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Development of Forest Management Units

Lessons Learned for Scaling Up

Implemented by: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Partner: Ministry of Environment and Forestry (MoEF) of Indonesia

Time frame: Forest Management Units being installed from 2009 to 2020 (GIZ's contribution is provided as part of the Indonesian-German FORCLIME Programme)

Unique aspects: Multilevel approach including specific technical assistance to three pilot FMUs (district level) in combination with the scaling up of FMUs (provincial and national level) via the FMU Secretariat (*Seknas KPH*), pools of FMU experts (*RAKI*) and forestry training centres (*Balai Diklat Kehutanan*)

Costs involved: EUR 14.8 million (overall project cost) between 2013 and 2016

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Development of Forest Management Units

Lessons Learned for Scaling Up

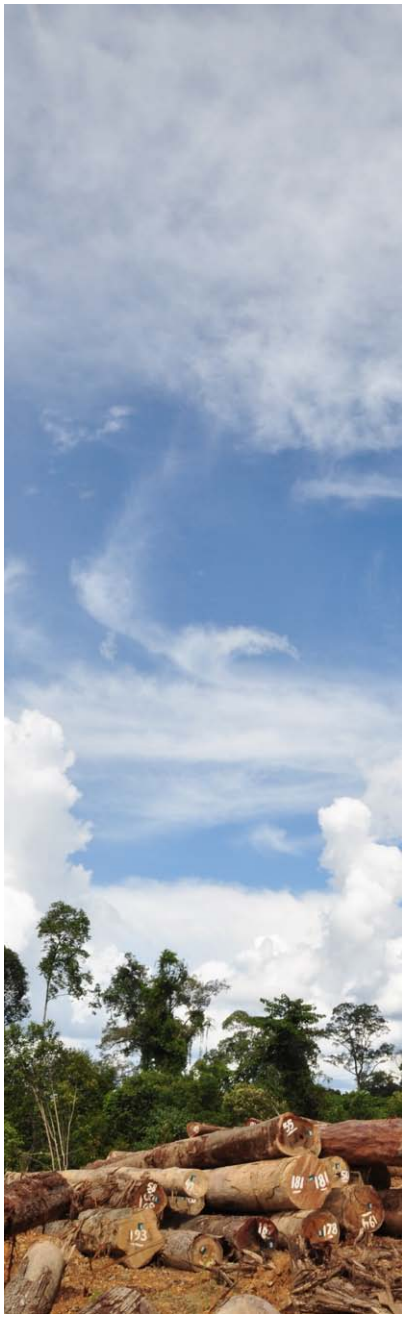
Background

Indonesia has the third largest area of rainforest worldwide. Its forests harbour an astonishing biodiversity, containing more than 10% of global plant and animal species, and are among the world's most important carbon sinks. Forestry-based activities and industries are a major source of employment in Indonesia and up to 30 million people directly depend on forest resource management.

However, the lack of adequate forest governance, planning procedures, management structures, clarity on tenure rights and law enforcement at the local level, and also encroachment by the agriculture and mining sectors have given rise to massive deforestation and forest degradation throughout the country. Over the 2000–2012 period, an average of 670,000 hectares of forest were lost annually. This deforestation and conversion of forest to other land uses contributes to nearly 60% of the national greenhouse gas emissions and means that Indonesia is one of the biggest greenhouse gas emitters worldwide.

The development of forest management units (FMUs) as permanent local management organisations is addressing these issues and constitutes a core component of Indonesia's reform of the forestry sector. When GIZ first got involved in this initiative, Indonesia had no system of permanent local forest management units outside Java. Provincial and district-level forest administrations with limited capacities were tasked with controlling and monitoring the forestry activities of vast areas. With individual areas as big as 40,000 km^2 (or 4 million hectares which is roughly the size of the Netherlands), it follows that they proved difficult to manage, protect and maintain.

Forest management was based on commodity management rather than area management, with centrally processed licenses issued to private sector commercial logging companies. In the absence of effective control mechanism this process is highly vulnerable to inefficient, poor management practices and poor governance. As license holders typically operated short-term profit-oriented outfits, sustainable forest management — particularly that involving partnership or consent with local communities — was largely neglected.



Forest Management Unit development – how it started

Indonesia' and Germany's cooperation in the forestry sector started 80 years ago with three German experts supporting forest research, forest inventory and forest management on Java. Since then, cooperation has grown steadily with more than 25 years of programme based cooperation with GIZ and its predecessor organizations GTZ, DED and InWEnt, comprising numerous training programmes, exchange visits and joint planning and implementation activities in the forestry sector, especially in Sumatra and Kalimantan.

Sustainable forest management in Germany has a more than 200 year long tradition, and the principles professional, sustainable management of forests based on detailed long-term inventories and planning remained always a key factor for sound forest administration and governance for the benefit of the public. Important factors for successful forest management are manageable sizes of units, sound professional formation and permanent training of all FMU personnel, the presence of FMU staff in the forest area (resort-based management), and a functioning monitoring system. These forest management principles, with a customisation adaptation to the unique environmental and socioeconomic conditions of Indonesia, served as an example for the introduction of the first pilot FMU outside Java in 2009.

The long-term support activities towards national and subnational partners at provincial and district level in Kalimantan in forest policy formulation, management planning and capacity development for sustainable forest management practices has triggered a massive forest sector reform with FMU development at its centre.

By April 2014, 120 model FMUs have been legally established out of which almost 20 FMUs have entered into an operational phase, demonstrating impacts and allowing up-scaling of best practices and lessons learnt.

A Forest Management Unit (FMU) is a public service provider, a permanent management entity and an operational unit of a manageable and controllable size of forest under the responsibility of national and subnational governments. Its size varies from 4,500 ha to 800,000 ha, but on average is about 133,000 ha. The FMU has clear economic, social and ecological management objectives stipulated by long-term management plans, annual work and business plans closely related to the main forest functions (e.g. protected forest, production forest, conservation forest) and needs of local stakeholders. Operational and administrative tasks are determined by long-term management objectives and by forest stakeholders (commercial companies, communities, state forest companies) operating in the area.

While the national and subnational forest services (Dinas Kehutanan) provide the forest administration framework, the FMU is responsible for day to day on-site forest management ensuring that all functions and services of the forests in the area are maintained, and that sustainable forest management (SFM) is implemented.

This is achieved by

- Oversee the whole planning and management process within the FMU area.
- Monitoring and controlling the forest management plans and operations of private forest managers (forest concessions) and other forestry owners (e.g. various community forestry schemes).
- Providing advice/services, approving, monitoring and controlling forest management plans and forest operations carried out by local communities (e.g. customary, community and village forest).
- Directly managing state forest not given to third parties for management (e.g. 'open access' forest, protected forest, protected areas) including forest rehabilitation, reclamation, protection and nature conservation.
- In partnership with independent bodies (e.g. NGOs) helping to resolve overlapping forest land tenure claims that cause conflicts and may threaten forest functions.

An FMU normally comprises a variety of forest land including areas with long-running licenses of natural and plantation forest, smaller areas of village, community, cultural forests, smaller village license areas (HKM) and areas of various size without any license (e.g. mostly ex-license areas without considerable timber stock left).

All these areas, although being part of the same FMU, are managed or should be managed differently and require different approaches.

How is the initiative implemented?

The initial successes achieved in national, provincial and district-level forest sector reform have made the development of FMU a national priority and FMU is now stipulated in the National Medium-Term Development Plan (RPJMN) and the Strategic Plan of the Ministry of Environment and Forestry (RENSTRA). GIZ provided significant support with the development of these strategies.

The establishment of FMUs is the keystone of not only Indonesia's forest sector reform, but also the National REDD+ Strategy (STRANAS) and the National Action Plan and Subnational Action Plans to Reduce Greenhouse Gas Emissions (RAN-GRK/RAD-GRK).

Business plans and long- and short-term management plans are being drawn up that focus on the question of how to manage and control the different forest types in cooperation with local stakeholders. The Indonesian government is set to establish 109 new FMUs in 2015 and then 100 FMUs annually thereafter until 2019. This will result in the establishment of a total of 600 FMUs, covering all of Indonesia's 120 million hectares of state forest. From 2015 onwards, the Indonesian government will provide significant resources for FMU development: approximately 75% of the Ministry of Environment and Forestry's budget (around USD 370 million per year) will be used to implement this forest sector reform. Additional funds from the Ministry of Finance and the Indonesian Climate Change Trust Fund (ICCTF) (around USD 80 million over five years) are earmarked for FMU development in order to mitigate emissions from the forestry sector and sectors using forestland.

In order to staff the FMUs with qualified experts and forest professionals, at least 15,000 new forest managers will need to be trained up – with most trained at the national Centre for Forestry Education and Training (CFET) and subnational training centres. GIZ also supports these centres by developing specific training modules for forest professionals.

The goal of establishing FMUs to cover all state forests across Indonesia has suffered several delays and, as it stands, implementation remains far from satisfactory.

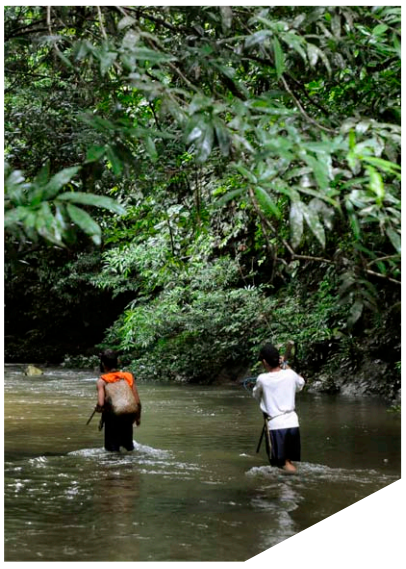
Despite the political imperative for FMUs, there are a number of constraints affecting full implementation:

- the issuance of a new law (UU23/2014) that has implication to unclear organization of FMU
- limited local structures and capacities (human resources, infrastructure, financial);
- unclear forest boundaries and conflicting interests of different sectors resulting in land use conflicts between communities, government and the private sector;
- an unclear distribution of roles and responsibilities between the national forest administration (ministry), local forest administrations (DINAS Kehutanan) and FMUs;
- 'conflicting' regulations;
- a lack of effective and operational management tools, policy and management models;
- a lack of funds to establish FMUs and make them operational.

The support FORCLIME provides to national and subnational partners seeks to address these issues by applying a balanced mix of policy advice, practical implementation and capacity development in a multilevel approach and by employing teams of international and national experts. GIZ has cooperated with Indonesian forestry stakeholders for a long time and has built a relationship of trust with them. As a result, FORCLIME is currently the main external supporter of forest sector reform in Indonesia, in particular of the development of the FMU system.

Lessons learned and impacts relevant to scaling up

The lessons learned during the FMU policy development process have been compiled in a series of publications on the FMU concept and its mainstreaming into forest policies.



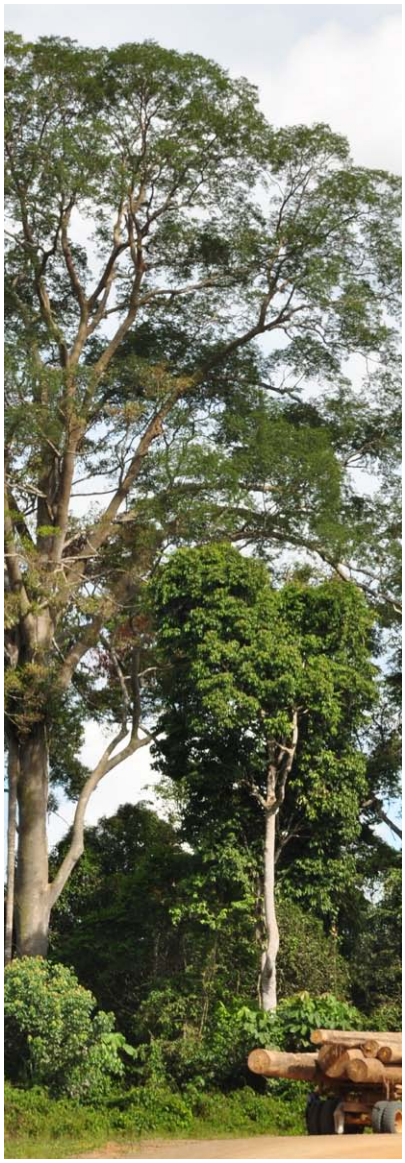
National level

Permanent focal points and communication structures for FMU mainstreaming and technical assistance are essential to create a common understanding on the FMU concept and to act as a catalyst for the forest sector reform process.

- The National Secretariat for FMU Development (SEKNAS KPH) has produced a communications strategy, website and series of publications on scaling up FMU.
  → *Potential for scaling up: from the national to subnational level, especially provincial level decision makers.*
- A university based team of more than 100 forest professionals linked to the national and subnational forest councils and research institutions/ universities has been set up and trained to support FMU development at local level.
  → *Potential for scaling up: from the national to subnational level, especially provincial universities and NGOs.*
- National coordination meetings for all FMU managers have been held to share lessons learned and to mainstream the FMU concept among participants.
  → *Potential for scaling up: from the national to subnational level, especially provincial level decision makers.*

The implementation of the forest sector reform by FMU establishment will require clear organizational units and substantial additional human capacities covering more than 15.000 new forestry experts that follow a uniform competence standard.

- Elements of the forest sector reform especially on FMU development have been integrated into the training curricula of the national Centre for Forestry Education and Training. More than 300 foresters have already participated in e-learning courses.
  → *Potential for scaling up: from the national to subnational level, especially for provincial training centers and technical schools.*
- The Indonesian Ministry of Environment and Forestry and relevant stakeholders at national and sub-national level have conducted more than 5 expert dialogues and South-South cooperation with 10-40 participants on sustainable forest management, climate and biodiversity conservation and wood-based renewable energies.
  → *Potential for scaling up: from the national to subnational level, especially provincial level decision makers and technical experts from the forest sector.*



Provincial level

National and subnational policies for FMU development need to be harmonized.

- The provincial forest administrations of East Kalimantan have received support with drawing up their medium-term strategic plans for the forestry sector (RENSTRA).
  → *Potential for scaling up: replication in other provinces.*

Transparent and credible financial management schemes are needed which are open for public and private investment.

- The Gularaya FMU, southeast Sulawesi, received support during its accreditation process, which enabled it to become the first to apply a financial management scheme for regional public service providers (PPK-BLUD) in order to attract both private and public investment.
  → *Potential for scaling up: replication in other provinces or FMUs.*

A common multilevel approach between national and subnational governments is essential to implement good local forest governance mechanism for the benefit of local communities

- The communication between forest administrations and the Ministry of Environment and Forestry on forest governance and community-based forest management (CBFM) has been strengthened through social events, workshops and the production of CBFM guidance.
  → *Potential for scaling up: replication in other provinces.*
- The provincial forest administrations of East Kalimantan have received support to set up a Forest Management Information System (FMIS) for improved data availability and reporting from subnational to national level
  → *Potential for scaling up: replication in other provinces.*

District, FMU and village level

Clear utilization rights and a systematic and participatory long term planning is essential to mitigate conflicts and to implement good local forest governance.

- Lessons learned on village forest development were identified and fed back to policymakers in the Ministry of Environment and Forestry (in collaboration with the Forestry Council of East Kalimantan, WWF and the Forestry Service of the Province of East Kalimantan).
  → *Potential for scaling up: replication in other provinces.*
- In all three pilot districts and FMUs, a forest carbon accounting methodology and carbon maps as a basis for climate protection activities (REDD+, NAMA, LEDS) were created.
  → *Potential for scaling up: replication in other provinces or districts.*
- Long-term management plans for the pilot FMUs Kapuas Hulu, Berau and Malinau have been developed.
  → *Potential for scaling up: replication in other FMUs.*
- Forest inventory methodologies and training modules have been rolled out in the Kapuas Hulu and West-Berau FMU.
  → *Potential for scaling up: replication in other provinces.*

- Concepts of different CBFM models have been introduced to and discussed with ± 200 community representatives especially in Manua Sadap (± 1.395 ha) and Nanga Lauk village (± 1.430 Ha) of Kapuas Hulu District and Setulang village (± 4.415 Ha) in Malinau District.
  → *Potential for scaling up: replication in other districts, FMUs and villages.*
- 3 Villages in and around FMUs in Malinau and Kapuas Hulu have received utilization rights via village forest licenses from MoEF.
  → *Potential for scaling up: replication in other districts, FMUs and villages.*
- 3 Communities in and around FMUs have conducted participatory resource and boundary mapping, and are preparing the necessary documents to seek approval to manage the forest areas.
  → *Potential for scaling up: replication in other districts, FMUs and villages.*
- Local institutions for village forest ('hutan desa') development in communities in and around FMUs have been strengthened by awareness raising, training and legal advise.
  → *Potential for scaling up: replication in other districts, FMUs and villages.*
- Forest land use conflicts based on overlapping claims between communities and public as well as private sector actors have been analysed in 5 villages in FMU Kapuas Hulu and 5 villages in FMU West-Berau and conflict mediation and resolution mechanisms have been initiated in cooperation with the Forest Governance Programme supported by GIZ and NGOs.
  → *Potential for scaling up: replication in other villages or districts. Upscaling from subnational to provincial and national level.*
- The socio-economic vulnerability for forest dependent communities towards climate change impacts was analysed in 64 villages in and around the FMUs Kapuas Hulu, Malinau and West-Berau.
  → *Potential for scaling up: replication in other FMUs.*

FMU concept implementation needs to systematically address local economic realities and livelihood issues to become competitive with alternative land use systems

- Communities in and around FMUs have been trained to develop or improve non-timber forest product (NTFP) value chains (e.g. honey, rubber, mangar tea) to improve local livelihoods.
  → *Potential for scaling up: replication in other districts, FMUs and villages.*
- More than 500 farmers and staff of local institutions in and around the three pilot FMUs have received training on successional cocoa agroforestry systems.
  → *Potential for scaling up: replication in other districts, FMUs and villages.*
- In two FMUs, the development of value chains (wild honey, cocoa and other non-timber products) was supported by providing training in value chain analysis and market access.
  → *Potential for scaling up: replication in other districts, FMUs and villages.*

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