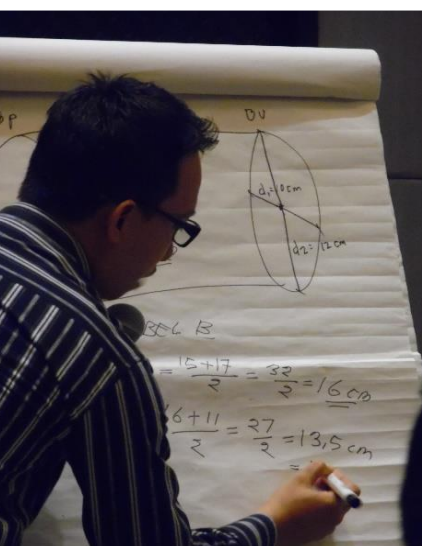


# COMPLETION REPORT



ITTO TFL PD 033/13 Rev. 2 (M)  
"Strengthening the Governance of Community Forest  
through Improved Capacity  
to Adequately Perform Timber Administration  
in Java and Nusa Tenggara Region in Indonesia"



# **PROJECT COMPLETION REPORT**

**ITTO TFL PD 033/13 Rev. 2 (M)**

**“Strengthening the Governance of Community Forest through  
Improved Capacity to Adequately Perform Timber Administration in  
Java and Nusa Tenggara Region in Indonesia”**

**Prepared for the Project by:  
Ms. Lasmini, Project Coordinator**

**Executed by: Directorate of Forest Revenues and Product Distribution,  
Directorate General of Sustainable Production Forest Management,  
Ministry of Environment and Forestry**

**In collaboration with:  
Forest Governance Learning Group (FGLG)**

**Jakarta, July 2017**

Project Title : Strengthening the Governance of Community Forest through Improved Capacity to Adequately Perform Timber Administration in Java and Nusa Tenggara Region in Indonesia

Serial Number : TFL PD-033/13 Rev. 2 (M)

Executing Agency : Directorate of Forest Revenues and Product Distribution,  
Directorate General of Sustainable Production Forest Management, Ministry of Environment and Forestry  
Manggala Wanabhakti Block I, 6<sup>th</sup> Floor  
Jl. Gatot Subroto Jakarta 10270, Indonesia  
Phone: +62 21 5730265; Fax: +62 21 5730272, 5720203

Collaborating Agency : Forest Governance Learning Group (FGLG)  
Manggala Wanabhakti Block 4, 7<sup>th</sup> Floor, Wing A Room 709  
Jl. Gatot Subroto, Jakarta 10270  
Phone : +62 21 5730246 ext 5317  
Fax : +62 21 5711309

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#### **PROJECT MANAGEMENT TEAM**

Project Coordinator : Ms. Lasmini  
Financial Staff : Ms. Richma Wahyuni  
Administration Staff : Mr. Muharam Angga Pratama

#### **Project Secretariat Address:**

Manggala Wanabhakti Building Block IV, 7<sup>th</sup> Floor, Wing A Room 709  
Jl. Jenderal Gatot Soebroto, Jakarta 10270, Indonesia  
Telephone : +62 21 5703246 ext 5317  
Faximile : +62 21 5711309

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## List of abbreviation

BPKH	:	Balai Pemantapan Kawasan Hutan/Agency for Forest Area Stabilization, unit of forestry office for forest management unit at the regional level
BPN	:	Badan Pertanahan Nasional/ National Land Agency
BP2HP	:	Balai Pemantauan Pemanfaatan Hutan Produksi/Agency for monitoring of forest utilization at the regional level
CBPF	:	Community Based Plantation Forest
DG	:	Directorate General
FGD	:	Focus Group Discussion
FGLG	:	Forest Governance Learning Group
GOI	:	Government of Indonesia
<i>Hak milik</i>	:	Ownership
HR	:	Hutan Rakyat/Community Forests
ITTA	:	International Tropical Timber Agreement
ITTO	:	International Tropical Timber Organization
<i>Lurah</i>	:	Village Chief
MFP	:	Multi-stakeholders Forestry Programme Indonesia
MoEF	:	Ministry of Environment and Forestry
MoU	:	Memorandum of Understanding
MR no. P. 30/2012	:	Ministry Regulation number 30 year 2012
NGO	:	Non Governmental Organization
PEFA	:	Provincial Environment and Forestry Agency
<i>Penatausahaan hasil hutan</i>	:	Timber Administration
PMT	:	Project Management Team
PTC	:	Project Technical Committee
PSC	:	Project Steering Committee
SMEs	:	Small/Medium Enterprises
SKAU	:	Surat Keterangan Asal Usul/Certificate of Origin:
TLAS	:	Timber Legality Assurance System
TFLET	:	Thematic Programmes on Forest Law Enforcement, Governance and Trade
YPO	:	Yearly Plan of Operation

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Project Co-ordinator

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## **Executive Summary**

### 1. Project Identification

- The Ministry of Environment and Forestry has created a breakthrough to promote legal timber products of community forests through the issuance of the Ministerial Regulation No. P.30/Menhut-II/2009 (MR no. P.30/2012) in June 2012 which outlines the types of documentation required for timber transportation from a Community Forestry area to primary processing sites.
- The objective of the issuance of this regulation was to ease the administration process in order to avoid high cost and to improve the competitiveness as well as to secure the tenure of community forest.
- The implementation of the new regulation was not well executed. Two main causes of the key problems had been identified, namely: (1) lack of knowledge and information on Ministerial Regulation No. P.30/Menhut-II/2012 (MR no. P.30/2012); (2) lack of support by beneficiaries of community forests; the project tackled the identified key problems and contributed to the strengthening of forest governance and supporting community forest development in Indonesia.
- The project originally focused on improving the administration of timber produced from community forests in Java and Nusa Tenggara Region. The expected outputs of the project were: 1) Ministerial Regulation (*Permenhut*) No. 30/Menhut-II/2012 properly implemented at village level; 2) Support by beneficiaries of timber administration increased.
- There were many aspects that need to be improved to optimize the implementation of the system such as the capacity of human resources, monitoring and controlling of timber distribution.
- The project worked on capacity building and training in the issuance of legal documentation to ensure the legality of timber produced from community forests, as well as capacity building for relevant stakeholders such as village officials, National Land Agency (BPN), local government, timber growers, and small scale enterprises in the application process of timber administration of community forests in Java, Nusa Tenggara, North Sumatera, West Sumatera, Lampung, East Kalimantan and Central Sulawesi

### 2. Project objectives and Implementation strategy.

- The project was executed by the Directorate of Forest Revenues and Product Distribution, DG of Sustainable Production Forest Management, in collaboration with the Forest Governance Learning Group (FGLG).
- Objective of the project: Project's specific objective: to develop local capacity in the implementation of timber administration system from private forests in Java and Nusa Tenggara Regions in ensuring timber produced come from legal sources.  
Project's Development Objective: To contribute to the strengthening of forest governance and to support community forest development in Indonesia.
- The implemented strategies to achieve the planned outputs were official meetings, focus group discussions (FGDs) and workshops to inform the new regulation on forest product administration for community and relevant stakeholders; series of training for village administration staff in targeted locations; and strengthening the coordination amongst relevant institutions such as National Land Agency, police and customs officers through series of dialogues.
- The potential risks associated with the project and affected its implementation were identified in the project proposal. They were:
  - Timber legality process was hard to be accepted by business sector
  - Local government did not support the policies/new regulation and the new Indonesian forest product administration system was not recognized by relevant

stakeholders.

- Another risk was associated with less interest of the community forest in promoting legal timber product.
- The potential risks have been successfully minimized/mitigated during the project implementation by ensuring consistency in the implementation of the project strategies.

### 3. Project performance

- There were 3 activities planned for execution under each output; while definition of the activities remained the same throughout the project implementation period.
- All 6 (six) planned project activities had been fully executed with 8(eight) additional activities at the extensions period had been identified and implemented with the prior endorsement of the Project Steering Committee (PSC).
- Improvement of local capacity in the implementation of timber administration system did not only cover Java and Nusa Tenggara regions but also six other provinces, namely North Sumatera, West Sumatera, Jambi, Lampung, East Kalimantan and Central Sulawesi
- Project Duration: The project actually commenced in September 2014 with planned duration of the project was 24 months plus three times extensions with totally 10 months extensions were granted by ITTO
- Project budget as follows: Funds allocated for the project were US\$ 420,750, funds received and expended were US\$ 402,925 , and the EA contributions were US\$ 49,350

### 4. Project Outcomes, Target Beneficiaries Involvement

- Achievement of the outputs had been assessed against defined indicators of individual activities. All 3 indicators of Output 1 has been fully satisfied; All 3 defined indicators of Output 2 had been fully met. Output 1 and Output 2 have been fully achieved and delivered. Full delivery of the outputs as found in the next section also pointed out to the fact that the specific objective has been achieved.
- As of the project completed, the tangible outputs of the projects were the total number of districts, villages and people involved in the project activities. The participants were: community farmer groups, local government officials, forest community industries and traders who were involved in training activities and dissemination of government regulation. Total participants/stakeholders and total districts being involved were far beyond the targets. Totally there were 121 districts, 601 villages and 1.143 people involved in the project implementation. The project locations were also expanded to other provinces beyond Java and Nusa Tenggara regions including North and West Sumatera, Jambi, Lampung, East Kalimantan and Central Sulawesi provinces.
- The target beneficiaries of the projects were a wide range of stakeholders, from forestry district officials, local communities, staffs of villages, forest managers, forest processing industries as well as local and central government institutions  
The EA (the Directorate of Forest Revenues and Product Distribution, The MoEF) involved in maintaining coordination among relevant parties in implementing project activities. The local government participations were in the form of giving facilitation of village officer in implementing forestry administration, involving in the dissemination of government regulations and training activities, as well as monitoring and evaluating the activities in the field. The local communities who were the main target beneficiaries, were involved and participated in training, dialogues and workshop, implementing technical aspects of forest administration in the field, and sharing information regarding the implementation of the timber administration as the feed-back to improve regulation/policy.

- For the sustainability of the project after its completion, capacity building activities to all involved stakeholders such as for community leaders and village administration staff as well as forestry district officials will be undertaken by the Ministry of Environment and Forestry. The effective networking among all relevant stakeholders will also be strengthened by the Ministry through its regular programs.
- In terms of dissemination of and mainstreaming of the project learning, a short video and graphic animation film had been produced concerning the government regulation on timber distribution/timber administration procedure for timber from community forests. The video and graphic film had been uploaded at the ministry website.

## 5. Lesson Learned

At project identification and design, important lesson learned are:

- project design were most contributed to the success in achieving the specific objectives and project outputs. It was very important to identify main problems faced by the communities in implementing government regulation on timber distribution. Project Strategies were then developed to achieve the specific objective contributing to the achievement of Development Objective;
- Additional arrangements that could improve cooperation between the relevant parties interested in the project was through FGDs and workshops involving all stakeholders.
- Implementation strategy that consists of defining outputs, activities to be done, time allocation as well as the target outputs and inputs needed, were most contributed to the success in achieving the project's objectives. Logical framework was also important tool that was formulated to see the inter-link between the project objectives, output, an activities. Some indicators have to be defined to measure the successful of project achievement. Assumptions were very important too, to consider circumstances that prevent the achievement of project's target/objective.

Lesson learned from project operations:

- The roles of Directorate of Forest Revenues and Product Distribution related to timber administration and timber legality are formulating regulation, facilitating local government and communities in implementing policy/regulation as well as improving capacity of relevant stakeholders in timber legality aspect.
- To implement the project, the Executing Agency had established a small Project Management Team (PMT) comprising three project key personnel. The small PMT proved able to adequately perform project management tasks in an efficient manner.
- The monitoring and evaluation of progress in implementation had been performed through three PSC meetings and monthly technical meetings of the PMT. Such meetings had greatly contributed to the smooth project operations.
- The strategy pursued in implementing the project was defined during the project formulation stage consistent with the project elements specified and operationalized in a collaborative manner by working closely with the primary beneficiaries, relevant institutions and national consultants; the strategy proved effective in achieving the specific objective.
- Flow of funds went smoothly. Withdrawal of funds were in accordance with the schedule arranged in Project Agreement.
- The roles ad responsibilities of the institutions involved in the Project implementation were well elaborated in the respective terms of reference which had facilitated accomplishment of assigned tasks in an effective fashion.
- The project was managed in full compliance with existing ITTO rules and procedures; all of the documents required by ITTO including YPOs, bi-annual progress reports, financial audit reports and documents of particular had been timely submitted to ITTO

and facilitated immediate issuance of any approvals requested by the Executing Agency.

#### 6. Conclusions and Recommendations.

The conclusions drawn from the entire process on formulation and implementation stages are:

- The key problem addressed by the project “the administration of forest products coming from community forests still faces problems” was identified involving stakeholders. The key problem was adequately analyzed, its causes and sub-causes as well as consequences were clearly specified; the project design was constructed based on clear and logical cause-effect relationship that its vertical logic was strong and its elements were consistent with the problems to be resolved.
- The project was implemented by a Project Management Team with close supervision by the Executing Agency without having any major administrative or operational difficulties.
- The specific objective defined was fully achieved through the full execution of six originally planned activities as well eight additional activities pertaining to two outputs and delivery of the outputs.
- The project had been smoothly implemented and successfully completed to achieve its defined specific objective; the smooth implementation and successful completion of the project were made possible by, among others :
  - The sound project design that eased operational planning;
  - The effectiveness and appropriateness of the implementation strategy;
  - The adequate resources in terms of manpower, funds and time;
  - The generally strong support of the executing agency;
  - The ability project management team
- The assumptions made were valid throughout the project duration and the mitigating measures implemented were effective in preventing the potential risks from happening.
- The primary beneficiaries of the project had demonstrated their cooperative and supportive attitude towards the project implementation.
- Others:

The activities in the ITTO TFL PD 033/13 project especially the training and capacity building activities, have contributed to the achievement of the TFLET thematic specific objective as follows:

  - a. 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. The projects carried out assessment on the existing regulations concerning timber administration for wood/timber coming from community forests, and have revised the regulation based on inputs from three FGDs.
  - b. To improve transparency and effective management of supply chains and increased domestic and international trade in legally produced tropical timber.
  - c. To improve the 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. The project has conducted totally nine times training workshops (with totally 340 participants), one in-house training (21 participants) and eight FGDs (821 participants) to improve the capacity of communities, small and medium enterprises to implement and to demonstrate that timber traded comes from legal sources. From this capacity building activities, the communities and other beneficiaries could perform timber administration

adequately.

Recommendations:

- i. It is strongly recommended that any ITTO project proponent perform an adequate analysis of the problem to be addressed in accordance with existing ITTO manuals on project formulation to ensure clarity of cause-effect-relationship.
- ii. To be sound, a project design must be constructed based on a clear cause-effect-relationship to ensure relevance and effectiveness of project interventions to solving the problems at hand.
- iii. Any collaboration in project implementation should be based on a memorandum of understanding that clearly defines roles and responsibilities of the parties involved in order to avoid unnecessary confusion and disharmony of institutional relations during the project implementation.
- iv. To ensure a smooth implementation and successful completion of a project, appropriateness of strategy for implementation, adequacy of inputs as well as support of primary beneficiaries and partners are among the enabling conditions that are required to prevail.
- v. Achievement of a project must be assessed using the pre-specified indicators. As a tool for measuring achievements, such indicators could be revisited and adjusted as necessary based on progress in implementation.
- vi. The potential risks associated with the project implementation should be defined to correspond to the assumptions made; relevant mitigating measures identified during the project formulation stage must be exercised and modified as necessary during the course of project implementation.
- vii. It is strongly recommended for DG of Sustainable Production Forest Management to make replication or scaling up the project activities to other regions and provinces in Indonesia. The activities of FGDs for dissemination of regulations and trainings for capacity building are the activities that could be and should be carried out often. Especially the one related to inform and to disseminate government regulations.

## 1. Project Identification

### 1.1. Context

With regard to the improvement of forest law enforcement, governance and trade, the Government of Indonesia has undertaken a lot of efforts and initiatives in promoting good forest governance through the issuance of regulations to provide legal assurance and guidelines for all stakeholders that have business or activities in forestry sector particularly in community forests.

The Ministry of Environment and Forestry has created a breakthrough to promote legal timber products of community forests through the issuance of the Ministerial Regulation No. P.30/Menhut-II/2009 (MR No. P.30/2012) in June 2012 which outlines the types of documentation required for timber transportation from a Community Forestry area to primary processing sites. *Community forestry* here which literally means people's forest is a community forest on privately owned lands. The spirit of this regulation was to simplify the administrative requirements for timber originating from community forests by mandating chief of a village to issue timber transportation documents, which also legalizes the harvested timber. Such documents were called "*Surat Keterangan Asal Usul Kayu*" (SKAU) that describes the origin of the timber. The objective of the issuance of this regulation was to ease the administration process in order to avoid high cost and to improve competitiveness as well as to secure the tenure of community forest.

However, the implementation of the new regulation was not well executed. Two main causes of the key problems had been identified, namely: (1) lack of knowledge and information on Ministerial Regulation No. P. 30/Menhut-II/2012 (MR no. P.30/2012); (2) lack of support by beneficiaries of community forests; the project tackled the identified key problems and contributed to the strengthening of forest governance and supporting community forest development in Indonesia.

The project had originally focused on improving the administration of timber produced from community forests in Java and Nusa Tenggara Region. The expected outputs of the project were: 1) MR No. 30/2012 properly implemented at village level; 2) Support by beneficiaries of timber administration increased.

As mentioned in the Project Document, the project activities carried out in the provinces of Java, and Nusa Tenggara whereas the community forest were positively expanded and have potential timber. Furthermore, due to the request from the stakeholders, the Project's locations were expanded to North Sumatra, Jambi, West Sumatra, Lampung, East Kalimantan and Central Sulawesi. The reasons of this expansion were a) their forest areas facing many problems and b) the management of timber from community forests varies from one unit to another as regards to the ownership, management orientation and intensity, institution, land tenure and socio-cultural dimensions. This variation has added to the complexity of problems on community forest development.

In each region, several districts were selected as the project sites where dialogues/consultations, Focus Group Discussion (FGD) and dissemination process would take place. Training participants were selected based on several considerations such as the intensity of timber harvesting/trade activity in the villages, number of wood processing industries etc. In the implementation of these activities, the project coordinated with the District/Provincial Forest Services. The conducted training on timber measurement and introduction of wood species, was attended by at least of 30 chiefs or village officials per training.

## 1.2. Origin and problem

Lack of forest law enforcement, good governance and fair trade of tropical timber and timber products generates illegal logging in Indonesia that consequently affecting Indonesian forest product's share in the international market

The operations of forest management units (FMUs) that did not follow the government regulations have under-valued forest resource, resulting in forest degradation, leading to sub-optimal socioeconomic benefits for local people, unfair competition for legitimate operators, and sub-optimal tax revenues for the state as well as the 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 in promoting good forest governance through the issuance of regulation to provide legal guidelines for all stakeholders that have business or activities in forestry sector particularly small forest enterprises predominantly managed by communities. The role of timber produced from community forests in Java has been increasingly important mainly due to the dwindling supply of timber from natural forests. The area of community forests in Java (indicative) are approximately 2.6 million hectares (based on Landsat images in 2006-2008 and data from 200 permanent plots). The timber volume estimated around 57–103.5 million m<sup>3</sup> or an average estimation of about 74.7 million m<sup>3</sup> per annum (Source: *BPKH IX and MFP, 2010*) and this means that community forests had a huge volume of timber to supply small/medium wood processing industries.

However, administration system of forest products originated from community forests in order to ensure that the timber produced from legal sources, still faces problem in its field implementation. Recent study showed that there were many aspects that need to be improved to optimize the implementation of the system such as the capacity of human resources, monitoring and controlling of timber distribution.

The project worked on capacity building and training in the issuance of legal documentation to ensure the legality of timber produced from community forests, as well as capacity building for relevant stakeholders such as village officials, National Land Agency (BPN), local government, timber growers, and small scale enterprises in the application process of timber administration of community forests in Java, Nusa Tenggara, North Sumatera, West Sumatera, Lampung, East Kalimantan and Central Sulawesi. The project was financed under the ITTO Thematic Programmes on Forest Law Enforcement, Governance and Trade (TFLET).

## 2. Project Objectives and Implementation Strategy

### 2.1 Project rationale, and objectives

All forest products harvested in both state and community/private forests must be equipped with adequate documentation i.e SKAU - certificate of timber origin or transaction receipt when transported which clearly indicates the harvesting site and its legal standing. SKAU was issued by the chief of village or equivalent officer/other officials in the village from where the timber will be transported out of the area. Security of tenure should be proven by land registration certificate that was recognized by BPN. However there was still lack of coordination between Ministry of Environment and Forestry and BPN to implement the timber tracking and legality system especially as regards the administration of people's right to forest. Concerning the above matters, BPN and forestry offices at district level were invited to take part in some project activities, particularly in the workshop, focus group discussions, trainings and the socialization of the new

regulation. Through this project, community awareness increased, especially land owners and farmers to immediately process the registration of their lands to BPN to smoothen their business and secure land ownership. The main activities in the project have an objective to improve the capacity of local communities and other related stakeholders to implement an adequate timber administration based on the MR no. P. 30/2012 and its revised version.

In addition, the project has facilitated intensive dialogues between the Ministry of Environment and Forestry (MoEF) and BPN at the national level to increase understanding and coordination between both institutions and to support the implementation of timber administration in the field.

The key problem facing community forest development was “inadequate administration of timber produced from community forests” which had resulted in weak forest governance and leakages in state tax revenues. The key problem was maintained by the project proponent as the result of two main problems namely: i) improper implementation of MR no. P.30/2012; and ii) lack of support by beneficiaris on the implementation of the Ministry Regulation and weak disincentive for incompliance.

Consistent with the key problem addressed and its likely consequences, the project objective has been defined as follows:

Specific Objective:

To develop local capacity in the implementation of timber administration system from private forests in Java and Nusa Tenggara Regions in ensuring timber produced come from legal sources.

Project’s Development Objective: To contribute to the strengthening of forest governance and to support community forest development in Indonesia.

## 2.2. Project Implementation Strategy

Following were approaches and methods that had been pursued in implementing the project activities:

- i. Producing practical manuals on the implementation of timber administration from community forests. Note that dissemination of the manuals were not only in the three target districts but also in other regions.
- ii. Preparing materials and conducting series of training for village staff in the issuance of legal documentation to ensure legality of timber produced from private/community forests.
- iii. Collecting and analyzing data and information to review and to evaluate the relevant stakeholders involvement in implementing timber administration for timber produced from community forest/land in three target districts within three provinces (DI Yogyakarta, West Java and Nusa Tenggara)
- iv. Conducting stakeholder consultations/dialogues, and participatory discussions in the field with farmers/land owners, traders and users, concerning the importance and benefit of timber administration for the legality of timber produced from community/private forests.
- v. Designing the mechanism for manual dissemination and format as well as number of training workshops needed to inform the new timber administration system (MR No. 30/2012) to wider stakeholders. Project Management Team (PMT) worked



closely with regional *Balai Pemantauan Pemanfaatan Hutan Produksi (BP2HP)*= *Agency for monitoring of forest utilization at the regional level* to conduct this activity.

- vi. Strengthening the information sharing and network among timber producers and local government institutions, to share information as lesson learned in implementing new regulation concerning timber legality
- vii. Promoting the government efforts concerning the development of timber legality through dissemination of publications/guidelines.

### 2.3. Assumptions and identified risks

The assumptions made should depict its conditions that must prevail for a smooth implementation of the proper to achieve its planned outputs and objectives. There are risks associated with the assumptions made, i.e. the assumed conditions do not prevail thus may hinder delivery of outputs and achievement of the objectives. Therefore, it is of utmost important to endure validity of the assumptions made by putting in place the relevant mitigating measures. The assumptions made, associated risks and the measures to avoid or minimize the risks are outlined in table 1.

Table 1: Assumptions, potential risks and mitigating Measures:

Assumptions	Potential risks	Mitigating measures
Recognition of market to the legal timber products from community forests	Timber legality process was hard to be accepted by business sector	The problem was addressed by giving more explanations on the importance of timber legality from various institutions both locally and nationally. The central and local government have facilitated dialogues with buyers to open the market access for timber originated from community forests . The Executing Agency has initiated partnership program between community forest owners and forest industries to support each others.
Strong commitment from local government to implement new regulation on timber legality,	Lack of support from key stakeholders (local government at district level and local communities) on the operation of timber administration based on new regulation	To minimize that risk, intensive discussions and dialogues/consultations had been conducted as project activities. Local government officials at province and districts level and also village staff were directly involved in the project activities as appropriate. The project team and the executing agency approach BP2HP

		to communicate with the head of community's group, chief of village, to encourage their members participate in the dissemination activities.
Continued interest of the community forest in promoting legal wood products	Lack of interest in promoting legal wood product from community forest.	The project team informed the farmers the purpose and benefit of those activities which were as a mean of improving local income and opening market access to their products. Coordination at village levels was actively carried out through regular meetings and dialogues in order to get a better common understanding about problems and opportunities of timber administration originated from community/private forests.
National government consistent with regulations to support legal timber trade	Dynamic progress of business sector need adjustment in the regulations. The Government regulations changed several times	The project have hired consultant/expert as facilitator and resource person in the dissemination of the new information of timber administration from community/private forests. The consultant was also hired to evaluate the implementation of existing regulation and giving feed to the new proposed regulation.

### 3. Project performance

#### 3.1. Planned versus realized performance.

##### a. Specific objective

###### Planned:

To develop local capacity in the implementation of timber administration system from community/private forests in Java and Nusa Tenggara Regions ensuring timbers produced come from legal sources.

Realized:

Local capacity development in the implementation of timber administration system did not only cover Java and Nusa Tenggara regions but also six other provinces, namely North Sumatera, West Sumatera, Jambi, Lampung, East Kalimantan and Central Sulawesi.

b. Output and related activities

Outputs

The Project's outputs remain the same as originally defined in the project document which are:

- 1) Ministerial Regulation No. 30/Menhut-II/2012 properly implemented at village level
- 2) Support by beneficiaries of timber administration increased

Activities

There were 3 activities planned for execution under each output; while definition of the activities remained the same throughout the project implementation period. Planned and realized results of the activities were different from each other as detailed in Table 2 and table 3.

Table 2. : Planned activities versus realized activities under Output 1

Outputs/Activities	.Planned results	Realized results
<p>Output 1</p> <p>Activities 1.1. To produce and to disseminate practical manuals of MR no. 30/2012 to districts level.</p>	<p>1.1 Two packages of practical manuals of MR no. 30/2012 produced and disseminated in 3 target districts</p>	<p>a. Practical manuals of MR no. 30/2012 produced and distributed in 2 form: i) posters, video graphic film, and 2) practical guideline for dissemination activities.</p> <p>b. The dissemination of the MR no. 30/2012 concerning wood administration of timber harvested from community forest had been carried out three times represented two provinces and 35 districts:</p> <ol style="list-style-type: none"> <li>i. Dissemination in Bandung (West Java Province) conducted in 29<sup>th</sup> January 2015, participated by 50 people from 20 districts</li> <li>ii. Dissemination in Purwokerto (Central Java) conducted in 27<sup>th</sup> February 2015 participated by 33 people from 7 districts</li> <li>iii. Dissemination in Bogor (West Java) conducted in 3<sup>rd</sup> March 2015, participated by 30 people from 8 districts</li> </ol>
<p>Activity 1.2. To conduct a series of dialogues on MR no. P.30/2012 with stakeholders</p>	<p>1.2. At least 3 times dialogues/FGDs on MR no. P.30/2012 with stakeholders in 3 targeted districts participated by</p>	<p>Activity 1.2 was carried out to review the Ministerial Regulation no. P 30/Menhut-II/2012 and the activity was conducted in the form of FGDs (Focus Group Discussions). Three FGDs had</p>

<p>Activity 1.3. To train village staff on needed practical skills to implement Ministerial Regulation No. P.30/Menhut-II/2012</p>	<p>120 people in total</p> <p>1.3 At least 2 times training on the needed practical skills to implement MR No. P.30/2012 in three target districts participated by 180 village staff</p>	<p>been carried out with 134 participants in total:</p> <ul style="list-style-type: none"> <li>a. First FGD was undertaken in Cirebon (West Java) on 6<sup>th</sup> April 2015), participated by 48 people coming from 5 districts.</li> <li>b. Second FGD was undertaken in Jogjakarta on 15<sup>th</sup> April 2015. Total Participant was 42 people coming from 3 provinces and 9 districts.</li> <li>c. Third FGD was conducted in Labuan Bajo, East Nusa Tenggara Province on 22<sup>nd</sup> April 2015, participated by 44 people coming from 5 districts.</li> </ul> <p>Six times training sessions carried out with total participants 250 persons comprising village leaders and staff. Training locations included: Malang - East Java two times with 60 participants, Garut - West Java province with 30 participants, Banyumas –Purwokerto- Central Java with 30 participants, Serang -Banten Province with 30 participants, as well as Bima and Dompu with 50 participants each in West Nusa Tenggara.</p>
		<p>Additional Activities in the extension period (December 2016 – March 2017):</p> <p>From December 2016 to March 2017, additional activities of Activity 1.2 have been carried out which were five workshops attended by a total of 367 participants. The activities were public hearings for disseminating (socialization) the revised version MR no. P.85/2016. This regulation was a revised from the previous MR no. P. 30/2012 and MR no. P. 21/2015 concerning timber administration of community's forest.</p> <p>The workshops had been held in Jakarta (53 participants), Lampung (57 participants), Nusa Tenggara (48 participants), East</p>

		<p>Kalimantan (108 participants) and Central Sulawesi (101 participants). Total participants were 367 persons. They were different stakeholders (government, forest farmers, group of industry, BPN and group of traders).</p>
		<p>There was an additional extension period from April to June 2017  This extension was requested since the project could make saving and still has a remaining balance of fund around USD 57,000.</p> <p>Activities conducted in the later extension period as follows:</p> <ol style="list-style-type: none"> <li>a. Conducted a comparative study of community/forest farmers from Lampung to Central Java. There were three community's leaders invited to see the management of community forests in Boyolali, Temanggung and Wonosobo, Central Java. These three locations showed them how far a partnership program was run between community forest group and forest processing industries. The successful program happened in Boyolali. Local wood working industry use community timber for their raw materials. The industry granted seeds of certain species to communities, then as a result, timber grown by communities bought by the industry.</li> <li>b. the extension period including conducting Activity 2.2, the project carried out workshop/FGD in Jogjakarta on 19<sup>th</sup> May attended by 72 participants, and in Bogor on 8<sup>th</sup> June 2017 attended by 80 participants. Those workshops/FGDs were carried out to review and to analyse the obstacle in</li> </ol>

		implementing the MR no. P.30/2012 and MR no. P. 21/2015 (the revised version); and to review the content and substance of the changes of MR no. P. 30/2012 to be the MR No. P.21/2015, and finally ammended to MR no. P. 85/2016
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Table 3: Planned activities versus realized activities under Output 2.

OutputActivities	Planned results	Realized results
<p>Output 2:</p> <p>Activity 2.1. To identify and to apply incentives for main beneficiaries to support timber administration and to identify and to apply penalties for administrative incomppliance</p> <p>Activity 2.2. To conduct evaluation of the implementation of regulation as a feed- back to make the regulation effectively operational</p>	<p>2.1.To identify and to apply incentives for main beneficiaries to support timber administration and to identify and to apply penalties for administrative incomppliance</p> <p>2.2.To conduct evaluation of the implementation of regulation as a feed- back to make the regulation effectively operational</p>	<ul style="list-style-type: none"> <li>• Developed a scheme of incentives and disincentives in the implementation of MR No. P.21/2015. The project has hired a consultant to develop scheme of incentives. The result was written in the separated technical report explaining several alternatives of incentives based on communities' request.</li> <li>• Assessed the effectiveness of the implementation of MR no. P.21 / 2015.</li> <li>• Developed recommendations for improvement and addendum of MR no. P.21 / 2015 and finally amended to be MR no. P. 85/2016.</li> <li>• Carried out three workshops (public consultation) to discuss and to evaluate draft of recommendations for improvement on Government Regulation and incentive/disincentive system.</li> </ul> <p>The above workshop activities conducted in North Sumatra, on 11<sup>th</sup> April 2016 with 55 participants, in Jogjakarta on 19<sup>th</sup> May with 72 participants, and in Bogor on 8<sup>th</sup> June 2017 with 80 participants. The national consultant, Mr.</p>

		<p>Subarudi, was hired from April to the end of July 2016 to formulate a draft on revised version of the Ministry Regulation no. P.21/2015. The new revised regulation was simpler and more flexible, and was discussed in the three workshops mentioned above, and was signed by the Minister.</p>
<p>Activity 2.3. To conduct training workshop for beneficiaries in implementing MR no. P. 30/2012</p>	<p>2.3 To conduct training workshop for beneficiaries in implementing MR No. P.30/2012. The planned target : three times training workshop in implementing timber administration conducted in three districts and participated by 90 participants come from local government officials, forest owners and traders.</p>	<p>Activities 2.3. was started earlier than scheduled with one training workshop was undertaken in November 2015 in West Sumatera province. These activities consist of training of village's leaders in implementing MR no. P. 30/2012 and its revised no. P.21/2015. The objective of the training was to improve knowledge and skills the chief of village, village officials and farmer groups in the field of wood species identification, log/processing timber measurement, and forest product administration coming from community/private forest. In general, they have to know the process of timber administration system implementation from private/community forests. Total participant in this training were 30 people.</p> <p>Three other training activities were carried out in March and May 2016.</p> <p>1). The first training workshop on on-line wood administration was carried out on 16-17<sup>th</sup> March 2016 in Jambi, Jambi province, with participants came from BP2HP of DG Sustainable Production Forest Management in Jambi, representatives of forest industry and from</p>

		<p>community forest owner in Jambi. The workshop was totally attended by 30 participants.</p> <p>2). The second online wood administration training was undertaken in Tangerang, Banten Province, on 28 – 30<sup>th</sup> March 2016. The total participants were 30 people who came from BP2HP of DG Sustainable Forest Management throughout Indonesia.</p> <p>3). The third training was an in-house Training, carried out in Ciamis District, West Java Province, with participants from small and medium scale enterprise/industries located in Ciamis and Banjar districts that were using community timber as their raw materials. This training specifically designed to assist small scale industries to increase their productivity.</p> <p>Those three training workshops were a little bit different with the original training planned in project document. As requested by the Executing Agency, the topic of the later training focused on mastering online system for wood/timber administration namely SIPUHH online. The Directorate General of Sustainable Production Forest Management has developed web-based information system for timber with the purpose to improve wood administration system.</p>
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3.2. Time schedule

- Starting date : The project actually commenced in September 2014  
 Duration : The planned duration of the project was 24 months; with 3 extensions totally 10 months extensions were granted by ITTO  
 Project completion date : 30 June 2017

3.3. Inputs applied

i) Manpower

The key personnel employed by the project were:

- a. Project Coordinator : Ms. Lasmini  
 b. Financial Staff : Ms. Richma Wahyuni  
 c. Administration Staff : Mr. Muharam Angga Pratama

ii) Expenditure

Realized expenditures as of 31 August 2017 are as follows:

- a. Funds allocated for the project : US\$ 420,750.00  
 b. Funds received : US\$ 402,925.00  
 c. Funds expended : US\$ 402,925.00

The detail expenditure as of 31 August 2017 described as follow:

Table 4: Total amount of expenditure

COMPONENT	Original Amount (based on Project Doc) (A)	Revised Amount	Expenditures as of 31 August 2017		
			Accrued (B)	Expended (C)	Total (D) (B+C)
<b>I.</b>	<b>Funds Manage by Executing Agency</b>				
10	Project Personnel	106,100.00	138,123.47	138,123.47	138,123.47
20	Sub-contracts	0.00	0.00	0.00	0.00
30	Duty Travel	40,300.00	53,792.53	53,792.53	53,792.53
40	Capital Items	2,300.00	2,300.00	2,300.00	2,300.00
50	Consumable Items	9,500.00	25,933.15	25,454.20	25,454.20
60	Miscellaneous	262,550.00	182,775.85	183,252.74	183,252.74
	Bank Administration			170.79	170.79
	Bank interest			-168.72	-168.72
	<b>TOTAL PROJECT</b>	<b>420,750</b>	<b>402,925.00</b>	<b>402,925.00</b>	<b>402,925.00</b>
70	ITTO Management Costs				
	Sub Total	<b>75,130.00</b>	<b>75,300.00</b>		
100	<b>Grand Total</b>	<b>495,880</b>	<b>478,055.00</b>	<b>402,925.00</b>	<b>402,925.00</b>

Original Amount of ITTO grants was USD 495,880.00 (including ITTO management cost). Actually the project received a total fund of USD 402,925.00 from five times instalment. During its implementation there were two times revised on category/ item of expenditures for adjustment of activities on extension period. Project was facing suspension of funding on June up to December 2016 (due to ITTO financial adjustment), consequently the project budget were reduced to USD 402,925.00 from USD 420,750.00

## 4. Project Outcome and Involvement of Target Beneficiaries

### 4.1. Achievement of the specific objective

#### a) The conceptual framework

During the project development stage, i.e during the problem analysis process, the proponent maintained that the planned activities and outputs are the relevant interventions to remove the key problem addressed by the project. This must be so because the activities were identified corresponded to the sub-causes while the outputs defined were in par with the main causes of the key problem. Consequently, it was conceptualized by the proponent that:

- Full execution of planned activities will deliver the outputs
  - Full delivery of defined outputs will achieve the specific objective
  - Achievement of the specific objective will contribute to the development objective.
- It is therefore necessary to assess achievement of delivery of the outputs prior to assessing achievement of the outcome or the specific objective.

#### b) Achievement of outputs assessed

Achievement of the outputs should be assessed against defined indicators of individual outputs as shown in Table 2 and Table 3. The information in Table 2 and Table 3 clearly indicates that:

- All 3 indicators of Output 1 has been fully satisfied; in fact, the achievement have considerably exceeded the respective indicators:
  - Indicator 1.1: Two packages of practical manuals of MR no. 30/2012 produced and disseminated in 3 target districts
  - Indicator 1.2: At least 3 times dialogues/FGDs on MR no. 30/2012 with stakeholders in 3 targeted districts participated by 120 people in total
  - Indicator 1.3: At least 2 times training on the needed practical skills to implement MR No. P.30/2012 in three target districts participated by 180 village staff.

Actual achievement of Output 1 could be seen at the table 2.

- All 3 defined indicators of Output 2 had been fully met in the following manner :
  - Indicator 2.1: To identify and to apply incentives for main beneficiaries to support timber administration and to identify and to apply penalties for administrative Full delivery of the outputs incompliance
  - Indicator 2.2: To conduct evaluation of the implementation of regulation as a feed- back to make the regulation effectively operational
  - Indicator 2.3: The planned target: three times training workshop in implementing timber administration conducted in three districts and participated by 90 participants.

Actual achievement of Output 2 could be seen at the table 3.

Conclusions:

- Output 1 and Output 2 have been fully achieved and delivered.
- Conceptually, the specific objective must have been achieved too which will be verified in the section to follow.

#### c) Achievement of the specific objective or outcome assessed

Six outcome indicators had been defined; achievement of the specific objective must be assessed against these indicators:

- Two packages of practical manuals of the implementation of MR No. P.30/2012 produced and disseminated in 3 target districts within three provinces
- Three series dialogues/FGD's conducted in 3 target districts and participated by 120 participants including BPN, local government at district level, landowners/farmers, traders and users

- Two times training of village staff on technical skills for implementing Ministerial Regulation No. 30/Menhut-II/2012 implemented and participated by 180 villages staff
- By the end of project, one package of assessment of incentives for main beneficiaries (landowners/farmers, traders and users) to support timber administration and penalties for administrative incompliance identified and applied in 3 target districts
- By the end of the project an assessment/evaluation is prepared by consultant team as a feed back for improving the implementation of regulation in 3 target districts
- Three times training /workshop in the implementation of timber administration conducted in three districts and participated by 90 beneficiaries such as local government officials, forest owners and traders

Achievement of those six indicators described in table 2 and table 3.

Conclusions:

- All six defined outcome indicators had been satisfied; therefore it is reasonable to declare that the specific objective has been fully achieved.
- Full delivery of the outputs as found in the previous section also pointed out to the fact that the specific objective has been achieved.

4.2. Pre-project vs at Project completion's situation:

a. The tangible Outputs of the Project;

The tangible outputs of the projects were the total number of districts, villages and people involved in the project activities. The participants were: community farmer groups, local government officials, forest community industries and traders who were involved in training activities and dissemination of government regulation. Total participants/stakeholders and total districts being involved were far beyond the targets. Totally there were 121 districts, 601 villages and 1.143 people involved in the project implementation.

The project locations were also expanded to other provinces beyond Java and Nusa Tenggara regions including North and West Sumatera, Jambi, Lampung, East Kalimantan and Central Sulawesi provinces.

b. Sectoral Policies and programs;

Indonesia has taken a long journey to ensure legality of its timber and timber products. Indonesian timber was deemed legal when its origin and the production process as well as subsequent processing, transportation and trade activities were verified to meet all applicable Indonesian laws and regulations.

For timber extracted from State forest, the regulation of its legality was regulated by the Minister's Regulation Number P.55/Menhut-II/2006 concerning Administration of Forest Product Originating from State-Owned Forest. It has been amended several times, and the last one was Number P.8/Menhut- II/2009.

For timber came from privately owned forest or community land, the regulation was using Forestry Minister's Regulation Number P.51/Menhut-II/2006. This regulation concerned with certificate of origin (SKAU) for Transportation of Forest Products Originating from Right Forest/Private-owned forest. This has also been amended several times, the last one being Ministerial Regulation Number P.33/Menhut-II/2007;

at the project start, the regulation used was MR no. P. 30//2012.

Through project activities, dissemination of the MR No. P. 30/2012 was carried out to a wider stakeholders. There was an activity on evaluation of the existing regulation, to see its weaknesses, its difficulties to implement it, and related stakeholders to be involved.

c. The physical environment

Due to the government campaign of “Indonesia Planting Tree”, many people were gained benefits out of their cultivated lands. They planted trees for greening, participating in tackling climate change problems, and for increasing income.

Planting trees had become an investment. Many families could send their children to school, or even they could go to the pilgrimage to Mecca, from selling timber. However, questions and doubts often came up when they want to cut their trees and sell the timber. People were confused regarding the regulation of timber transportation. They worried if their trucks (loaded with timber) would be intercepted by (police) officers on the street.

Actually, it was not the government intention to create difficulties with its regulations, especially for the communities to sell their timber (community timber) planted on their owned lands. In facts, with the adoption of MR no. P. 85/2016, requirement for transporting timber products have been significantly simplified.

With all of its simplicity, to date, people were encouraged to continue planting tree on private land, and when they want to harvest timbers from their own forests and courtyard, they could easily cut and sell timber without being burdened by various kinds of requirements. The ITTO project TFL PD 033/13 contributed to facilitate the communities to understand the government regulations on timber distribution from privately-owned lands.

The community had been inspired to plant their unproductive lands with commercial plantations since they have become aware of the fact that their forests could produce proven legal timber and will have opened export opportunities for their processed wood products.

#### 4.3. Involvement of the target beneficiaries.

The target beneficiaries of the projects were a wide range of stakeholders, from forestry district officials, local communities, staffs of villages, forest managers, forest processing industries as well as local and central government institutions.

The Executing Agency (the Directorate of Forest Revenues and Forest Product Distribution, The Ministry of Environment and Forestry) involved in maintaining coordination among relevant parties in implementing project activities. The local government participations were in the form of giving facilitation of village officer in implementing forestry administration, involving in the dissemination of government regulations and training activities, as well as monitoring and evaluating the activities in the field.

The local communities who were the main target beneficiaries, were involved and participated in training, dialogues and workshop, implementing technical aspects of forest administration in the field, and sharing information regarding the implementation of the timber administration as the feed-back to improve regulation/policy.

Dissemination of information and training activities had been implemented by the local communities to administer their timber products to be marketed and distributed to other locations. All information concerning government regulations and technical aspects of timber distributions were directly implemented by the targeted stakeholders.

However, the result of incentive study (from Activity 2.2) has not been implemented yet since this incentive should be approved and legalized first by the government in the form of regulation or technical guidelines. The project had officially submitted the draft of incentives alternative to the Ministry of Environment and Forestry for further processes.

#### 4.4. Project Sustainability

The results and lessons learned from this project had been used to improve policy in strengthening local capacities in implementing new timber administration system. Evaluation of the implementation of the regulation in the pilot districts had been used as feed-back to improve policy guidelines on operational mechanism of timber administration from community forest.

Promoting legal timber products of community forest through the implementation of timber administration from Community Forestry on private lands to a primary industry will be mainstreamed into the next priority programme of Ministry of Environment and Forestry and also will be included in the strategic plan of local government in the forestry sector.

Participatory process approach among beneficiaries such as land owners/farmers, traders and users of timber produced, and local governments used in this project will be adopted by other regions/districts in building a mutual-understanding and commitment to implement the legality of timber production from community/private forests.

The Directorate General of Sustainable Production Forest Management had introduced and implemented a partnership program between forest community and wood-based processing industries in order to maintain cooperation and to ensure that timber from communities are legal and truly from communities' owned land. The owners/managers of community forests will develop a mutual-understanding and commitment to deal only with timber products that comply with Timber Legality Assurance System (TLAS) requirements and procedures when sending them to the wood-based processing industries. The wood-based industries will contribute and grant planting seeds to local communities. The wood-based industries should participate in the dissemination of the government regulation concerning the legality requirements of timber from community's forests.

The project had produced a video and graphic animation film explaining the government regulations on timber distribution from community/private forests. The video and graphic animation film had been uploaded in the Ministry's website.

### 5. Assessment and Analysis

#### 5.1. Project rationale and identification process

Institutional Set-up and organizational Issues: the institutions involved in the project activities were varies such as the BPN, Directorate of Forest Revenues and Product Distribution, the Environment and Forestry District office, Provincial Environment and Forestry office, NGO, local forestry farmers, the extension officer, and timber processing

industries. The BPN was responsible for administration of all non- forest land in Indonesia. The agency was established in 1988 as a separate agency in response to land issues impacting on development, with specific responsibility for recognition, registration and administration of property rights. Land classified as forest land (including land without tree cover) is administered by the Ministry of Environment and Forestry.

Community forest in Indonesia is private forest: forest under private/personal right. The right of ownership is the strongest right to lands. *Hak milik* is not limited in terms of time. The land can be sold, mortgaged and can be inherited by the legal heirs. The land owner receives a legal document as evidence of his rights (Certificate) by the BPN. In the process of land right certificate issuance, there are documents that need to be presented, namely: (1) property tax („*girik*“) (2) notarized or unnotarized purchase receipts; (3) transfer papers, some sealed and witnessed by local officials; (4) letters chief of village (*lurah/kepala desa*) or the sub-district head (*camat*).

All forest products harvested from both state forests and community/private forests must be accompanied by appropriate documentation (SKAU - certification of timber origin) or transaction receipts when transported so that it is clear that the products were from legal sources. SKAU was issued by the chief of Village or equivalent officer/other officials in the village from where the timber will be transported out of the area. Security of tenure is proven by land registration certificate that is recognized by the National Land Agency (BPN). However there was still lack of coordination between Ministry of Environment and Forestry and BPN to implement the timber tracking and legality system especially as regards the administration of right to forest. Concerning the above matters, BPN and forestry office at district level were invited in some project activities, for example the dissemination process, workshops, focus group discussions, trainings and the socialization of new regulation. Through this project, community awareness had been increased, especially land owners and farmers to immediately process the legalization of their land to BPN to smoothen their business and to protect the right of their land. In addition, the project had facilitated intensive dialogues between Ministry of Environment and Forestry and BPN at national level to increase the understanding between both parties and to support the clarification of land ownership of communities in relation with the requirements on source of origin of communities' timber.

All involved stakeholders were invited to several project activities. Coordination and communication level was improved through project activities.

When the project conducted stakeholder analysis, it was identified that extension officers were not involved since the beginning of project implementation. As an improvement, the extension officers had always been involved in the project activities, with the expectation that the dissemination of government regulations on community forest could be continued by them.

## 5.2. The problems addressed, objectives and implementation strategy

The process of problem analysis had involved the project's main stakeholders. The findings were:

- The administration of forest products coming from community forests on private land is still facing problems. Further provision regarding the timber administration system called *Penatausahaan hasil hutan* which was defined as administrative activities for the utilization of forest products that includes production planning, harvesting,

recording, assessing, transporting, processing, and reporting. There were two main types of forest products harvested from community forests which were round timber (log) and timber processing products. Round wood (log) and wood processing products taken from private forests use a SKAU (*Surat Keterangan Asal Usul* = statement of log origin) as a legal document for timber. The SKAU was applied only for such products being transported from private forests to the processing industries. However, the wood processing products being transported from the industry (located outside the community/private forests) to other wood industries only require another document called "*Faktur Angkutan-Kayu Olahan*" or FAKO document (invoice document for processed wood) issued by the primary industry company.

To simplify the administrative requirements of timber originating from community forests/land, the authority of forestry district in issuing the documents of origin has already been delegated to the lowest local government system at village level. SKAU is now issued by the chief of village/ who has been trained on the measurement and identification of timber species from private owned forests on community lands organized by provincial/district/city/agency offices. In the situation where there was no competent officers in the village, ones could ask the SKAU issuer from the nearest neighboring village. Security of tenure proven by land registration certificate, Letter C, or local land title that is recognized by National Land Agency (BPN). The valid land ownership documents, a map of land and its boundaries were the evidences of legality of timber origin, production process, and shipment of goods.

- Conclusion: the strategies that have been formulated in the project document could be fully implemented.

### 5.3. Critical Analysis on Planned and Actual Project Implementation.

Planned indicators as described in the Project Document:

- a) Two packages of practical manuals of the implementation of MR No. P.30/2012 produced and disseminated in 3 target districts within three provinces
- b) Three series dialogues/FGD's conducted in three target districts and participated by 120 participants including BPN, local government at district level, landowners/farmers, traders and users
- c) Two times training of village staff on technical skills for implementing MR No. P. 30/2012 participated by 180 village staff
- d) By the end of the project, one package of assessment of incentives for main beneficiaries (landowners/farmers, traders and users) to support timber administration and penalties for administrative incompliance identified and applied in 3 target districts
- e) By the end of the project an assessment/evaluation is prepared by consultant team as a feed-back for improving the implementation of regulation in three target districts
- f) Three times training/workshops in the implementation of timber administration conducted in three districts and participated by 90 participants coming from local government officials, forest owners and traders

At the implementation, the project had successfully achieved the planned target and even exceeded the target in terms of the number of participants and the number of districts participating in the project activities.

### 5.4. Adequacy of time and project inputs

Project duration originally was 24 month, then it was extended for 10 month. The project was extended since the project could make savings, and the remaining funds were

proposed to be used to add activities. The project was extended three times: the first extension was from September to November 2016. This extension was to finalize the activities, especially administration reports.

The second extension was from December 2016 to March 2017, this extension was to recommence the project activities since there was still funds available that had not been withdrawn yet (4<sup>th</sup> installment). Actually there was a suspension time during June 2016 to December 2016 mentioned that all project activities suspended due to financial problem at ITTO Secretariat.

At the second extension, the project continued to carry out dissemination process of government regulation no. P. 30/2012. Actually this regulation has been amended two time: from P. 30 year 2012 to become P. 21/2015 and P. 85/2016. The issues materialized in the both revised version need to be disseminated and socialized again to the same and expanded stakeholders.

The third extension was from April to June 2017. This extension was a recommendation from the 3<sup>rd</sup> PSC meeting conducted in March 2017. The extension period was to continue activity of dissemination, and the project locations were expanded to Lampung, East Kalimantan and Central Sulawesi.

In terms of funds, the budget was sufficient to fully finance the project operations. Total fund received from ITTO was USD 402,925.00 from five times installment of originally USD 495,880 (in project document). The following table is the cash flow summary:

Table 5. Cash flow summary of project funds:

No.	Funds received from ITTO	Reference Bank	Date	Amount (USD)
1.	First installment	BRI Agro	24/09/2014	100,000.00
2.	Second installment	BRI Agro	13/05/2015	100000.00
3.	Third installment	BNI	19/02/2016	100,000.00
4.	Fourth installment	BNI	18/01/2017	62,925.00
5.	Fifth installment	BNI	07/04/2017	40,000.00
	<b>TOTAL</b>			<b>402,925.00</b>

The project budget was reduced in the fourth installment due to an adjustment undertaken by ITTO Secretariat.

#### 5.5. External influences

The assumptions made and risks at the implementation of the project were generally valid throughout the project duration. Recognition of business sector to the legal timber produced from community forests was a strong requirement for implementing the ministerial regulation. The cooperative attitude of the local government staff and forest farmers indicated their strong commitment to implement new regulation on timber legality. The forest farmers and related local government staff were enthusiastically participated in the trainings and focus group discussions on timber legality regulations. The wood-based industries had been supportive throughout the project implementation process. They had been actively involved in the trainings, workshops and group discussions. Improvement of their knowledge on the importance of timber legality and timber administration procedures corresponding to the government rules, had encouraged the interest of local government and forest farmers to promote legal wood produced by community forest.



Even though the government regulations on timber legality procedures was changed and amended several times, however, the National government authorities had always demonstrated political support to the project through their active participation in the discussion meetings and workshops organized under the project to disseminate the new and revised regulations. Overall, the mitigating measures were effective in minimizing occurrence of the potential risks that had been identified during the project formulation stage.

#### 5.6. Project beneficiaries

The primary beneficiaries have gained benefits from the project in one way or another. The main target beneficiaries inter alia local farmers, village officers, wood processing industries, local government and the executing agency (Directorate of Forest Revenues and Products Distribution) have involved during the whole activities carried out by the project. The local farmers were participated fully in the dissemination and training activities, and they are now aware of the potential benefit of promoting timber legality. Local government institutions at the provincial and districts levels have improved their capacity to disseminate and to implement the government regulation on timber distribution/timber administration from community/private forests.

#### 5.7. Project sustainability

The Ministry of Environment and Forestry and local government at district level will allocate budget to improve capacities of beneficiaries in implementing timber administration system as part of the preparation of Timber Legality Assurance System (TLAS) implementation in community forests. Support to the operation of timber administration from community forest will be included in program/activities in the next strategic plan of the Directorate General of Sustainable Production Forest Management, the Ministry of Environment and Forestry. The Ministry will continue to support this work under its regular budget.

The implementation of the new regulation will be monitored and evaluated by the Ministry of Environment and Forestry through its Agency at the provincial level so that the regulation will be well and properly implemented on the ground. The Ministry should allocate national budget for monitoring and evaluation.

Evaluation on the implementation of the regulation in the pilot districts had been used as the feed-back to improve policy guidelines on the operational mechanism of timber administration from community forest and from small/medium size wood-based processing industries.

The results of the project will be disseminated mainly to the community forests in other districts and regions through various strategies such as consultations/dialogues at village level, documents dissemination by the Executing Agency and uploading the regulation in the Minister of Environment and Forestry website. The reports produced in bilingual, English and Bahasa Indonesia to serve wider audiences. In terms of dissemination of and mainstreaming of the project learning, a short video and graphic animation film had been produced concerning the government regulation on timber distribution/timber administration procedure for timber from community forests.

Promoting legal timber products of community forest through the implementation of timber administration from Community Forestry on private land to a primary industries will be mainstreamed into the next priority programme of the Ministry of Environment and

Forestry, and also will be included in the strategic plan of local government in forestry sector. Participatory approach process among beneficiaries such as land owners/farmers, traders and users of timber produced, and local governments used in this project will be adopted by other regions/districts in building a mutual-understanding and commitment to implement the legality of timber production from community/private forests. The wood-based processing industries and owners/managers of community forests will have developed a mutual-understanding and commitment to deal only with timber products that comply with TLAS requirements and procedures.

5.8. The institutions involved in the project implementation.

The Directorate of Forest Revenues and Product Distribution, Directorate General of Sustainable Production Forest Management, Extension Office, Law enforcement division, Agency for Production Forest Utilization at provincial, institutions of Environment and Forestry at Provincial Office and District, forest communities, timber processing industries, chief of villages, and National Land Agency had involved in the project implementation. All stakeholders have participated based on their roles appropriately.

## 6. LESSONS LEARNED

### 6.1. Project identification and design:

- project design were most contributed to the success in achieving the specific objectives and project outputs. It was very important to identify main problems faced by the communities in implementing government regulation on timber distribution. Project Strategies were then developed to achieve the specific objective contributing to the achievement of Development Objective;
- Additional arrangements that could improve cooperation between the relevant parties interested in the project was through FGDs and workshops involving all stakeholders.
- Implementation strategy that consists of defining outputs, activities to be done, time allocation as well as the target outputs and inputs needed, were most contributed to the success in achieving the project's objectives. Logical framework was also important tool that was formulated to see the inter-link between the project objectives, output, an activities. Some indicators have to be defined to measure the successful of project achievement. Assumptions were very important too, to consider circumstances that prevent the achievement of project's target/objective.
- Actions to be taken to avoid variations between planned and actual implementation was to make schedule as detail as possible, defining the measurable target, calculating the costs inputs, and what expertise needed. So, quality of project planning was very important to the successful of project achievement.
- Factors that most likely affect project sustainability after completion was the project's outputs dissemination strategy and maintaining and strengthening the established networking among the stakeholders.

### 6.2. Project Operations

- Project organization and management  
The roles of Directorate of Revenues and Forest Product Distribution related to timber administration and timber legality are formulating regulation, facilitating local government and communities in implementing policy/regulation as well as improving capacity of relevant stakeholders in timber legality aspect.

- To implement the project, the Executing Agency had established a small Project Management Team (PMT) comprising three project key personnel. The small PMT proved able to adequately perform project management tasks in an efficient manner.
- The monitoring and evaluation of progress in implementation had been performed through three PSC meetings and monthly technical meetings of the PMT. Such meetings had greatly contributed to the smooth project operations.
- The strategy pursued in implementing the project was defined during the project formulation stage consistent with the project elements specified and operationalized in a collaborative manner by working closely with the primary beneficiaries, relevant institutions and national consultants; the strategy proved effective in achieving the specific objective.
- Flow of funds went smoothly. Withdrawal of funds were in accordance with the schedule arranged in Project Agreement.
- The roles and responsibilities of the institutions involved in the Project implementation were well elaborated in the respective terms of reference which had facilitated accomplishment of assigned tasks in an effective fashion.
- The project was managed in full compliance with existing ITTO rules and procedures; all of the documents required by ITTO including YPOs, bi-annual progress reports, financial audit reports and documents of particular had been timely submitted to ITTO and facilitated immediate issuance of any approvals requested by the Executing Agency.

## **7. Conclusions and recommendations**

### **7.1. Conclusions**

- The key problem addressed by the project “the administration of forest products coming from community forests still faces problems” was identified involving stakeholders. The key problem was adequately analyzed, its causes and sub-causes as well as consequences were clearly specified; the project design was constructed based on clear and logical cause-effect relationship that its vertical logic was strong and its elements were consistent with the problems to be resolved.
- The project was implemented by a Project Management Team on behalf of the Directorate General of Sustainable Production Forest Management with close supervision by the Directorate of Revenues and Forest Product Distributions without having any major administrative or operational difficulties.
- The specific objective defined was fully achieved through the full execution of six originally planned activities as well two additional activities pertaining to two outputs and delivery of the outputs.
- The project had been smoothly implemented and successfully completed to achieve its defined specific objective; the smooth implementation and successful completion of the project were made possible by, among others :
  - The sound project design that eased operational planning;
  - The effectiveness and appropriateness of the implementation strategy;
  - The adequate resources in terms of manpower, funds and time;
  - The generally strong support of the executing agency;
  - The able project management team
- The assumptions made were valid throughout the project duration and the mitigating measures implemented were effective in preventing the potential risks from happening.

- The primary beneficiaries of the project had demonstrated their cooperative and supportive attitude towards the project implementation.
- Others:
 

The activities in the ITTO TFL PD 033/13 Rev. 2 (M) project especially the training and capacity building activities, have contributed to the achievement of the TFLET thematic specific objective as follows:

  - a. 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. The projects carried out assessment on the existing regulations concerning timber administration for wood/timber coming from community forests, and have revised the regulation based on inputs from three FGDs.
  - b. To improve transparency and effective management of supply chains and increased domestic and international trade in legally produced tropical timber.
  - c. To improve the 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. The project has conducted totally nine times training workshops (with totally 340 participants), one in-house training (21 participants) and eight FGDs (821 participants) to improve the capacity of communities, small and medium enterprises to implement and to demonstrate that timber traded comes from legal sources. From this capacity building activities, the communities and other beneficiaries could perform timber administration adequately.

## **7.2. Recommendations**

- i. It is strongly recommended that any ITTO project proponent to perform an adequate analysis of the problem to be addressed in accordance with existing ITTO manual on project formulation to ensure clarity of cause-effect-relationship.
- ii. To be sound, a project design must be constructed based on a clear cause-effect-relationship to ensure relevance and effectiveness of project interventions to solving the problems at hand.
- iii. Any collaboration in project implementation should be based on a memorandum of understanding that clearly defines roles and responsibilities of the parties involved in order to avoid unnecessary confusion and disharmony of institutional relation during the project implementation.
- iv. To ensure a smooth implementation and successful completion of a project, appropriateness of strategy for implementation, adequacy of inputs as well as support of primary beneficiaries and partners are among the enabling conditions that are required to prevail.
- v. It is best to employ a small but able project management team in order to minimize cost of personnel, ensure effectiveness of coordination and increase adaptability to changing project environment.
- vi. Achievement of a project must be assessed using the pre-specified indicators. As a tool for measuring achievements, such indicators could be revisited and adjusted as necessary based on progress in implementation.
- vii. The potential risks associated with the project implementation should be defined correspond to the assumptions made; relevant mitigating measures identified during the project formulation stage must be exercised and modified as necessary during the course of project implementation.

- viii. It is strongly recommended for Directorate General of Sustainable Production Forest Management make replication or scaling up the project activities to the other regions and provinces in Indonesia. The activity of Focus Group Discussions (FGDs) for disseminations of regulations and trainings for capacity building are the activities that could be and should be carried out in often. Especially the one related to inform and to disseminate government regulations.

**Responsible for the Report**

**Name : Lasmini**

**Position held: Coordinator Project**

**Date : July 2017**

# PROJECT FINANCIAL STATEMENT

Project No.:ITTO TFL PD 033/13 Rev.2 (M)

Period ending on: 31 July 2017

Project Title:

"Strengthening the Governance Community Forest through Improved Capacity to Adequately Perform Timber Administration in Java and Nusa Tenggara Region in Indonesia"

COMPONENT	Original Amount (Revised) (A)	Expenditures To-date			Available Funds (E) (A - D)
		Accrued (B)	Expended (C)	Total (D) (B+C)	
<b>I. Funds Manage by Executing Agency</b>					
10 Project Personnel					
11 Project Coordinator	68.000,00		68.000,00	68.000,00	0,00
12 Administration Staff	15.300,00		15.300,00	15.300,00	0,00
13 Financial Staff	22.100,00		22.100,00	22.100,00	0,00
14 National Expert (Timber Administration)	3.500,00		3.500,00	3.500,00	0,00
15 National Expert (Training Expert)	15.000,00		15.000,00	15.000,00	0,00
16 Resource Person	6.269,43		6.269,43	6.269,43	0,00
17 Facilitator	1.954,04		1.954,04	1.954,04	0,00
18 Translator/Editor/Advisor	6.000,00		6.000,00	6.000,00	0,00
<b>Sub Total</b>	<b>138.123,47</b>		<b>138.123,47</b>	<b>138.123,47</b>	<b>0,00</b>
20 Sub-contracts					
21 Workshop	0,00		0,00	0,00	0,00
<b>Sub Total</b>	<b>0,00</b>		<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
30 Duty Travel					
31 Daily Subsistence Allowance	22.780,93		22.780,93	22.780,93	0,00
32 Air Ticket	14.318,02		14.318,02	14.318,02	0,00
33 Local Transport	16.693,58		16.693,58	16.693,58	0,00
<b>Sub Total</b>	<b>53.792,53</b>		<b>53.792,53</b>	<b>53.792,53</b>	<b>0,00</b>
40 Capital Items					
41 Personal Computer	800,00		800,00	800,00	0,00
42 Laptop	1.000,00		923,90	923,90	76,10
43 Printer/fax	-		0,00	0,00	0,00
44 LCD Projector	500,00		576,10	576,10	-76,10
<b>Sub Total</b>	<b>2.300,00</b>		<b>2.300,00</b>	<b>2.300,00</b>	<b>0,00</b>
50 Consumable Items					
51 Office Supplies	7.673,42		7.277,29	7.277,29	396,13
52 Phone/Communication	1.327,62		1.244,80	1.244,80	82,82
53 Office Space	-		0,00	0,00	0,00
54 Producing Video	7.342,11		7.342,11	7.342,11	0,00
55 Car Rent	9.590,00		9.590,00	9.590,00	0,00
<b>Sub Total</b>	<b>25.933,15</b>		<b>25.454,20</b>	<b>25.454,20</b>	<b>478,95</b>
60 Miscellaneous					
61 Meeting	12.766,75		12.766,75	12.766,75	0,00
62 Workshop	59.837,90		60.314,79	60.314,79	-476,89
63 Training	95.010,30		95.010,30	95.010,30	0,00
64 Foto Copy	901,55		901,55	901,55	0,00
65 Distribution and Dissemination	1.717,39	500,00	1.217,39	1.717,39	0,00
66 Project Preparation	1.500,00		1.500,00	1.500,00	0,00
67 Publication and reproduction	1.541,96	1.000,00	541,96	1.541,96	0,00
68 Coordination Meeting	5.000,00		5.000,00	5.000,00	0,00
69 Financial Auditor	4.500,00	2.500,00	2.000,00	4.500,00	0,00
<b>Sub Total</b>	<b>182.775,85</b>		<b>179.252,74</b>	<b>183.252,74</b>	<b>-476,89</b>
<b>TOTAL PROJECT</b>	<b>402.925,00</b>		<b>398.922,94</b>	<b>402.922,94</b>	<b>2,06</b>
Bank Administration				170,79	-170,79
Interest Income				-168,72	168,72
70 National Management Costs					
71 ITTO Monitoring Review	12.000,00		0,00	0,00	0,00
72 ITTO Ex-Post Evaluation	10.000,00		0,00	0,00	0,00
73 ITTO Pogramme Support (70+91+92) x 12 %	53.130,00		0,00	0,00	0,00
<b>Sub Total</b>	<b>75.130,00</b>				<b>0,00</b>
<b>100 Grand Total</b>	<b>478.055,00</b>		<b>398.922,94</b>	<b>402.925,01</b>	<b>(0)</b>

Jakarta, August 2017

Approved by:

Prepared by:

Ir. Lasmini  
Project Coordinator

Richma Wahyuni  
Project Finance

## PROJECT CASHFLOW STATEMENT

Project No.:ITTO TFL PD 033/13 Rev.2 (M)

Period ending on: July 2017

Project Title:

"Strengthening the Governance Community Forest through Improved Capacity to Adequately Perform Timber Administration in Java and Nusa Tenggara Region in Indonesia"

COMPONENT		Reference	Date	Amount		
				in US\$	in IDR	
<b>A</b>	<b>Funds received from ITTO</b>					
	1	First Installment	BRI Agro	24/09/2014	100.000,00	1.197.600.000,00
	2	Second Installment	BRI Agro	13/05/2015	100.000,00	1.318.602.180,00
	3	Third Installment	BNI	19/02/2016	100.000,00	1.354.669.667,00
	4	Fourth Installment	BNI	18/01/2017	62.925,00	870.126.900,00
	5	Fifth Installment	BNI	07/04/2017	40.000,00	533.640.000,00
		Etc.:				
		Bank Interest			168,72	2.209.722,15
		<b>Total Funds Received</b>			<b>403.093,72</b>	<b>5.276.848.469,15</b>
<b>B</b>	<b>Expenditures by Executing Agency</b>					
	10	Project Personnel				
	11	Project Coordinator			68.000,00	893.105.000,00
	12	Administration Staff			15.300,00	200.841.300,00
	13	Financial Staff			22.100,00	290.040.850,00
	14	National Expert (Timber Administration)			3.500,00	44.403.000,00
	15	National Expert (Training Expert)			15.000,00	199.847.500,00
	16	Resource Person			6.269,43	82.793.600,00
	17	Facilitator			1.954,04	26.242.000,00
	18	Translator			6.000,00	81.030.000,00
		<b>Sub Total</b>			<b>138.123,47</b>	<b>1.818.303.250,00</b>
	20	Sub-contracts				
		Workshop			-	-
		<b>Sub Total</b>			<b>-</b>	<b>-</b>
	30	Duty Travel				
	31	Daily Subsistence Allowance			22.780,93	296.320.060,00
	32	Air Ticket			14.318,02	186.650.736,00
	33	Local Transport			16.693,58	220.646.550,00
		<b>Sub Total</b>			<b>53.792,53</b>	<b>703.617.346,00</b>
	40	Capital Items				
	41	Personal Computer			800,00	9.524.000,00
	42	Laptop			923,90	10.999.000,00
	43	Printer/fax			-	-
	44	LCD Projector			576,10	6.858.500,00
		<b>Sub Total</b>			<b>2.300,00</b>	<b>27.381.500,00</b>
	50	Consumable Items				
	51	Office Supplies			7.277,29	93.755.197,50
	52	Phone/Communication			1.244,80	15.687.558,00
	53	Office Space			-	-
	54	Producing Video			7.342,11	94.843.000,00
	55	Car Rent			9.590,00	119.676.950,00
		<b>Sub Total</b>			<b>25.454,20</b>	<b>323.962.705,50</b>
	60	Miscellaneous				
	61	Meeting			12.766,75	158.194.439,00
	62	Workshop			60.314,79	796.734.860,72
	63	Training			95.010,30	1.274.986.950,00
	64	Foto Copy			901,55	11.527.000,00
	65	Distribution and Dissemination			1.217,39	14.924.900,00
	66	Project Preparation			1.500,00	17.857.500,00
	67	Publication and reproduction			541,96	7.323.000,00
	68	Coordination Meeting			5.000,00	64.764.523,40
	69	Financial Auditor			2.000,00	26.600.000,00
		<b>Sub Total</b>			<b>179.252,74</b>	<b>2.372.913.173,12</b>
		<b>TOTAL PROJECT</b>			<b>398.922,94</b>	<b>5.246.177.974,62</b>

70	National Management Costs				
71	ITTO Monitoring Review			-	-
72	ITTO Ex-Post Evaluation			-	-
73	ITTO Pogramme Support (70+91+92) x 12 %			-	-
	Sub Total				
100	<b>Grand Total</b>			398.922,94	5.246.177.974,62
	Total Expenditures 30 July , 2017			<b>398.922,94</b>	<b>5.246.177.974,62</b>
	Bank Administration, tax			<b>170,78</b>	<b>1.270.722,74</b>
	Remaining Balance of Funds (A-B)			<b>4.000,00</b>	

Jakarta, August 2017

Approved by:

Prepared by:

Ir. Lasmini  
Project Coordinator

Richma Wahyuni  
Project Finance



Annex 3 Documentation:

Figure 1. : Print out of Video Graphic Animation story board  
Telling the chain of timber legality process for communities timber based on government regulation.

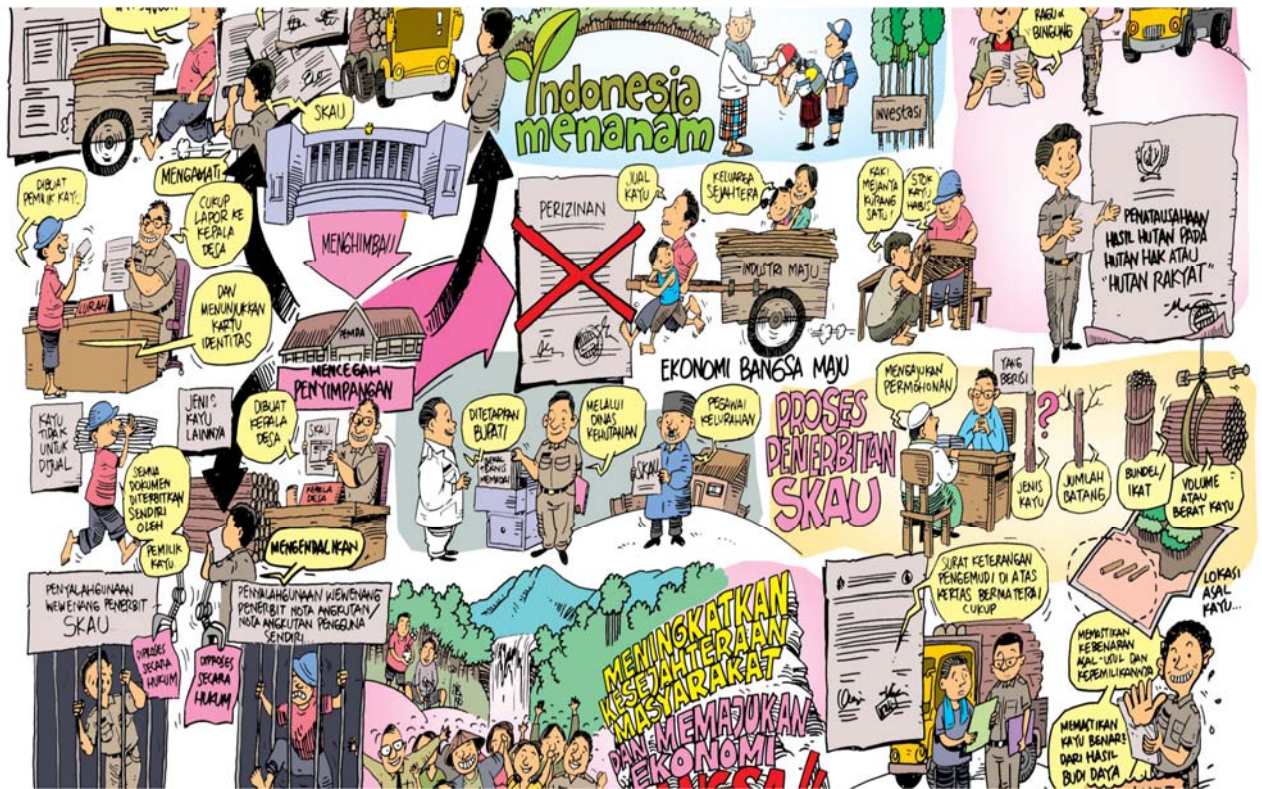


Figure 2 : Part of story board for Video Graphic Recording on government regulation for timber legality from communities area



Figure 3 : Practicing wood species identification; one issues on training for communities farmer group

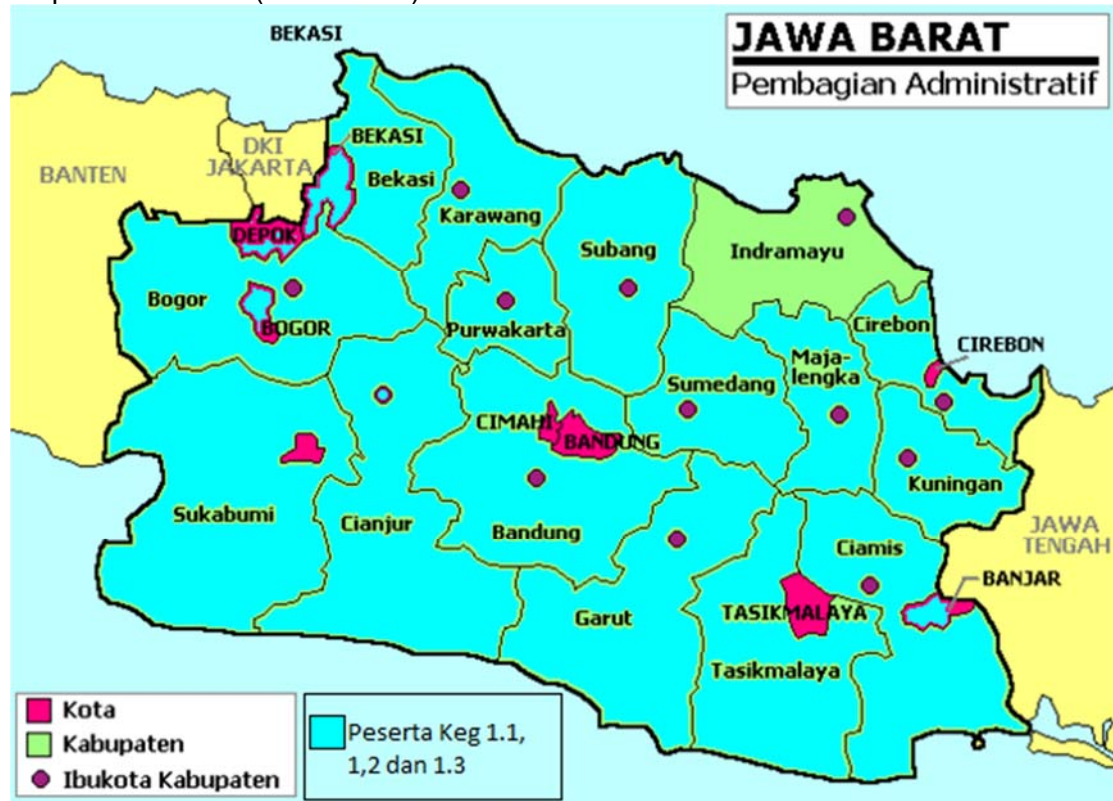


Figure 4: Practicing wood measurement and volume calculation

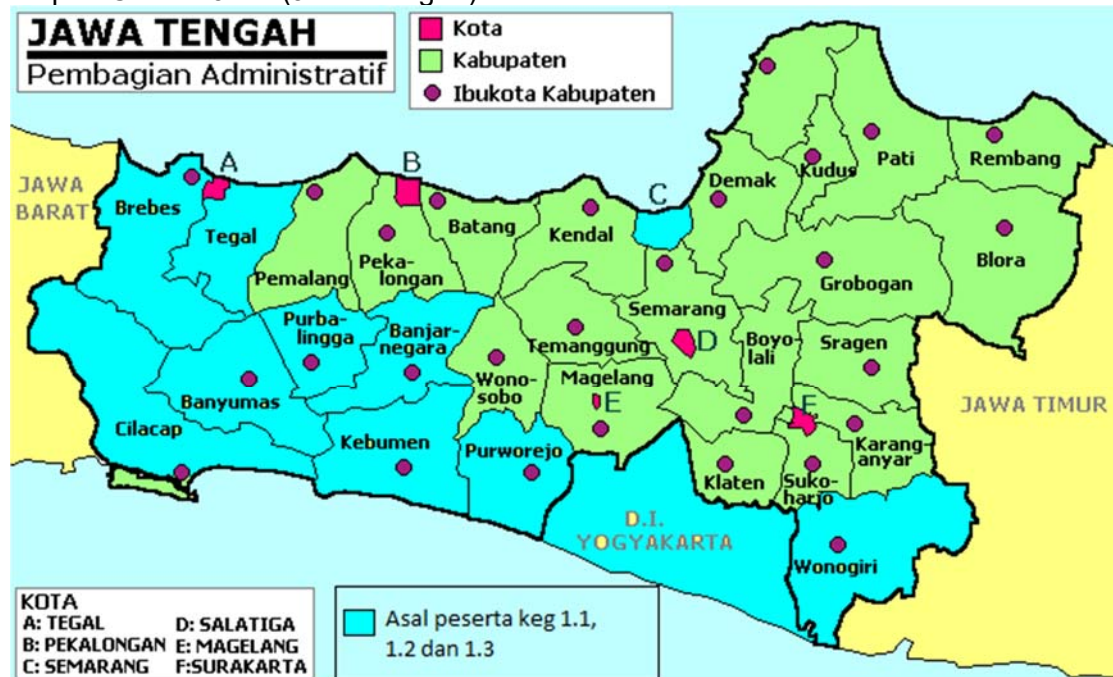


Figure 5 : Maps Locations of Activities and Area of involved Communities

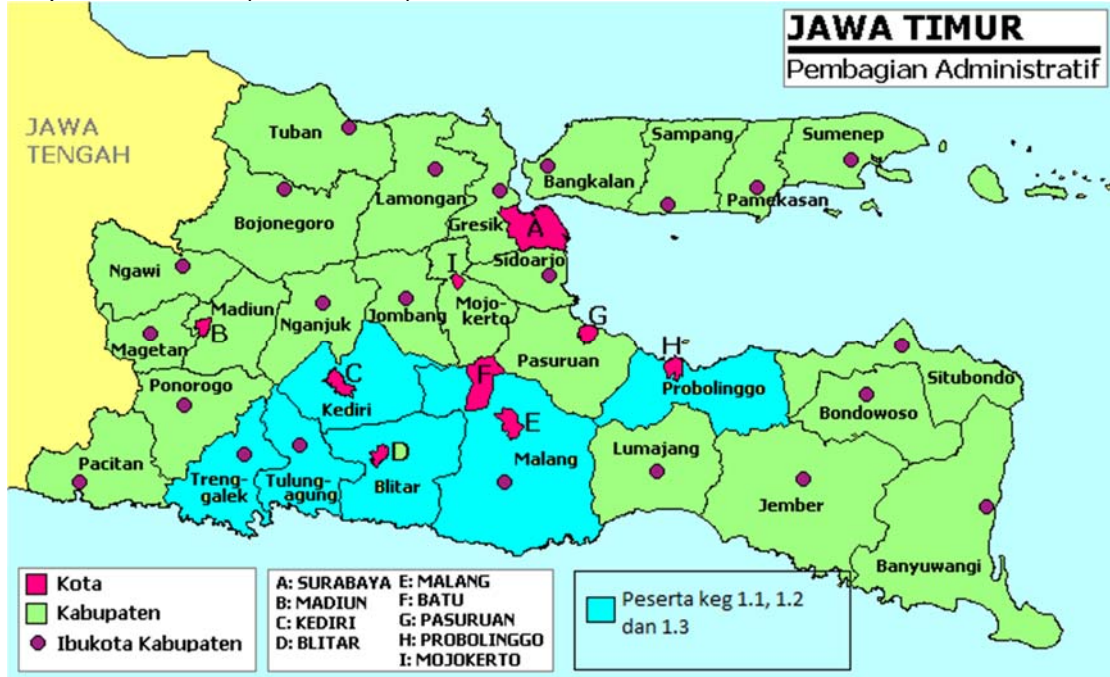
Map of West Java (Jawa Barat)



Map of Central Java (Jawa Tengah)



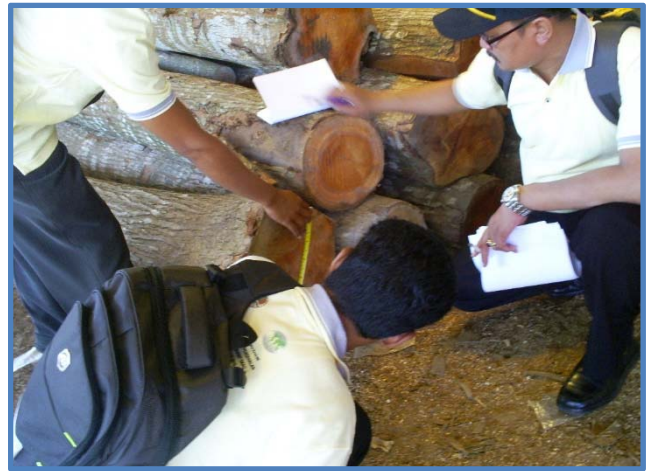
Map of East Java (Jawa Timur)



Map of East Nusa Tenggara (NTT) : activity in Labuan Bajo, NTT



### Activities 1.3.



### Activity 2.3.

