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Ministry of Agriculture,
Forestry and Fisheries



COMPLETION REPORT

ITTO PD 928/22 Rev.1 (I)
Development Of Sustainable Domestic Market
For Wood Products

Jakarta, February 2025



COMPLETION REPORT

ITTO PROJECT PD 928/22 REV.1 (I)

DEVELOPMENT OF SUSTAINABLE DOMESTIC MARKET FOR WOOD PRODUCTS

Prepared by:

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With the assistance of:

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Ministry of Agriculture, Forestry and Fisheries Japan Government

Directorate of Forest Product Processing and Marketing,

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PROJECT PROFILE

Project title	: Development of Sustainable Domestic Market for Wood Products
Project Number	: ITTO PD 928/22 Rev. 1 (I)
Starting date of the project	: 10 July 2023
Project duration	: 20 Months (July 2023 – February 2025)
Donor	: Ministry of Agriculture, Forestry and Fishery of Japan (MAFF) International Tropical Timber Organization
EA	: Directorate of Forest Product Processing and Marketing Development, Directorate General of Sustainable Forest Management, Ministry of Forestry
Project Budget	: \$ 261,811
Project locus	: West Java, East Java, and Central Java Province (additional Banten Province)
Expected outputs	: 1. Increased capacity of the domestic market to satisfy consumers' need for wood products; 2. Enhanced institutional arrangements for steadily rising domestic consumption of wood products.
Specific objective	: To promote a strong and resilient domestic consumption of wood products
Expected indicators	: 1. A study on domestic wood consumption completed 2. 5 new, fortified wood products sold in the domestic market 3. 6 consumer education sessions organized 4. A national council of the domestic market for wood products operational 5. Draft policy intervention on wood uses ready for national review 6. Draft policy incentives for wood processing ready to endorse
Supporting stakeholders and beneficiaries	: Central Governments, Provincial Governments, PBPH & Associations, PBPHH & Associations, Community as timber farmer and wood products consumers, Universities and research institutions
Type of report	: Completion Report
Prepared by	: Dr. Rina Kristanti, Project Coordinator ITTO PD 928/22 Rev. 1 (I)

Jakarta, March 2025

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EXECUTIVE SUMMARY

Since the 1970s, the wood industry in Indonesia has grown rapidly. This was triggered by the government policy in Law No. 5 of 1967 concerning the increased utilization of production forests. The COVID-19 pandemic has slowed economic activity in all sectors. ITTO reported that domestic consumption has proven to stabilize tropical timber production during previous economic crises.

To strengthen the domestic market position of processed wood products, analysing and exploring potential market and development strategies is necessary. Indonesia has enormous potential for forest products to contribute to domestic and international markets. Increasingly dynamic global challenges require our forestry industry to continue to innovate, increase efficiency, and strengthen product competitiveness as well as improve the quality standards of processed products according to international standards. Strengthening the export and domestic markets for wood products not only helps business actors grow and create jobs but also generates state revenue. This is very important in the face of the slowing global economy.

The ITTO Project PD 928/22 is designed to revitalize and fortify our domestic production and consumption of wood products. It is a good initiative to understand the domestic market's dynamic and formulate supporting policies, including through studies of wood product consumption and production. The project also conducted the study of the characteristics of substitute materials of wood products, to study the development of innovations in processed wood products, public education on the benefits of using wood products, and to study on the development of incentive for collective wood processing infrastructure and the use of wood in the construction sector.

This project is a good opportunity for us to collaborate on our ideas and insights based on the results of the project to address the challenges in developing a domestic market for wood products. Our collaborative work will ensure to see the great picture of Indonesia's wood industries and support sustainable forest management and livelihoods as well as contribute to the nation's prosperity.

The development of the domestic market for processed wood products needs to be encouraged by various parties. The current situation is that substitute goods dominate the domestic market. The research results show some important things about the condition of the domestic demand for processed wood products. The results of this research can be used as a reference for interested parties to develop strategies for developing the domestic market for processed wood products.

The dominance of high substitution products for processed wood products is shown by the value of domestic sales. In 2019, substitute products reached a value of 14.02 billion USD, while in the same year, the sales value in the domestic market for wood products only reached 1.3 billion USD. The potential domestic market for processed wood products reaches 8.3 million m³/year, with a composition of 40% for furniture needs and 60% for construction needs. Thus, the need for raw materials for the wood industry reaches 17 million m³/year. Preference survey results also show that processed wood products are still loved by local consumers, ranging from 69-96%.

Based on the competitive advantage of wood products over substitute products, wood products are in the Dog position, while substitute products are in the Cash Cow position. Dog position means that the wood product business has a low market growth rate and low competition. The cash cow position indicates that the position of substitute products is very favorable because it has a high market share and a low level of competition.

In developing a strategy for developing processed wood products, it is necessary to pay attention to internal readiness and external encouragement. An aggressive development strategy is needed so that the processed wood industry can utilize its strengths, such as product quality and craftsman skills, to capture opportunities available in domestic and international markets. This is shown for furniture and construction wood products in Central Java, as well as Furniture in East Java. Product and market diversification, as well as vertical and horizontal integration, are essential strategies to improve competitiveness as it is demonstrated for woodcraft products in East Java. It is necessary to minimize weaknesses to seize opportunities such as technological change, internal policies, and human resources as it is the case for wood crafts in Central Java and construction in East Java.

The condition of the processed wood industry is in the Build and Growth zone. In this position, strategies are needed for integration, market concentration, market development, and new product development. To optimize marketing strategies and product development, furniture and woodcraft require investment to grow, protect position, and optimize position strategies in Central Java. Construction sector in Central Java and East Java requires improved position and optimized position strategies, while in East Java, furniture and handicrafts require an investment to grow, improve position, and protect position strategy.

Nationally, to optimize the marketing strategy of furniture and woodcraft, the strategies of investing in growing, protecting position, and optimizing positions are needed. Meanwhile, to optimize the marketing strategy and development of construction, improved positioning and optimized positioning strategies are needed. The entry of wood substitute products for furniture, construction materials, and woodcraft has damaged the domestic processed wood product market and significantly affected the domestic wood industry, especially domestic market-oriented SMEs. Cheaper prices, easy-to-obtain goods, the delay in combating imported substitute products, and negative campaigns to consume forest products are the keys to successful penetration of the substitute product market. Strengthening the domestic wood market can save foreign exchange and create jobs and business opportunities. The narrative (discourse) “using forest products will damage the environment” needs to be reviewed, and even needs to be fought by building a counter-discourse.

ACKNOWLEDGEMENTS

The Project Coordinator and Project Management Unit would like to take this opportunity to express our highest appreciation and gratitude to the Japan Ministry of Agriculture, Forestry and Fishery (MAFF), the International Tropical Timber Organization (ITTO), the Directorate General of Sustainable Forest Management, the Directorate of Forest Product Processing and Marketing, and also members of the Project Steering Committee (PSC) for the chance, guidance, as well as great support during the process and implementation of the ITTO Project PD 928/22 Rev.1 (I) Development of Sustainable Domestic Market for Wood Products. Furthermore, The Project Coordinator also sincerely appreciates our former Director General of Sustainable Forest Management, Dr. Agus Justianto, and former Director, Mr. Krisdianto, Ph.D., for the initiative and continuous support for the project. We would also like to deliver our gratitude to the Director General of Sustainable Forest Management, Mr. Dida Migfar Ridha, and the Director of Forest Product Processing and Marketing, Mr. Erwan Sudaryanto, for the technical and administrative insights for the successful implementation of the project.

The Project Coordinator would also like to express special tribute to Dr. Tetra Yanuariadi (Projects Manager, ITTO) for the time allocation, guidance, suggestions, patience, excellent advice, constructive inputs, and continuous support to the entire project course, and even beyond, making this project satisfactorily completed. The Project also expressed gratitude for the active collaboration and cooperation of all experts, universities as the sub-contractors, the national consultants, and other involved institutions and persons who cannot be mentioned one by one, who played an important role in the successful implementation of the project.

Hopefully, this report can be a reference for various stakeholders in the domestic wood product market in Indonesia. We humbly expect that the information presented herein will serve as a valuable source of information for policymakers, researchers, and stakeholders, and can be used as a basis for future decision-making.

Project Coordinator
ITTO PD 928/22 Rev.1 (I)

A handwritten signature in black ink, appearing to read 'Rina Kristanti', with a stylized flourish at the end.

Dr. Rina Kristanti

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ABBREVIATIONS

ANSI	:	American National Standards Institute
AWC	:	American Wood Council
BSLHK	:	<i>Badan Standardisasi Lingkungan Hidup dan Kehutanan</i> (Environmental and Forestry Standardization Agency)
BSN	:	<i>Badan Standardisasi Nasional</i> (National Standardization Agency)
ECHA	:	European Chemical Agency
FMU	:	Forest Management Units
GDP	:	Gross Domestic Product
GHG	:	Greenhouse gas
HSD	:	<i>Harga satuan dasar</i> (basic unit price)
IKN	:	<i>Ibu Kota Negara</i> (National Capital City)
JCC	:	Jakarta Convention Center
Kepmen LHK	:	<i>Keputusan Menteri Lingkungan Hidup dan Kehutanan</i> (Decree of the Minister of Environment and Forestry)
KLHK	:	<i>Kementerian Lingkungan Hidup dan Kehutanan</i> (Ministry of Environment and Forestry)
LPSE	:	<i>Layanan Pengadaan Secara Elektronik</i> (Electronic Procurement Services)
LPVI	:	<i>Lembaga Penilai dan Verifikasi Independen</i> (Independent Assessment and Verification Institution)
MoE	:	Modulus of Elasticity
MSME	:	Micro, small, and medium enterprises
NDC	:	Nationally Determined Contribution
NDS	:	National Design Specification
NSPK	:	<i>Norma, Standar, Prosedur, dan Kriteria</i> (Norms, Standards, Procedures, and Criteria)
NTFP	:	Non-timber forest product
Permen LHK	:	<i>Peraturan Menteri Lingkungan Hidup dan Kehutanan</i> (Regulation of the Minister of Environment and Forestry)
Permendag	:	<i>Peraturan Menteri Perdagangan</i> (Regulation of the Minister of Trade)
Permen PUPR	:	<i>Peraturan Menteri Pekerjaan Umum dan Perumahan Rakyat</i> (Regulation of the Minister of Public Works and Public Housing)
Perpres	:	<i>Peraturan Presiden</i> (Presidential Decree)
PKKI	:	<i>Peraturan Konstruksi Kayu Indonesia</i> (Indonesian Timber Construction Regulations)
PP	:	<i>Peraturan Pemerintah</i> (Government Regulation)
PU	:	<i>Pekerjaan Umum</i> (Public Works)
PUPR	:	<i>Pekerjaan Umum dan Perumahan Rakyat</i> (Public Works and Public Housing)
RIL-C	:	Reduced Impact Logging-Carbon
ROCCIPI	:	Rule, opportunity, capacity, communication, interest, process, dan ideology

RSNI	:	<i>Rancangan Standar Nasional Indonesia</i> (Draft of Indonesian National Standards)
SMKK	:	<i>Sistem Manajemen Keselamatan Konstruksi</i> (Construction Safety Management System)
SNI	:	<i>Standar Nasional Indonesia</i> (Indonesian National Standards)
S-Legalitas	:	<i>Sertifikat Legalitas</i> (Certificate of Legality)
S-PHL	:	<i>Sertifikat Pengelolaan Hutan Lestari</i> (Sustainable Forest Management Certificate)
SVHC	:	Substance of Very High Concern
SVLK	:	<i>Sistem Verifikasi Legalitas Kayu</i> (Timber Legality Verification System)
TKDN	:	<i>Tingkat Kandungan Dalam Negeri</i> (Domestic Content Level)
TOR	:	Terms of References
UU	:	<i>Undang-undang</i> (Law)

I. INTRODUCTION

Indonesia's national policies related to the development of the domestic market for wood products stated in National Mid-term Development Plan 2020-2024 (RPJMN), The Job Creation Law Number 11 Year 2020, Presidential Decree Number 23 Year 2021 concerning Forest Governance, Minister of Environment and Forestry Decree Number 8 Year 2021 concerning Forest Management and Preparation of Forest Management Plans, and Forest Utilization in Protection Forests and Production Forests, Director General of Sustainable Forestry Management Decree Number 4 Year 2020 concerning Strategic Plan of Directorate General of Sustainable Forestry Management Year of 2020-2024, Circular Letter of the Goods and Services Policy Agency Number 16 Year 2020 concerning Determination of Green Products in Sustainable Government Goods and Services Procurement.

1.1 Context

1.1.1 Project Location

The project is implemented in three provinces in Java Island, namely West Java Province, East Java Province, and Central Java Province. The studies on consumers are planned to be conducted in the capital city of the provinces. These three host provinces represent major wood product exporters at the national level, as well as represent the province with the biggest number of young generations as potential wood products consumers in Indonesia, as targeted in the proposed project. As the effective budget management of ITTO PD 928/22 Rev. 1(I), the project successfully covered the study in an additional locus that is Banten Province, without any additional budget. Brief information on the host province is exhibited in Table 1.



Figure 1. Map of Project Areas

Table 1: Description of Project Areas

Project Areas
<p>1. West Java Province:</p> <p>Number of populations: 49.9 million; Number of young generations: 25.5 million; Area: 35.378 km²; Capital City: Bandung; GDP per capita: US\$38.6 million; Forest Area: 776.830,83 Ha; Number of wood facility: 1,323 units; The biggest wood product exporter at national scale with export value of US\$426 million (3.41 percent of total export by country) with the products consisting of paper, pulp, panel, furniture, woodworking, veneer, woodcraft and woodchip.</p>
<p>2. East Java:</p> <p>Number of populations: 40.7 million; Number of young generations: 19.6 million; Area: 47.800 km²; Capital City: Surabaya; GDP per capita: US\$43.5 million; Forest Area: 2.042.511 Ha; The fourth biggest timber producer for wood industry at national scale; Number of wood facility: 10,120 units; Second biggest wood product exporter at national scale with wood export value of US\$868.74 million (17,84 percent of total export by country) with the products consisting of paper, pulp, panel, furniture, woodworking, veneer, woodcraft and woodchip.</p>
<p>3. Central Java Province:</p> <p>Number of populations: 36.7 million; Number of young generations: 18.1 million; Area: 32.801 km²; Capital City: Semarang; GDP per capita: US\$25.4 million; Forest Area: 1.3 million Ha; The fifth biggest timber producer for wood industry at national scale (mostly from private forest); Number of wood facility: 2,000 units; The third biggest wood product exporter at national scale with wood export value of US\$1.91 billion (14.07 percent of total export by country) with the products consisting of paper, pulp, panel, furniture, woodworking, veneer, woodcraft and woodchip.</p>

4. Banten Province

The economy of Banten Province in 2023, based on Gross Regional Domestic Product (GRDP) at current prices, reached IDR 814.12 trillion, with GRDP per capita of IDR 66.15 million or US\$ 4,341.08. The population of Banten is 12.47 million and Tangerang Regency is the area with the largest population of 3.31 million or 26.54% of the total population. The wood industry in Banten has great potential to be developed, especially with a focus on craft products. This industry drives economic growth in Banten.

1.1.2 Social, cultural, economic and environmental aspects

(a) Social and cultural aspects

The demographic dynamics of the Indonesian population continue to experience dynamic developments. Based on the data as per June 2021, the total population of Indonesia was 272,229,372, of which 137,521,557 people were men and 134,707,815 were women. From the total population of 272 million, 56.01 percent is concentrated on Java Island. This country is home to more than 300 ethnic groups or ethnic groups, to be precise, there are 1,340 ethnic groups in the country. The Javanese are the largest group in Indonesia, accounting for 41 percent of the total population.

(b) Economic aspects

Indonesia is the largest economy in South East Asia. It represents 0.94 percent of the world economy. The Gross Domestic Product (GDP) of Indonesia was worth US\$1,058.42 billion in 2020 with GDP per capita reaching US\$4,349.51. Industry accounts for the largest share of GDP of which 46.5 percent of total GDP followed by the agriculture sector accounts for the remaining 15 percent. Full-year GDP growth in Indonesia averaged 4.66 percent from 2009 until 2021. The Indonesian economy in 2021 grew by 3.69 percent, higher than the achievement in 2020 which experienced a growth contraction of 2.07 percent. The spatial structure of Indonesia's economy in 2021 is dominated by a group of provinces in the Java Region, which contributed 57.78% to the national economy, followed by the Sumatra Region with 21.96%, Kalimantan Region with 8.29%, Sulawesi Region with 6.73%, Bali and Nusa Tenggara Region with 2.66%, and Maluku and Papua Region with 2.58%.

Indonesia, in terms of its economic proportions, can be categorized as an industrial country. The reason is that the industrial sector is the largest contributor to the national economy with its contribution reaching more than 20%. The achievement of 20% is very large so Indonesia is included in the ranks of the world's elite. In the manufacturing category, Indonesia is in the top 10 in the world. Where the enabling factors to support national industrialization consist of human resources, capital or investment, and technology.

(c) Environmental aspects

Despite the ongoing impact of climate change coupled with COVID-19 and the global recession, Indonesia has managed to take a balanced approach to dealing with it. Indonesia continues to focus on achieving commitments to improve the environment and forestry. There have been two progresses made in the forestry sector, namely progress in the forestry sector and economic recovery policies.

In the forestry sector, Indonesia has succeeded in stopping the conversion of 66 million hectares of natural forest and peatland. By 2020, Indonesia had achieved its lowest deforestation rate in decades, as low as 0.1 million Ha, while cutting 82 percent of the national forest fire area. All of this is being achieved as the world is witnessing increasing deforestation and destructive forest fires in various countries. The Indonesian government has issued various policies to help stimulate the economy through several interventions, including supporting SMEs, accelerating community forest development, and various support for wood-based industries combined with government support for meeting market requirements such as timber legality assurance. Indonesia, by MoEF, has gone further in promoting the Timber Legality Assurance System (TLAS) for sustainable management of forests and forest products. Its implementation has been proven to increase trade in forest products from Indonesia in a legal and controlled manner.

To reduce GHG emissions, Indonesia has a very strong commitment, one of which is the issuance of the Minister of Environment and Forestry Decree Number 168 of 2022 concerning the Operational Plan for Indonesia's FOLU Net Sink 2030 launched by the Minister of Environment and Forestry on February 2022. The operational plan is an effort to control climate change to achieve Indonesia's NDC, based on basic principles which mainly include sustainable forest management, environmental governance, and carbon governance.

Regarding forest development efforts with community involvement in the context of improving the national economy, Indonesia has exceeded the target for social forestry allocation of a total area of 12.7 million Ha. As per March 2021, 4.5 million Ha of social forestry access were allocated to almost 7,000 forest farmer groups consisting of 930,000 households and assisted by 1,250 forest extension administrators. This has also created 7,529 social forestry business groups and succeeded in increasing the productivity and value of agricultural and non-agricultural commodities, as well as small rural industries.

In particular, the forest in Java Island has a role as a buffer for Java Island. It must be able to carry out ecological functions as water storage, flood barrier, soil landslides, fertilizing the soil, providing clean air, and conserving biodiversity. Consequences of the pressure population against the forest, then the forest in Java Island must accommodate social and economic functions as well as contribute to the national income. The forest in Java must carry out the economic function managed by Perum Perhutani through production and protection forest management.

Forest in Java Island has an area of 12.9 million Ha, including state forest area of 3,1 million Ha (\pm 24 percent of area of Java Island) with forest cover reaching 19 percent. The forest consists of protected forest of 0,7 million Ha, production forest of 1,8 million Ha, and conservation forest of 76,000 Ha. Protection and Production Forest are managed by Perum Perhutani, except in Yogyakarta Province, while conservation forest is managed by MoEF. Forest area managed by Perum Perhutani as much as 76.83 percent of the forest area in the Java Island. Forests in Java Island are surrounded by 6,807 villages with a population of 13 million households (30 percent of the population of Java Island), where 60 percent of those depend on agriculture and is classified in poor condition with average land ownership <0.50 Ha/household.

1.1.3 Relevance

(a) National Policies

This project is relevant to the wood industry and forest utilization business process policies in Indonesia. Below are the key policies that support project implementation:

- The Job Creation Law Number 11 Year 2020, issued on November 2, 2020, facilitates ease for the community, especially business actors, in obtaining business permits and promoting investment in the forestry sector by utilizing forest areas and applying a new forestry business configuration to enhance the contribution of national income from the forestry sector.
- Presidential Decree Number 23 Year 2021 concerning Forest Governance, issued on February 2, 2021, promotes Forestry Multi-Business Development through the implementation of various forestry business activities, including forest area utilization and timber as well as non-timber forest product utilization in Production Forest and Protection Forest.
- Minister of Environment and Forestry Decree Number 8 Year 2021 concerning Forest Management and Preparation of Forest Management Plans, and Forest Utilization in Protection Forests and Production Forests, issued on April 1, 2021, introduces breakthroughs in risk-based forestry business, expanding the area for forestry business development, and establishing a forestry multi-business scheme.
- Director General of Sustainable Forestry Management Decree Number 4 Year 2020 concerning the Strategic Plan of the Directorate General of Sustainable Forestry Management for 2020-2024, issued on September 7, 2020, guides sustainable forest management with strategies to enhance forest productivity and the forestry sector's contribution to national income, broaden forestry business diversification, investment, and forest product exports, and optimize legal access for the community in forest management and governance.
- Circular Letter of the Goods and Services Policy Agency Number 16 Year 2020 concerning the Determination of Green Products in Sustainable Government Goods and Services Procurement, issued on May 28, 2020, encourages the sustainable procurement of goods/services within government institutions according to national priorities and policies.

(b) ITTO priorities (ITTO Strategic Action Plan)

In addition to ITTA 2006, the priority activities of the proposed project coincide with strategic priorities defined in the ITTO Strategic Action Plan 2022 – 2026 that aims to:

- Highlight the ITTO's contribution to, among others, the SDGs;
- Recognize that COVID recovery may preoccupy the tropical forest sector for the SAP's duration;
- Serve as a transitional guidance document between 2022 and the launch of a process to renegotiate ITTA, 2006; and
- Coincide with the extension of ITTA, 2006 to 2026.

SAP 2022 – 2026 adopted at the ITTC-57 provides a new mission statement “To promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and to promote the sustainable management of tropical timber-producing forests.” In addition, four strategic priorities were developed as follows:

- Strategic Priority 1. Promote good governance and policy frameworks to enhance financing and investment in sustainable tropical forest management, legal and sustainable forest product supply chains and related trade;
- Strategic Priority 2. Increase the contribution of the tropical forest sector to national and local economies and resilient livelihoods, including through further processing and trade in tropical timber and other forest products and services;
- Strategic Priority 3. Reduce tropical deforestation and forest degradation, enhance forest landscape restoration and the resilience of forest ecosystems to climate change, and conserve forest biodiversity and ecosystem services; and
- Strategic Priority 4. Improve the quality, availability and timeliness of information on tropical forest product markets, supply chains and international trade, including challenges and opportunities related to market access, expansion and diversification.

ITTO PD 928/22 Rev.1 (I) concerns to promote sustainable consumption of wood and wood products. Therefore, the project conforms with ITTO’s Strategic Priority in the following manner:

- The project deals with policy intervention on wood and wood product, thus is in conformity to ITTO’s Strategic Priority 1 “promote good governance and policy frameworks to enhance financing and investment in sustainable tropical forest management, legal and sustainable forest product supply chains and related trade”
- This project concerns with enhancement of supply chains in particular from plantation forest and to reduce the pressure to natural forest thus is in conformity to ITTO’s Strategic Priority 2 “increase the contribution of the tropical forest sector to national and local economies and resilient livelihoods, including through further processing and trade in tropical timber and other forest products and services and ITTO’s Strategic Priority 3 “reduce tropical deforestation and forest degradation, enhance forest landscape restoration and the resilience of forest ecosystems to climate change, and conserve forest biodiversity and ecosystem services.”
- In addition, the project also concerns with capacity building program on wood industry development and domestic marketing strategy for wood products thus conforms ITTO’s Strategic Priority 4 “improve the quality, availability and timeliness of information on tropical forest product markets, supply chains and international trade, including challenges and opportunities related to market access, expansion and diversification’.

(c) ITTO criteria and indicators for sustainable management of tropical forests

By aiming to develop a domestic market for wood products in the project area, this project is consistent with ITTO Criteria and Indicators for Sustainable Management of Tropical Forests (2016), this project complies with:

- Indicator 1.4 Institutions responsible for, and supportive of, forest management and Indicator 1.5 Availability of professional and technical personnel to perform and support forest management related to appropriate and capable institutions with effective linkages between them are essential for SFM. Well-organized implementing agencies and research and educational institutions with sufficient, appropriately trained personnel are needed to ensure that forests are managed by scientific, technical, socioeconomic, and traditional knowledge.
- Indicator 1.11 Incentives to encourage SFM related to One of the most important requirements for achieving SFM is the availability of financial resources (e.g. grants, concessional funding and loans) and the provision of incentives and appropriate economic instruments that promote and support SFM. Capturing the full value of forests, including forest products and environmental services, and ensuring the equitable distribution of costs and benefits, are essential for SFM.
- Indicator 7.2 Value of domestically produced forest products and environmental services and Indicator 7.3 Wood and non-wood forest product processing capacities and efficiency related to the economic challenge for forest management is to make SFM a profitable activity that is attractive to investors and competitive with other land uses. A viable forest products industry is likely to be an essential element in addressing this challenge.



The wood industry demonstrates a complex interplay of self-sufficiency and interconnectedness in raw material sourcing, predominantly relying on internal resources while also benefiting from a network of external suppliers. This strategic balance ensures a consistent supply of raw materials for both domestic consumption and export, contributing to national economic stability

1.2 Origin and Problem Addressed

1.2.1 Origin

This project has supported the Indonesian government in developing the domestic market for wood products, one of the tasks assigned to the executing agency. The project has involved the wood industry and its association (ISWA, APKINDO, ASMINDO, HIMKI, ILWA) and the forest concession holder as timber producers and their association (APHI, FKMPI). The wood industry is the main key actor in the wood industry and the domestic market for wood products. This project has also supported the central government to capture the existing condition of the wood industry to improve the policy in developing the domestic market to be implemented by the stakeholders both the government (central and government) as well as the private sector. In addition, the project also involved universities to support the study and public education of wood products to the community, in particular the young generation.

1.2.2 Problem

The COVID-19 pandemic has caused a shock in domestic consumption of wood products. This is understandable due to depressed economic activities and thus the income of the people, which necessitated reducing spending. The sluggish development of domestic consumption is not in the interest of the government and stakeholders. Domestic consumption must be revitalized so that it becomes a stabilizer for the wood industry during the crisis caused by the pandemic. It is to be noted, however, that while the impacts of COVID-19 are a major impetus for the project, foreign exports are still an important part of the long-term equation. In other words, the exportation of wood products will always affect domestic consumption and influence the behavior of processors.

The key problem on the market for wood products that requires urgent addressing is the “sluggish development of domestic consumption of wood products”. This condition is caused by two key problems, namely: i) denied taste and preference of consumers by the market, and ii) weak institutional arrangements for raising domestic consumption. These two causes are triggered by the condition of lack of updated information on the consumption of wood products, strong penetration of substitute products, e.g. plastic and geomaterial, a limited assortment of wood products offered by the market, weak strategy for wood product development, poor understanding of consumers on the advantages of using wood products, absence of a national council supervising the domestic market for the wood products, lack of policy intervention on the use of wooden materials in the construction sector, weak policy incentive for promotion of investment in wood process facilities, and weak outreaching program on sharing of information and experience.

II. PROJECT OBJECTIVES AND IMPLEMENTATION STRATEGY

This project is expected to address specific national socio-economic and natural problems related to the development of the market for wood products, supporting sustainable forest management in the upstream sector, in accordance with the ITTO Guidelines on Criteria and Indicators for the sustainable management of tropical forests

2.1 Project Objectives

The project objectives that must be achieved are consistent with the problems addressed were defined as follows:

- Development objective : To increase the contribution of the wood industry to the national economy through strengthened growth of the industry
- Specific objective : To promote strong and resilient domestic consumption of wood products

2.2 Project Implementation Strategy

Defined project objectives were translated into two outputs that must be achieved, specifically:

- 1) Increased capacity of the domestic market to satisfy consumers' need for wood products;
- 2) Enhanced institutional arrangements for steadily rising domestic consumption of wood products.



This project is a good opportunity for us to collaborate on our ideas and insights based on the results of the project to address the challenges in developing the domestic market for wood products. Our collaborative work will ensure to see the great picture of Indonesia's wood industries and create sustainable livelihoods, as well as contribute to the nation's prosperity

Under the translated individual outputs, 9 main activities had been identified and implemented during the project period to deliver those outputs. These activities were implemented by conducting studies, creating innovation through product competition, implementing public education, as well as developing policy recommendations by organizing Focus Group Discussions and workshops, in the following fashion:

▪ Output 1

Increased capacity of the domestic market to satisfy consumers' need for wood products is supported by implementing studies regarding the study on consumption of wood products, study on salient features of substitute products, and study on the development of an enriched assortment of wood products sold in the domestic market, development of a mid-term national strategy to strengthen domestic market for wood products, and conducting public education on the advantages of using wood products for the enhanced

domestic market of wood products in the project locus area covering West Java, Central Java, East Java, and additional locus Banten Province.

▪ Output 2



Promoting the development of community forests outside Java

by replicating the supporting factors for community forest development in Java. Efforts to develop community forests outside Java will attract investors and communities in the wood industry's investment outside Java Island

To enhance institutional arrangements for steadily rising domestic consumption of wood products, the project has supported the Establishment of a National Council for Promotion of Sustainable and Resilient Domestic Market for Wood Products, the development of policy interventions on the use of wood materials in the construction sector, and development of policy incentives for investment in collective facilities for wood processing. The project also provided the facilitation for sharing information and experience of development of the domestic market for wood products.

2.3 Assumption and Risks

Several assumptions had been made and defined to ensure a successful project implementation to achieve project objectives, which comprised:

- 1) The stakeholders support the whole project's activities;
- 2) All stakeholders firmly commit to actively supporting the development of the domestic

market for wood products.

Moreover, some of the risks that could obstruct the achievement of project outputs and objectives have also been identified, including:

- 1) Stakeholders do not fully support addressing the problems in the development of the domestic market for wood products in Indonesia. This project successfully gathered the related stakeholders from upstream (timber producers) and downstream (wood industry) through Focus Group Discussions and Project Steering Committee Meetings.
- 2) The domestic market for wood products has not been set as the national priority program. This project has raised awareness among the stakeholders, particularly the government, about the role of the domestic market in supporting the national economy.
- 3) The regulation implementation is not implemented effectively regarding the database of wood processing/industry licensing among the authorities. To manage or reduce the above risks, the project carried out activities of the study, implementing SATU DATA PHL (SI-RPBB) as the published data to reduce data fraud.
- 4) Limited study regarding wood use at the household level. This risk is solved by utilizing the main journal as the reference, as the approach to capture the general condition at the project locus area.



Natural timber has to be managed through sustainable management by SVLK and optimal policies. The domestic markets are very important as a buffer for the market while the export market is decreasing.

ITTO PD 928/22 Rev.1 (I) The 1st PSC and PTC Meeting, 4th September 2023

III. PROJECT PERFORMANCE

Strengthening the domestic markets for wood products not only helps business actors grow and create jobs but also generates state revenue and this is very important in the face of the slowing global economy

3.1 Planned Versus Realized Project Performance

3.1.1 Specific Objectives

The specific objective that must be achieved through the implementation of planned activities was to develop the domestic market for wood products in three targeted provinces of West Java, Central Java, and East Java, and national level. During the project implementation, the defined specific objective was fully relevant, thus no amendments were made. By effective budget management, the project could add one more locus without any budget addition, which is Banten Province, that is selected as the representative of the biggest player in the wood industry at a national scale. During the project implementation, the defined specific objective was fully relevant thus no amendments were made.

3.1.2 Outputs and Related Activities

Table 1. Planned and realized outputs and related activities

Objective/Outputs/ Activities	Planned	Realization	Status /Remarks
Development Objective			
Specific Objective			
Output 1 Increased capacity of the domestic market to satisfy consumers' need for wood product			
Activity 1.1 To conduct a preliminary study on the consumption of wood products	One package of the study on the consumption of wood products in three locus is available	<ul style="list-style-type: none"> One package of the study on the consumption of wood products in 3 locus with 1 additional locus available Six FGDs were held to disseminate the study results (in conjunction with Activity 1.2, 1.3, and 1.5) 	Completed

Objective/Outputs/ Activities	Planned	Realization	Status /Remarks
Activity 1.2 To examine salient features of substitute products	One package of the study on the salient features of substitute products in three locus is available	<ul style="list-style-type: none"> One package of the study on the salient features of substitute products is available Six FGDs were held to disseminate the study results (in conjunction with Activity 1.1, 1.3, and 1.5) 	Completed
Activity 1.3 To enrich the assortment of wood products sold in the domestic market	<ul style="list-style-type: none"> Five new fortified wood products are introduced in the domestic market Four exhibitions of the new fortified wood products are conducted 	<ul style="list-style-type: none"> More than 20 fortified wood products are introduced in the domestic market Five exhibitions of the new fortified wood products are conducted (in conjunction with Activity 1.1, 1.3, 1.5, and 1.4) 	Completed
Activity 1.4 To develop a mid-term national strategy for the domestic market for wood products	A mid-term national strategy for the domestic market for wood products has been developed	<ul style="list-style-type: none"> Mid-term national strategy for the domestic market for wood products is developed Six FGDs to develop and disseminate the national strategy for the domestic market for wood products are conducted (in conjunction with Activity 1.1 and 1.2) 	Completed
Activity 1.5 To educate consumers on the advantages of using wood products	Four public education events to disseminate the advantages of using wood products are conducted	Five public education events to disseminate the advantages of using wood products are conducted (in conjunction with Activity 1.1, 1.2, 1.3, 1.5, and 1.4)	Completed
Output 2: Enhanced institutional arrangements for steadily rising domestic consumption of wood products			
Activity 2.1 To establish a national council for the promotion of a sustainable and resilient domestic market for wood products	The initial national council to support the promotion of a sustainable and resilient domestic market for wood products was formed	The initial national council in the form of a communication stakeholders forum to support the promotion of a sustainable and resilient domestic market for wood products was established	Completed

Objective/Outputs/ Activities	Planned	Realization	Status /Remarks
Activity 2.2 To introduce policy interventions on the use of wooden materials in the construction sector	Draft policy intervention on wood uses ready for national review	Draft policy intervention on wood use was reviewed at the provincial and national levels	Completed
Activity 2.3 To promote policy incentives for investment in collective facilities for wood processing	Draft policy incentives for wood processing ready for MoEF to endorse	EA endorsed draft policy incentives for wood processing through the FGD and PSC Meetings to the stakeholders	Completed
Activity 2.4 To share information and experience in the development of domestic consumption of wood products with the assistance of ITTO	The information and experience in the development of domestic consumption of wood products are disseminated	The information and experience in developing domestic consumption of wood products is disseminated through the ITTC, FGD, seminars, workshops, and public education	Completed

3.2 Project Schedule

The Project officially commenced in July 2023, planned initially for eighteen months, but some intense preparatory works and arrangements had been carried out since early June 2023 involving project key personnel. Based on the recommendation of ITTO PD 928/22 Rev. 1 (I) 3rd PSC Meeting, one of the exit strategies was to connect the upstream and downstream to support the sustainable supply chain of wood products. Following the exit strategy, the Project Coordinator is recommended to develop a new project proposal to accommodate the exit strategy. To support the preparation of the new project, an extension for 2 months was approved by the ITTO without additional funding, and the project completion date has now changed to 28 February 2025. With the extension, it was expected that the process of the proposed project could be completed during the extension period.

Table 2. The planned and completed activities

Output and Activities	Schedule		Monthly Schedule						
			2023		2024				2025
	Planned	Completion	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Output 1 Increased capacity of the domestic market to satisfy consumers' need for wood product									
Activity 1.1 To conduct a preliminary study on the consumption of wood products	December 2023 - May 2024	December 2023 - September 2024							
Activity 1.2 To examine salient features of substitute products	December 2023 - May 2024	December 2023 - September 2024							

Output and Activities	Schedule		Monthly Schedule						
			2023		2024				2025
	Planned	Completion	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Activity 1.3 To enrich the assortment of wood products sold in the domestic market	December 2023 - May 2024	December 2023 - September 2024							
Activity 1.4 To develop a mid-term national strategy for the domestic market for wood product	May - September 2024								
Activity 1.5 To educate consumers on the advantages of using wood products	December 2023 - May 2024	December 2023 - September 2024							
Output 2 Enhanced institutional arrangements for steadily rising domestic consumption of wood products									
Activity 2.1 To establish a national council for the promotion of a sustainable and resilient domestic market for wood products	July 2023 - December 2024								
Activity 2.2 To introduce policy interventions on the use of wooden materials in the construction sector	March - July 2024								
Activity 2.3 To promote policy incentives for investment in collective facilities for wood processing	December 2023 - April 2024								
Activity 2.4 To share information and experience in the development of domestic consumption of wood products with the assistance of ITTO	July 2023 - December 2024	July 2023 - December 2024							
Final report review	October'24 - February'25								

3.3 Project Budget and Applied Inputs

The amount of the project budget was US\$ 285,691, comprising US\$ 261,811 of ITTO funds, sourced from the Japanese Government's Emergency Fund, and US\$ 23,880 from the Government of Indonesia's contribution through the Executing Agency. Out of the total ITTO funds, an amount of US\$ 72,051 was retained by ITTO, under the Agreement, as the amount of ITTO funds managed by the Executing Agency was only US\$ 189,760, which had been fully received through four instalments during the project duration.

As of the closing date of the project on 28 February 2025, total expenditures of the project amounted to US\$ 799, consisting of US\$ 189,760 of ITTO funds and US\$ 23,880 of GOI funds. The GOI contribution was covering the in-kind contributions for working space, in-house expert personnel, technical meetings, coordination, and networks.

Table 3. The Project Budget Expenditure (as of 28 February 2025)

Component		Original Budget	Expenditures To-date	Available Fund
			Expended	
		(A)	(C)	(E) {A - D}
10	Personnel			
11	Project Coordinator	44.000,00	44.000,00	0,00
12	Project Secretary/Admin	13.000,00	13.000,00	0,00
13	Management Advisor	2.700,00	2.700,00	0,00
17	National Consultant	9.000,00	9.000,00	0,00
18	Consultant Forest Industry Association	6.433,37	6.433,37	0,00
19	Sub total	75.133,37	75.133,37	0,00
20	Sub contracts			
21	Subcontract No. 1, Study	21.000,00	21.000,00	0,00
22	Subcontract No. 2; Exhibition	12.000,00	12.000,00	0,00
23	Subcontract No. 3; Public Education	12.000,00	12.000,00	0,00
29	Sub total	45.000,00	45.000,00	0,00
30	Duty Travel			
31	Daily Subsistence Allowance			
	31.1. DSA Expert	261,31	261,31	0,00
	31.2. DSA National Consultants	2.661,25	2.661,25	0,00
	31.3. DSA In-house Expert	4.001,24	4.087,46	-86,22
	31.4. DSA PMU	5.040,00	4.916,53	123,47
32	Air ticket	5.685,05	5.683,31	1,74
33	Local Transport (NC/PBC/PMU/Expert)	9.657,22	9.536,60	120,62
39	Sub total	27.306,07	27.146,44	159,63
40	Capital Items			
41	Computer equipment	1.796,07	1.826,15	-30,08
49	Sub total	1.796,07	1.826,15	-30,08
50	Consumables items			
51	Consumables	3.558,07	3.814,42	-256,35
53	FGD	16.144,23	16.144,22	0,01
54	Coordination Meeting	6.486,55	6.475,95	10,60
59	Sub total	26.188,85	26.434,59	-245,74

Component		Original Budget	Expenditures To-date	Available Fund
			Expended	
		(A)	(C)	(E) {A - D}
60	Miscellaneous			
61	ITTO Service	20.000,00	0,00	20.000,00
62	Support on new product	2.379,76	2.364,85	14,91
63	Sundry	104,13	104,13	0,00
64	Report Printing	1.000,00	984,40	15,60
65	PTC Meeting	10.851,75	10.766,06	85,69
66	Financial Audit	4.000,00	0,00	4.000,00
69	Sub total	38.335,64	14.219,44	24.116,20
70	ITTO Budget Expenses	213.760,00	189.760,00	24.000,00

IV. ASESSMENT AND ANALYSIS OF PROJECT OUTCOME AND INVOLVEMENT OF THE TARGET BENEFICIARIES

Developing a sustainable domestic market for wood products is a complex process requiring a shared vision and mission and the collaboration and coordination of all stakeholders with their tasks and responsibilities



4.1 Project Rationale and Identification Process

On October 8, 2001, the Government issued a Memorandum of Understanding between the Minister of Forestry and the Minister of Industry and Trade concerning cessation of export of logs/chip raw materials from all regions of Indonesia. This memorandum is followed by the enactment of Minister of Trade Regulation Number 44/M-DAG/PER/7/2012 concerning Prohibited Goods Exports Including Logs. These policies aimed to specifically at increasing the added value of log through processed wood products as well as in general to reduce pressure on forests, especially natural forests due to the proliferation of illegal logging and the illicit trade of natural wood. The government has also taken a policy of “forcing” Forest Business Management Unit (PBPH) to build wood processing industry inside a country with a plywood industry core. In fact, this policy created the condition of upstream forestry business conditions are quite depressed with low log prices.

Prohibition of log exports by Ministry of Trade (MoT) will reduce competition for logs and reduce its domestic price, which then causes decrease in stand value and in turn will decrease government revenue from sources forest sector. The price of domestic logs that cheaper may serve as an incentive for building industrial capacity in wood processing, but vice versa, could be a disincentive to do intensive natural forest management in the long term. Furthermore, cheap round wood prices led to low efficiency in the use of wood raw materials in the forest as well as in wood processing factories, and led to a lack of incentives to build forest plantations.

Policy integration has succeeded in increasing the production of plywood and sawn timber, consequently, demand for logs is increasing. Especially with the determination of installed capacity plywood and sawn timber industry. The integration of all these policies causes forests to be damaged more quickly, so the supply of logs is getting harder at a high price, resulting in the market for wood products becoming sluggish.

In this condition, the role of the Ministry of Environment and Forestry, in particular the Directorate of Forest Product Processing and Marketing - Directorate General of Sustainable Forest Management, as Executing Agency is vital to engage associated institutions to promote a strong and resilient domestic consumption of wood products. DG of SFM MoEF has direct responsibilities in carrying out the formulation and implementation of policies in managing forest, timber, and non-timber extraction, as well as its processing, marketing, and distribution conducted by PBPH. EA collaborates with the Provincial Forestry Agency as the institution that carries the responsibility in formulation of technical policies, administration of government affairs, public services, and supervision in the field of forest inventory and administration, forest exploitation, forest rehabilitation, and forest protection at the provincial level. In forest product processing, MoEF is integrated with the Ministry of Industry (MoI) and MoT, which is responsible for the domain of middle and downstream forestry business. DG of SFM also actively engages FIAs as partners of the government that function as a forum for communication, information, consultation, facilitation, and advocacy regarding forest and forest product business in a responsible, accountable, transparent, and professional manner. In the wood product user sector, EA is integrated with the Ministry of Public Works and Public Housing (MoPWPH) and the National Public Procurement Policy Agency (NPPPA).

Regarding wood product development, MoI is in charge to carry out the formulation and implementation of the policies in the field of improvement and strengthening industry 4.0, fostering optimization of the use of industrial technology, resource utilization plans natural

resources for industry, development of green industry and strategic industry, development of use of domestic products, planning and fostering industrial standardization, fostering industrial services, and supervision and control of industrial business activities in the forest product industry and plantation in particular with type of wood products of furniture, pulp and paper. Different from those wood products, wood craft products development is under the supervision of the Ministry of Cooperatives and SMEs. This is because wood craft products are included in the category of micro, small, and medium enterprises.

Concerning the effort to improve wood product consumption, EA will integrate MoPWPH and NPPPA. Currently, Mol is coordinating with the MoPWPH in the preparation of standardization regarding the construction of buildings and housing. This standardization is expected to spur an increase in the use of domestic products, one of which is the use of wood as a construction material applied mainly to projects funded by the state budget. It can empower domestic industries through securing the domestic market, reducing dependence on imported products, and increasing the added value of domestic products. This progressive plan is also related to the function of NPPPA as the only government institution that is responsible for carrying out the development and formulation of government goods/ services procurement policies.

By aiming to revitalize and fortify our domestic production and consumption of wood products, the ITTO Project PD 928/22 Rev.1 (I) is designed as a good initiative to understand the domestic market's dynamics and formulate supporting policies, including through studies of wood product consumption and production, studies of the characteristics of substitute materials of wood products, studies on the development of innovations in processed wood products, public education on the benefits of using wood products and studies on the development of incentive for collective wood processing infrastructure and the use of wood in the construction sector.

The formulation of the project has conformed to the Indonesian national policies and the new existing regulations, which stated in the National Mid-term Development Plan 2020-2024 (RPJMN) and existing national policies as well as to ITTO objectives and priorities notably the ITTO Strategic Action Plan 2013-2018 and ITTO Guidelines on Sustainable Forest Management. It requires synergy and collaboration of all stakeholders with their tasks and responsibilities. The project formulation was also properly identified and defined the project beneficiaries as well as appropriately mapped, comprising the wood industry, timber producers, as well as the community as wood products consumers.

4.2 The Problem Addressed, Project Objectives, and Implementation Strategy

It appears that the COVID-19 pandemic has caused a shock in domestic consumption of wood products. This is understandable due to depressed economic activities and thus the income of the people, which necessitated reducing spending. The sluggish development of domestic consumption is not in the interest of the government and stakeholders. Domestic consumption must be revitalized so that it becomes a stabilizer for the wood industry during the crisis caused by the pandemic. It is to be noted, however, that while the impacts of COVID-19 are a major impetus for the proposal, foreign exports are still an important part of the long-term equation. For the proposal, foreign exports are still an important part of the long-term equation. In other words, exportation of wood products will always affect domestic consumption and influence the behaviour of processors.

The stakeholder consultation meeting before the project is implemented, organized by the Executing Agency on 17 March 2022 in Jakarta, involving MoEF officials and main stakeholders, concluded that the key problem in the market for wood products that requires urgent addressing is “sluggish development of domestic consumption of wood products”. The meeting identified two main causes of the key problem, namely: i) denied taste and preference of consumers by the market and, ii) weak institutional arrangement for raising domestic consumption. The meeting maintained that the first main cause of the key problem is attributable to five underlying problems, namely:

- Lack of updated information on the consumption of wood products
- Strong penetration of substitute products, e.g., plastic, steel, etc.
- Limited assortment of wood products offered by the market
- Weak strategy for wood product development
- Poor understanding of consumers of the advantages of using wood products

As regards the second main cause of the key problem, the meeting argued that it is due to four causes, namely:

- Absence of a national council supervising the domestic market for wood products
- Lack of policy intervention on the use of wooden materials in the construction sector
- Weak policy incentive for promotion of investment in wood processing facilities
- Weak outreach program on sharing of information and experience

4.3 Achievement of The Specific Objective

During the project development process, the project proponent hypothesized that a defined specific objective would be achieved if two outputs were fully delivered through the full implementation of planned activities under each of the outputs. This concept was depicted in the Solution Tree as contained in the project document. Hence, it is necessary to first assess the extent to which defined outputs have been achieved before assessing the achievement of the specific objectives. Assessment of defined outputs is shown in

The matching of pre-defined indicators of the outputs with the results of the activities implemented under the outputs indicated that two outputs had been fully delivered by the project. If so, consistent with the hypothesis made by the project proponent, it is reasonable to conclude that the specific objective must have been fully achieved. To support this conclusion or otherwise, it is necessary to match pre-defined indicators of the specific objective with the results of the relevant project activities, as shown in Table 4.

Table 4. Achievement of the specific objective, output, activities, measurable indicators vs result of realized activities

Output/Activities	Measurable Indicators	Result of Realized Activities
Specific objective: To promote a strong and resilient domestic consumption of wood products	Specific indicator: <ul style="list-style-type: none"> A study on domestic wood consumption completed 5 new, fortified wood products sold in domestic market 6 consumer education sessions organised A national council of domestic market for wood products operational Draft policy intervention on wood uses ready for national review Draft policy incentives for wood processing ready for MoEF to endorse 	The specific objective defined in the specific indicators is achieved throughout the smooth implementation of nine activities representing two outputs defined in the project
Output 1 Increased capacity of the domestic market to satisfy consumers' need for wood product		
Activity 1.1 To conduct a preliminary study on the consumption of wood products	One package of the study on the consumption of wood products in three locus is available	<ul style="list-style-type: none"> One package of the study on the consumption of wood products in 3 locus with 1 additional locus available Seven FGDs (2 FGDs in IPB University, 1 FGD in Gadjah Mada University, 2 FGDs in Brawijaya University, 1 FGD in the 2nd PSC Meeting, 1 FGD in BILK Central Java) were held to collect the data and disseminate the study result (in conjunction with Activity 1.2, 1.3, 1.5 and 2.3) The FGDs to develop a study on salient features of substitute products have engaged the related multi stakeholders from the government, both central and provincial, the university as the expert, study implementer, and the report developer, the industry, both the upstream and downstream, as well as their associations and the community as the potential consumers of wood products
Activity 1.2 To examine salient features of substitute products	One package of the study on the salient features of substitute products in three locus is available	<ul style="list-style-type: none"> One package of the study on the salient features of substitute products in 3 locus is with 1 additional locus available Seven FGDs (2 FGDs in IPB University, 1 FGD in Gadjah Mada University, 2 FGDs in Brawijaya University, 1 FGD in the 2nd PSC Meeting, 1 FGD in BILK Central Java) were held to collect the data and disseminate the study result (in conjunction with Activity 1.1, 1.3, 1.5 and 2.3) The FGDs have engaged the related multi stakeholders from the government, both central and provincial, the university as the expert, study implementer, and the report developer, the industry, both the upstream and downstream, as well as their associations and the community as the potential consumers of wood products

Output/Activities	Measurable Indicators	Result of Realized Activities
Activity 1.3 To enrich the assortment of wood products sold in the domestic market	Five fortified wood products are introduced in the domestic market	<ul style="list-style-type: none"> Over 20 fortified wood products are introduced in the domestic market Six exhibitions of the new fortified wood products (1 in IPB University, 2 in Gadjah Mada University, 1 in Brawijaya University, 1 in Polifurnika Kendal, and 1 in BILK Central Java) are conducted (in conjunction with Activity 1.1, 1.2, 1.4, and 1.5) The exhibition is conducted in line with the FGDs to develop the idea of the enriched assortment of wood products sold in the domestic market. The exhibition is developed by conducting product innovation and a video competition on the benefits of using wood products
Activity 1.4 To develop a mid-term national strategy for the domestic market for wood products	A mid-term national strategy for the domestic market for wood products has been developed	<ul style="list-style-type: none"> Mid-term national strategy for the domestic market for wood products is developed Seven FGDs (2 FGDs in IPB University, 1 FGD in 2nd PSC Meeting, 1 FGD in CDK X Central Java Forestry Agency, 1 FGD in Brawijaya University, 1 FGD UPT Pasuruan East Java Industry and Trade Agency, 1 FGD in BILK Central Java) were held to collect the data and disseminate the study result (in conjunction with Activity 1.1, 1.2, and 2.2) The FGDs to develop a study on salient features of substitute products have engaged the related multi stakeholders from the government, the expert from the university as the study implementer and report developer, timber producer and wood industry, as well as their associations, and the community as the potential consumers of wood products
Activity 1.5 To educate consumers on the advantages of using wood products	Six public education events to disseminate the advantages of using wood products are conducted	<ul style="list-style-type: none"> Seven public education sessions (1 in IPB University, 1 in Gadjah Mada University, 1 in a high school in Banten, 2 in Brawijaya University, 1 in Polifurnika Kendal, 1 in MoEF) to disseminate the advantages of using wood products are conducted (in conjunction with Activity 1.3) The public education has engaged more than one thousand young generations and common people to raise their awareness of the benefits of using wood products Public education is conducted in line with the FGDs to develop the idea of the enriched assortment of wood products sold in the domestic market, the competition, and the exhibition as in line with Activity 1.3
Conclusion: It is clear that pre-defined indicators of Output 1 had been fully satisfied by exceeding achievement based on the targeted indicators; it is reasonable to conclude that the output had been fully delivered. The policy intervention recommended by the study could be improved through policy enhancement of the existing policies and regulations		
Output 2 Enhanced institutional arrangements for steadily rising domestic consumption of wood products		

Output/Activities	Measurable Indicators	Result of Realized Activities
Activity 2.1 To establish a national council for the promotion of a sustainable and resilient domestic market for wood products	The initial national council to support the promotion of a sustainable and resilient domestic market for wood products was formed	<ul style="list-style-type: none"> The initial national council, in the form of a communication stakeholders forum to support the promotion of a sustainable and resilient domestic market for wood products, was established by coordination and consultations, FGDs, PSC Meetings, and the 59th and the 60th ITTC Activity 2.1 was conducted in coordination among the related multi-stakeholders from the government, both central and provincial, the university as the expert, the industry, both the upstream and downstream, as well as their associations
Activity 2.2 To introduce policy interventions on the use of wooden materials in the construction sector	Draft policy intervention on wood uses ready for national review	<ul style="list-style-type: none"> Draft policy intervention on wood use was reviewed at the provincial and national levels. The policy intervention was developed by conducting a field study supported by coordination and consultation meetings and FGDs Activity 2.2 was conducted in coordination among the related multi-stakeholders who have shared vision and mission in developing the use of wooded materials in the construction sector. It engages the government, both central and provincial, the university as the expert, study implementer, and the report developer, the industry, both the upstream and downstream, as well as their associations Six FGDs (1 in BILK of Central Java Industry and Trade Agency, 1 in Pasuruan Wood Installation of East Java Industry and Trade Agency, 1 in IPB University, 1 in Brawijaya University, 1 in Kuningan University, 1 in MoEF) are conducted to collect the data and to disseminate the result of the study (in conjunction with Activity 1.1, 1.2, 1.3 and 1.5)
Activity 2.3 To promote policy incentives for investment in collective facilities for wood processing	Draft policy incentives for wood processing ready for MoEF to endorse	<ul style="list-style-type: none"> EA endorsed the draft policy incentives for wood processing to the stakeholders through coordination and consultative meetings, and FGD Six FGDs (1 in Wood Installation of Central Java Industry and Trade Agency, 1 in Wood Installation of East Java Industry and Trade Agency, 1 in IPB University, 1 in Gadjah Mada University, 1 in Brawijaya University, and 1 in the 2nd PSC Meeting) are conducted to collect the data and to disseminate the result of the study (in conjunction with Activity 1.1, 1.2, 1.3 and 1.5)
Activity 2.4 To share information and experience in the development of domestic consumption of wood products with the assistance of ITTO	The information and experience in the development of domestic consumption of wood products are disseminated	The information and experience in developing domestic consumption of wood products is disseminated through meetings, FGD, seminars, workshops, and public education

Output/Activities	Measurable Indicators	Result of Realized Activities
Conclusion: It is obvious that the pre-defined indicators of Output 2 had been fully met, implying that the output had been successfully completed. The recommended policy intervention could be improved through policy enhancement of the existing policies and regulations		

The matching of indicators of achievement with results of the activities implemented as shown in Table 4, indicated that all six pre-defined indicators had been fully satisfied by the results of the activities implemented, thus the specific objective has been achieved. This conclusion supports the previous conclusions based on output delivery that the project has fully achieved the specific objective.

4.4 Existing Situation at Project Completion Versus Pre-Project Situation

The tangible outputs of the project, which did not exist before the project or improved after the project implementation, are described below:

Output 1

- One package of the study on the consumption of wood products and salient features of substitute products in the project area that has not been developed before available for the multi stakeholders as a reference to develop the domestic market for wood products;
- The enrichment of the assortment of wood products, as the innovation developed by the young generation, is introduced in the domestic market in the project area by conducting a competition that has not been steered by the government;
- A mid-term national strategy for the domestic market for wood products has been developed as the initial reference to develop the domestic market for wood products.
- Public education to engage the young generation and common people as potential consumers of wood products that have not been conducted by the government has been successfully implemented in the project area.

Output 2

- The initial national council to support the promotion of a sustainable and resilient domestic market for wood products was formed as well as dissemination of information and experience in the development of domestic productivity and consumption of wood products is playing role as the as the foremost ultimate step in engaging the related multi-stakeholders with a shared vision and mission in developing the domestic market for wood products. The initial national council was formed as a result of the mutual collaboration among the stakeholders in implementing all Activities and Outputs of the project;
- The draft of policy intervention on wood uses in the construction sector and the draft of policy incentives for collective wood processing infrastructure that has not been developed by the government are ready to be endorsed by policymakers as the foremost ultimate step in engaging the related multi-stakeholders with a shared vision and mission in developing the domestic market for wood products.

4.5 Critical Differences Between Planned and Actual Implementation

Implementing the project in the new normal era after the COVID-19 pandemic, under a short duration with plenty of activities, the biggest challenge was the management and coordination with the involved stakeholders to carry out the project activities. In the process, intense communication and coordination, strong commitment, and full support among the Executing Agency, the related Government Agency, the wood industry and its association, the university, the timber producers and their association, and other supporting stakeholders are important elements of the successful project implementation.

Prior to initiation of project activities, the project elaborated and confirmed the planned activities with the Executing Agency to define specific objectives, outputs, activities, and time plan. In general, all planned activities had been fully implemented in accordance with the original project design. Furthermore, based on effective budget management, some surplus achievement under particular activities can be achieved, consisting of the addition of the project locus from three provinces to four provinces, implementation of two sessions of the Webinar on Gender Mainstreaming in the Wood Industry, participation in Environment and Forestry Scout National Camp 2024, participation in ITTO Proposal Development Workshop, and implementation on the consultative meeting on the approach for the exit strategy of ITTO PD 928/22 Rev.1 (I).



Webinar

PENGARUSUTAMAAN GENDER DI INDUSTRI KAYU INDONESIA

Keynote Speakers:

- Ir. Dida Mighfar Ridha, M.Si.**
Direktur Jenderal
Pengelolaan Hutan Lestari
KLHK
- Dr. Ir. Tetra Yanuariadi, M.Sc., IPU**
Projects Manager of Trade and Industry
International Tropical Timber Organisation
- Mr. Wakabayashi Hajime**
Atase Kehutanan
Kedutaan Besar Jepang di Indonesia
- Dr. Ir. Drasopolino, M.Sc., IPU**
PIC Direktur
Bina Pengelolaan dan Pemasaran Hasil Hutan
KLHK

Sambutan oleh:

Narasumber

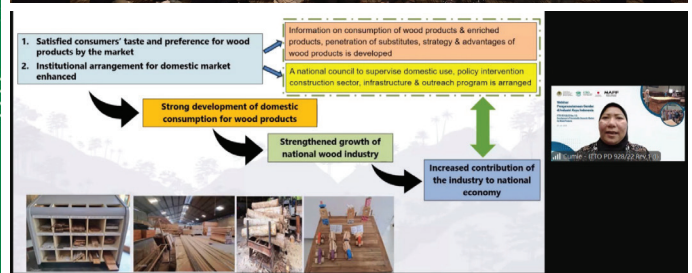
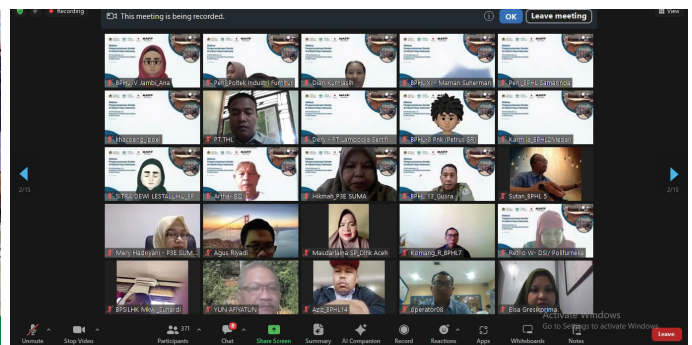
- Dr. Rina Kristanti**
ITTO Project Coordinator
PD 928/22 Rev.1 (I)
- Prof. Ragil Widyorini**
Guru Besar
Dept. Teknologi Hasil Hutan
Universitas Gadjah Mada
- Pipit Larasatie, Ph.D**
Assistant Professor of
Forest Products Marketing
University of Arkansas
- Sera Noviany, S.P, MP**
Asian Pulp and Paper (APP) Group
- Ir. Ary Wirawati**
Tim Sub Pokja PUG
Ditjen Pengelolaan Hutan Lestari
KLHK

JOIN US Selasa, 23 Juli 2024
09.00 WIB

Meeting ID : 945 6392 5166
Passcode : PUGPHL2024

Moderator
Atik Ratih Susanti, S.Hut, M.Si
Ketua Pokja Pembinaan, Pengawasan, dan
Pengendalian Usaha PHH, Dit. BPHH
KLHK

zoom Meeting ID : 945 6392 5166
Passcode : PUGPHL2024
Disediakan e-sertifikat



Documentation of Webinar on Gender Mainstreaming in the Wood Industry



Documentation of the Environment and Forestry Scout National Camp 2024

4.6 Adequacy of Project Inputs

The project inputs refer to time, personnel, and budget. In the process, the ITTO approved an extension of 2 months to 28 February 2025. Until the closing time, the project completely delivered all planned activities and beyond, as well as achieved the outputs and objectives as targeted. The project evaluation has been conducted 4 times in December 2023, May & August 2024, and January 2025. In terms of project personnel, due to the effective implementation of the project, in February and May 2024, the ITTO approved to replace the PAOT with the contract duration from May – December 2024 and extended into February 2025. Regarding the funding, the allocated budget was sufficient to finance the entire project activities.

4.7 External Influences

Several assumptions and risks that had been previously defined to ensure a successful project implementation and completion were relevant throughout the project duration are specified below:

- The wood industry is still on the national priority program. The export value of forestry industry products for 2024 has reached 11,896 billion USD, and based on the development of export value growth in recent years, it is believed that it has the potential to exceed the 2023 achievement of 12.756 billion USD;
- On December 17th, 2025, the Ministry of Environment and Forestry launched 3 major programs comprising SVLK+ (Indonesian TLAS), SI-HUTANKU.ID, and Forest Products E-Catalog. SVLK+, which is a development of the SVLK for the past 15 years, is an innovation designed to guarantee the legality and sustainability of processed forest products, while increasing global market confidence in Indonesian wood products. SVLK+ applies spatial technology to improve the traceability of forest products in order to improve the legality aspect and ensure the sustainability of forest management. SI-HUTANKU.ID is a marketplace platform that is an effort to develop the market for SVLK-certified forest products, especially the domestic market. The creation of a market for SVLK-certified forest products is expected to be able to encourage the performance of business actors in the upstream sector, both individuals and corporations. MoEF also utilizes technology in marketing processed forest products for government procurement through the Forest Product E-Catalog in collaboration with LKPP, especially forest products with SVLK. This platform aims to facilitate business actors, including MSMEs, in accessing the domestic market for government procurement of goods. With this system, the marketing process becomes more transparent and efficient, providing equal opportunities for all parties;
- The main stakeholders fully supported the entire project implementation. Directorate General of Sustainable Forest Management through the Executing Agency, the related National Ministries, the Provincial Agency managing forestry, trade and industry, the wood industry and association, the timber producers and association, the research institute, and common community has strongly actively supported and committed to continuously support and endorse the mutual understanding declared on the recommendation from the project as well as the exit strategy resulted by the project.

4.8 The Institutions Involved in Project Implementation

As previously explained, the project implementation was supported by several stakeholders at different levels: national and provincial levels. The various institutions involved, along with their roles and responsibilities, in the project implementation are shown in Table 5.

Table 5. Relevant stakeholders, roles, and responsibilities

No.	Institution	Role and Responsibility
1.	The Ministry of Agriculture, Forestry and Fisheries of the Japanese Government	As the donor, to monitor and evaluate the project implementation, and to obtain lessons learned from the beneficiary in developing the domestic market for wood products
2.	The International Tropical Timber Organization	To support the SFM of member countries, including the donor and beneficiary, to be the facilitator between donor and beneficiary, to obtain lessons learned from the beneficiary in developing the domestic market of wood products, and to connect the producer and consumer

No.	Institution	Role and Responsibility
3.	The Ministry of Forestry	Project beneficiary to support the implementation of its role as the regulator in developing the domestic market for wood products
4.	Coordinating Ministry for Food	To coordinate relevant stakeholders in developing the domestic market for wood products
5.	The Ministry of Industry	To support, link, and match programs on spurring the development of the wood industry in producing intermediate and finished wood products, to provide education and development center for the wood industry, and to create incentives for the wood industry through its regulation and infrastructure development
6.	The Ministry of Trade	To support, link, and match programs on spurring the development of the wood industry by regulation for the ease of wood products trade and marketing
7.	Ministry of Housing	To support, link, and match programs on the development of wood-based material utilization in the construction sector, to provide the education and development center, and to create incentives for the wood industry through its regulation and infrastructure development
8.	Government Goods and Services Procurement Policy Agency	To create regulations to create the domestic market through government procurement of wood products, leading to the utilization of wood products in a sustainable manner
9.	The Provincial Forestry Agency	To support, link, and match programs on spurring the development of the wood industry by regulation to support the supply chain in the wood industry and to create incentives for the wood industry through its regulation at the provincial level
10.	The Provincial Industry and Trade Agency	To support, link, and match programs on spurring the development of the wood industry by regulation for the ease of wood products trade and marketing, to provide education and development center for the wood industry, and to create incentives for the wood industry through its regulation and infrastructure development at the provincial level
11.	University	To support the development of efficient and low-cost technology for the wood industry in creating updated and developed wood products, and create recommendations for corrective action of the implementation of wood industry governance
12.	Indonesian Forest Entrepreneurs Association (APHI)	To support the domestic market for wood products by providing a sustainable supply of raw materials for the wood industries
13.	Indonesian Forestry Community Communication Forum (FKMPI)	To connect all relevant associations in the wood industry to support the development of the domestic market for wood products
14.	Indonesian Wood Panel Association (APKINDO)	To support the domestic market for wood products by providing good quality wood panel products sold in the domestic market, and to provide input for corrective action of the implementation of wood industry governance
15.	Indonesian Sawn Timber and Processed Timber Association (ISWA)	To support the domestic market for wood products by providing good quality sawn timber sold in the domestic market, and to provide input for corrective action of the implementation of wood industry governance

No.	Institution	Role and Responsibility
16.	Indonesian Furniture Industry & Handicraft Association (ASMINDO)	To support the domestic market for wood products by providing good furniture and crafting products sold in the domestic market, and to provide input for corrective action of the implementation of wood industry governance
17.	Indonesian Furniture and Craft Industry Association (HIMKI)	To support the domestic market for wood products by providing good furniture and crafting products sold in the domestic market, and to provide input for corrective action of the implementation of wood industry governance
18.	Indonesian Light Wood Association (ILWA)	To support the domestic market for wood products by providing lightwood panel products sold in the domestic market, and to provide input for corrective action of the implementation of wood industry governance

4.9 Involvement of The Project Beneficiaries

As initially intended, the implementation of the project activities has brought direct benefit to stakeholders. By implementing ITTO PD 928/22 Rev.1 (I), the government, the wood industry and its association, the university as the research organization as well as community as the wood products consumers have lack of awareness of the role of the domestic market for wood products to support national economy and the benefit of using wood products for green living to support sustainable forest management. Their detailed participation and the benefits received are summarized in Table 6.

Table 6. Beneficiaries: participation and benefit/further task

No.	Beneficiaries	Participation in the project	Benefit/further task
1.	Central Government	Actively participating in supporting the Activities of ITTO PD 928/22 Rev. 1 (I) and developing the existing policy and regulation in line with the implementation and the results of the project	<ul style="list-style-type: none"> ▪ Gaining references and recommendations to evaluate the existing policy and regulation ▪ To upscale the results of the project to improve and update the existing policy and regulation
2.	Provincial Government	Actively participating in supporting the project and implementing the regulations made by the central government in developing the domestic market for wood products	<ul style="list-style-type: none"> ▪ Gaining reference and recommendation to evaluate the implementation of existing policy and regulation at the provincial scale ▪ To intensively cooperate with the wood industry association and timber producers to support the development of the domestic market for wood products, in particular the license mapping and market development

No.	Beneficiaries	Participation in the project	Benefit/further task
3.	Wood industry and association	Actively participating in supporting the project by providing input from the field implementation to existing policy and regulation, managing the domestic market for wood products from the downstream side	<ul style="list-style-type: none"> ▪ Gaining references and recommendations to enhance the products and develop the strategy for involvement in domestic market expansion ▪ To intensively cooperate with the timber producers for sustainable and legal supply of the timber and to develop a strategy for involvement in domestic market expansion
4.	Timber producer (concession and community timber farmer)	Actively participating in supporting the project by providing input from the field implementation of existing policy and regulation managing the domestic market for wood products from the upstream side	<ul style="list-style-type: none"> ▪ Gaining references and recommendations to supply the timber preferred by the industry ▪ To enhance the plantation productivity to supply the timber preferred and affordable by and for the industry
5.	University	Actively participating in supporting the project by conducting the study and public education, and developing recommendations for the improvement of existing policy and regulation managing the domestic market for wood products from a research and academic point of view	<ul style="list-style-type: none"> ▪ Gaining a new idea for policy and recommendation innovation as part of the research ▪ To enhance the technology for raw material, product, and regulation innovation to support the timber producer and the wood industry, and the government's involvement in domestic market expansion
6.	Young generation and common people	Actively participating in supporting the project by creating innovative products and providing references of preferred wood products consumed by them	<ul style="list-style-type: none"> ▪ Gaining references regarding the existing policy and regulations on the benefits of using wood products ▪ To continuously create innovative wood products and consume the wood products instead of substitute materials

4.10 Project Sustainability

The project had completed all planned activities and even realized several unplanned beneficial activities. The completed planned activities align with and support achieving the targeted outputs. Regarding the project completion by the end of February 2025, a package of exit strategies has been identified to sustain and enhance the benefits that have been achieved. The exit strategies are based on the recommendation from all stakeholders in the 1st, 2nd, and 3rd PSC Meetings of ITTO PD 928/22 Rev.1 (I). The strategies comprises **to develop and extending ITTO PD 928/22 Rev. 1 (I) in other regions** to develop a comprehensive roadmap for the sustainable market for wood products and its connectivity with other sectors; **to connect the supply chain** among upstream, and downstream and markets; **to enhance the incentive for Indonesian TLAS (SVLK+)** and strengthen the wood industry to meet global market requirements; **to boost the existing mutual collaboration with the construction sector**; and **to accelerate the result of the project** to the policy stage with the synergy of the EA by its structure of the organization, regulations, and corrective actions.



The existence of such collective processing facilities in the wood industry has been observed to be quite helpful for SMEs, especially those who are assisted. Therefore, various problems and potential problems that arise in the wood industry and related to the existence of collective wood processing facilities need to be resolved.

V. LESSONS LEARNED AND CONCLUSION

The project was well formulated and prepared to update the existing condition and raise awareness of the benefits of using wood products to support the national economy through the development of the domestic market for wood products

5.1 Project Identification and Design

1. The project was well formulated and prepared to improve the domestic market for wood products through the studies, public education, and development of policy recommendations, and creating a network.
2. The project involved many activities that must be coordinated and implemented during the new normal of the COVID-19 pandemic. For effective implementation of the policy recommendation, the project period should not be packaged for a short duration, initially 18 months, but at least for a 36 to 48-month duration;
3. The project implementation should have been supported by adequate key project personnel (Project Management Unit);
4. In terms of improving the quality of deliverables, the project should provide a preparatory phase that consists of pre-study, coordination, meetings, and field visits to elaborate on an effective operational plan for implementation.

5.2 Lesson Learned from the PSC Meeting

Regarding the implementation of the 1st, the 2nd, and the 3rd ITTO PD 928/22 Rev.1 (I) PSC and PTC Meeting, the meetings resulted in the recommendation of:

- ✓ The 1st ITTO PD 928/22 Rev.1 (I) PSC and PTC Meeting conducted on 4 September 2023 agreed to make the following endorsement and recommendations for more effective implementation of the project:
 1. All the members and participants of the PSC and PTC Meeting agreed and endorsed the project to be implemented;
 2. Integrate the government institutions as the regulator, industry, and associations to support the sustainable domestic market for wood products;
 3. Focus on opening the long-term market and making innovations. Innovation is not only the regulation but also the programs.
 4. The project not only produces output but also must produce outcomes where there is sustainability of project outputs and outcomes in the future;
 5. Education and campaign for consumers about sustainable wood products;
 6. The project result will be integrated into the MoEF information system, which can be accessed after the project is completed;
 7. Coordination, synergy, and collaboration of the parties to implement the project;
 8. Include concern about increasing the domestic market's capacity and carbon, because of the use of wood products.



The 1st PSC and PTC Meeting ITTO PD 928/22 Rev.1 (I)

✓ The 2nd ITTO PD 928/22 Rev.1 (I) PSC and PTC Meeting conducted on 25 April 2024 agreed to make the following endorsement and recommendations for more effective implementation of the project:

1. All the members and participants of the PSC and PTC Meeting agreed that the decline in wood product consumption is proven by the decline of forest product exports. The associations are supporting the development of the domestic market with its challenging problems as well.
2. The SVLK holders should be supported for government procurement, and the government should support the use of SVLK products as mandatory, not only voluntary.
3. The project of ITTO PD 928/22 Rev.1 (I) should be expanded and up-scaled to other regions in Indonesia.
4. The engineered wood products and the use of lesser-known wood species are the answer to support the domestic market due to the limitation of timber productivity, where public education is very important to engage the potential consumers.
5. The next level of the ITTO project is expected to be focused on the development of wooden materials utilization in the construction sector.
6. The government supports the domestic market through government procurement, the new capital city of Indonesia (Ibu Kota Nusantara - IKN), the use of local/domestic components of the products, and facilitation for skilled human resources in the wood industry and its product design, machinery, and product development, wide market and stable business climate.





The 2nd PSC and PTC Meeting ITTO PD 928/22 Rev.1 (I)

✓ The 3rd ITTO PD 928/22 Rev.1 (I) PSC and PTC Meeting conducted on 30 January 2025 agreed to make the following endorsement at the end of project implementation:

1. Develop and extend PD 928/22 Rev. 1 (I) in other regions to develop a comprehensive roadmap for the sustainable market for wood products and its connectivity with other sectors, and to connect the supply chain among upstream, downstream, and markets of the wood industry;
2. To boost the existing mutual collaboration with the construction sector (Ministry of Housing, University, associations) as part of the domestic market. The use of wood materials for the construction of the Indonesia New Capital (IKN) has very potential by using engineered wood resulting from academic research, which can be upscaled in the wood industry sector;
3. Accelerate the result of PD 928/22 Rev. 1 (I) to the policy stage, especially in developing the domestic market in the IKN;
4. The target of the new government cabinet, namely the construction of 3 million landed houses and flats per year, is a potential market not only for wood manufacturing as a construction material but also for interiors and furniture;
5. The government commits to support and coordinate government efforts in developing the national processed wood product market, both for the global and domestic markets. The government also committed to strongly supporting the initiative to develop the domestic market by PD 928 through the forestry sectoral e-catalog to enhance the incentive for SVLK and strengthen the wood industry to meet global market requirements;
6. The forest and wood industry associations suggested a follow-up activity for ITTO PD 928/22 Rev.1 (I) by promoting engineered wood to support the use of wood for construction, the continuation of the project, and to collaborate with associations;
7. The domestic market for processed wood has great potential, especially for the younger generation and their awareness of the benefits of using wood products. This needs to be supported by counter-discourse related to the campaign that using wood products triggers deforestation;

8. Executing Agency conveys the launching and development of SiHutanku.ID and Forestry E-Catalog is a breakthrough to support the development of the domestic market for wood products in Indonesia;
9. The importance of PD 928 in supporting the preparation of the outlook and roadmap for the domestic market in strengthening the national wood industry;
10. The involvement and strengthening of the capacity of the younger generation, both as consumers and producers, is a determining factor. ITTO PD 928/22 Rev.1 (I) needs to be developed and focused on activities to increase the capacity and awareness of the younger generation, aspects of sustainability, and the urgency of developing the domestic market.

The 3rd PSC Meeting ITTO PD 928/22 Rev.1 (I)

5.3 The Dissemination of the Project in ITTC



On the occasion of the 60th ITTC held in Yokohama, in December 2024, ITTO organized a special event to promote sustainable wood use projects in the Asia Pacific Region, which included a presentation from the Project Coordinator of ITTO PD 928/22 Rev.1 (I), Dr. Rina Kristanti. We received compliments and appreciation from the Government of Japan, as well as the membership of ITTO. In this opportunity, I would like to reiterate our thanks and appreciation to the PD 928's Executing Agency, especially the Project Management led by her.

Dr. Tetra Yanuariadi
Projects Manager of Trade and Industry, International Tropical Timber Organization

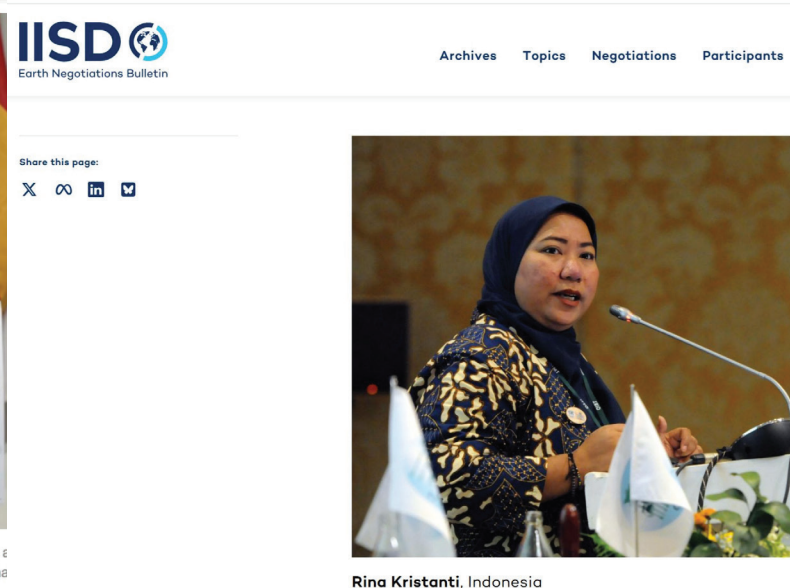
The involvement of ITTO PD 928/22 Rev.1 (I) in ITTC-59 in 2023 and ITTC-60 in supporting Sustainable Wood Use to the Japanese government as the Donor of the Project and to ITTO Members. The involvement of the ITTO PD 928/22 Rev.1 (I) represented by the Project Coordinator is shown by the figures below.

point/ittc-59/day3/

h-kristanti-indonesia-ittc-59-15nov2023-photo



Indonesia's Rina Kristanti delivers a presentation at the Joint Committees on Economics, Statistics & Industry on day 3 of the 59th session of the International Tropical Timber Council. Photo: Nonthapha



ITTO PD 928/22 Rev.1 (I) involvement in ITTC-59 in Pattaya, November 2023



ITTO PD 928/22 Rev.1 (I) involvement in ITTC-60 in Yokohama, December 2024



5.4 The Supporting Activities in Achieving Project Target

To support the implementation of “Activity 2.1. Establishment of a National Council for Promotion of Sustainable and Resilient Domestic Market for Wood Products” and “Activity 2.4 Sharing Information and Experience of Development of Domestic Market for Wood Products”, the Project Management Unit and Executing Agency collaborated with relevant stakeholders to capture the input and recommendation and disseminate the importance of developing a domestic market for wood products to support the national economy. Some of the activities are described below.



Coordination with Central Java Provincial Forestry and Industry and Trade Agency



Coordination with West Java Provincial Forestry and Industry and Trade Agency



Coordination with East Java Provincial Forestry and Industry and Trade Agency



Coordination with Banten Provincial Forestry and Industry and Trade Agency



Coordination with Ministries and National Agencies



Coordination with the National Research Agency and Education Center



Coordination with the universities in the project locus



Coordination with the forestry and wood industries association



Benchmarking in South Kalimantan, East Kalimantan, and North Sumatra Province



Dissemination of ITTO PD 928/22 Rev. 1 (I) and the benefit of using wood products for the community



Coordination with the community to develop the domestic market for wood products



Coordination with international furniture associations



Coordination with Japan Forestry Agency and international construction company



Coordination with the provincial agency for collective wood processing infrastructure

A group of people are seated around a large conference table in a meeting room. They are engaged in a discussion. A large screen at the front of the room displays a presentation slide titled "Jurnal RIL, 2019". The slide shows a small image of a building and some text. The room has patterned wallpaper and a red carpet.

COMPLETION REPORT 51



Supporting the Executing Agency to study the supply chain for the export market



Supporting the Executing Agency to develop information system for wood industry



Supporting the Executing Agency in developing the domestic market for wood products by government e-procurement

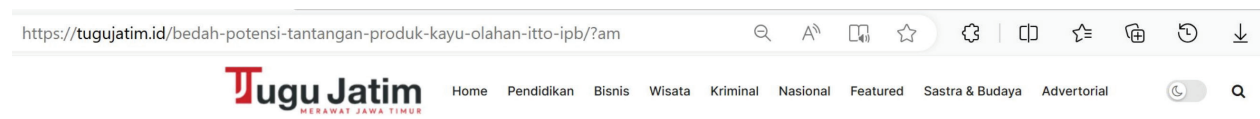


Supporting the Executing Agency to evaluate the performance of the wood industry

5.5 Additional Output-Media Coverage

Activities conducted in West Java Province and Banten Province locus published in several media, such as:

<https://tugujatim.id/bedah-potensi-tantangan-produk-kayu-olahan-itto-ipb/?am>



Inovasi Produk Kayu Olahan Lokakarya dan Ekshibisi 'Permintaan Tinggi Hutan Tumbuh: Potensi dan Tantangan Produk Kayu Olahan' di Fakultas Kehutanan dan Lingkungan IPB pada Kamis (21/12/2023).

Bedah Potensi dan Tantangan Produk Kayu Olahan, ITTO dan IPB Gelar Lokakarya dan Pameran Inovasi Produk

Berita Populer



<https://tugujatim.id/ipb-dan-itto-edukasi-masyarakat-tentang-permintaan/?amp>

tugujatim.id/ipb-dan-itto-edukasi-masyarakat-tentang-permintaan/?amp

IPB dan ITTO Edukasi Masyarakat Tentang Permintaan Produk Kayu dan Peran Pentingnya Dalam Menjaga Hutan



by Darmadi Sasongko — 3 days ago in Bisnis



BOGOR, Tugujatim.id – Prof. Sudarsono Soedomo, (Guru Besar Manajemen Hutan IPB) Beserta tim FORCI IPB telah melaksanakan kegiatan edukasi dan sosialisasi kepada Masyarakat mengenai cara pandang penggunaan produk kayu olahan yang bersumber dari hutan negara ataupun hutan rakyat. Kegiatan edukasi ini merupakan rangkaian dari kegiatan riset permintaan produk kayu olahan dalam negeri kerjasama antara Fakultas kehutanan IPB dengan Kementerian Lingkungan Hidup dan Kehutanan (KLHK) dan International Tropical Timber Organization (ITTO).

Kegiatan ini mengusung tema “Permintaan Tinggi Hutan Tumbuh: Potensi dan Tantangan Produk Kayu Olahan” yang dilaksanakan sebanyak dua kali di dua Lokasi yaitu Bogor dan Banten. Edukasi pertama dilakukan di Kampus IPB Dramaga pada hari Senin [18/12/2023]. Kegiatan ini dihadiri lebih dari 100 peserta yang berasal terdiri dari siswa SMA Kelas 10, 11, dan Guru di Jawa Barat. Kegiatan edukasi ini dibuka dengan menampilkan video edukasi hasil peserta lomba edukasi yang merupakan mahasiswa berbagai perguruan tinggi. Peserta lomba memberikan berbagai pandangan mereka melalui video tentang fenomena usaha industri kehutanan.

Activities conducted in Central Java locus published in several media such as:

https://youtu.be/unl6wr_3aM4?si=NPmPsaOBx555cpET



Furnecraft Expo 2023 Dorong Industri Furnitur Adopsi Praktik Berkelanjutan

<https://wartajogja.co.id/resmi-dibuka-pameran-furnecraf-expo-2023-di-kota-lama-semarang-ramai-pengunjung-dari-berbagai-mancanegara/>



HOME

DAERAH ▾

WARTA NASIONAL

WARTA KESEHATAN

WARTA OLAAHRAGA

WARTA SOSIAL BUDAYA

WARTA WISATA

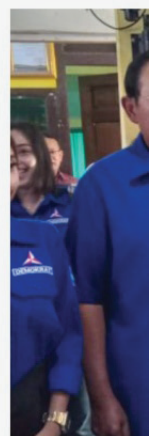
Home > Warta Nasional > Resmi dibuka Pameran Furnecraf Expo 2023 di Kota Lama Semarang Ramai Pengunjung dari Berbagai Mancanegara



Warta Ekonomi Bisnis Warta Nasional

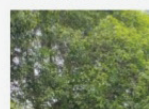
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TRENDING



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Desember 16, 20



<https://www.detiknusanteranews.com/2023/11/furnecraft-expo-2023-gemerlapnya.html>

PORTAL BERITA
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🏠 DAERAH NASIONAL PEMERINTAHAN POLRI

Furnecraft Expo 2023: Gemerlapnya Pameran Furnitur Berkelanjutan di Kota Lama Semarang, Dibanjiri Pengunjung Internasional



@Redaksi

Jumat, 17 November 2023, November 17, 2023
WIB



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disini



Activities conducted in East Java locus published in several media such as:

<https://prasetya.ub.ac.id/east-java-wood-product-fest-2023-fgd-tingkatkan-pasar-domestik-produk-kayu/>



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East Java Wood Product Fest 2023: FGD Tingkatkan Pasar Domestik Produk Kayu

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Fakultas Pertanian (FP) Universitas Brawijaya (UB) menjadi ajang diskusi strategis melalui *Focus Group Discussion* (FGD) pada *East Java Wood Product Fest 2023*, yang berlangsung di Ruang Studio Foto Lantai 5, Malang Creative Center (MCC) pada Rabu (13/12). Pembukaan resmi oleh Dr. Afifuddin Latif Adiredjo, Wakil Dekan 1 Bidang Akademik FP UB, dan arahan dari Dr. Sudarmalik, Kepala Sub Direktorat

<https://prasetya.ub.ac.id/inovasi-dan-peluang-bisnis-produk-olahan-kayu-pada-east-java-wood-product-fest-2023/>



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Inovasi Dan peluang bisnis produk olahan kayu pada East java wood product fest 2023

20 Desember 2023

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Post Views: 40



East Java Wood Product Fest 2023, yang diselenggarakan oleh Fakultas Pertanian (FP) Universitas Brawijaya (UB) bekerja sama dengan Kementerian Lingkungan Hidup dan Kehutanan (KLHK) serta *the International Tropical Timber Organization* (ITTO), telah sukses dilaksanakan melalui pameran edukasi selama dua hari di *Malang Creative Center* (MCC).

Dengan arahan penuh semangat dari Ketua Acara,

<https://timesindonesia.co.id/s/ldzy69s9q3>

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The dissemination of the results of Activity 1.1, 1.12, 1.3, 1.5, and 2.3 was conducted in the Faculty of Agriculture Brawijaya University on 15 March 2024 and was published in several online media, such as:

<https://prasetya.ub.ac.id/kerjasama-itto-klhk-fpub-untuk-perkuat-pasar-domestik-produk-olahan-kayu-di-jawa-timur/>

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Kerjasama ITTO-KLHK-FPUB untuk Perkuat Pasar Domestik Produk Olahan Kayu di Jawa Timur

27 Maret 2024

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prasetya1

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<https://radarjatim.id/fgd-dan-diseminasi-studi-proyek-itto-buka-peluang-penggunaan-kayu-lokal-di-jatim/>

FGD dan Diseminasi Studi Proyek ITTO Buka Peluang Penggunaan Kayu Lokal di Jatim

by Radar Jatim — 21 Maret 2024 in Ekonomi Bisnis, Pendidikan

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<https://jatimupdate.id/baca-7016-produk-olahan-kayu-jawa-timur-punya-potensi-untuk-perkuat-pasar-domestik>

FGD dan Diseminasi Studi Proyek ITTO

Produk Olahan Kayu Jawa Timur Punya Potensi Untuk Perkuat Pasar Domestik

Reporter : Redaksi – Kamis, 21 Mar 2024 15:42 WIB



The dissemination of the results of Activity 1.1, 1.12, 1.3, 1.5 for West Java Province and Banten Province as well as the expose of methodology of Activity 2.4 that has been conducted in the Faculty of Forestry and Environment IPB University on 23 April 2024 was published in online media such of:

<https://tugujatim.id/ipb-bersama-klhk-dan-itto-rumuskan-strategi-pasar/?a>



Prof. Dr. Ir. Naresworo Nugroho, MS Dekan Fakultas kehutanan dan Lingkungan IPB saat Menyampaikan Sambutan di Fakultas kehutanan dan Lingkungan IPB pada Kamis [21/12/2024].

IPB Bersama KLHK dan ITTO Rumuskan Strategi Memperkuat Pasar Domestik dan Mendukung Keberlanjutan Hutan

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Activity 2.1, 1.4 and 2.2 in East Java locus published in several media such as:

<https://greenindonesia.co/industri-kayu-olahan-menjawab-tantangan-meraih-peluang-di-pasar-domestik/>

Potensi pasar domestik kayu olahan cukup besar. Diperlukan kolaborasi antar pemangku kepentingan.

MALANG, 26 Juni 2024 – Focus Group Discussion (FGD) yang diselenggarakan di Fakultas Pertanian Universitas Brawijaya (FPUB) pada hari ini mengungkap berbagai tantangan dan peluang yang dihadapi industri kayu olahan di pasar domestik. FGD ini merupakan bagian dari Proyek ITTO PD 928/22 Rev. 1 (I) dengan Project Coordinatornya Dr. Rina Kristanti, [S.hut.](#), [M.Sc.](#). Kegiatan ini bertujuan untuk mengembangkan strategi nasional untuk memperkuat industri ini.



<https://timesindonesia.co.id/pendidikan/500660/universitas-brawijaya-jadi-wadah-kolaborasi-strategis-untuk-masa-depan-industri-kayu-olahan-nasional>

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Achmad Fikyansyah Jumat, 28 Juni 2024 - 21:39 | 13.31k

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<https://radarjatim.id/fgd-fakultas-pertanian-ub-bahas-industri-kayu-olahan-menjawab-tantangan-meraih-peluang-di-pasar-domestik/>



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Redaksi - Ekonomi

28/06/2024

Komentar

BAGIKAN



Universitas Brawijaya, Fakultas Pertanian, Departemen Kehutanan dan Konservasi Sumber Daya Alam, membahas strategi pengembangan pasar domestik kayu olahan. (Foto: Eka Kusumadewi)

<https://timesindonesia.co.id/indonesia-positif/500624/dukung-pembangunan-kehutanan-berkelanjutan-fpub-dorong-penguatan-pasar-domestik-kayu-olahan>

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Dukung Pembangunan Kehutanan Berkelanjutan, FPUB Dorong Penguatan Pasar Domestik Kayu Olahan

Achmad Fikyansyah

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Dekan FP UB, Prof Mangku Purnomo saat menyerahkan cinderamata untuk perwakilan dari KLHK dalam FGD yang digelar di FP UB. (FOTO: FP UB for TIMES Indonesia)

<https://radarjatim.id/fgd-fakultas-pertanian-ub-bahas-industri-kayu-olahan-menjawab-tantangan-meraih-peluang-di-pasar-domestik/>

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by Radar Jatim — 28 Juni 2024 in Ekonomi Bisnis, Ekosistem Lingkungan, Nasional, Pemerintahan, Pendidikan

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5.6 Conclusion

Strengthening the domestic markets for wood products helps business actors grow, create jobs, and generate national income. This is very important in the face of the slowing global economy. The activities conducted in ITTO PD 928/22 Rev.1 (I) are designed to revitalize and fortify the domestic production and consumption of wood products in Indonesia. The importance of developing the domestic market for wood products could also be measured through various initiatives, by the study that results in policy recommendations, public education, exhibition, and competition. It is also effectively achieved by strong commitment and support from relevant stakeholders who share similar interests and a mutual vision and mission in developing the domestic market for wood products.

This project is a good opportunity for many stakeholders to collaborate on the ideas and insights based on its findings to address the challenges in developing a domestic market for wood products. The project was approved in the PSC Meetings, and ITTC has commenced smoothly and is progressing right on track, achieving the set outputs. Furthermore, the collaborative works conducted in ITTO PD 928/22 Rev.1 (I) will help to see the great picture of Indonesia's wood industries and support sustainable forest management and livelihoods, as well as contribute to the nation's prosperity.

Responsible for the report,

Dr. Rina Kristanti

Project Coordinator

A handwritten signature in black ink, appearing to read 'Rina Kristanti', with a stylized flourish at the end.

Date: March 2025



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