

INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

**THEMATIC PROGRAMME ON
FOREST LAW ENFORCEMENT GOVERNANCE AND TRADE**

PROJECT DOCUMENT

| | |
|--------------------|--|
| TITLE: | Strengthening the governance of community forest through improved capacity to adequately perform timber administration in Java and Nusa Tenggara region in Indonesia |
| SERIAL NUMBER: | TFL-PD 033/13 Rev.2 (M) |
| COMMITTEE | TFLET-Thematic Programme on Forest Law Enforcement, Governance and Trade (TFLET) |
| SUBMITTED BY: | GOVERNMENT OF INDONESIA |
| ORIGINAL LANGUAGE: | ENGLISH |

SUMMARY:

With regard to the improvement of forest law enforcement, governance and trade, the Government of Indonesia has undertaken a lot of efforts and initiatives through the issuance of regulations to provide legal guidelines for all stakeholders that have business or activities in the forestry sector particularly small forest enterprises which is predominantly managed by communities. The role of timber produced from community forests is increasingly important due mainly to the dwindling supply of wood from natural forests. The Ministry of Forestry has created a breakthrough in contributing to strengthen forest governance and reduce leakage of state tax revenues through the issuance of the Ministerial Decree number No 30/Menhut-II/2012 in June 2012 outline of timber administration system from a Community Forestry to a primary industry. It regulates the usage of documents of origin (*Surat Keterangan Asal Usul, SKAU*) as a tracking system to ensure timber legality. The spirit of these regulations is to simplify the administrative requirements for wood originating from community forests by making village heads eligible to issue transport documents, which also legalize the harvested timber. In light of the importance in tackling the issues, the project will improve the administration of timber produced from community forest in Java and Nusa Tenggara Region. The expected outputs of the project are: 1) Ministerial Regulation (*Permenhut*) No. 30/Menhut-II/2012 properly implemented; 2) Support by beneficiaries (land owners/farmers, traders and users of timber produced, local government) of timber administration increased

Upon completion of the project, new regulation on timber administration in community forest will be implemented effectively and disseminated among major forest stakeholders and sustain the forest as well as collect the optimum forest product revenue. The capacities of relevant parties/stakeholders particularly staff of villages in implementing timber administration had been improved. Trade volume of legal timber from sustainable community forest will increase as well. As long term effect of the project intervention it is expected that local economy of forest dependent Communities in Java and Nusa Tenggara region increased and illegal logging and illegal timber in Indonesia reduced.

| | |
|--|---|
| EXECUTING AGENCY: | Directorate of Forest Revenues and Forest Product Distribution, DG of Forest Utilization, Ministry of Forestry Manggala Wanabakti Building Block I, Floor 6 Jl Gatot Subroto Senayan Jakarta. Email: listya@dephut.net |
| COLLABORATING AGENCY: | Forest Governance Learning Group (FGLG) Indonesia |
| PROPOSED BUDGET AND OTHER FUNDING SOURCES: | ITTO : US \$ 495.880,00 Government of Indonesia : US \$ 49,350.00 Total : US \$ 545.230,00 |
| DURATION: | 24 MONTHS |

Table of Contents

LIST OF ABBREVIATIONS AND ACRONYMS

PART I PROJECT CONTEXT

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

PART II PROJECT RATIONALE AND OBJECTIVES

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

PART III DESCRIPTION OF PROJECT INTERVENTIONS

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

PART IV IMPLEMENTATION ARRANGEMENTS

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

ANNEXES:

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

LIST OF ABBREVIATIONS AND ACCRONYMS

| | |
|------------------------|--|
| BPKH | : Unit of Forestry office for forest management unit in province level |
| BPN | : National Land Agency |
| CBPF | : Community Based Plantation Forest |
| DG | : Directorate General |
| FGD | : Focus Group Discussion |
| FGLG | : Forest Governance Learning Group |
| <i>Hak Milik</i> | : Ownership |
| <i>HR</i> | : <i>Hutan Rakyat (Community forest on private land)</i> |
| TFLET | : Thematic Programmes on Forest Law Enforcement and Forest Degradation and Enhancing Environment |
| ITTA | : The International Tropical Timber Agreement |
| LEI | : The Indonesian Ecolabelling Institute |
| <i>Lurah</i> | : Village Chief |
| MFP | : Multistakeholder Forestry Programme |
| MoF | : Ministry of Forestry |
| NGO | : Non Government Organization |
| <i>Permenhut</i> | : Ministerial Forestry Decree |
| PUHH | : The forest product administration assessment system |
| SK | : Decree |
| SKAU | : Certification of timber origin (<i>Surat Keterangan Asala-Usul Kayu</i>) |
| SFM | : Sustainable Forest Management |
| SMEs | : Small and Medium Enterprises |
| TLAS | : Timber Legality and Assurance System |
| <i>Tata Usaha Kayu</i> | : Timber Administration |

PROJECT BRIEF

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

The Ministry of Forestry has created a breakthrough to promote legal timber products of community forest (Hutan Rakyat) through the issuance of the Ministerial Decree number No 30/Menhut-II/2012 in June 2012 which outlines the types of documentation required for the transportation of timber from a Community Forestry area to a primary industry. *Community forestry* here which literally means people's forest which basically is community forest on privately owned forests. The spirit of these regulations is to simplify the administrative requirements for timber originating from community forests by making village heads eligible to issue transport documents, which also legalize the harvested timber. Such documents are called "*Surat Keterangan Asal Usul Kayu*" (SKAU) and state the origin of the timber. The objective issuance of this regulation is to ease the administration process in order to avoid high cost and improve competitiveness as well as to secure the tenure of community forest.

However, the implementation of the new regulation is not well executed. Three main causes of the key problems had been identified, namely : (1) Ministerial Decree number No 30/Menhut-II/2012 improperly implemented; (2) Lack of support by beneficiaries of community forests; (3) capacity of village officers. In light of the importance in tackling the issues, the project will *contribute to strengthening of forest governance and supporting community forest development (Hutan Rakyat) in Indonesia*. As the top priority, the proposed project will focus on improving the administration of timber produced from community forest in Java and Nusa Tenggara Region. The expected outputs of the project are: 1) Ministerial Regulation (*Permenhut*) No. 30/Menhut-II/2012 properly implemented at village level ; 2) Support by beneficiaries of timber administration increased.

The project beneficiaries are wide range of stakeholders, from forestry district officials, local communities, staffs of villages, forest managers, forest industries, academicians, as well as national and central governments. Proposed pilot area of community based forest plantation is located in Java and East Nusa Tenggara.

The strategy to be implemented to achieve the planned outputs are through conducting several discussions, group meetings and workshops to inform the new regulation on forest product administration for community and relevant stakeholders; development series of training for staff of villages in targeted area; and strengthening of coordination amongst relevant institutions through series of dialogues with National Land Agency (BPN), police officers, customs. This idea is proposed to be financed under the ITTO Thematic Programmes on Forest Law Enforcement and Forest Degradation and Enhancing Environment (FLEGT).

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

For its sustainability, capacity building activities will be undertaken to all involved stakeholders such as for communities and head of villages as well as forestry district officials. The effective networking among all relevant stakeholders will be maintained.

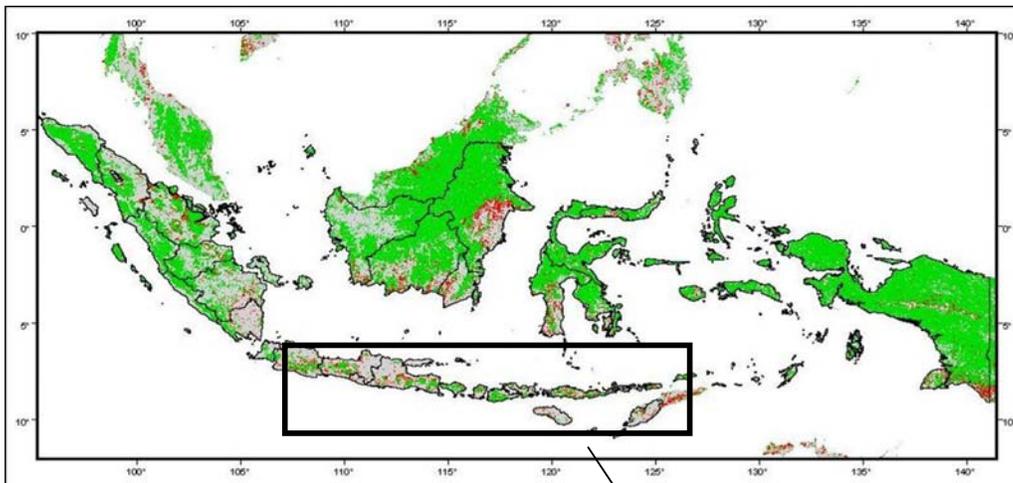
The potential risks associated with the project and likely will affect its implementation are:

1. Timber legality process is hard to be accepted by market
2. Local government does not support the policies/new regulation and the new Indonesian forest product administration system is not recognized by relevant stakeholders
3. Another risk associated with less interest of the community forest in promoting legal timber product.

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

The proposed project budget indicated a total of US \$ **551.152,00** . A significant amount of the fund, US \$ **501.802,00**(88 %), is expected to come from main donor (ITTO). Counter budget will be needed to run the Executing Agency, Dit.Gen Forest Utilization (12%), in total US \$ 49,350.

MAP OF TARGET AREA



Java and East Nusa Tenggara region



Map of special province Yogyakarta



Map of West Java Province



Map of East Nusa Tenggara Province

PART I PROJECT CONTEXT

1.1 Origin

Lack of forest law enforcement, governance and trade generating illegal logging in Indonesia that consequently affects Indonesian forest product trade on the international market. Forest operations conducted against the law has under-valued the resource, resulting in the degradation of the resource, and leading to sub-optimal socioeconomic benefits for local people, unfair competition for legitimate operators, and sub-optimal tax revenues for the state as well as loss of environmental services. With regard to the improvement of forest law enforcement, governance and trade, the Government of Indonesia has undertaken a lot of efforts and initiatives concerning good forest governance through the issuance of regulation to provide legal guidelines for all stakeholders that have business or activities in the forestry sector particularly small forest enterprises which are predominantly managed by communities. The role of timber produced from community forests in Java is increasingly important due mainly to the dwindling supply of timber from natural forests. Area of community forests in Java (indicative) are approximately 2.6 million hectares (based on Landsat images 2006-2008 and 200 permanent plots). The volume estimated is around 57–103.5 million m³ (average total estimation about 74.7 million m³) per annum (Source: BPKH IX and MFP, 2010) and this means a supply of a huge volume of timber to small/medium wood processing industries.

Timber is considered legal if its origin, logging permit, logging system and procedures, administration, shipping, processing and trade or transfer is documented and can be proven to comply with applicable laws and regulations. This proposal is submitted in support of the application for Timber Legality Assurance System in Indonesia, in term to ensure the legality of production from private forests which will start to be implemented in 2014. In principle, legal timber must meet four aspects, i.e. (1) wood is harvested legally, (2) wood is transported or transferred legally, (3) wood is legally produced and (4) wood is legally marketed. From upstream to downstream, wood products must have legal documentation. Upstream means that wood as raw material should be legally obtained and not from activities of illegal logging. Loggers must have official documents. Documents are issued from the district forestry office or the local government at village head level, depending on the type of forest that is cut down whether it is public forests or government owned forests. If it's private forests then the document is issued by the village head. The Ministry of Forestry has created a breakthrough to promote legal timber products of community forest (Hutan Rakyat) through the issuance of the Ministerial Decree number No 30/Menhut-II/2012 in June 2012 outlining timber administration from a Community Forestry on private land to a primary industry. The issuance of regulations is in order to encourage the development of community-based forest enterprises and to expand employment, poverty reduction and economic growth. In relation to this, the owner/manager of private forest is given the widest opportunity to engage in the management of its forest product.

Community forestry here which literally means people's forest which basically is community forest on privately owned forests. The spirit of these regulations is to simplify the administrative requirements for timber originating from community forests by making village heads eligible to issue transport documents, which also legalize the harvested timber. Such documents are called "Surat Keterangan Asal Usul Kayu" (SKAU) and state the origin of the timber. *The objective issuance of this regulation is to ease the administration process in order to avoid high cost and improve competitiveness as well as to secure the ownership of community land. The legal wood document or Certificate of Origin (SKAU), is a validation certificate for the transport, possession or ownership of wood from private or community land rights forest. Land ownership in the community forest is evidenced by a certificate issued by National Land Agency (BPN). It is expected that the implementation of the new regulations would be able to improve credibility of timber products of community forest, protect the community right and at the same time would also improve the price, therefore small forest enterprises could manage their land sustainably*

However administration system of forest product coming from private forest in ensuring timber produced to come from legal sources still faces problem in its field implementation. Recent study showed that many aspects need to be improved to optimize the implementation of the system such as the capacity of human resources, monitoring and controlling of timber distribution. In fact, most private forest farmers in Nusa Tenggara have not had certificates of land ownership legalized by BPN. Even some forest farmers in Java (provinces of West, Central, East Java and DI Yogyakarta) just had a document of land ownership rights issued by village officials and it had not been approved yet by

National Land Agency (BPN). In light of the importance in tackling the issues, the project will support the positive direction of the recent reforms in terms of encouraging good forest governance of community forest and improve forest administration. The proposed project will focus on capacity building and training in the issuance of legal documentation to ensure the legality of production from private forests. As well as capacity building for relevant stakeholders such as village officials, BPN, local government, timber growers, small scale enterprises in the application process of timber administration of public forests in Java and East Nusa Tenggara. Those regions are selected as target areas, because management of community forests varies from one unit to another as regards ownership, management orientation and intensity, institution, land tenure and socio-cultural dimensions. This variation has added to the complexity of the problem on community forest development. This idea is proposed to be financed under the ITTO Thematic Programmes on Forest Law Enforcement and Forest Degradation and Enhancing Environment (TFLET).

The proposed project is put into priority by the Directorate General of Forest Utilization, Ministry of Forestry (MOF) because it is in line with the political commitment of the Indonesian Government and indicator achievement of DG of Forest Utilization as stated in Strategic Plan of Ministry of forestry 2010-2014, as follows: By 2020, forest administration is performed well and comply with current regulation, and forestry levy is increased up to 10% and legal timber product from community forest is increased up to 50%.

1.2 Relevance

1.2.1 Conformity with ITTO's objectives and priorities

(1) Compliance with ITTA 2006

The improving capacity of relevant stakeholders in implementing new Indonesian timber administration of community forestry (HR) in Indonesia is fully conform with the objectives of the International Tropical Timber Agreement (ITTA) 2006, Article 1 specifically in paragraph:

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

(2) Compliance with ITTO Action Plan 2013-2018

The proposed project complies with various aspects as raised in the ITTO Action Plan 2013-2018 particularly :

Strategic Priority 1. Promote good governance and enabling policy frameworks for strengthening SFM and related trade and enhancing SFM financing and investment.

This strategic priority will be accomplished through project activities inter alia: strengthening forest law compliance and governance, strengthening capacity of community and other small and medium-sized enterprises. support to production and marketing of legally produced tropical timber and effective supply chain management. (output 1 and output 2).

Strategic Priority 2. Increase the contribution of tropical forests to national and local economies, including through international trade,

Activities in this project is relevant with this strategy particularly in assisting communities in meeting requirements in international markets and promoting understanding of new initiatives related to trade in legal and sustainable timber in Indonesia.

Strategic Priority 6 : Build and develop human resource capacity to implement SFM and increase trade in forest goods and services from sustainable managed forests.

This strategic will be implemented through project activities such as improving capacity of stakeholders in managing sfm in Indonesia through trainings, dissemination of regulations, facilitating market access for the communities' products (output 2)

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

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

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

And consistent with the specific objective of the programme:

1. To strengthen forest law compliance and governance through improved national policy and legal frameworks, strengthened enforcement and other institutions, improved data and knowledge, strengthened partnerships and improved cooperation among the private sector, civil society organizations and other stakeholders.
2. To improve transparency and effective management of supply chains and increased domestic and international trade in legally produced tropical timber.
3. To improve capacity of community and small and medium sized enterprises to implement and demonstrate that timber produced and traded comes from legal sources contributing to sustainable livelihoods.
4. Improve international cooperation in forest law enforcement and governance among ITTO member countries and other related international initiatives.

Furthermore the proposal association to the Monitoring Protocol of TFLET and help to achieve the target as follows :

The project will conduct series of dialogues on Regulation No 30/Menhut-II/2012 with local stakeholders and disseminate practical manual for implementation of the regulation. Those are essential elements to achieve Multi-stakeholder platforms for policy dialogue on forest governance as Monitoring Protocols of TFLET. The implementation of activity will identify incentives for main beneficiaries to support timber administration as well as applying penalties for administrative in-compliances with very much focus on strengthening forest governance and law compliance

The action of the proposed project such as Training for Village staffs on needed practical skills to implement regulation of wood administration from community forest (*Permenhut 30/Menhut-II/ 2012*) and formulate incentives for main beneficiaries to support timber administration will contribute to the achievement of increased production of tropical timber from legal and sustainable sources (from community forests) and increased production of tropical timber from legal and sustainable sources by SMEs

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

A. Strengthening forest law compliance and governance.

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

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

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

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

4) Strengthen educational institutions and other relevant bodies to:

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

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

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

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

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

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

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

1.2.2 Relevance to the submitting country's policies

Illegal forest operations are often the result of poor or non-existent control over resources. Security of tenure is therefore one of the most important mechanisms to ensure accountability and control of forestry operations at the local level. Tenure rights need to be supported by adequate capacity and an empowering legal framework.

All forest products removed from State forests must be accompanied by correct documentation for transportation. According to Article 33 of the Indonesian Constitution (1945), all natural resources that have an impact on people's prosperity are controlled and utilized by the State Government. Forests are one of these resources. Because forest products are classified as State assets, the Government regulates the administration and distribution of these products. The forest product administration assessment system is known as the "*Penatausahaan Hasil Hutan (PUHH)*". All provinces, districts and cities within Indonesia are required to adhere to the PUHH. This legislation describes the process and necessary documentation for recording and reporting production plans, tree felling, measuring, collecting, transporting, processing and distribution of forest products

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

The formulation of this proposal has been conformed with the National policy and regulation in Indonesia which are related to sustainable forest management and relevant to documentation of timber transportation which are :

- 1) Law Number 5/1990 concerning the Conservation of Biological Natural Resources and the Ecosystem (the Republic of Indonesia's Government Official Gazette of 1990 Number 49; Annex to the Republic of Indonesia's Government Official Gazette Number 3419;
- 2) Government Regulation Number 6/2007 concerning Forest System and Forest Management Planning, and Forest Utilization (the Republic of Indonesia's Government Official Gazette of 2007 Number 22, Annex to the Republic of Indonesia's Government Official Gazette Number 4696) as amended.
- 3) Government Regulation Number 3/2008 (the Republic of Indonesia's Official Gazette of 2008 Number 16, Annex to the Republic of Indonesia's Government Official Gazette Number 4814);
- 4) Minister's Regulation Number P.55/Menhut-II/2006 concerning Administration of Forest Product Originating in State-Owner Forest as amended several times, the last being with Number P.8/Menhut-II/2009;

- 5) Forestry Minister's Regulation Number P.51/Menhut-II/2006 Use of Origin Certificates (SKAU) for Transportation of Timber Forest Products Originating in Right Forest/Private-owned forest, as amended several times, the last being with Number P.33/Menhut-II/2007; and currently amended to P 30/Menhut-II/2012
- 6) Regulation of Trade Minister Number 20/M-DAG/PER/5/2008 concerning Provisions for Forestry Industrial Product Export. Article 16
- 7) SFM Assessment whose funding has been available in the 2009 fiscal year, shall be implemented by virtue of Forestry Minister's Decree Number 4795/Kpts-II/2002 concerning Criteria and Indicators for Management of Sustainable Production Natural Forest in the Management Unit and Forestry Minister's Decree Number 208/Kpts-II/2003 concerning Procedure for Assessment of Timber Forest Product Utilization Performance in Natural Forest in the Management Unit for Sustainable Forest Management;

1.3 Target Area

1.3.1 Geographic location

The location of the planned project activities will be carried out in the provinces of West Java, Yogyakarta and East Nusa Tenggara. In every province a district will be selected as the target location for activities for the implementation of dialogues/consultations, Focus Group Discussion (FGD) and socialization. Training will be selected based on several considerations such as the villages' active circulation of wood, number of wood processing industries etc. This will be coordinated with the District / Province Forest Service. One-time training will be followed by a maximum of 15-20 head or village officials. The above three provinces as the target project locations were selected with the following considerations:

- 1) *Yogyakarta is selected since in this area community forests have positively expanded. Area of community forest in DI Yogyakarta is 39.148 ha (BPKH-MoF, 2010) with a potential volume of wood of about 171 m³/ha. A public awareness of illegal logging issues has developed, so the community forest owners need to seek assurance of legality of origin and compliance with national norms defining legality for the timber they produced. Furthermore, many studies have been done to analyze implementation of impact assessment of policy on forest products from private land administration in Yogyakarta region such as Gunung Kidul District, Wonosobo etc. The assessment will be as a base of information and feedback to improve the implementation of the system in other provinces.*
- 2) *West Java is chosen as a second target location because it has the largest small/medium size processing industries located in this province and there is now a growing interest to plant trees on private land and a growing awareness of wood supply chains and legal trade of raw material sources.*
- 3) *Observation in East Nusa Tenggara showed that the management of community forests including ownership, management orientation and intensity, institution, land tenure and socio-cultural dimensions is different. Land tenure in the community forest was secure, in term recognized and respected by their neighbours and village authorities, even if they had no formal land registration certificate. Because of it legalization of ownership rights of land by the community with a certificate issued by BPN need to be accelerated since the proof of ownership is a necessary requirement in the management of timber administration of public forests. Characteristic differences of forest in Yogyakarta, West Java and East Nusa Tenggara will enrich lessons learned of forest governance, law enforcement and legal timber trade promotion.*

To ensure the effectiveness of project implementation, administrative operation will be maintained in Jakarta.

1.3.2 Social, cultural, economic and environmental aspects

This section addresses the social, cultural, economic and environmental aspects of the locations as follows:

Social Cultural Aspect

Community forests (Hutan Rakyat) in Java and Nusa Tenggara are located on landownership rights and management is fully done by the land owners. Proof of ownership of community land is mostly just a title or

ownership document which is approved by the village chief and has yet to be endorsed by BPN. The basis of community forest management is through the family. The population in Gunung Kidul district (Jogyakarta province) is about 686.772 people ,in Garut district is 2.401.248 people (West Java) and 474.324 people in Kupang district (Nusa Tenggara). In Java the family has an average land area of 0.25 ha while in the East Nusa Tenggara the average family has 1-2 hectares of land. Technical decisions like planting, tending, and harvesting in general depends on the economic need of family. In the management of the community forest the term "need cutting" is well-known, where the time of tree felling and the number of trees felled depends on the economic needs of each family.

In general, farmers are already incorporated in the community forest farmer groups or cooperatives of community forests. However, knowledge and understanding of membership of forest farmer groups, of rules and procedures for the use and processing of timber and administration are still very limited. Of the training activities of this proposed project it is expected that group members understand the effectiveness of the administration of forest products from community/people forest in controlling the production and distribution of wood, as well as recognizing the forms of documents used in the timber trade.

Community forest management system is done with agro-forestry system by mixing crops and woody plants. Community forests in each province in general have similar diversity despite certain characteristics depending on the potential and geography of the region, although these are not too many. One example in West Java that in addition to Sengon (*Paraserianthes falcataria*) which is the main crop, another superior species is the mahogany, while in Yogyakarta Province, it is teak and in the province of East Nusa Tenggara, teak and sandalwood. Wood from community forests are used for raw materials for large, medium as well as small wood industries. Types of industries that use wood from forestry include sawn timber, veneer, and plywood mills, chopstick, flooring, and furniture factories. The industry is in general located in the industrial center in each province.

The role of the various stakeholders in community forest business is as follow:

- Community Forest Farmers (landowners) as producers of raw materials of community wood.
- Collectors (supplier) having the role as a supplier of raw materials from wood produced by communities through buying wood from farmers and also play a role in the distribution process as well administering documents on wood legality and timber transport.
- The village government (village chief / *lurah*) who issues the Certificate of Ownership / Timber Origin is to apply to the Forest Service for Cutting Permit. In some areas such as in Ciamis District, West Java province, Village Chief / *Lurah* is authorized to publish legal timber origin document or SKAU.
- District Forestry Office has the role in providing approval of production report and monitoring of timber production from community forest.
- Associations / NGOs do not have a direct role in the process of wood raw material supply of the community, but more the role of assisting and strengthening the institutional capacity of Community Forests.

Improving capacities in implementing timber administration of community forest will involve local communities living in and around forest areas. Procedure to obtain legal timber origin document from community forest should be simplified. By selling legal wood, communities receive a better price for their goods, this will enhance economic income of forest farmers and will improve the conditions of the poor communities living in the surrounding location of the forest area. They will get a combination of social, cultural, economic, and environmental benefits. This community forest will also provide green products from sustainably managed forests, locally generating income from legal timber product will encourage them to plant more trees in various land conditions in Java and Nusa Tenggara. This condition will prevent the communities to encroach forest area.

This project will provide benefit from a social point of view to ensure the sustainability of wood industries. Awareness and skills of communities will improve, and then they have other beneficial activities like community based forest management to reduce negative dependency to forest resource as they will not be interested anymore to be involved in illegal activities to support their families with sufficient income.

Economic Aspect

Community forest has a great potential to be developed as a source of raw material for forest industries. This prediction has sufficient reason considering the ample availability of land owned by communities and the tendency to plant a variety of tree species. As an example, the community forests in Yogyakarta Province have a very important role in its contribution to the local economy. The current wood potential

estimated of community forests in the DI Yogyakarta province is around 6,689,974 m3. This will become a very great potential capital to move the wheel of economy for the province.

Generally traders buy wood in the form of individual trees, rarely in the form of stand. Harvesting is done in accordance with the needs of their owners who choose trees for sale with a size that is saleable on the market or in other words the cutting cycle is determined in accordance with the needs, for example, teak is usually harvested at the age of 18-20 years in Java, smallholder farm foresters have a market niche in small home industries. These enterprises often prefer to buy logs (e.g. teak) sourced from farm forestry to avoid difficulties of bargaining with big processing companies; to negotiate prices more easily, since no standardized price applies; and to take advantage of simpler administrative procedures and frequently shorter distances. However, despite this opportunity, smallholders rely on intermediaries (timber brokers) to harvest and transport the wood to the buyers. Consequently, these tree growers have little bargaining power over prices.

The implementation of timber administration of community forests will shorten the bureaucratic process and there are no costs involved in obtaining legal timber-origin document. This condition will promote tree growing on private land, increasing demand from small and medium scale enterprises and strong acceptability of wood coming from private land. Furthermore, it will reduce the market of illegal timber and will improve overseas images of Indonesian timber trade. This project will be of benefit to the economy by helping to ensure further industrial development legally and to improve legal market for trade of forest products from community forest and community plantation forest which will contribute a larger share of revenue to national and regional economy.

Environmental Aspect

The existence of community forest is supporting the local environment, where the community forest grows it is a fact that is not to be doubted anymore. Several studies and survey shows how community forest especially in Java have contributed to improving the environment which was in critical and arid condition beforehand to become a green and fertile area. Results of several studies show that the island of Java was spared from ecological disasters such as flooding and drought not because of the success of the management of the government forest area but exactly because of the wisdom of communities to build community forest in their privately owned land. As a matter of fact some districts in the Yogyakarta province where community forest is managed by local communities not only has preserved the environment but also has created some new springs around the community forest.

By introducing an effective mechanism of the legality of forest products, the proposed project will make a strong contribution to the achievement of SFM in communities living near forest area. This will contribute to the environment by highlighting the demand of wood industries from the sustained yield of forest resources. Upon completion of the project the sustainable conservation of living resources and ecosystem will be developed and improved.

1.4 Expected Outcomes at project completion.

It is expected that upon completion of the project, the capacities of head villages within three districts in three provinces (DI Yogyakarta, West Java and East Nusa Tenggara) in implementing the regulation on forest product administration of community forest will have improved and developed. *Two series of training of village officials on skills relating to the application of wood administration (Tata Usaha Kayu) to community forests will be implemented at least in three districts in three provinces with a total participants of 180 people.*

Information and practical manuals of Ministerial Regulation No. 30/Menhut- II/2012 on timber administration from community forest will be disseminated to relevant stakeholders (landowners/farmers, traders and users) through conducting stakeholder meetings/dialogues in West Java, Yogyakarta and East Nusa Tenggara provinces, that at least will be attended by 90 participants in total; capacity of 90 forestry officials in at least three districts within three provinces, affecting the monitoring and controlling of timber distribution from community forest will be improved. Reliable officers in implementing the new regulation of timber administration will be increased in other districts. Trade volume of legal timber from sustainable community forest in Java and Nusa Tenggara will increase by at least 30-50%. The community will be inspired to plant their unproductive land with commercial plantations since they have become aware that their forests could produce proven legal timber and will have opened export opportunities for their

processed wood products. This outcome will promote the local economy of forest dependent communities in three target districts.

By the end of the project period, the new regulation on timber administration policy in community forest particularly in the three target districts in Java and Nusa Tenggara will be implemented effectively and disseminated amongst major forest stakeholders because of the established networking which is effective and sustainability of the forest as well as collected optimum forest product revenues. The system will ensure timber legality and controls of forest administration, starting from production planning, the production process, transport and shipping and the forest product inspection from upstream to downstream. Capacities of head of villages in targeted areas as well as district officials are improved as well.

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

PART II PROJECT RATIONALE AND OBJECTIVES

2.1.1. Institutional set-up and organizational Issues.

The Basic Agrarian Law of 1960 is a National Land Law and was formulated based on the utilization of traditional concepts, principles, systems and institutions. Based on this law land status can be divided into two groups - state land and private land. Private land is land with a certain right on it, either registered or not (yet). There are two sub-categories of state land;

- state land on which the right has been designated to person or a legal entity and
- free state land or state land without any right attached to it.

The Forestry Law (Law No. 41 of 1999) replaced the Basic Forestry Law (Law No. 5 of 1967) that had been in effect throughout the legal framework of land administration. The Act No. 41/1999 on Forestry and Act No. 5/1990 on Biodiversity Conservation are the main references for managing forest resources in Indonesia. Although the Basic Agrarian Law (BAL, Law No. 5 of 1960) purports to apply to all land in Indonesia, since 1967, the government has regarded all areas designated as forest as being regulated exclusively by these forestry laws.

The National Land Agency (Badan Pertanahan Nasional – BPN) is responsible for administration of all non forest land in Indonesia. It was established in 1988 as a separate agency in response to land issues impacting on development, with specific responsibility for recognition, registration and administration of property rights and dealings. Until recent years, the National Land Agency (BPN) maintains offices in every province and district (*kabupaten*) in the country. In the new era of decentralization, some of these responsibilities and powers are being assumed by provincial government structures charged with land administration. Land classified as forest land (including land without tree cover) is administered by the Ministry of Forestry. Provincial governments are increasingly demanding a greater say in managing forests within their regions.

Hutan rakyat or people's forest in Java and Nusa Tenggara is private forest; forest under private/personal right. The right of ownership (*Hak milik*) is the strongest right to land. *Hak milik* is not limited in terms of time. The land can be sold, mortgaged and can be inherited by the legal heirs. The land owner receives a legal document as evidence of his rights (Certificate) by BPN. Other documents are presented here in an attempt to prove land ownership: (1) property tax („*girik*") (2) notarized or unnotarized purchase receipts; (3) transfer papers, some sealed and witnessed by local officials; (4) letters from *kepala desa*, or village head (*lurah*) or the sub-district head (*camat*).

All forest products harvested in both State Forests and private land must be accompanied by appropriate documentation (SKAU - certification of timber origin) or transaction receipts when transported so that it is clear that the products are from legal area. SKAU is issued by the Head of Village or equivalent officer/other officials in the village from where the timber will be transported out of the area. Security of tenure is proven by land registration certificate that is recognized by National Land Agency (BPN). However there is still lack of coordination between Ministry of Forestry and National Land Administration Agency to implement the timber tracking and legality system especially as regards the administration of right to forest. Concerning the above matters, BPN and forestry office at district level will be invited in some activities, particularly in the workshop, focus group discussions, trainings and the socialization of new regulation. *Through this project, community awareness will be increased, especially land owners and farmers to immediately process the legalization of their land to BPN to smoothen their business and to protect the right of land. In addition, the project will facilitate intensive dialogues between Ministry of Forestry and BPN at national level to increase understanding and support in implementing timber administration in the field.*

Districts government has a role to empower and supervise head of villages as well as local communities on forest management administration. Head of villages or officers should report to head of forestry office at district level regarding timber forest production and SKAU will be published every three months. Head of Forestry Office at district level will report the circulation of timber production from community forest/land to the Head of District government. Timber production will be reported to the Ministry of Forestry by Forestry Service at province level. However some head of villages have no capacity to produce report to the district. There is also still lack of socialization of new regulation and supervision from the forest service official to the head of villages/officers and local communities. To address the issues, the project will produce and

disseminate practical manuals of Ministerial Regulation No. 30/II/2012 and conduct a series of training for village staffs in implementing timber administration.

2.1.2. Stakeholder analysis

In general land status can be divided into two groups, state land and private land. Private land is land with a certain right on it, either registered or not (yet).

As mentioned above, The Basic Agrarian Law sets forth the main forms of tenure that can be registered. These include: (1) hak milik (right of ownership), which is unlimited in time and transferrable and can be mortgaged; (2) hak pakai (use right), which applies to possessory rights, such as usufruct, that do not have a permanent quality; (3) hak guna usaha(right to exploit), a kind of agricultural commercial lease; and (4) hak guna bangunan (right to build), which applies to rights to construct and use building. Hutan rakyat is community forest on private land with right of ownership.. The security of tenure is mostly protected with certificate of ownership.

In July 2012 Ministry of forestry issued Ministerial Decree (Permenhut) No. 30/Menhut-II/2012 outlining forest products administration from privately owned forest (Hutan Rakyat) . The objective of the new regulation in forest administration is to improve timber administration system from privately owned forest to ensure the private's right in forest products ownership.To disseminate the new regulation related to above matter in general, series of national workshops have been done and continued by intensive meetings and discussions in a number of districts in DI Jogjakarta and Nusa Tenggara attended by all relevant stakeholders. However, all of the relevant stakeholders still need assistance to improve their capacity in implementing this regulation effectively.

To address the above needs, on November 2012 and February 2013, intensive meetings have been held mainly to elaborate a clear and comprehensive problem analysis based on the key issue above for developing this proposal. Relevant stakeholders shared in problem tackled through the project intervention in implementing the new regulation for timber administration. This is an important step and show the designed project will be accepted and supported by all parties. The stakeholder analysis table below presents the perception as well as interest and opinion for project implementation and also for sustainability of the intervention upon completion of the project.

| Stakeholder Group | Characteristics | Problems, needs, interests | Potentials | Involvement in the project |
|--|--|--|---|---|
| Primary Stakeholders | | | | |
| Local farmers/Village Officers in 3 targeted districts | Forest dependent within & around the forest Community owned the land planted with forest tree species | <ul style="list-style-type: none"> • Livelihoods • Lack of knowledge and understanding about new timber administration | <ul style="list-style-type: none"> • They are close to the resource/ access • They are organized • They have traditional knowledge • Interested to expand their market access | <ul style="list-style-type: none"> • Primary project beneficiaries • Village officers as the target of training activities. |
| Industries | Not active and communications with government are insignificant or few or seldom | Lack of knowledge, lack of capacity | <ul style="list-style-type: none"> • Provide the land for the plantation activities in community forest. | <ul style="list-style-type: none"> • Project partner • Involved in some activities related to improving capacities such as training and workshop/ dissemination information of new regulation of timber administration of community forest. |
| Forestry Districts | <ul style="list-style-type: none"> - Locally based - They have resources - They also have low enforcement | <ul style="list-style-type: none"> - Limited coordination - Lack of capacity | <ul style="list-style-type: none"> - Have authority at district/ provincial level - Can mobilize people in the | <ul style="list-style-type: none"> • Involved in project activities mainly in socialization and coordination activities. • Supervision of the head |

| | | | | |
|---|---|---|--|---|
| | power problem | | community - They have network at provincial and district level Provide the land for the plantation activities in community forest. | of villages involving technician/ <i>penyuluh</i> |
| Secondary Stakeholders | | | | |
| Ministry of Forestry (Directorate General of Forest Production Development) | Managing natural and plantation forests | High pressure on natural forest . Should promote plantation forest Should promote community forests and community plantation forests. Should improve the capacity building of forestry communities | Having resources Having network Having experience in preparing curriculum and conducting the training activities. | <ul style="list-style-type: none"> • Project executing agency • Policy makers will create proper policy and strategy in order to support implementing new regulation of timber administration of community forest. |
| National Land Agency | Managing land use including private land | Needs capacity building for participating in policy and legal reforms, monitoring of legal compliance. | Having resource Provide data and information related to land use | <ul style="list-style-type: none"> • Involving in activities of disemination information/socialitaion • As resource person in some project activities |
| Law enforcement Agency (Polices,custom etc.) | Experienced in conducting law enforcement in forestry sector. | Implementing accreditation procedures to the assessment body | Provide information on procedures of law enforcement on forestry issues | <ul style="list-style-type: none"> • Participate in dialogues and meeting coordinations with key actors in wood transportation. |
| Tertiary Stakeholders | | | | |
| NGO's | Actively involved in monitoring activities | Lack of technical knowledge | Experienced working with communities | <ul style="list-style-type: none"> • Project implementation partner/sub contract • As facilitator/ in improving awareness activities on new forest administration regulation mainly for communities as a target group |
| University | Actively involved in research development activities | Lack of dissemination research result | Having data and information on community forest Experienced in developing assessment/study in communities forest | <ul style="list-style-type: none"> • Project partner in assessment of community forest |

2.1.3. Problem Analysis

The administration of forest products coming from community forests on private land (Hutan Rakyat) still faces problems. Further provision regarding the timber administration system called *Penatausahaan hasil hutan* which is defined as administrative activities for the utilization of forest products; that includes production planning, harvesting, recording, assessing, transporting, processing, and reporting. There are two main types of forest products harvested from community land which are round timber (log) and timber

processing products. The medium log here is classified as round timber (log). Round wood (log) and wood processing products taken from private forests use a SKAU (Surat Keterangan Asal Usul) as a legal document for timber. The SKAU is applied only for such products being transported from the Private Forests to the processing industries. Wood processing products being transported from inside the private forests to the processing industries require a SKAU. However, the wood processing products being transported from the industry (located outside the private forests) to other wood industries only require another document called "FA-KO" issued by the primary industry company.

To simplify the administrative requirements of timber originating from community forests/land, the authority of forestry district in issuing the documents of origin has already been delegated to the lowest local government system at village level. SKAU is now issued by Head of village/ who has been trained on measurement and identification of timber species from private owned forest on community land organized by Provincial/District/City/Agency offices. In the situation where there is no competent officers in the village, they could ask the SKAU issuer from the nearest neighbor village. Security of tenure proven by land registration certificate, Letter C, or local land title that is recognized by National Land Agency (BPN). The valid land ownership documents, a map of land and its boundaries are the evidences of legality of timber origin, production process, and shipment of goods. That is why MoF should improve coordination with BPN.

However the implementation in the field still faces problem. There are two key problems initially identified as 1) Ministerial Decree number No 30/Menhut-II/2012 improperly implemented ; (2) Lack of support by beneficiaries (farmers/landowners, traders and users of timber produced from community forests, local government at district level)

The explanation of the above causes is as follows:

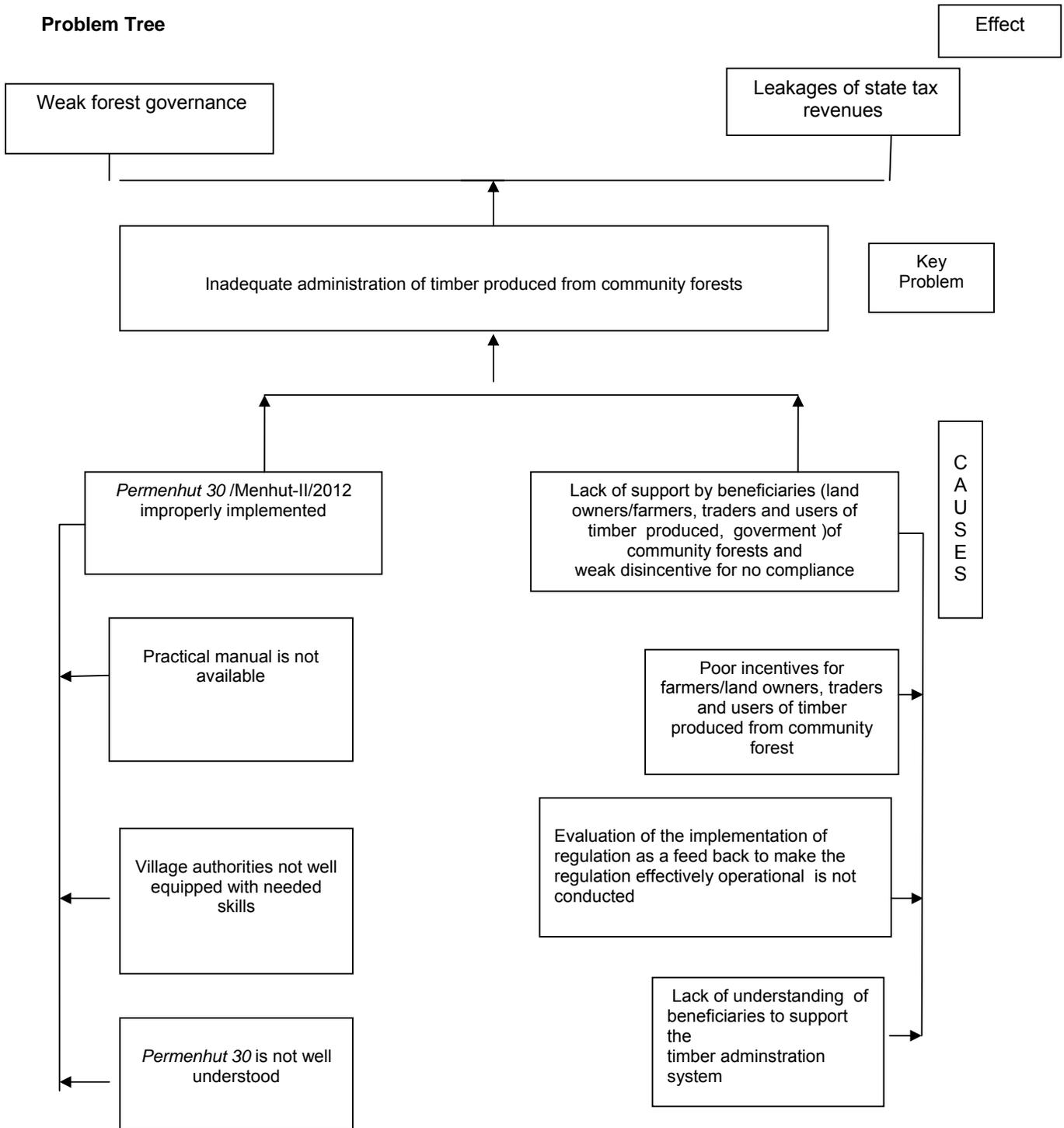
1. *Lack of dialogue among relevant stakeholders regarding timber administration especially on land ownership issues caused the Ministerial Decree being improperly implemented. National Land Agency needs to recognize that timber regulation put land ownership as basic legal recognition of timber ownership. National Land Agency needs to play an important role in designating land ownership for community as well as reducing land tenure conflicts. The new regulation is not well understood because there is still lack of capacity of village officers in implementing the Ministerial Decree and practical manual also is inadequate.*

Previously the District Forestry Office was the one who issued the SKAU. The new regulation moves the authority into the lowest government level which is village. Different perception is developed among forestry officers in implementing the regulation. This has caused the delay and confusion to issue SKAU at the village level. Skills and technical knowledge and capability of village officials are highly needed to make wood administration system run well and to streamline the handover of authority from District Forestry Office to Village Head in documenting timber legality.

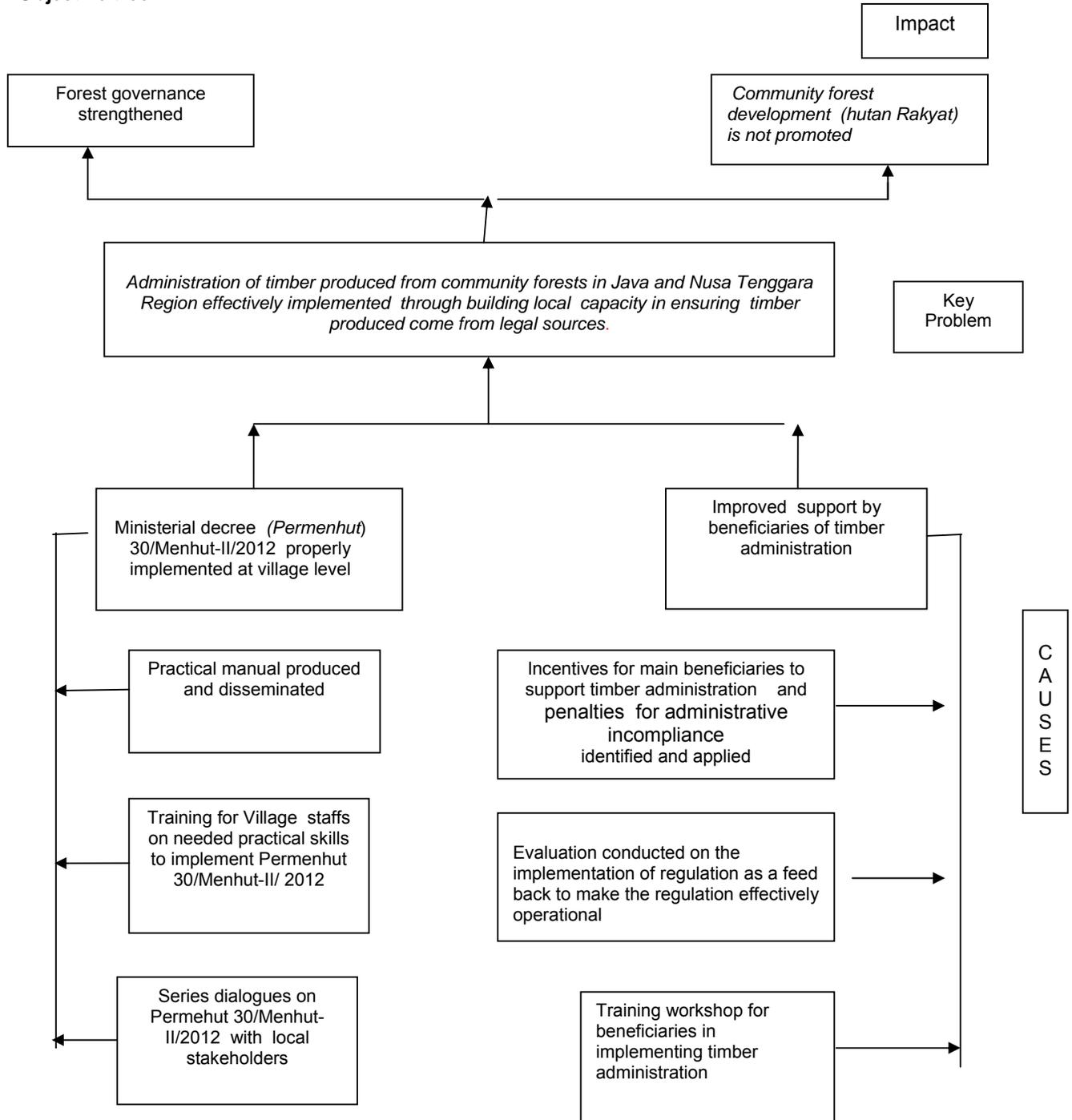
2. *The implementation of regulation on timber administration from private land/community forest, such as acquiring the SKAU document is regarded to be difficult and an additional burden for the beneficiaries. It received lack of support from beneficiaries. Some of the farmers are of the opinion that there is no need for a regulation of wood administration from the community forest, the regulation should only be for wood administration from state forests. According to them community forest owners and forest farmers ought to be given incentives for their effort in contributing to the country's economy and improvement of the environment. Improved understanding and commitment of primary beneficiaries are highly needed to make timber administration system run. Incentives for owners, traders and user of timber from community forest is still poor and weak incentive for administrative staff to comply.*

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

Problem Tree



Objective tree



2.1.4. Logical Framework matrix.

| Strategy of Intervention | Measurable Indicators | Means of verification | Key Assumptions |
|---|---|--|--|
| <p>Development Objective</p> <p><i>To contribute to strengthening of forest governance and supporting community forest development (hutan Rakyat) in Indonesia</i></p> | <p>Impact indicators</p> <ol style="list-style-type: none"> By 2015, the income levels of forest dependent economy have increased by 20-30% By 2020, forest administration in Java and Nusa Tenggara region is performed well and comply with current regulation, By 2020, legal timber product from community forest is increased up to 50%. In line with indicator of DG of Forest utilization | <p>National and Provincial Forest Statistical Reports</p> <p>Annual Timber Production and Trade Report</p> | <p>Recognition of market to the legal timber products from community forests</p> <p>National government consistent with their regulations to support trade in legally/sustainably produced timber and effective supply chain</p> <p>Local governments support the policies</p> |
| <p>Specific Objective</p> <p><i>To develop local capacity in the implementation of timber administration system from private land in Java and Nusa Tenggara Region in ensuring timber produced come from legal sources.</i></p> | <p>Outcome indicators</p> <ol style="list-style-type: none"> Two packages of practical manuals of the implementation of Ministerial Regulation No. 30/Menhut-II/2012 produced and disseminated in 3 target districts within three provinces Three series dialogues/FGD's conducted in 3 target districts and participated by 120 participants including BPN, local government at district level, landowners/farmers, traders and users Two times training of village staff on technical skills for implementing Ministerial Regulation No. 30/Menhut-II/2012 implemented and participated by 180 villages staff By the end of project, one package of assessment of incentives for main beneficiaries (landowners/farmers, traders and users) to support timber administration and penalties for administrative incompliance identified and applied in 3 target districts By the end of the project an assessment/evaluation is prepared by consultant team as a feed back for | <p>Technical /Project Reports</p> <p>Guideline/Publication/Manual</p> <p>Minutes of Meeting</p> <p>Annual Forest Provincial Report concerning timber production and its trade.</p> | <p>Strong support from relevant stakeholders in land ownership process</p> <p>Local governments support the national policies on legally/sustainably produced timber and effective supply chain</p> |

| Strategy of Intervention | Measurable Indicators | Means of verification | Key Assumptions |
|--|---|---|---|
| | <p><i>improving the implementaion of regulation in 3 target districts</i></p> <p>f. <i>Three times training /workshop in the implementation of timber administration conducted in three districts and participated by 90 beneficiaries such as local government officials, forest owners and traders</i></p> | | |
| <p>Outputs</p> <p>1. Regulation (Permenhut) 30/Menhut-II/2012 properly implemented at village level</p> | <p>Output Indicators</p> <p>a) <i>Two packages of practical manuals of Regulation No. 30/Menhut-II/2012 produced and disseminated in 3 target districts</i></p> <p>b) <i>At least 3 times dialogues/FGD's on Ministerial Regulation No.30/Menhut-II/2012 with stakeholders in 3 targeted districts participated by 120 people in total</i></p> <p>c) <i>At least 2 times training on needed practical skills to implement Ministerial Regulation No. 30/Menhut-II/2012 in three target districts participated by 180 village staff</i></p> | <p><i>List of Publication/ practical manual Documentation</i></p> <p><i>Dialogues/meetings/ FGD's report</i></p> <p><i>Trainings report List of participants Documentations</i></p> | <p>Strong commitment from local government to implement new regulation on timber legality</p> |

| Strategy of Intervention | Measurable Indicators | Means of verification | Key Assumptions |
|---|---|---|---|
| 2. Improved support by beneficiaries of timber administration | <p>a. <i>One package policy recommendation of incentives for main beneficiaries to support timber administration in 3 target districts formulated by consultant team and disseminated in three districts</i></p> <p>b. <i>One assessment on penalties for administrative in compliance identified by consultant team and applied in three target districts</i></p> <p>c. <i>An evaluation of the implementation of regulation assessed and disseminated to relevant stakeholders such as MoF, local government, forest owners, traders.</i></p> <p>d. <i>Three times training workshop in implementing timber administration conducted in three districts and participated by 90 participants come from local government officials, forest owners and traders</i></p> | <p>Policy recommendations Assessment report</p> <p>Assesment report Meeting/FGD's report</p> <p>Evaluation report FGD's report</p> <p>Trainings report Documentation List of participants</p> | Continued interest of the community forest in promoting legal wood product. |

a. Objectives.

Development objective and impact indicators :

Development Objective

To contribute to strengthening of forest governance and supporting community forest development (Hutan Rakyat) in Indonesia

The Long-term Impact indicators (in line with indicators of work performance of DG of Forest Utilization) are:

- a) *By 2015, the income levels of forest dependent economy have increased by 20-30%*
- b) *By 2020, forest administration in Java and Nusa Tenggara region is performed well and comply with current regulation,*
- c) *By 2020, legal timber product from community forest is increased up to 50%.*

The project will contribute to the achievement of target of DG of Forest Utilization, Ministry of Forestry

Specific objective and outcome indicators

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

Outcome indicators:

- a) *Two packages of practical manuals of the implementation of Ministerial Regulation No. 30/Menhut-II/2012 produced and disseminated in 3 target districts within three provinces*

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

Clarification:

To role out lessons in timber administration of the community forestry, stakeholders from other region will be invited to participate in dialogues/FGD's. Furthermore assessments and evaluation results on the implementation of regulation on timber administration also will be disseminated to other regions where community forests are growing up such as Sumatra and Sulawesi.

**PART III
DESCRIPTION OF PROJECT INTERVENTIONS**

3.1. Outputs and Activities

3.1.1. Outputs

- 1) Ministerial Regulation No. 30/Menhut-II/2012 properly implemented at village level

Indicators:

- a. *Two package of practical manuals of Regulation No. 30/Menhut-II/2012 produced and disseminated in 3 target districts*
- b. *At least 3 times dialogues/FGD's on Ministerial Regulation No.30/Menhut-II/2012 with stakeholders in 3 targeted districts participated by 120 people in total*
- c. *At least 2 times training on needed practical skills to implement Ministerial Regulation No. 30/Menhut-II/2012 in three target districts participated by 180 village staff*

- 2) Support by beneficiaries of timber administration increased

Indicators:

- a. *One package policy recommendation of incentives for main beneficiaries (land owners/farmers, traders and users of timber produced and local government) to support timber administration in 3 target districts formulated by consultant team and disseminated mainly in three districts*
- b. *One assessment on penalties for administrative incompliance identified by consultant team and applied in three target districts and will be disseminated to other regions (Sulawesi and Sumatera)*
- c. *An evaluation of the implementaion of regulation assessed and disseminated to relevant stakeholders such as MoF, local government, forest owners and traders.*
- d. *Three times training workshop in implementing timber administration conducted in three districts and participated by 90 participants coming from local government officials, forest owners and traders*

3.1. 2. Activities and inputs

Activities for Output 1:

- Activity 1.1 To produce and disseminate practical manuals of Ministerial Regulation No. 30/menhut-II/2012 produced and disseminated to districts
- Activity 1.2 To conduct a series of dialogues on Ministerial Regulation No. 30/Menhut-II/2012 with stakeholders
- Activity 1.3 To train village staff on needed practical skills to implement Ministerial Regulation No. 30/Menhut-II/2012.

Clarification

Timber tracking component has been covered in all activities in Output 1. It is clear that, implementation of regulation P.30/Mehut-II/2012 regarding forest administration is to support timber tracking system to ensure the legality of wood production from private/community forests.

Activities for Output 2:

- Activity 2.1 *To identify and apply incentives for main beneficiaries to support timber administration and to identify and apply penalties for administrative in compliance*
- Activity 2.2 *To conduct evaluation of the implementation of regulation as a feed back to make the regulation effectively operational*
- Activity 2.3 To conduct training workshop for beneficiaries in implementing Permenhut30/Menhut-II/2012

3.2 Implementation approaches and methods

To achieve project objective, the following approaches and methods can be outlined as follows:

- 1) *Produce practical manual on the implementation of timber administration from community forest. It will be disseminated not only in three target district but also in other regions.*
- 2) *Conduct dialogues/FGD's to strengthen coordination with local government at district level mainly forestry service and also BPN in the implementaion of timber administration.*
- 3) *Prepare material and conduct series of training for village staff in the issuance of legal documentation to ensure the legality of production from private/community forests.*
- 4) *Collect and analyze data and information to review and evaluate the relevant stakeholders involvement in implementing timber adminstration for timber sources from community forest/land in three target districts within three provinces (DI Jogyakarta, West Java and Nusa Tenggara)*
- 5) *Conduct stakeholder consultations/dialogues, at least 2-3 FGD's and participatory discussions in the field with farmers/land owners, traders and users concerning the importance and benefit of timber adminstration for legality of timber products from private land.*
- 6) *Design the mechanism of dissemination and training workshops needed to inform the new timber administration system (Ministerial regulation No. P. 30/Menhut-II/2009) to wider stakeholders. Project Management Unit (PMU) will work together with Centre of Forestry Training and Education as well as Forest Research Development Agency to conduct this activity.*
- 7) *Strengthen the information sharing and network within timber producer and the local government to share information as lesson learned implementing new regulation concerning Timber Legality*
- 8) *Promote the government effort concerning the development of timber legality through development of publications/guidelines.*

3.3 Workplan

| Outputs and Activities | Responsible Party | Year 1 | | | | | | Year 2 | | | | | |
|--|---|--------|---|---|---|----|----|--------|---|---|---|----|----|
| | | 2 | 4 | 6 | 8 | 10 | 12 | 2 | 4 | 6 | 8 | 10 | 12 |
| Output 1: <i>Permenhut 30/Menhut-II/2012</i> properly implemented at village level | MoF (BUK), expert, PMU, Local Government | | | | | | | | | | | | |
| Activity 1.1 To produce and disseminate practical manuals of <i>Permenhut 30/menhut-II/2012</i> produced and disseminated | Expert, PMU | | | | | | | | | | | | |
| Activity 1.2 To conduct a series of dialogues on <i>Permenhut 30/Menhut-II/2012</i> with stakeholders | MoF, expert, PMU local government | | | | | | | | | | | | |
| Activity 1.3 To train village staff on needed practical skills to implement <i>Permenhut 30/Menhut-II/2012</i> . | MoF (BUK), PMU, Expert, Local Government, NGO | | | | | | | | | | | | |
| Output 2 : Improved support by beneficiaries of timber administration | MoF, expert, PMU, Local Government | | | | | | | | | | | | |
| Activity 2.1 To identify and apply incentives for main beneficiaries to support timber administration and to identify and apply penalties for administrative no compliance | Expert, MoF, Local government PMU | | | | | | | | | | | | |
| Activity 2.2 To conduct evaluation of the implementaion of regulation as a feed back to make the regulation effectively operational | Expert, MoF, local government PMU | | | | | | | | | | | | |
| Activity 2.3 To conduct training workshop for beneficiaries in implementing <i>Permenhut30/Menhut-II/2012</i> | MoF, Local Government, PMU | | | | | | | | | | | | |
| PSC Meeting | | | | | | | | | | | | | |
| Reporting | | | | | | | | | | | | | |

3.4.1 Master Budget

| Output/Activity | Quarter | Budget Component | Inputs | | Unit | Quantity | | | | Unit Cost | ITTO Contribution | | | GoI Contribution | | | Grand Total |
|--|-------------------|------------------|--------|---|---------|----------|--------|--------|--------|------------------|-------------------|------------------|-----------|------------------|--------|------------------|-------------|
| | | | | | | ITTO | | GOI | | | Year 1 | Year 2 | Total | Year 1 | Year 2 | Total | |
| | | | | | | Year 1 | Year 2 | Year 1 | Year 2 | | | | | | | | |
| 1 | 2 | 3 | 4 | | 5 | 6 | 7 | 8 | 9 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Output 1: 1) Regulation (Permenhut) No. 30/Menhut-II/2012 properly implemented by village level Activity 1.1: To produce and disseminate Practical manuals of Regulation No. 30/menhut-II/2012 produced and disseminated districts | Q1, Y1 | 14 | a. | National Expert, NE (Timber Expert) | MM | 1,00 | 2,00 | - | - | 1.500,00 | 1.500,00 | 3.000,00 | 4.500,00 | - | - | - | 4.500,00 |
| | Q1, Q3, Y2 | 31 | b. | DSA, NE (3 times, @5days) | MD | 1,00 | 10,00 | - | - | 90,00 | 90,00 | 900,00 | 990,00 | - | - | - | 990,00 |
| | | 32 | c. | Air ticket | trip | 1,00 | 2,00 | - | - | 400,00 | 400,00 | 800,00 | 1.200,00 | - | - | - | 1.200,00 |
| | | 33 | d. | Local transport (per package :20USDx20 participants) | package | 1,00 | 2,00 | - | - | 400,00 | 400,00 | 800,00 | 1.200,00 | - | - | - | 1.200,00 |
| | | 61 | e. | Meeting (3 times, 30 persons) | package | 30,00 | 60,00 | - | - | 80,00 | 2.400,00 | 4.800,00 | 7.200,00 | - | - | - | 7.200,00 |
| | | 65 | f. | Dissemination regulations | package | 1,00 | 2,00 | - | - | 500,00 | 500,00 | 1.000,00 | 1.500,00 | - | - | - | 1.500,00 |
| | | 51 | g. | Fotocpy material | package | 1,00 | 2,00 | - | - | 300,00 | 300,00 | 600,00 | 900,00 | - | - | - | 900,00 |
| Sub-total Activity 1.1 | | | | | | | | | | 5.590,00 | 11.900,00 | 17.490,00 | - | - | - | 17.490,00 | |
| Activity 1.2: To conduct a series of dialogues on Regulation No. 30/Menhut-II/2012 with stakeholders | Q1, Q2, Y1 Q2, Y2 | 31 | a. | DSA, NE (3 times, @4days,) | MD | 8,00 | 4,00 | - | - | 90,00 | 720,00 | 360,00 | 1.080,00 | - | - | - | 1.080,00 |
| | | 16 | b. | Resources person (2 persons) | MM | 4,00 | 2,00 | - | - | 400,00 | 1.600,00 | 800,00 | 2.400,00 | - | - | - | 2.400,00 |
| | | 62 | c. | Workshop (3 times, @2 days, 40 persons) | package | 160,00 | 80,00 | - | - | 90,00 | 14.400,00 | 7.200,00 | 21.600,00 | - | - | - | 21.600,00 |
| | | 33 | d. | Local transport (per package :20 USDx20 participants) | package | 2,00 | 1,00 | - | - | 400,00 | 800,00 | 400,00 | 1.200,00 | - | - | - | 1.200,00 |
| | | 51 | e. | Photocopy | package | 2,00 | 1,00 | - | - | 300,00 | 600,00 | 300,00 | 900,00 | - | - | - | 900,00 |
| Sub-total Activity 1.2 | | | | | | | | | | 18.120,00 | 9.060,00 | 27.180,00 | - | - | - | 27.180,00 | |

| | | | | | | | | | | | | | | | | | | |
|--|----------------------------|---|---------|---|---------|--------|--------|----------|-----------|------------------|------------------|-------------------|-----------|---|-----------|-------------------|-----------|--|
| Activity 1.3.: To train village staffs on needed practical skills to implement Regulation No. 30/Menhut-II/2012. | Q1,Q4, Y1 Q3, Y2 | 15 | a. | National Expert, NE (Training expert) DSA NE | MM | 2,00 | 1,00 | - | - | 1.500,00 | 3.000,00 | 1.500,00 | 4.500,00 | - | - | - | 4.500,00 | |
| | | | | | MD | 30,00 | 15,00 | - | - | 90,00 | 2.700,00 | 1.350,00 | 4.050,00 | - | - | - | 4.050,00 | |
| | | 31 | b | Airticket | | | | | | | | | | | | | | |
| | | | | | trip | 2,00 | 1,00 | - | - | 400,00 | 800,00 | 400,00 | 1.200,00 | - | - | - | 1.200,00 | |
| | | 32 | c. | Local transport (per package :20 USDx20 participants) | package | 2,00 | 1,00 | - | - | 400,00 | 800,00 | 400,00 | 1.200,00 | - | - | - | 1.200,00 | |
| | | 33 | e | Training (6 times, 15 persons, @ 5 days) | package | 200,00 | 200,00 | - | - | 200,00 | 40.000,00 | 40.000,00 | 80.000,00 | - | - | - | 90.000,00 | |
| | | 63 | f | Photocopy | package | 2,00 | 1,00 | - | - | 300,00 | 600,00 | 300,00 | 900,00 | - | - | - | 900,00 | |
| 51 | g | Facilitator | MM | 2,00 | 1,00 | - | - | 300,00 | 600,00 | 300,00 | 900,00 | - | - | - | 900,00 | | | |
| 17 | | | | | 4,00 | 2,00 | - | - | 700,00 | 2.800,00 | 1.400,00 | 4.200,00 | - | - | - | 4.200,00 | | |
| Sub-total Activity 1.3 | | | | | | | | | | 50.700,00 | 45.350,00 | 96.050,00 | - | - | - | 96.050,00 | | |
| Total Ouput 1. | | | | | | | | | | 76.910,00 | 68.810,00 | 145.720,00 | - | - | - | 145.720,00 | | |
| Output 2. Support by beneficiaries of timber administration increased | Q2,Q4, Y1 Q2, Y2 | | | | | | | | | | | | | | | | | |
| 64 | a. | FGD (3 times, 25 persons) | package | 50,00 | 25,00 | - | - | 50,00 | 2.500,00 | 1.250,00 | 3.750,00 | - | - | - | 3.750,00 | | | |
| 61 | b | Meeting (3 times, 50 persons) | package | 100,00 | 50,00 | - | - | 40,00 | 4.000,00 | 2.000,00 | 6.000,00 | - | - | - | 6.000,00 | | | |
| 15 | c. | National Expert 4 months | MM | | 3,00 | | | 2.000,00 | | 6.000,00 | 6.000,00 | | | | 6.000,00 | | | |
| Sub-total Activity 2.1 | | | | | | | | | | 6.500,00 | 9.250,00 | 15.750,00 | - | - | - | 15.750,00 | | |
| Activities 2.2.: To conduct evaluation of the implementation of regulation as a feed back to make the regulation effectively operational | Q1, Q4, Y2 | | | | | | | | | | | | | | | | | |
| 31 | a. | DSA, NE (3 times, @4days.) | MD | 8,00 | 4,00 | - | - | 90,00 | 720,00 | 360,00 | 1.080,00 | - | - | - | 1.080,00 | | | |
| 16 | b | Resources person (3 persons) | MM | 6,00 | 3,00 | - | - | 400,00 | 2.400,00 | 1.200,00 | 3.600,00 | - | - | - | 3.600,00 | | | |
| 62 | c. | Workshop (2 times, @3 days, 30 persons) | package | 90,00 | 90,00 | - | - | 90,00 | 8.100,00 | 8.100,00 | 16.200,00 | - | - | - | 16.200,00 | | | |
| 33 | d. | Local transport (per package :20 USDx20 participants) | package | 2,00 | 1,00 | - | - | 400,00 | 800,00 | 400,00 | 1.200,00 | - | - | - | 1.200,00 | | | |
| 51 | e | Photocopy/workshop kit | package | 2,00 | 1,00 | - | - | 300,00 | 600,00 | 300,00 | 900,00 | - | - | - | 900,00 | | | |
| Sub-total Activity 2.2. | | | | | | | | | | 12.620,00 | 10.360,00 | 22.980,00 | - | - | - | 22.980,00 | | |
| Activity 2.3.: To train primary beneficieries on technical skills for implementing Regulation No. 30/Menhut-II/2012 | Q1, Q4, Y1 Q3, Y2 | | | | | | | | | | | | | | | | | |
| 15 | a. | National Expert, NE (Training expert) | MM | 2,00 | 1,00 | - | - | 1.500,00 | 3.000,00 | 1.500,00 | 4.500,00 | - | - | - | 4.500,00 | | | |
| 33 | b | Local transport (per package :20 USDx20 participants) | package | 2,00 | 1,00 | - | - | 400,00 | 800,00 | 400,00 | 1.200,00 | - | - | - | 1.200,00 | | | |
| 63 | c. | Training (6 times, 15 persons, @ 5 days) | package | 300,00 | 150,00 | - | - | 200,00 | 60.000,00 | 30.000,00 | 90.000,00 | - | - | - | 90.000,00 | | | |
| 51 | d. | Photocopy | package | 2,00 | 1,00 | - | - | 300,00 | 600,00 | 300,00 | 900,00 | - | - | - | 900,00 | | | |

| | | | | | | | | | | | | | | | | | |
|---------------------------|--------------|----|----|---|---------|-------|-------|-------|-------|-----------|-------------------|-------------------|-------------------|-----------|-----------|-----------|-------------------|
| | | 17 | e | Facilitator | MM | 4,00 | 2,00 | - | - | 700,00 | 2.800,00 | 1.400,00 | 4.200,00 | - | - | - | 4.200,00 |
| Sub-total Activity 2.3. | | | | | | | | | | | 67.200,00 | 33.600,00 | 100.800,00 | - | - | - | 100.800,00 |
| Total Output 2 | | | | | | | | | | | 86.320,00 | 53.210,00 | 139.530,00 | - | - | - | 139.530,00 |
| Total Output 1 + 2 | | | | | | | | | | | 163.230,00 | 122.020,00 | 285.250,00 | - | - | - | 285.250,00 |
| Non-activity based | Q1-Q4, Y1 | | | | | | | | | | | | | | | | |
| | Q1-Q4, Y2 | 11 | a. | Project Coordinator (PC) | MM | 12,00 | 12,00 | - | - | 2.000,00 | 24.000,00 | 24.000,00 | 48.000,00 | - | - | - | 48.000,00 |
| | | 12 | b. | Administration staff | MM | 12,00 | 12,00 | - | - | 450,00 | 5.400,00 | 5.400,00 | 10.800,00 | - | - | - | 10.800,00 |
| | | 13 | c. | Finance staff | MM | 12,00 | 12,00 | - | - | 650,00 | 7.800,00 | 7.800,00 | 15.600,00 | - | - | - | 15.600,00 |
| | | | d. | Editor/translation of report/advisor | MM | 6,00 | 6,00 | | | 1.000,00 | 6.000,00 | 6.000,00 | 12.000,00 | | | | 12.000,00 |
| | | 41 | e | Personal Computer | unit | 2,00 | - | 1,00 | - | 400,00 | 800,00 | - | 800,00 | 400,00 | - | 400,00 | 1.200,00 |
| | | 42 | f | Laptop | unit | 1,00 | - | - | - | 1.000,00 | 1.000,00 | - | 1.000,00 | - | - | - | 1.000,00 |
| | | 43 | g | Printer/fax machines | unit | 1,00 | - | 1,00 | - | - | - | - | - | 150,00 | - | 150,00 | 150,00 |
| | | 44 | h | LCD Projector | unit | 1,00 | - | - | - | 500,00 | 500,00 | - | 500,00 | - | - | - | 500,00 |
| | | 51 | i | Office Supplies | month | 12,00 | 12,00 | 12,00 | 12,00 | 200,00 | 2.000,00 | 2.000,00 | 4.000,00 | 2.400,00 | 2.400,00 | 4.800,00 | 8.800,00 |
| | | 66 | j | Project preparation | package | 1,00 | - | - | - | 1.500,00 | 1.500,00 | - | 1.500,00 | | - | | 1.500,00 |
| | | 52 | k | Phone/communication | year | 1,00 | 1,00 | - | - | 1.000,00 | 1.000,00 | 1.000,00 | 2.000,00 | - | - | - | 2.000,00 |
| | | 67 | l | Publication/report reproduction | package | - | 1,00 | - | - | 1.000,00 | - | 1.000,00 | 1.000,00 | - | - | - | 1.000,00 |
| | | 65 | m | Distribution and dissemination | package | | 1,00 | - | - | 800,00 | - | 800,00 | 800,00 | - | - | - | 800,00 |
| | | 68 | n | Evaluation progress/Coordination Meetings | times | 1,00 | 2,00 | - | - | 1.500,00 | 1.500,00 | 3.000,00 | 4.500,00 | - | - | - | 4.500,00 |
| | | 33 | o | Duty travel | trip | 10,00 | 10,00 | 12,00 | 12,00 | 1.000,00 | 10.000,00 | 10.000,00 | 20.000,00 | 12.000,00 | 12.000,00 | 24.000,00 | 44.000,00 |
| | | 69 | p | Financial Audit | times | 1,00 | 1,00 | - | - | 2.000,00 | 2.000,00 | 2.000,00 | 4.000,00 | - | - | - | 4.000,00 |
| | | 53 | q | office space | year | - | - | 1,00 | 1,00 | 10.000,00 | - | - | - | 10.000,00 | 10.000,00 | 20.000,00 | 20.000,00 |
| | | 54 | r | Car rent | Month | 10 | 10 | - | - | - | 5.000,00 | 4.000,00 | 9.000,00 | - | - | - | 9.000,00 |
| | | 55 | s | Producing video film of the project | package | 1,00 | 1,00 | - | - | - | 2.500,00 | 2.500,00 | 5.000,00 | - | - | - | 5.000,00 |

| | | | | | | | | | | | | | | | | | |
|----------------------------|--|--|--|--|--|--|--|--|--|--|------------|------------|------------|-----------|-----------|-----------|------------|
| Grand Total Project Costs | | | | | | | | | | | 231.730,00 | 189.020,00 | 420.750,00 | 24,950.00 | 24,400.00 | 49.350,00 | 470.100,00 |
| ITTO Monitoring and Review | | | | | | | | | | | | | 12.000,00 | | | | 12.000,00 |
| ITTO Ex-post Evaluation | | | | | | | | | | | | | 10.000,00 | | | | 10.000,00 |
| ITTO Programme Support | | | | | | | | | | | | | 53.130,00 | | | | 53.130,00 |
| Mnaagement cost (12%) | | | | | | | | | | | | | | | | - | - |
| | | | | | | | | | | | | | 495.880,00 | | | 49.350,00 | 545.230,00 |

3.4.2 Yearly Consolidated Budget

| Category | Description | Total | Year 1 | Year 2 |
|-----------|---|-------------------|------------------|------------------|
| 10 | Personnel | | | |
| 11 | Project Coordinator | 48.000,00 | 24.000,00 | 24.000,00 |
| 12 | Administration staff | 10.800,00 | 5.400,00 | 5.400,00 |
| 13 | Finance staff | 15.600,00 | 7.800,00 | 7.800,00 |
| 14 | National Expert (Timber Administration) | 4.500,00 | 1.500,00 | 3.000,00 |
| 15 | National Expert (training expert) | 17.000,00 | 6.000,00 | 11.000,00 |
| 16 | Resource Person | 6.000,00 | 4.000,00 | 2.000,00 |
| 17 | Facilitator | 4.200,00 | 2.800,00 | 1.400,00 |
| 19 | Sub total | 106.100,00 | 51.500,00 | 54.600,00 |
| 20 | Sub contracts | | | |
| 21 | Sub-contract - Workshop | - | - | - |
| 29 | Sub total | - | - | - |
| 30 | Duty Travel | | | |
| 31 | Daily Subsistance Allowance | 11.900,00 | 5.530,00 | 6.370,00 |
| 32 | Transportation Domestic transportation (air ticket) Local transport | 52.400,00 | 26.800,00 | 25.600,00 |
| 39 | Sub total | 64.300,00 | 32.330,00 | 31.970,00 |
| 40 | Capital Items | | | |
| 41 | Personal Computer | 1.200,00 | 1.200,00 | - |
| 42 | Laptop | 1.000,00 | 1.000,00 | - |
| 44 | LCD Projector | 500,00 | 500,00 | - |
| 44 | Printer | 150,00 | 150,00 | - |
| 49 | Sub total | 2.850,00 | 2.850,00 | - |
| 50 | Consumables items | | | |
| 51 | Office supplies | 13.300,00 | 6.700,00 | 6.600,00 |
| 52 | phone/communications | 1.000,00 | 1.000,00 | - |
| 53 | Office space | 20.000,00 | 10.000,00 | 10.000,00 |
| 59 | Sub total | 34.300,00 | 17.700,00 | 16.600,00 |
| 60 | Miscellaneous | | | |
| 61 | Meeting | 13.200,00 | 6.400,00 | 6.800,00 |
| 62 | Workshop | 37.800,00 | 22.500,00 | 15.300,00 |
| 63 | Training | 170.000,00 | 100.000,00 | 70.000,00 |
| 64 | FGD | 3.750,00 | 2.500,00 | 1.250,00 |

| | | | | |
|------------|--|-------------------|-------------------------------|-------------------|
| 65 | Distribution and dissemination | 800,00 | - | 800,00 |
| 66 | project preparation | 1.500,00 | 1.500,00 | - |
| 67 | Publication and reproduction | 1.000,00 | - | 1.000,00 |
| 68 | Coordination Meeting | 4.500,00 | 1.500,00 | 3.000,00 |
| 69 | Financial audit | 4.000,00 | 2.000,00 | 2.000,00 |
| 70. | Rent a car | 9,000,00 | 5.000,00 | 4.000,00 |
| 71. | Translation/editing | 12,000,00 | 6.000,00 | 6.000,00 |
| 72. | Producing short film video | 5,000,00 | 2,500.00 | 2,500.00 |
| 69 | Sub total | 262,550.00 | 149,900.00 | 112,650.00 |
| | Total Project | 470,100.00 | 229,330.00 | 191,420.00 |
| 80 | National management cost | - | (See executing agency budget) | |
| 90 | Project monitoring and administration | | | |
| 91 | ITTO monitoring & review | 12.000,00 | | |
| 92 | ITTO ex-post evaluation | 10.000,00 | | |
| 95 | ITTO Programme support 12 % | 53.130.00 | | |
| 100 | Total Project Monitoring and Administration | 75,130.00 | | |
| | GRAND TOTAL (70 + 100) | 545.230,00 | | |

3.4.3 ITTO Yearly Budget

| Category | Description | Total | Year 1 | Year 2 |
|-----------|---|-------------------|------------------|------------------|
| 10 | Personnel | | | |
| 11 | Project Coordinator | 48.000,00 | 24.000,00 | 24.000,00 |
| 12 | Administration staff | 10.800,00 | 5.400,00 | 5.400,00 |
| 13 | Finance staff | 15.600,00 | 7.800,00 | 7.800,00 |
| 14 | National Expert (Timber Administration) | 4.500,00 | 1.500,00 | 3.000,00 |
| 15 | National Expert (training expert) | 17.000,00 | 6.000,00 | 11.000,00 |
| 16 | Resource Person | 6.000,00 | 4.000,00 | 2.000,00 |
| 17 | Facilitator | 4.200,00 | 2.800,00 | 1.400,00 |
| 19 | Sub total | 106.100,00 | 51.500,00 | 54.600,00 |
| 20 | Sub contracts | | | |
| 21 | Sub-contract - Workshop | - | - | - |
| 29 | Sub total | - | - | - |
| 30 | Duty Travel | | | |
| 31 | Daily Subsistence Allowance | 11.900,00 | 5.530,00 | 6.370,00 |
| 32 | Transportation Domestic transportation (air ticket) Local transport | 28.400,00 | 14.800,00 | 13.600,00 |
| 39 | Sub total | 40.300,00 | 20.330,00 | 19.970,00 |
| 40 | Capital Items | | | |
| 41 | Personal Computer | 800,00 | 800,00 | - |
| 42 | Laptop | 1.000,00 | 1.000,00 | - |
| 44 | LCD Projector | 500,00 | 500,00 | - |
| 49 | Sub total | 2.300,00 | 2.300,00 | - |
| 50 | Consumables items | | | |
| 51 | Office supplies | 8.500,00 | 4.300,00 | 4.200,00 |
| 52 | phone/communications | 1.000,00 | 1.000,00 | - |
| 53 | Office space | - | - | - |
| 59 | Sub total | 9.500,00 | 5.300,00 | 4.200,00 |
| 60 | Miscellaneous | | | |
| 61 | Meeting | 13.200,00 | 6.400,00 | 6.800,00 |
| 62 | Workshop | 37.800,00 | 22.500,00 | 15.300,00 |
| 63 | Training | 170.000,00 | 100.000,00 | 70.000,00 |
| 64 | FGD | 3.750,00 | 2.500,00 | 1.250,00 |

| | | | | |
|------------|--|-------------------|-------------------------------|-------------------|
| 65 | Distribution and dissemination | 800,00 | - | 800,00 |
| 66 | project preparation | 1.500,00 | 1.500,00 | - |
| 67 | Publication and reproduction | 1.000,00 | - | 1.000,00 |
| 68 | <i>Coordination Meetings</i> | <i>4.500,00</i> | <i>1.500,00</i> | <i>3.000,00</i> |
| 69 | Financial audit | 4.000,00 | 2.000,00 | 2.000,00 |
| 70. | Rent a car | 9,000,00 | 5.000,00 | 4.000,00 |
| 71. | Translation/editing | 12,000,00 | 6.000,00 | 6.000,00 |
| 72. | Producing short film/video | 5,000.00 | 2,500.00 | 2,500.00 |
| 69 | Sub total | 262,550,00 | 149.700,00 | 112.650,00 |
| | Total Project | 420.750,00 | 229.330,00 | 191.420,00 |
| 80 | National management cost | - | (See executing agency budget) | |
| 90 | Project monitoring and administration | | | |
| 91 | ITTO monitoring & review | 12.000,00 | | |
| 92 | ITTO ex-post evaluation | 10.000,00 | | |
| 95 | ITTO Programme support (70 + 91 +92) x 12% | 53,130.00 | | |
| 100 | Total Project Monitoring and Administration | 75,130.00 | | |
| | GRAND TOTAL (70 + 100) | 495.880,00 | | |

Clarification of the US\$ 4,500 (Coordination meetings):

The purpose of the amount of US\$ 4.500 in the ITTO budget is for coordination meetings at the national level among concerned Ministries/institutions mainly Ministry of Forestry and BPN (National Land Agency). And also, the budget will be used for coordination meetings on operational/technical aspect at provincial and district level.

3.4.4 Executing Agency Yearly Budget (Gol)

| Category | Description | Total | Year 1 | Year 2 |
|------------|--|------------------|-------------------------------|------------------|
| 10 | Personnel | | | |
| 11.1 | | - | - | - |
| 19 | Sub total | - | - | - |
| 20 | Sub contracts | | | |
| 21 | | - | - | - |
| 29 | Sub total | - | - | - |
| 30 | Duty Travel | | | |
| 33 | Local Transport | 24.000,00 | 12.000,00 | 12.000,00 |
| 39 | Sub total | 24.000,00 | 12.000,00 | 12.000,00 |
| 40 | Capital Items | | | |
| 41 | Personal computer | 400,00 | 400,00 | - |
| | Printer | 150,00 | 150,00 | - |
| 49 | Sub total | 550,00 | 550,00 | - |
| 50 | Consumables items | | | |
| 51 | Office supplies | 4.800,00 | 2.400,00 | 2.400,00 |
| 54 | Office space | 20.000,00 | 10.000,00 | 10.000,00 |
| 59 | Sub total | 24.800,00 | 12.400,00 | 12.400,00 |
| 60 | Miscellaneous | | | |
| 61 | | - | - | - |
| 69 | Sub total | - | - | - |
| | Total Project | 49.350,00 | 24.950,00 | 24.400,00 |
| 70 | National management cost | - | (See executing agency budget) | |
| 100 | Total Project Monitoring and Administration | - | | |
| | GRAND TOTAL (70 + 100) | 49.350,00 | | |

3.5. Assumptions, risks, sustainability.

3.5.1 Assumptions and risks

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

- 1) Timber legality process is hard to be accepted by the market

The Indonesian government has made a commitment to implement good governance in the forestry sector. Security of tenure is therefore one of the most important mechanisms to ensure accountability and control of forestry operations to support sustainability of community forest. However recognition of the legal timber and forest products from community forest or small/medium forest enterprises is still low. The big risk is that efforts to ensure legality will be hard to be accepted by target markets. It will be addressed by selection of more experienced timber legality from various institutions both locally and nationally. Central and local government will facilitate dialogues with buyers to open market access for timber coming from community forest (Hutan rakyat)

- 2) Lack of support from key stakeholders (local government at district level and local communities) on operation of timber administration based on new regulation

It is recognized that in some districts in Java and Nusa Tenggara, support from local government on operation of timber administration based on new regulation is weak. The official at district level doubt the head of villages/officers ability to perform their duties in timber administration system. Lack of acceptance caused lack of support and practical supervision from local government official to head of villages/officers. This potential risk likely will affect project implementation. The new Indonesian forest product administration system is not well understood by relevant stakeholders mainly by local government, BPN, land owners/farmers, traders and users of timber produced.

To minimize that risk, intensive discussions and dialogues/consultations will be conducted. And local government officials at province and districts level and also village staff will be directly involved in the project activities as appropriate. The communities sometimes are reluctant to attend a training or a group meeting in case they are not clear with the purpose and benefit of those agenda. The project team will try to approach the head of community's group, head of village, to encourage their members participate in the training and several group meetings. The project team will inform what is the purpose and benefit of those activities which is as a means of improving local income and opening market access to their products. Coordination forum at village levels through regular coordination meeting and dialogue in order to get better common understanding about problems and opportunities for timber administration coming from private land. It is necessary also to recruit social NGO consultant for advice on engagement by local communities.

- 3) Lack of interest in promoting legal wood product from community forest

It is caused by lack of understanding of the importance and benefit of timber administration for legality of timber products from private land. It will be mitigated by intensive communication and consultation in the field with the beneficiaries such as land owners/farmers, traders and users of timber produced local government. If necessary, it is possible to hire consultant/expert as facilitator in dissemination of the information of timber administration from private land.

3.5.2. Sustainability

For the sustainability, the training of head of villages and local governments are expected that it could disseminate their knowledge to wider stakeholders. Meanwhile the strengthening of coordination between MoF and BPN will be continued and included in MoF programme activities related to forest product administration issue.

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

- Ministry of Forestry and local government at district level will allocate budget to improve capacities of beneficiaries in implementing timber administration system as part of the preparation of TLAS implementation in community forest. Supporting operationalized timber administration from community forest will be included in Program/activities in the next strategic plan of DG of Forest Utilization, Ministry of Forestry. It ensures MoF support to continue this work under regular budget.
- The new regulation will be monitored and evaluated by Ministry of Forestry to be well and properly implemented on the ground. MoF cq FORDA allocated national budget for monitoring and evaluation.

- Strengthen and maintain effective coordination and commitment between Ministry of Forestry and BPN in the implementation of the regulation on timber administration from community forest
- Lesson learned from this project will be used as recommendation for improving the regulation. The project activities that have already taken into account the conditions of local communities, will give a good impact to communities who will be inspired to plant their unproductive land with the commercial plantation species and manage it sustainably. The community forest owner will comply with the SFM regulations since they feel that the products will be treated and priced fairly.
- Maintain dissemination of the new regulation on timber administration at provincial and district level to be adopted
- Maintain the effective networking among relevant stakeholders/institutions
- This new regulation is important for holders of community forest, forest product industry and buyers, therefore, the outputs and outcome of this project will likely to be used and implemented nationwide.

PART IV IMPLEMENTATION ARRANGEMENTS

4.1 Organization structure and stakeholder involvement mechanisms

4.1.1 Executing agency and partners

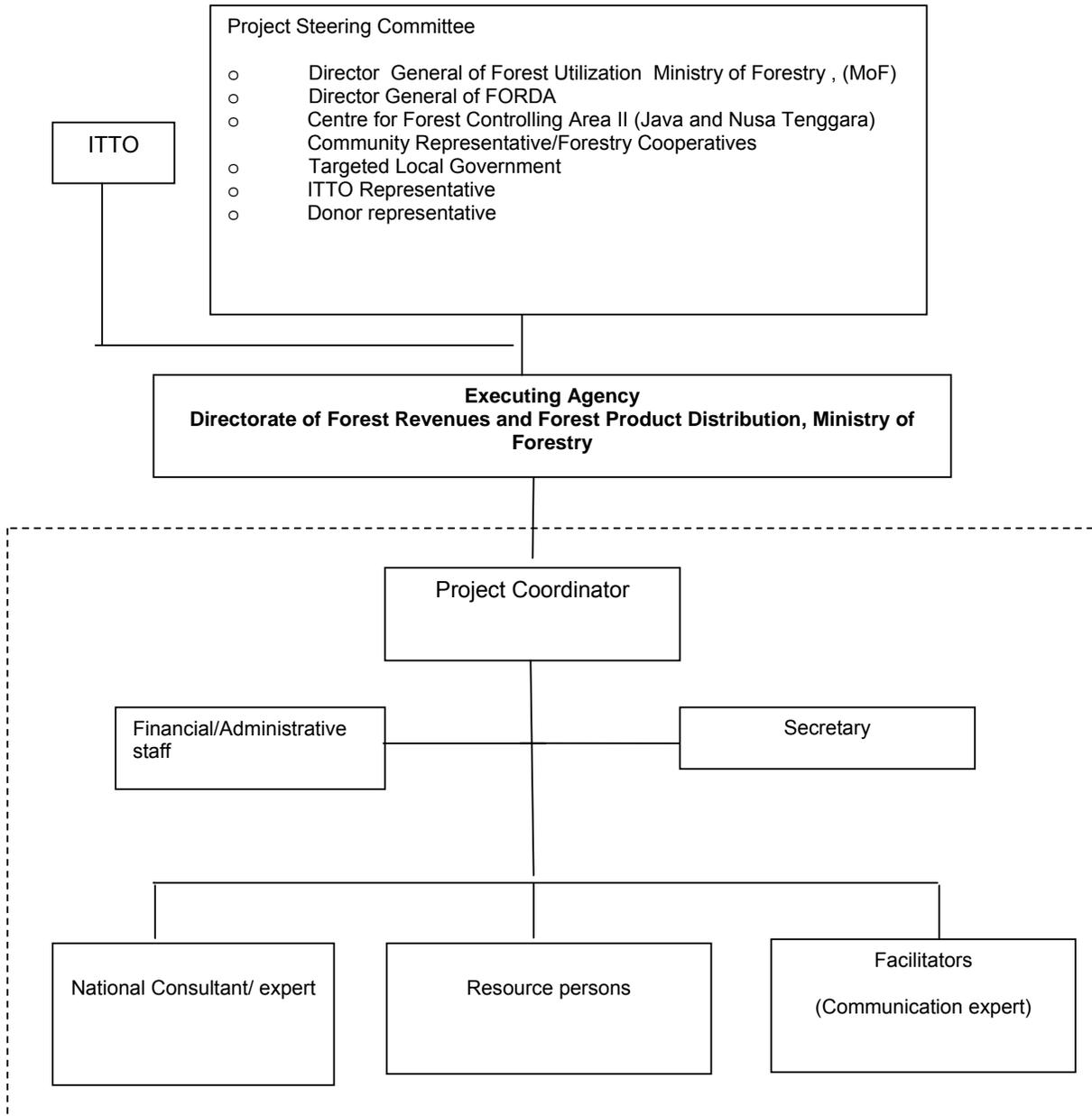
The Executing Agency of the project will be the Directorate of Forest Revenues and Forest Product Distribution, DG of Forest Utilization, Ministry of Forestry. Role of Directorate of Forest Revenues and Forest Product Distribution related to timber administration and timber legality is formulating regulation, facilitating local government and communities in implementing policy/regulation as well as improving capacity of relevant stakeholders in timber legality aspect.

Under approval ITTO, The Executing Agency will appoint the *Project Management Unit (PMU)* which shall be responsible for its coordination and implementation of the activities and responsible for managing ITTO funds in accordance with the Project Document for the duration of the Project approved by ITTO and EA. The PMU will be lead by a Project Coordinator who will be overall in charge of the project implementation including budget arrangement. Professional staff will be assigned for the project coordinator. The project coordinator will report to the Executing Agency as well as to ITTO in consultation with the Steering Committee accordingly for the implementation of the project activity. All the expenditures/expenses of the project will be reported and document/goods/services handed over to EA by PMU through Minutes of Hand Over or BAST (Berita Acara Serah Terima)

PMU will work together with targeted local governments some experts/consultants, forestry service at district level, communities group, local NGO, and other relevant institutions to implement some activities in the field. If necessary, the other activities will be implemented through sub-contracts with local NGO for efficiency. Executing Agency will assign counterpart to assist PMU in implementing activities. and will work together with targeted local governments, some experts/consultants, forestry service.

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

Organization structure of Project Management Unit



4.1.3 Project Steering Committee

The Project Steering Committee (PSC) consists of Director General of Forest Utilization Ministry of Forestry , (MoF), Director General of FORDA, Centre for Forest Controlling Area II (Java and Nusa Tenggara), targeted Local Government , Community Representative/Forestry Cooperatives, ITTO Representative and donor representative appointed by the Minister of Forestry. The PSC will be chaired by the Director General of Forest Utilization. The PSC meeting will be held at least once a year in Jakarta. And coordination meeting will also be held if needed.

The duties of PSC are (a) approve program and budgets of the various activities within the framework of the project approved by ITTO (b) conduct annual reviews and evaluation of the project implementation (c) Approve progress report before submission to ITTO and GOI. The PSC will be chaired by the Director General of Forest Utilization.

4.1.4 Stakeholder involvement mechanisms

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

- a) The role of Directorate of Forest Revenues and Forest Product Distribution are:
 - Maintain coordination among relevant parties in implementing project objectives and activities
 - Coordinate and consulting with ITTO regarding project development
 - Responsible for the project activities and giving support to project coordinator for execution of the project.
 - Monitor project fund based on project proposal and approval by ITTO and project agreement in accordance with ITTO guidelines and procedures as well as prevailing government regulations
 - Provision of counter budget of GOI to support the project activities together with EA included appointment of personnel to work in the project
 - Prepare and submit project report to ITTO
- b) The role of local government:
 - Facilitation of village officer in implementing forestry administration
 - Involvement in socialisation and training activities
 - Monitor and evaluate the activities in the field
- c) *The role of local community Forestry/farmers/small industries (in an active manners) includes:*
 - *Involving stakeholders mainly community group in evaluation of the implementation of regulation as a feed back to make the regulation effectively operational;*
 - *Community-initiating dialogue in village level to provide feed back/recommendations to the improvement of the regulation;*
 - *Involving communities in the identification and formulation incentives for main beneficiaries to support timber administration and penalties for administrative in compliance*
 - Participating in training, dialogues and workshop
 - Implementing technical aspects of forest administration in the field
 - Sharing information regarding implementation of the timber administration as feed back to improve regulation/policy
- d) The role of FGLG Indonesia/NGO are:
 - Facilitate in preparing the project proposal
 - Participate in assessment/study.
 - Participate in the PSC meeting of the project
 - Share learning process in project implementation
- e) The role of other stakeholder(Land Agency) includes:
 - Designation of land legality by National Land Agency (BPN)
 - Playing an important role in reducing conflict of land ownership

4.2 Reporting, review, monitoring and evaluation

4.2.1 Project Progress Report.

The project progress report will be submitted to ITTO in January and July each year.

4.2.2 Project Completion Report

This will be submitted within three months after Project Completion.

4.2.3 Project Technical Reports.

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

4.2.4 Inception Report

Inception report will be prepared after inception meeting.

4.2.5 Monitoring, Review and Steering Committee's meeting

A Steering Committee will be established, to be appointed by the Minister of Forestry upon proposal from the executing agency. The Steering Committee meeting will be held annually or as necessary. ITTO monitoring

visits, if considered still necessary, will be arranged after the achievement of the respective outputs according to the Workplan.

4.2.6. Evaluation

Evaluation will be conducted after completion of the Project.

4.3 Dissemination and mainstreaming of project learning

4.3.1 Dissemination of project results

The results of the project will be disseminated mainly to the community forests in other district and regions through various strategies such as consultations/dialogues at village level, documents dissemination, talk show in the radio and writing articles in local newspaper. The piloting of timber administration application in three selected districts will have enabled the communities in other districts/even other regions to properly prepare timber administration from private land and fully recognize the benefits of complying with timber administration policies and procedures; The result report produced in bilingual (English and Bahasa Indonesia) will be disseminated to be recognized by relevant institutions, such as other local governments, National Land Agency, Ministry of Home Affairs, Forest Governance Learning Group (FGLG) network in Indonesia and within Ministry of Forestry to related offices, such as DG Forest Utilization and DG of Watershed Management and Social Forestry and Forestry Research and Development Agency, through technical reports, brief reports, workshops and other means of communication. In terms of dissemination and mainstream of project learning, a short film/video will be produce to capture the situation at different stages of the project, i.e., the current situation before the project (baseline), then it will highlight the activities conducted by the project and finally capture how the project activities have been able to improve the situation and achieve the project objectives.

4.3.2 Mainstreaming project learning

This project will provide a lesson learned on implementing good governance based on the new Indonesian timber product administration for timber legality of community forest. *Results and lessons learned implemented from this project will be used to improve policy in strengthening local capacities in implementing new timber administration system. Evaluation of the implementation of the regulation in the pilot districts will be used as feed back to improve policy guidelines on operational mechanism of timber administration from community forest, and community plantation forest as well as from small/medium size forest processing industries.*

Promoting legal timber products of community forest (Hutan Rakyat) through the implementation of timber administration from Community Forestry on private land to a primary industry will be mainstreamed into the next priority programme of MoF and also included in the strategic plan of local government in the forestry sector. Participatory process approach among beneficiaries such as land owners/farmers, traders and users of timber produced, and local governments which be used in this project will be adopted by other regions/districts in building a mutual-understanding and commitment to implement the legality of timber production from private forests. The wood processors and owners/managers of community forests will have developed a mutual-understanding and commitment to deal only with timber products that comply with TLAS requirements and procedures.

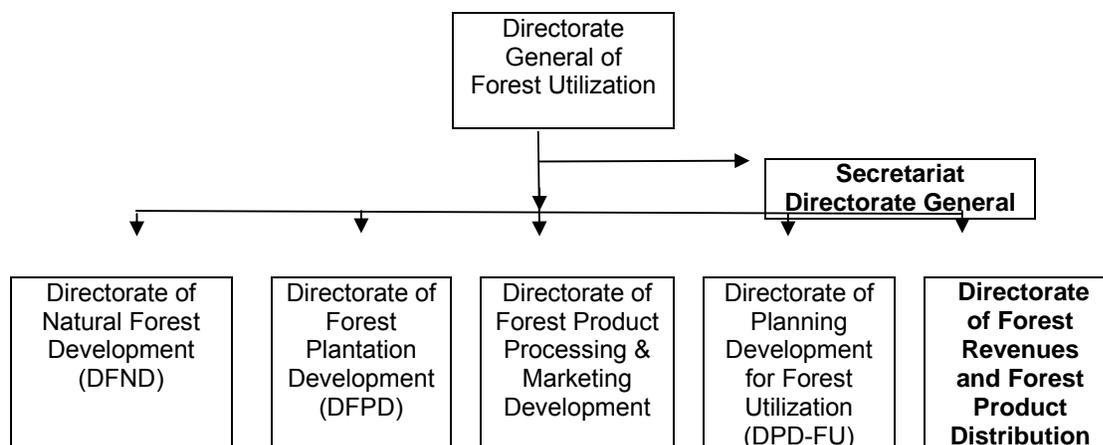
ANNEX 1

PROFILES OF THE EXECUTING AGENCY

BACKGROUND

1. The Directorate General of Forest Utilization, the Ministry of Forestry of the Republic of Indonesia

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



The DG's main task is to provide rules and regulations, policy, planning, operational standard and technical assistance for the management and development of all type of production forests. In order to ensure sustainability of the project activities, the technical Directorate of Forest Revenues and Forest Product Distribution management will always be consulted. Executing Agency for this Project is under the responsibility of the Directorate of Forest Revenues and Forest Product Distribution

INFRASTRUCTURE

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

BUDGET

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

| Activities | 2010 (USD) | 2011 (USD) | 2012 (USD) |
|----------------------------------|------------------|------------------|------------------|
| Operational and Maintenance Cost | 286,619 | 292,425 | 276,222 |
| Publication | 158,388 | 159,589 | 87,687 |
| Planning Programs | 1,169,368 | 1,301,831 | 1,058,431 |
| Training Programs | 142,811 | 104,692 | 64,976 |
| TOTAL | 1,757,186 | 1,858,536 | 1,487,316 |

Note: USD 1 = IDR 10,500

PERSONNEL

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

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

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

2. The Forest Governance Learning Group (FGLG)

FGLG is an informal alliance of in-country groups and international partners currently active in eight African and three Asian countries including Indonesia. FGLG Indonesia's aim is as a leverage to improve governance of natural resources (forestry) in Indonesia. The FGLG Indonesia is working together with Ministry of Forestry to support good forest governance.

The overall aim of the FGLG in Indonesia is to support key actors to implement good forest governance at organisational, community, district and national levels. In general terms, the FGLG aims to:

- Exchange and spread learning about workable approaches to good forest governance
- Make measurable progress in improving practices within government and in relationships among other actors (other government departments, local government, private sector, NGOs)
- Build long-term capacity of leaders to tackle rapid changes, complexity and uncertainties in the forestry sector
- Provide materials, tools, and guidance for implementing good forest governance

Earlier phases of the FGLG in Indonesia have concentrated on 'change from within': building the capacity of members, particularly mid-level professionals within the Ministry of Forestry, to tackle forest governance by providing a safe space for discussion of politically contentious forestry issues and a series of focused training and action events. These events have included workshops on institutional changes within the Ministry of Forestry and the forestry sector, on approaches to change in governance, on conflict management, on writing to produce articles for the popular press, and on creative communications beyond written media. Members of the FGLG have applied these lessons in their own spheres of work in forestry within the Ministry (formulation of workable policy and governance) and on the ground in the districts (actual implementation of policy and governance). Some of activities in the project will be implemented by FGLG

ANNEX 2

TERMS OF REFERENCE FOR THE NATIONAL EXPERT

PROJECT MANAGEMENT UNIT:

1. Project Coordinator

Qualification:

As a Team/Project Coordinator the incumbent should have graduate qualification in forest management science, natural resource management, and at least 5-year experience in forest product trade, certification and training. Having experience in conducting FGDs and Workshops as well as training with Forestry Stakeholders. Have deep knowledge about wood chain of custody and certification. Having experience working with community forest management scheme.

Minimum Requirements:

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

Responsibilities:

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

Duration: 24 months.

Location: Jakarta and Jogjakarta

2. Position: Finance staff

Qualification and Experience:

Having background in financial works for at least 2 years; ability to speak and write in English, Familiar with ITTO auditing system.

Responsibilities:

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

Duration of employment: 24 months

Location: Jakarta.

3. Position: Administration staff

Qualification and Experience:

Having background in secretarial works at least 2 years, able to speak and write in English, familiar with ITTO project documentation and reporting system.

Responsibilities:

Assist the Project Coordinator on day to day administration activities, filing documents, preparing outline of data and draft report. Prepare progress report.

Duration of Employment: 24 months

Location: Jakarta

ANNEX 3

TASKS AND RESPONSIBILITIES OF KEY EXPERTS PROVIDED BY THE EXECUTING AGENCY

The table below lists the key project personnel provided by the Executing Agency presented with their main roles and responsibilities in the implementation of the project.

| No | Name | Professional education | Position | Experience relevant to the project | Task in the project |
|----|---------------------------|------------------------|--------------------------------|---|---|
| 1. | Ir. Listya Kusumawardhani | Master degree | Director | International experience in forest conservation and forest utilization | Responsible as Executing Agency |
| 2. | Ir. Bambang Nugrohdjati | Bachelor degree (S1) | Staff of DG Forest Utilization | Experience in wood product legality issues, forest product administration and certification | Involved in implementing the activities |
| 2. | Ir. Lasmini Adi | Master degree | Staff of DG Forest Utilization | Experience in wood product legality issues, TILAS | Involved in implementing the activities particularly in training as resource person |

ANNEX III. PROJECT FORMULATOR

The formulators of this project proposal are :

1. Yani Septiani; DG of Forest Utilization of MoF
2. Dewi Lestari Yani Rizki/Elizabeth Lukas; Forest Governance Learning Group Indonesia

II. Terms of Reference for Project National Consultant

1. **Position: Timber Administration Expert**

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

Duration: 2-3 months

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

Responsibilities: The expert will be responsible (1) to review and analysis of timber administration implementation in group of community forests and in small/medium forest processing industries (2) to contribute input in dissemination process and involved in consultation (4) to prepare a technical report within the period of assignment. The technical report and documentation must be presented in the project meeting.

Payment: Expert will carry out the activity within the time as allocated by the project. Rate of payment is US\$ 1,500-2,000 per month

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

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

Duration: 2-3 months

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

Responsibilities: The expert will be responsible (1) to establish training manual of timber administration (various target groups particularly head of villages (2) to develop preparation and training program (3) to conduct training series of timber administration including field practices; 4) to prepare a technical report within the period of assignment. The technical report and documentation must be presented in the project meeting.

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

ANNEX 4: Responses to reviewer comments/recommendations

| Reviewer Comments/Recommendations* | Amendment(s) made | Page |
|---|---|-------------|
| <u>Project Brief</u> Inclusion of Project Brief | It has been included. | 3 |
| <u>List of Abbreviations and Acronyms</u> Inclusion of List of Abbrev. & Acron. | It has been included | 2 |
| <u>Map of Project Area</u> Inclusion of Map of Project Area | It has been included | 4 |
| <u>Origin</u> This can still be improved. Legal timber is about origin, logging permit, logging system and procedures, administration, shipping and processing and trade or transfer document. The focus is on 1 law, Decree 30/Menhut-II/2012, and it was mentioned about BPN for tenure. What about the other aspects of legality? Got conflict with section 1.3.2 | New paragraphs been added in origin to improve the statement of legality aspect | 5-6 |
| <u>Geographic location</u> Locations should be marked on map. Furthermore, the community forest figure in Java is 4670 ha. Not sure about the other regions. This is a small area for a large funding project? Is something missing? | Location has been marked on map Has been corrected | 4 9 |
| <u>Social, cultural, economic and environmental</u> Delete extra text at beginning of section which is previous review comment. The second sentence says that most of forest area belongs to local communities with secure right and clear tree ownership. This is in conflict with the stated reason for the project - to determine legal origin as the focus seems to be the decree 30. The section does not provide much idea of the social, cultural, economic and environmental aspects of the region. Especially the 3 target districts. How many families are there and what is the area involved? | Social, cultural, economic and environmental has been modified | 10-11 |
| <u>Expected outcomes at project completion</u> Provide concrete targets for increase in legal timber trade, how many people trained/capacity increased for, etc. | Has been added | 11-12 |
| <u>Institutional set up and organizational issues</u> Clearly how these factors relate to project execution and participating agencies. | Clarification has been added | 13-14 |
| <u>Problem analysis</u> Why are the beneficiaries of community forestry not supportive of the ensuring legality? This is different from poor incentives which is mentioned separately as another cause. This does not seem to be addressed in the project. | It has been clarified | 16 |
| <u>Problem tree</u> | Has been modified | 17-18 |

| Reviewer Comments/Recommendations* | Amendment(s) made | Page |
|--|---|-------|
| Objective tree - it should be increase state tax revenue, not reduced? Focus is on Decree 30. But mentioned earlier sections about legality along supply chain including SMEs. | | |
| <u>Logical framework matrix</u> Some indicators are still more like activities, please reformulate. No specific objective written. If the laws are in place, is political will still a problem as mentioned in assumption? Are there political obstacles in preventing good implementation of legislation? | Long term impact Indicators have been improved | 19-21 |
| <u>Development objective and impact indicators</u> Since the focus is on community forestry, it may be good to insert community forestry into the development objective, which is a major pillar of government policy in addition to natural forest. | Has been inserted community forestry into development objective | 21 |
| <u>Specific objective and outcome indicators</u> Rather vague. Be more specific, e.g. how many stakeholders will be trained or attend the workshops? The specific objective relates to 3 districts - it should be able rolling out lessons or methodology to the community forestry in Java and Nusa Tenggara - also how about other regions in Indonesia? | Outcome indicators have been improved | 22 |
| <u>Outputs</u> Provide more details, be specific, e.g. including number of stakeholders participating particularly in output 2 | Output indicators has been improved | 23 |
| <u>Activities</u> Be more specific. It is unclear why the timber tracking component was completely removed from the proposal; it may still be a relevant activity | Activities has been clarified | 23 |
| <u>Implementation approaches and methods</u> Weak or no link between problem and approach. Straight forward - preparing materials, give workshop and training to target groups. Presume this will be effective for community forestry since it was mentioned about the lack of support in the problem section. | Has been improved | 24 |
| <u>Master Budget</u> FGD still not defined, Local transport appears very high | Master Budget by Component has been revised/clarified. FGD has been included Short film production budget has been added The purpose of the amount of US\$ 4.500 in the ITTO budget for coordination meetings in national level among concerned Ministries/institutions mainly Ministry of Forestry and BPN. And also the budget will be used for coordination meetings on operational/technical aspect in provincial and district level | 26-29 |

| Reviewer Comments/Recommendations* | Amendment(s) made | Page |
|---|---|-------------|
| | | |
| <u>ITTO Budget by Component</u> same as above | Has been improved | 32-33 |
| <u>Executing Agency Budget by Component</u> same as above | Have been improved | 35 |
| <u>Assumptions and risks</u> This can still be improved and clearer | Has been improved | 35-36 |
| <u>Sustainability</u> Please ensure MOF staffing and support for this work continues under regular budget. The central coordination between MoF and BPN should be sorted out at the national level, not at the pilot level as in this case. Sustainability can only be achieved if the ministerial coordination can be effective, and the practical at the pilot level can help iron out any local challenges. | Has been modified | 38 |
| <u>Project Steering Committee</u> Spell out members and propose frequency of meeting; indicate what small budgeted amount is for (bringing stakeholders?) | Have been included | 38 |
| <u>Stakeholder involvement mechanisms</u> Too vague, be specific, e.g. could point out that (limited) support for community reps to attend training, PSCs, etc will be available. Community stakeholder seems to be only passive in the role of receiving and participating. There is no empowerment role here, and participatory. Perhaps due to nature of legislation implementation? There is no mention of the mechanism for involvement by stakeholders other than passively. | Stakeholder involvement (mainly communities) in an active manner has been added | 39 |
| <u>Reporting, review, monitoring and evaluation</u> All progress reports to be submitted Jan and July each year (not just first); evaluation will be after project completion. You should also inception meeting and report | Have been improved in Reporting and Monitoring, Review and Steering Committee's meeting | 39 |
| <u>Dissemination of project results</u> Too vague, be more specific. More specific dissemination methods to the communities in other regions to learn will be important result not just to government agencies and those institutions and organisations working on community issues. Please also note the official ITTO languages! Will reports be made available in Bahasa or in English? Preferably both. English summaries (or translations) will be required | Dissemination of project results has been modified | 40 |
| <u>Mainstreaming project learning</u> Please mention about sustained focus on community forest management in MOF that will ensure outputs are mainstreamed | Has been modified Film/video production has been added in order to mainstream a project learning | 40 |