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Private forest in facing the timber legality regime in Indonesia: the NGOs' role

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Abstract. Private forest becomes a role model of sustainable forest management in Indonesia. Not only it is able to rehabilitate critical lands, but it also significantly contributes to meet the community daily needs and wood-based industries due to using agroforestry system as its management practice. However, in 2009 the Ministry of Environment and Forestry (MoEF) of Indonesia decided to implement a timber legality assurance system as a mandatory instrument including for private forest. However, the administrations and procedures are complicated. Private forest thus faces new challenges to obey the complication of the system. NGOs are often mentioned as the most contributing actor in solving private forest difficulties. This paper thus attempts to shed light on the challenges faced by private forest because of the timber legality policy and how NGOs take their role.

1. Introduction

Private forest is envisaged as a forefront role model of sustainable forest management in Indonesia. It is privately managed by the communities as the owner, and commonly uses agroforestry system as its management practice which integrates seasonal plants with trees in the same space and time to result in high productivity of land [1]. Initially, private forest development in Indonesia has been used to rehabilitate critical lands, but currently it significantly contributes to meet the community daily needs as well as wood-based industries. Specifically to wood-based industries, the private forest becomes one of the promising sources to produce wood raw materials [2]. Timber production of private forest in Indonesia reaches more than 2 million cubics per year allocated for producing e.g. construction wood, furniture, pulp and paper, and others [3].

However, since the establishment of the Indonesian timber legality assurance system called SVLK (*Sistem Verifikasi dan Legalitas Kayu*) as a mandatory instrument, all timber harvested from private forest must be assured its legality through a set of assessment process. This is envisaged not taking sides to the private forest farmers, in which most of the farmers are rural communities with low capacity, encountering difficulties to accomplish the complication of SVLK process. The farmers reckon burdened by the costs that must be paid upfront before the assessment process conducted [4]. Even worse, despite the legally certified timber has been acquired, the timber premium price promised is still

uncertainty in the market [5]. The farmers with all limitations therefore inevitably entail assistance or guidance from other actors in facing these challenges.

In the growing literature, NGOs are touted as one of the major actors of the SVLK implementation [6, 7, 8], including supporting private forest farmers in the SVLK assessment process [9]. Their capability to gain and mobilise resources e.g. money, access and knowledge are indicated being primary capital in supporting the farmers in facing timber legality challenges [10,11]. Therefore, questions regarding what are challenges faced by private forest associated with timber legality implementation? which NGOs supports them? and in what forms they support? are will be answered by this paper. This paper is divided into five parts, this is the introduction, continued with overview of the timber legality assurance system in Indonesia, challenges faced by private forest on the timber legality implementation, NGOs and its roles, and conclusion.

2. Overview of the timber legality assurance system in Indonesia

The Indonesian timber legality assurance system namely SVLK (*Sistem Verifikasi dan Legalitas Kayu*) was established by the Ministry of Environment and Forestry (MoEF) Indonesia in 2009 through P.38/Menhut-II/2009 application [12]. This establishment was triggered by massive illegal logging practice that has been occurring over the past few decades, significantly causing environmental degradation and widespread corruption and collusion between bureaucrats and businessmen [13]. While the voluntary market-based instruments i.e. sustainability-based certifications touted to improve forest governance has been intricate and so low uptake [14].

Moreover, the SVLK establishment and development are also inseparable from the influence of timber products consumers' countries e.g. the European Union (EU). The EU requires that all timber products imported to them must be from legal sources and sustainably managed [6]. In the early 2000s, the EU initiated Forest Law Enforcement, Governance and Trade (FLEGT) promoted through a bilateral Voluntary Partnership Agreement (VPA) between the EU and exporting countries. The VPA becomes legally binding upon signature and ratification by both parties. The exporting countries agreed to cooperate under the FLEGT scheme are obliged to establish the national legality assurance system. As compliance on the FLEGT, the SVLK was eventually established and applied as a mandatory system for all forest management units, industries, traders and timber depots, and all export destinations [15]. In its development, the SVLK has been revised several times from the initial law P.38/Menhut-II/2009 to the latest P.30/Menlhk/Setjen/PHPL.3/3/2016 in order to conform to the FLEGT standards [14].

The implementation of SVLK is complex, multiple actors are engaged and interact in the SVLK system. Ministry of Environment and Forestry (MoEF) as regulator, the verification bodies (VBs) as party who conducts the SVLK assessment process, the national accreditation committee as accreditor to the VBs, civil society as independent monitor of the whole of SVLK process, and forest management units (FMUs) and industries as object of the policy [12]. This multiple actors' inclusion aims to preserve transparency and credibility of the SVLK, and the EU acknowledges that the SVLK system has been corresponding with the FLEGT standards. As a proud achievement, the SVLK eventually succeeded in becoming the first national legal system that obtains FLEGT license in 2015 [16]

However, despite FLEGT license has been obtained, the main goals of the SVLK to better forest governance as well as to improve community prosperity [15] have not been fully achieved. Within a decade many studies report that the SVLK implementation generally leads to less effective and efficient [17]. Illegal logging and trade remain to occur, and collusion and corruption are still mushrooming [18]. In addition, the SVLK is also only benefiting to some parties such as well-established FMUs and large wood-industries. In opposite, the SVLK becomes a big challenge for parties who have limited capacities and resources such as private forest [17].

3. Challenges of private forest on the timber legality implementation

The SVLK endorses two types of certification i.e. sustainable forest management certificate namely *sertifikat pengelolaan hutan lestari* (S-PHPL) and timber legality certificate or *sertifikat legalitas kayu* (S-LK) [16]. According to the latest version of the SVLK Law (P.30/Menlhk/Setjen/PHPL.3/3/2016),

private forest is only obliged to obtain S-LK, and the assessment process is not proposed by individual private forest farmers but through farmers' groups [19]. The S-LK will be reached when a private forest group has already complied with legal compliance standards in gaining timber forest products. However, as long as 10 (ten) years of the SVLK implementation, legally certified area of private forest in Indonesia has just reached < 1% (less than one percent) of the total area, only as many as 42,672 hectares of 34.8 million hectares [20]. This indicates that obtaining the S-LK is not an easy task for private forest.

Economic and institutional factors become the main challenge for private forest. Economically, most of the private forest farmers in Indonesia are relatively low income. They utilise seasonal plants to meet their daily needs, while the timber is reserved for greater needs e.g. children education costs. With the enforcement of SVLK as a mandatory instrument, the private forest farmers' burden increases. They have to pay the assessment process costs upfront (start from 10 million rupiahs depending on the area to be certified) while the premium price promised after obtaining S-LK has not fully reliable. In addition, based on P.30/Menlhk/Setjen/PHPL.3/3/2016, the S-LK is only valid for 10 years from the time of issuance. After that, surveillance must be carried out at least once in two years after obtaining the S-LK, and the estimated cost is around 70-80% of the cost of the initial assessment process [20]. Therefore, private forest farmers need financial aid to sustainably obey the SVLK assessment process.

Regarded with institutional factor, readiness of private forest farmers' groups currently has not able to be independent in facing the SVLK assessment process. Most of them are low-level education so their knowledge, access, and experience regarding SVLK administration are relatively limited. While the assessment procedures are complicated, and the requirements are difficult. For instance, the forest farmers' group is asked to make a location map of their private forests [21]. This is difficult for the farmers, so they eventually are reluctant to do the SVLK assessment process. Therefore, intensive assistance from other capable actors becomes necessary. Other actors such as local government and non-government organisations can support them through e.g. providing consultations associated with the SVLK assessment process, and facilitating organisation training to increase the capacity of the farmers [20].

4. NGOs and its roles

Non-governmental Organisations (NGOs) are defined as organisations that are formal, voluntary, non-profit oriented, private, independent/non-partisan, and aim to promote common goals [22, 23, 24]. According to their concerns, there are NGOs focusing on environmental issues, human rights, development and others [25]. While based on working area, NGOs can be recognised as local NGOs, national NGOs and international NGOs.

In the case of SVLK, at least thirteen NGOs involved [19]. Some of them identified are environmental NGOs (ENGs) such as Javlec (Java learning centre) and Arupa (*Aliansi rimbawan untuk penyelamatan alam*). Arupa and Javlec are local NGOs based in Yogyakarta. Both focus on the social-related forestry issues e.g. right and access of community, equity and related others. They contribute a lot to the development of private forests, particularly in Java Island.

In general, the NGOs' role in the SVLK assessment process can be divided into two main categories i.e. facilitating to obtain financial aid from donor and providing assistance to improve the farmers' group capacity [9, 19, 20]. In obtaining financial aid from international donors, NGOs currently have a greater opportunity. Most of the international development aid e.g. official development assistance (ODA) funds from the EU countries to southern countries is distributed via NGOs [26]. For instance, cooperation between Javlec and other ENGs to improve effectiveness of the SVLK successfully gained financial support from the Department for International Development (DFID) Germany via Multi-stakeholder Forestry Programme (MFP) II application in 2014. The project used nine private forest units as a learning model in districts such as Purbalingga, Banjarnegara, Temanggung, Bantul, Gunungkidul, Blitar, Tulung Agung, Nganjuk, and Trenggalek. The total area successfully certified was 5,443 hectares with beneficiaries of 18,447 families. This implies that the role of NGOs as facilitator related to obtaining funding indeed matters. However, Javlec remains to assert that the forest farmers' groups cannot always

depend upon donor aid, due to it is limited and temporary. More importantly, the farmers' group should be empowered in such a way so they can forward cover the surveillance costs independently [27].

Related to providing assistance, the private forest farmers' groups assisted by NGOs intensively are more successful in achieving certification compared to groups assisted by the government [19]. NGOs are envisaged more dynamics in conducting assistance, applying different processes and strategies depending on the communities' culture and needs. In October 2011, three private forest units in Java assisted by Arupa successfully obtained S-LK with the total area is above 2,000 thousand hectares and with beneficiaries of 7,000 families in districts such as Blora, Wonosobo, and Gunungkidul. Arupa said that in assisting the private forest farmers' group, they focus on three points i.e. 1) institutional preparation, 2) business management according to sustainable forest management, and 3) building capacity and support from multiple actors [9].

First, in the institutional preparation, mapping of private forest farmers' groups becomes a primary priority. This will determine whether the existing groups should be maintained or need to establish new groups. For instance, Arupa does not initiate a new private forest farmers' group in Semoyo village in Gunungkidul, but relies on the existing group namely *Serikat Petani Pembaharu* (SPP). Arupa and the group discussed strategies to be used inclusively together with the village government in order to evading overlapping with the existing village programs. But in other cases, Arupa facilitated the establishment of a new farmers' group. As for a new farmers' group need to be assisted in establishing a management board, making group rules, and preparing group legality [9].

Second, in 2015, Arupa hosted community business development training entitled "scaling up legality verified private forests and small and medium wood industries to increase supply for FLEGT licensed timber and timber products" in collaboration with the Indonesian Ecolabel Institute (LEI) and supported by the European Union (EU). The participants are the certified forest farmers' groups surrounding Yogyakarta. The purpose of the training is to encourage the acceleration of community business through increasing business institutional capacity and preparing a business plan for the private forest management unit or *Unit Manajemen Hutan Rakyat* (UMHR). The participants are expected to understand the format of professional business institutions for UMHR, able to see the potential of goods and services in their groups, and understand and draw up their business plan [28]. Arupa also adds that sustainable forest management principles should be implemented to ensure the business sustainability. Specifically for private forest, the principles comprise area management, annual felling ration, private forest development, logging or harvesting of private forests, marketing or post-production, environmental and social management, and forest management plans [9].

Lastly, Arupa conceives that capacity building, and support from multiple actors will foster the success of assistance activities and institutional sustainability of private forest management. Capacity building can be improved through training activities, and the topics proposed can include training of administration and management, finance, private forest inventory, and mapping. However, sometimes the private forest farmers' group needs additional training such as business unit, carbon accounting, saving and loan, and making organic fertilizer, depending on the conditions. In conducting the training, Arupa usually applies Training of Trainer (ToT) system, in which managers or members assumed have more capacity will be facilitated to be a trainer. Skills and knowledge of the farmers thus can be faster improved, and this will result in the effectiveness and efficiency of capacity building process [9].

5. Conclusion

The Indonesian timber legality assurance system called SVLK appears as a big challenge for private forest. Not easy for private forest farmers with low-level income and education to obey the SVLK system. They face unsupportive economically and institutionally conditions, which eventually call other actors to assist them. NGOs exist as problem solver over economic and institutional problems of private forest. There is an NGO that has success stories in facilitating private forest farmers' group to obtain financial aid from an international donor i.e. Javlec, while Arupa reaps achievements in assistance programs to capacity building. In running their role, NGOs likely tend to collaborate with other NGOs

and actors, how they collaborate, what are their common interests may offer a new area for research as they are beyond the scope of this paper.

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PAGE 1

PAGE 2

PAGE 3

PAGE 4

PAGE 5

PAGE 6

PAGE 7
