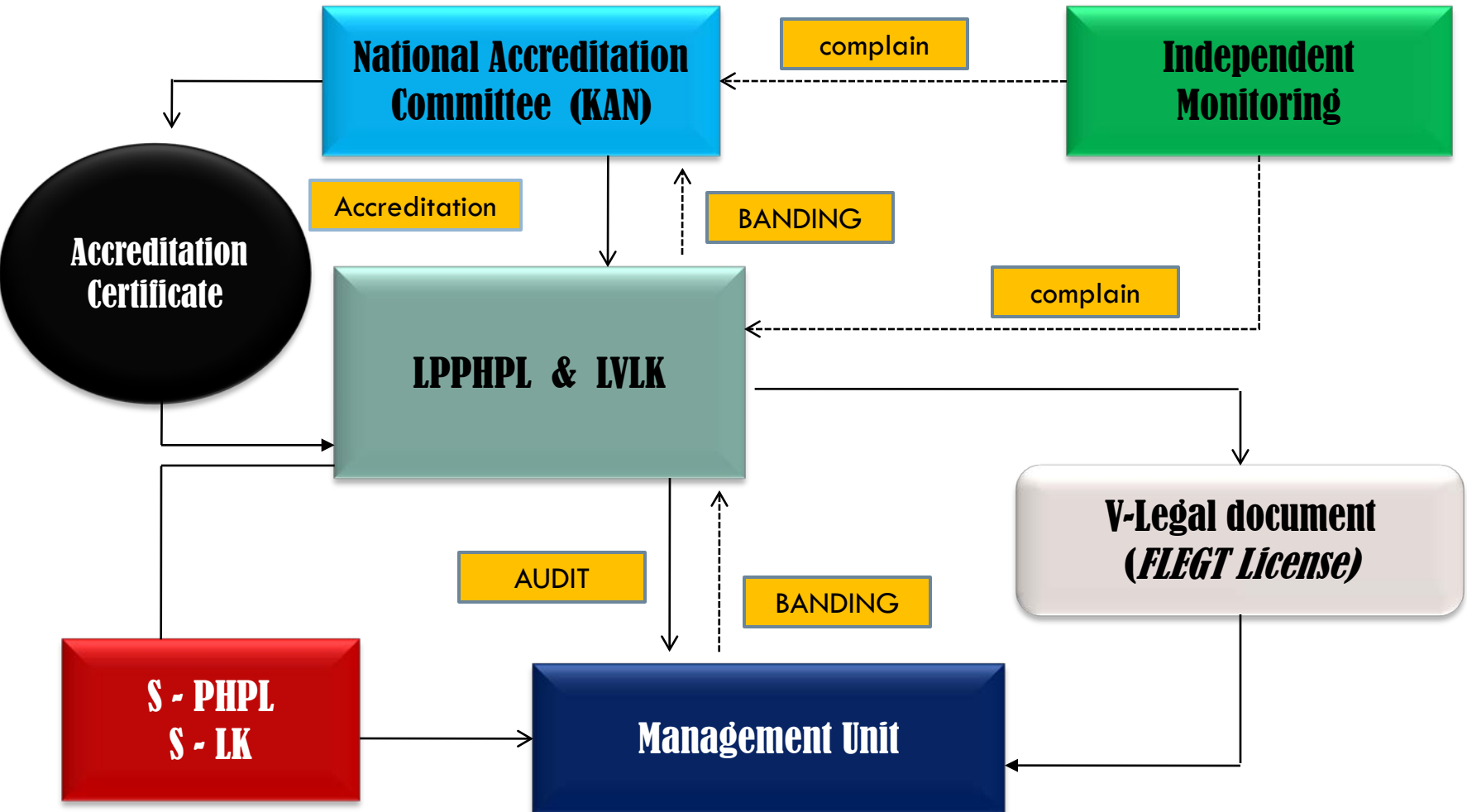


Source : Direktorat General of PHKA, 2012)

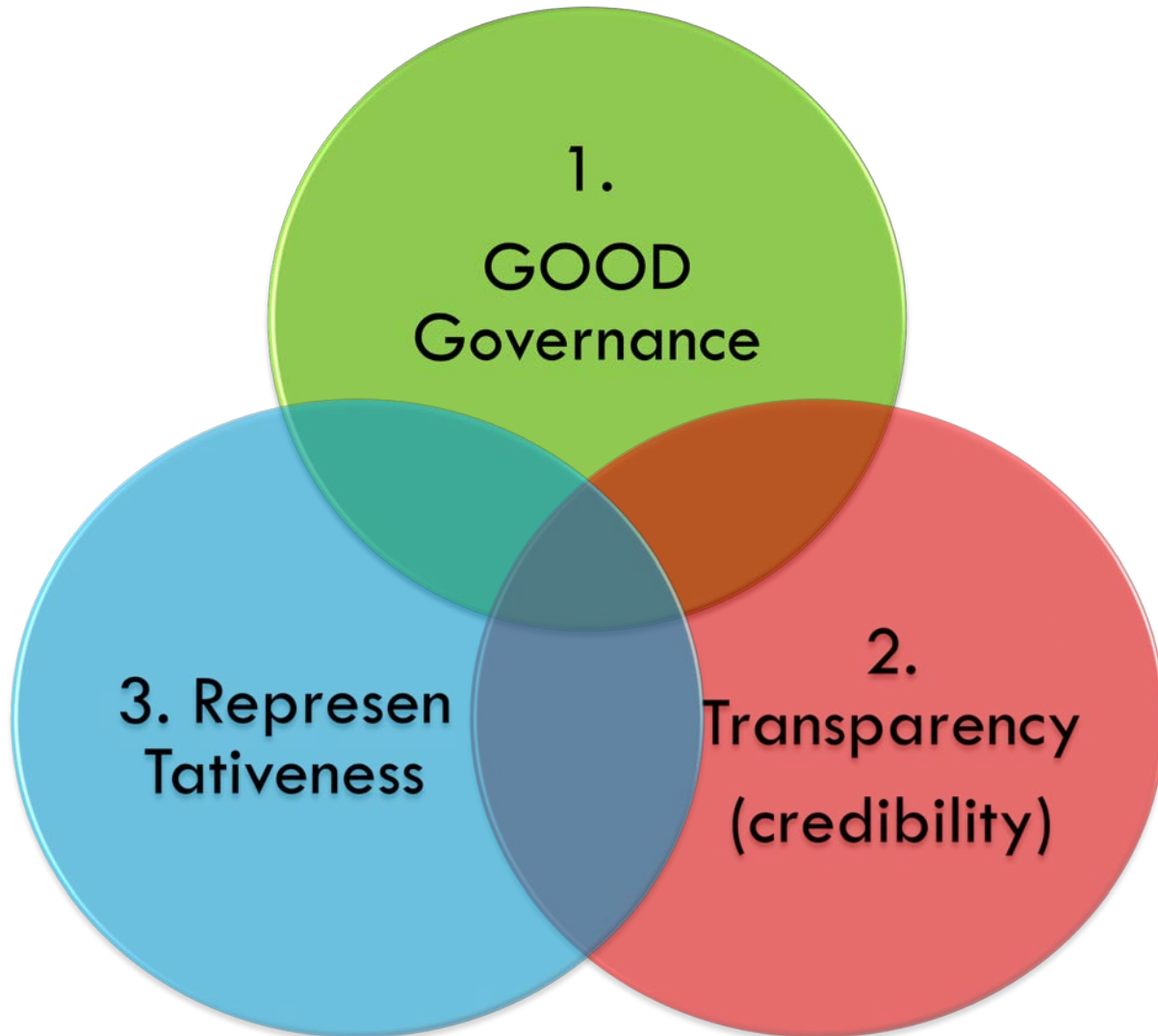
SVLK principles

SVLK Scheme

MoF (Regulator)

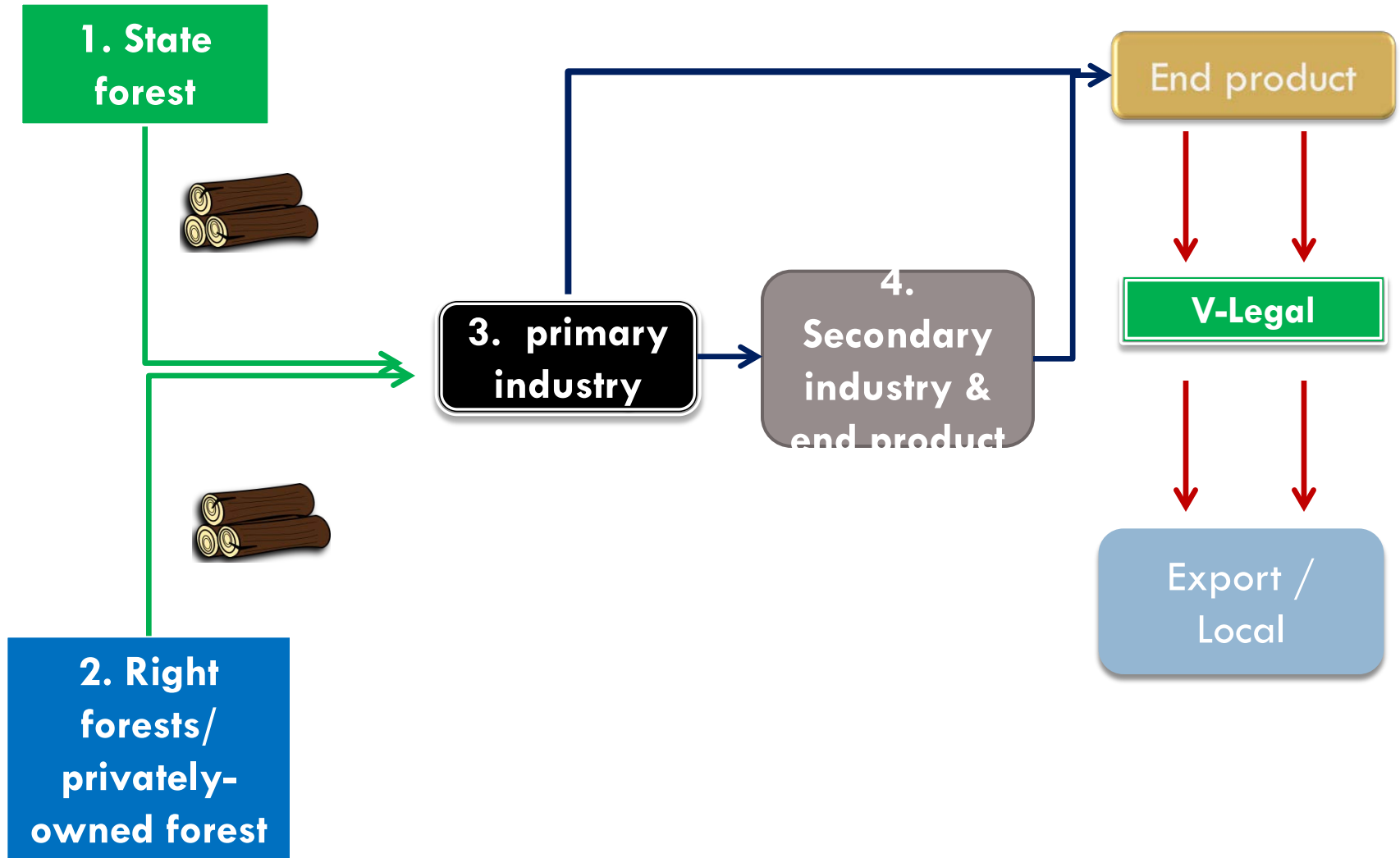


3 Principles of SVLK :



Verification and Evaluation

SVLK scope



SCOPE/OBJECT OF SVLK

- Licence holder of IUPHHK-HA/HT/RE and management rights
- Licence holder of HTR/HKm/HD
- Forest Rights owner
- IPK Holder
- Primary industry and secondary (including home industry/craftmen and export traders)



Evaluation body- PHPL

(Accredited based on ISO 17021)

No.	Name	Accreditation No.
1.	PT. Ayamaru Certification	LPPHPL-001-IDN
2.	PT. Sarbi International Certification	LPPHPL-004-IDN
3.	PT. SUCOFINDO SBU (SICS)	LPPHPL-005-IDN
4.	PT. Almasentra Certification	LPPHPL-006-IDN
5.	PT. Rensa Global Trust	LPPHPL-007-IDN
6.	PT. Forescitra Sejahtera	LPPHPL-009-IDN
7.	PT. Mutuagung Lestari	LPPHPL-008-IDN
8.	PT. Nusa Bakti Mandiri	LPPHPL-010-IDN
9.	PT. Equality Indonesia	LPPHPL-013-IDN
10.	PT. Multima Krida Cipta	LPPHPL-015-IDN
11.	PT. TUV International Indonesia	LPPHPL-016-IDN
12.	PT. Global Resource Sertifikasi	LPPHPL-017-IDN

Timber Legality Verification body (LVLK)

(Accredited based on ISO/IEC Guide 65)

No.	Name	Accreditation No.
1.	PT. BRIK	LVLK-001-IDN
2.	PT. Sucofindo	LVLK-002-IDN
3.	PT. Mutuagung Lestari	LVLK-003-IDN
4.	PT. Mutu Hijau Indonesia	LVLK-004-IDN
5.	PT. TUV International Indonesia	LVLK-005-IDN
6.	PT. Equality Indonesia	LVLK-006-IDN
7.	PT. Sarbi Moerhani Lestari	LVLK-007-IDN
8.	PT. SGS Indonesia	LVLK-008-IDN

In accreditation process:

1. PT. Almasentra Konsulindo
2. PT. Smartwood Rainforest Alliance

Sustainable Production Forest Management/PHPL progress and VLK (May 2012)

- PHPL HA on 40 Management Units (4.801.262 ha)
- PHPL HT on 38 Management Units (3.475.931 ha).
- VLK on 233 Forest industries.
- VLK HA on 12 Management Units (924.419 ha)
- VLK HT on 1 Management Unit (350.165 ha) and
- VLK HR on 7 Units (3.500 ha).

Roles and Supports of other agencies

Roles and supports from related institutions (1)

Ministry of Foreign affairs	Continue and lead the process of VPA signing and ratification process
Ministry of Trade	Revising Permendag Number 20/2008 and regulation of forest products import to prove its legality
Ministry of Finance cq. Fiscal and tax	Implementing export administration according to revised regulation of Ministry of Trade
POLRI, Kejagung and other Law Enforcement actors	Guaranteeing legal certainty and business certainty for business world in forestry sector that apply SVLK
State Secretary	Facilitate ratification process

Roles and Supports of related institutions (2)

Ministry of Forestry	Development of Licence holder and facilitate licencing process
Ministry of Home Affairs	To stimulate the governor and district leaders to do development with forestry business unit and privately-community forest and facilitate licencing process
State Ministry of Cooperative and Small Medium Scale Business	To support establishment of institutionalization and development of cooperative of privately-owned community forest /forest rights
Ministry of Industry	Development of IUI / TDI facilitation of licencing
Government's Institution of procurement policy for goods and	To Support the policy of government's good procurement to also use SVLK certified wood products

Conclusion

- Forest industry of privately-owned community forest is one of backing up of national economic function by utilizing partnership with community the owner of forest rights.
- Development of industrial partnership with community the owner of forest rights and accelerating SVLK operation as effort to stimulate privately-owned community forest development.
- SVLK guarantees Indonesia timber legality, in addition as a foundation of achieving sustainable forest management (SFM).
- SVLK has been a commitment of Republic Indonesia Government to curb illegal logging and illegal trading.
- Implementation of SVLK which accountable to accelerate the timber industry performance and its derivative products hence to contribute significantly to provide job opportunities and increasing the devisa sources.



Thank you

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Published and Distributed by :



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

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

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