

Planning and Budgeting in Community-based Forest Management through Community Forestry and Village Forest Scheme



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Foreword

This policy paper on the planning of and budgeting allocated for community-based forestry management in Indonesia has been drafted out in response to the poor implementation of community forests (*hutan kemasyarakatan*) and village forests (*hutan desa*) nationwide.

The reasons behind the poor implementation include weak commitments on the part of the central government and local administrations to develop collective actions and earmarking a budget for the implementation of community and village forests. This policy paper focuses on analyzing planning and budgeting linked to institutional relations between the central and local governments. This is because all collective actions and earmarking budgets occurs based on the distribution of power, the institutions involved at central and local levels and the planning processes.

Through a discussion of the aspects stated above, it is expected that an understanding of what is actually realized and what went into the plans and the budgeting process is revealed, aside from other influencing factors.

The policy paper is a summarized version of the actual study carried out by five researchers. The primary research coordinator worked at the central level while

the remaining four at provincial, regency and at village level. They comprise of research coordinator Dr. Suhirman, Prof. Dr. Zulkifli Alamsyah (Jambi), Dr. Ahmad Zaini (West Nusa Tenggara), Ir. Anas Nikoyan, M.Si. (Southeast Sulawesi) and Ir. Sulaiman (West Kalimantan).

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Jakarta, November 2013



Wicaksono Sarosa
Executive Director

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Executive Summary

Community forestry and village forestry schemes are forms of existing government policies on community-based forestry management (CBFM), carved out to support the management of forests to benefit the greater people and local communities.

Community forests (HKm) comprise of a branch of forestry whereby the local communities in and around forests are given the rights to and play a significant role in managing forests for the benefit of the community. Meanwhile, a village forest (HD) is a forestry operation whereby a local governmental/ village institution plays a significant role in managing forests for the benefit of the villagers.

Indonesia's community forests and village forests are schemes that came about as a result of previous policies which often sided with corporations that failed to help local forest communities. Previous forestry policies instead resulted in the depletion of natural resources, further impoverishing communities that depended on forests for their livelihoods, and brought forth unending conflicts over forestland ownership (Kemitraan, 2012).

In efforts to improve forestry management by empowering communities, HKm and HD became priority programs of the social forestry development agenda in the country.

Despite being prioritized at the central level, only 250,000 hectares of forestland were earmarked under the HKm and HD schemes, 3 years after both schemes were established,

according to a 2011 study by Partnership. This is half of the intended target, or 500,000 hectares per year. The main obstacle to implementing the schemes was allocating land that had both factors: it should be free of forest concessions and a community exists to manage it.

The study conducted on the planning and budgeting processes of the HKm and HD schemes showed the following factors linked to poor target achievement: Firstly, community-based forest management was not a priority agenda for planning or budgeting at a regional level. Going by Government Regulation No. 38 of 2007, forestry matters were categorized as "optional" as local administrations placed higher priority on "compulsory" issues linked to providing basic public services in the face of limited locally generated revenue.

Secondly, implementing social forestry schemes involve a large number of stakeholders and institutions holding various authorities at the central and local levels. This in turn brought forth coordination problems. Below are some of the primary problems that need to be resolved:

1. Uncertainty of achievement targets. Forestry issues are considered an optional matter and not a compulsory one when it comes to plans and allocating budgets. Therefore, the government at the central, provincial and regional levels are reluctant to list out what the specific achievement targets of forestry schemes should be.
2. Lukewarm relations. Lack of warm and coordinated relations between the central institutions and their local offices, non-governmental organizations and

communities working to implement the forestry schemes.

3. Setting the budget. On one hand, the central government which is committed to providing the funding cannot directly intervene at the district level. On the other, local administrations – especially at the regency level which organizes the communities to implement the schemes – do not set HKm and HD as its priority agenda. In the case that they do so, they lack the funds.

Outside of the primary problems stated above, implementing the HKm and HD schemes are considered as limited to a forestry issue. Ideally, empowering poor communities should be addressed by both central and local government administrations. Implementing the HKm and HD schemes should not be limited to the forestry sector, but should involve the Regional Development Planning Agency (Bappeda), the local government poverty alleviation coordination team (TKPKD) and rural community empowerment boards in villages, or BPMD.

HKm and HD schemes should also be interlinked to existing poverty alleviation programmes, such as the National Program of Community Empowerment (PNPM) and its supporting bodies.

Brief Recommendations

The key for the community forestry (HKm) and village forestry (HD) schemes to succeed is for all stakeholders to come to a mutual consensus, particularly between the related ministries involved and the political institutions at the provincial and district levels. In the short term, the Government of Indonesia needs to launch an acceleration programme specifically targeted at both schemes by working to maximize effective coordination between the related government institutions and efficiently implement budgeting processes.

Recommendations to the Government of Indonesia are as follows:

1. The Forestry Ministry, represented by the Directorate-General of the River Basin Management Development and Social Forestry, enters into a Memorandum of Understanding with regents and governors to accelerate the HKm and HD schemes.
2. The Forestry Ministry provides assistance to and monitors all activities, beginning from making suggestions as to where work can take place to the point of making verifications.
3. The Forestry Ministry funds the acceleration of programs through the River Basin Management Agency (BPDAS). In accordance to the HKm and HD targeted locations, regency governments shall process the community forest management business licenses (IUPHKm) and village forest management concessions (HPHD).
4. Assistance at regency level is provided by the Social Forestry working group. The group shall consist of members from government levels, local communities and non-governmental organizations.
5. At the village level, the HKm and HD schemes will be implemented by field workers, assigned by the Social Forestry working group. This will be funded by the central Government through the River Basin Management Agency, or BPDAS.
6. The Ministry shall award local governments which succeed to run the program and meet its targets.
7. For the medium term, the central government, local administrations and local communities needs to turn these schemes into a sustainable one. This can be done by expanding on the issue and the importance of these schemes, as well as getting the right people and legal instruments to support the sustainability of both schemes.

Why Opt for Community-Forestry Management?

Indonesia's forestry policies have for years sided with plantation and timber companies, something which failed to lift local forest communities out of poverty. These policies instead worsened ecological conditions, resulting in the depletion of natural resources, further impoverishing communities that depended on forests for their livelihoods, and brought forth unending conflicts over forestland ownership (Kemitraan, 2012).

The central government realized its mistake of siding solely with corporations. As of 1998, through the Ministry of Forestry Decree No. 47, the government sanctioned Kawasan dengan Tujuan Istimewa, or KdTI, a new special use zone. The new community forest designation grants local poor forest communities control over forest reserves under customary institutions and rules. KdTI recognizes the ecological and economic benefits from community-managed forests and devolves forest management authorities to local people. Forest management concessions, in short, were allocated to local communities. This turn in reformative legislation further developed, with policies on community forestry, and on village forestry.¹

¹ Policies on community forestry: Ministry of Forestry Decree (MoFD) No. 677/1998; No. 31/2001 and Ministry of Forestry Regulation (MoFR) No. P.37/2007 amended to MoFR No. P.13/ Decree-II/2010. On village forestry: MoFR No. P.49/2008 amended to MoFR No. P.14/Menhut-

Community-based forest management, through schemes such as community and village forestry, primarily focuses on empowering communities – not just carbon reserves or forest and non-forest products. Empowering a community, particularly a poor community, should be addressed at the central and local levels of government. The HKm and HD schemes are currently a part of the government's social forestry development priority program. The aim of this priority program is to increasingly manage forests through local communities.

Such a priority program should not only be limited to the central government's agenda, but must become a top priority at the regental level. This is because regencies play a far greater role in community programs, particularly when it comes to actual fieldwork conducted by communities in each subdistrict. If support is lacking, particularly in terms of funding, then making sure these forestry schemes succeed will be difficult, even if they are part of the country's medium-term development plans (RPHMN) and strategic plans of the Forestry Ministry.

This paper attempts to provide possible policies as alternatives to ensure that the community forestry and village forestry schemes succeed. The paper stems from work conducted through thorough research and study on planning and budgeting for community-based forestry management, both at local and central levels of the Indonesian government. Cases selected for this study comprise of a number of districts across 4 forestry-rich provinces: Jambi, West Kalimantan, West Nusa Tenggara and Southeast Sulawesi.

Overview

The Institutions: Planning the Community Forestry Schemes

There are two steps to plan the management of forests in Indonesia: the spatial layout planning approach and the program planning and budgeting approach. The spatial layout planning approach follows guidelines as stipulated in the Spatial Layout Planning Law No. 26 of 2007 and Forestry Law No. 41 of 1999.²

When it comes to development program planning and allocating a budget, the regulations followed are Finance Law No. 17 of 2003 and the National Development Planning Law No. 25 of 2004. These two laws regulate all forms of development planning and budgeting nationwide, both at the central and local levels.

However, in accordance to the principles of decentralization, the rules to implement a

² Through Law No. 26 of 2007, forests are considered part of both the national and local spatial layout plans. The planning of forest governance follows the national and local spatial layout plans (RTRWN/ RTRW). Law No. 41 of 1999 is a general forestry regulation whose contents are further incorporated in the spatial layout context into Government Regulation No. 6 of 2007 on Forest Systems, Management Planning and Utilization, and Government Regulation No. 44 of 2004 on Forestry Planning. These two government regulations are listed out in the Ministry of Forestry Regulation No. P.42/Menhut-II/2010 on Forestry Planning System.

decision at the central level will differ from those implemented at the district/ provincial level. Legislation formulated to plan development programs and allocate finances in districts opened up opportunities in line with the capacity and local potential of a district or a province. As a result, there is the possibility of a fragmentation in the ideals of a program – such as the community forestry scheme – activities and budget allocated at the central level and the district level. This is particularly possible should the central government fail to provide real incentives to push a province or a district to adjust its priority programs in accordance to what has been set as a priority agenda at the central level. Current legislation only stresses that there should be adjustments made - to conform - when it comes to planning and budgeting at the national level and the district level. However, actual instruments and incentives to ensure such adjustments occur are unclear. (See Appendix B – Figure 1).

The differences in the two steps taken to plan forestry management will be evident in the two different types of products of planning: on one hand is a product of spatial layout planning, and on the other, a product of program development plans and allocating a budget. Even as both products need to eventually be linked up, there is no instrument available which explicitly connects both. Instead, how these two products are to be utilized is left to the discretion of the body drafting out documents to implement forestry management.

Forestry issues do not fall in the “compulsory” category – but the optional one - for provinces and regencies, going by Government Regulation No. 38 of 2007 on distribution of authorities between central and local

administrations. The authority on forestry matters will be adjusted to the conditions, uniqueness and primary potentials of the local area, according to Article 6 (Paragraphs 3 and 4) of this regulation. Local governments place higher priority on issues that fall in the compulsory or mandatory category, which is linked to providing basic public services in the face of limited locally generated revenue (PAD) and a limited district/ provincial budget (APBD). (See Appendix B – Figure 2).

Meanwhile, Government Regulation No. 6 of 2007 which governs community empowerment on managing forests does not firmly stress or clearly express what specific responsibilities should be taken on by the local administration. Article 88 of this regulation states that the government, the provincial administration or regental/city administration in accordance to its own authorities are to facilitate institutional and business developments, technological, educational and training workshops, as well as access to local markets. How should all of this be facilitated, and who provides the money, is not really clarified.

The Institutions Involved

The central government has actually appointed an organization for the implementation of the HKm and HD schemes. The organization in question is the Directorate-General of the River Basin Management Development and Social Forestry (DG BPDAS-PS). The central government also supports both these schemes through its local office in the district level which is the River Basin Management Agency (BPDAS). The study conducted across the 4 provinces has shown that despite being handed

quite a substantial budget, BPDAS is not active in pushing for HKm and HD schemes to work, with the reason that this job has been delegated to the local administrations.³

Implementation of the HKm and HD schemes at the provincial level falls under the local Forestry Agency. Case studies at the 4 provinces show that not too much attention is given to the schemes. This is evident by the fact that there is no section/division specifically tasked at the provincial government level to focus on these schemes. One reason is because the function of the province in regard to the HKm scheme is not really significant. When it comes to the HD scheme, even as village forestry concession permits are signed off by the provincial governor, verifications of locations where the scheme actually takes place is implemented at district level.

At the district level, results are varied. Not all regencies have a specific Forestry Agency. Forestry is combined with Parks, Plantations, Farming and even Maritime Agencies at differing districts – and the job of implementing the HKm and HD schemes fall into the hands of officers of a section or a subdivision. Problems arise as a result of a lack of personnel, funding, and the focus of a section or a subdivision which is mostly taken up by matters such as reforestation or rehabilitation of forestland.

Going by Government Regulation No. 6 of 2007, an institution deemed responsible for assisting communities, villages and groups in drafting out plans for the locations allocated

³ Interviews with heads and staffers of BPDAS offices and BP2HP offices in Jambi, West Kalimantan, West Nusa Tenggara and Southeast Sulawesi.

for the sole purpose of HKm and HD schemes is the Forest Management Unit, or KPH.⁴ However, even as many pieces of legislation have been issued for the KPH, including functions, organizational structure and funding, not a single KPH checked and researched for the purpose of the study was found to be functioning effectively.⁵

The most important elements in the HKm and HD schemes are the communities/ villages applying for the working areas and management concession rights. The procedure to obtain concession rights begins from the initiative and the want of the communities and villages to manage forests.

With the HKm scheme, the most important organization is the HKm farmers' organizations or groups. With the HD scheme, the most important is the village head and the village institutions.

In practice each of these institutions and organizations cannot work or operate on their own due to lack of information, limited institutional capacity and funding issues. As a result, they rely on assistance from non-governmental organizations (NGOs). These NGOs are normally part of a national or international NGO network with a specific interest to social forestry issues. As a result, these NGOs at the local level are funded by their national or international offices and international donors/ partners.

4 See Paragraph 1, Article 86 of the Government Regulation No. 6 of 2007.

5 Policies on KPH: 1) MoFR No. P.6/Menhut-II/2009 on Establishment of KPH Areas; 2) Ministry of Home Affairs Regulation (MoHAR) No. 61/2010 on KPH Organisational Guidelines and MoFR No. P.6/Menhut-II/2010 on KPH Norms, Standards, Procedures and Criteria.

The various institutions supposedly targeted to implement the HKM and HD schemes at the central, provincial, district and community levels have experienced a host of coordination problems. To date, there is no institutionalized coordination between these various bodies that should be supporting the two schemes. The obvious need for coordination between these various institutions supporting HKm and HD is portrayed through the difficulties experienced in procedures to obtain HKm- and HD-related concession permits. There are two issues highlighted linked to work areas and permits: First is the official request for a working area linked to a community or village forestry scheme. Second is obtaining a permit from the regent for HKm farmers' group, or a permit from the provincial governor for the village institution that will implement the HD scheme.

Even as they are unclear, policies on HKm and HD schemes have been internalized by local administrations. In practice however, the responsibility to assist groups and villages to obtain working areas of HKm and HD is often passed over and thrown about between the provincial administration, the district administration and the River Basin Management Agency (BPDAS). Going by a ministerial regulation, to obtain working areas for HKm and HD, local communities need to plan out the management of the applied working area, and draft up a map and ensure the group's readiness to carry out such a plan.

On one hand, BPDAS believes that this task to assist groups and villages falls in the hands of the regency, in accordance to decentralization principles. On the other, the district believes HKm and HD are priority programs of the central government and therefore, money and

personnel resources should come from the central level, through the BPDAS.

Because of this, the role of the non-governmental organization becomes important. It is the NGO, with its personalized skillsets and source of funding, with the flexibility to keep good relations with the communities, provincial and district government agencies as well as the BPDAS. In terms of networking, it is the NGO that acts as the body which strengthens relations between all the various institutions that normally function in a more formal, rigid manner. It is the NGO that plays a vital role when it comes to communities/ groups making applications for a working area, and during the stages of obtaining permits for HKm and HD concessions. It needs to be noted however that the NGO, which depends on sources of funding from outside parties, cannot be expected to continuously assist with such a process in the long run. Instead, a direct cooperation must be forged between the local government and the NGO in question.

Allocating the Money

Funding for the HKm and HD schemes comes in from governments at the central, provincial and the district levels as well as local communities and villagers applying for work areas linked to the schemes. Funding also comes in from the NGOs that assist local communities and village institutions to be a part of the HKm and HD schemes.

Money from the national budget, or APBN, comes in through different doors: the Directorate-General of River Basin Management Development and Social Forestry (DG BPDAS-PS), its local office in the districts which is the BPDAS, a deconcentration budget for the governor, and specially allocated funds (DAK) for provincial and district administrations for physical purposes (buildings, plantations, purchase of seeds; etc).

Despite the various sources of funding, there is still difficulty to allocate funding for both the schemes from the central and local administrations. Money for these schemes is mostly needed by the government at the regency level, because it is at this level where procedures to apply for work areas at the field are made, including the drafting out of maps. This is considered work that is non-physical and therefore cannot be funded by DAK, which is only for physical activities. It can possibly be funded by deconcentration funds, which are handed over to the governor as the person representing the central government in the province.

Budget

The budget allocation for social forestry schemes fluctuates each year. The lowest allocation was in 2011 at IDR 17.89 billion, which is 0.59 per cent of the total BPDAS-PS budget. The highest allocation was in 2010 at 37.59 billion – 4.11 per cent of the total BPDAS-PS budget.

The low funding allocations at the Social Forestry Directorate for these schemes prove that at the ministerial level, budgets tend to focus on physical developments, particularly when it comes to rehabilitation and reforestation of land.

At the Forestry Ministry, allocations through local offices (BPDAS) average at IDR 1.5 billion per year to support social forestry schemes. Furthermore, there are additions from deconcentration funds from the governor averaging at IDR 300 million per year.

In practice however, things go differently. The central government's commitment to these social forestry schemes does not appear to be followed by the provincial and district governments in the 4 provinces.

There is no special post allocated within the provincial or district governments dedicated to the HKm and HD schemes. Funding for the schemes at the provincial and district level instead falls under reforestation and rehabilitation of land. Allocation of a budget for social forestry schemes can turn up as a possible rehabilitation activity, or won't turn up at all. If it does turn up, it has not gone beyond IDR 250 million (in the case of West Kalimantan). Outside of this province, the budgets average at IDR 100 million for social

forestry schemes. These are the reasons why:

1. Not a priority. Budget for the HKm and HD schemes are not considered priority programs in the provinces and districts. Even if they are, the targets of these programs are not specified clearly. This is a reason why suggestions to specifically allocated a budget for the HKm and HD schemes was scrapped by the local government agency concerned, when the agency received the indicative budget yardstick/ target from the regional development planning agency. It simply means that in terms of priority, HKm and HD lost at the district/ provincial level.
2. Reforestation budget. The funds for HKm and HD at the district level are allocated under the budget for reforestation and rehabilitation of forestland. This is because HKm and HD are non-physical activities, which is different from actual physical activities, like reforestation and rehabilitation, which can be measured. This is why district offices categorize HKm and HD schemes under the reforestation budget.
3. Local legislature. Even when the recommendations for these forestry schemes enter into a formal workplan and budget, most likely it will be scrapped out at the local legislature. The council believes optional issues still need to contribute to locally-generated revenue of the district. Since HKm and HD's contributions to the locally-general revenue cannot be explained directly, the recommendations end up being scrapped.

Outside of the government, funding also comes in from the general public. Communities

collect funds through cooperatives or community groups for social forestry schemes. One basic problem in the allocation is the cost per hectare. This information is important to serve as the basis for an institution to allocate funding to meet the expected target, aside from being a basis to share the funding load between institutions. According to field calculations conducted in Yogyakarta, West Nusa Tenggara and Lampung, Partnership has drawn a conclusion that the needs for implementation of social forestry schemes amount to IDR 600,000/hectare. With this, if the social forestry targets are to be met, the total budget needed is the cost per hectare multiplied by the achievement target. Unfortunately, this calculation has never been referred to by ministries and local governments to date.

Weaknesses and Possibilities

The primary problem blocking the implementation of social forestry schemes is the absence of effective interorganizational coordination. This encompasses clarity in terms of authority, no real sense of setting clear targets that are achievable, absence of effective networking, absence of skilled and focused resources as well as gaps in institutional capacity.

Other key weaknesses that need to be dealt with to unblock paths that can lead to the successful implementation of social forestry schemes are:

1. Differences in Perception. There is uncertainty as to what are the achievable objectives of social forestry schemes – like community forestry, village forestry and community plantations – at the central, provincial and district levels of government due to differences in perception. These differences are linked to responsibilities at central and local levels of government on forestry management. The central government considers social forestry schemes as a priority program. The district and provincial administrations do not, instead categorizing them as optional programs whose priority level is determined by the capacity and potential of the local area in question. As a result, districts will not list out targets of HKm and HD schemes that need to be achieved. This problem

is compounded by absence of clarity on what specific roles do the central and local governments play in the implementation of these schemes. There is no clear legislation that spells out responsibilities and how facilitation to ensure the success of these schemes needs to be carried out.

2. Formalities. Relations are tenuous at best between bodies linked to the central government (like the BPDAS) and organizations related to the provincial and district governments, non-governmental organizations and communities when it comes to HKm and HD schemes. They organize forums and social gatherings to discuss the schemes instead of working to take collective action and decisions based on their individual strengths, powers and resources.
3. Gaps in financial capacities and allocating budgets. The central government which is committed to providing the funding cannot directly intervene at the district level. Meanwhile, local administrations do not set HKm and HD as its priority agenda. They are incapacitated at times due to absence of skilled human resources and financial resources. Funding is needed particularly to support applications for work areas and the processing of permits for concession rights.

Possibilities

Going in accordance to the case studies in the 4 provinces, implementation of HKm and HD schemes can work if the following occurs:

1. Strong willpower from local politicians. Political leaders in the regions, particularly

regents and governors, can instruct, guide and direct their offices to implement the social forestry schemes.

2. Showing initiative. There is support and a proactive attitude taken up by officers in local government agencies toward initiatives forwarded by local communities and NGOs.
3. NGOs. There are non-governmental organizations that take the lead instead. They work diligently at community levels in regencies and districts to mobilize the people and provide them with technical guidance to obtain permits for the HKm and HD schemes.
4. Field assistance. Field officers are assigned and supported by both the assisting NGOs and the government offices. These field officers serve to mobilize organizations and community resources as well as to connect the local communities to external parties/ stakeholders.
5. Strong collaboration. There is strong collaboration between the actors/ stakeholders engaging to implement the HKm and HD schemes. The case studies in all of the locations indicate that success in forwarding applications for the working areas and issuing the management concessions can only be realised when all the actors work closely together.

Concluding Statements: The Road Ahead

Budgeting serves as a crucial factor that affects the performances of ministries and local governments when it comes to implementing the HKm and HD schemes. In short, if carefully and efficiently budgeted and through the workings of the appropriate institutions, the central government, via the Forestry Ministry, is able to utilize funds specifically allocated to accelerate the HKm and HD programs.

The key for the community forestry (HKm) and village forestry (HD) schemes to succeed is for all stakeholders to come to a mutual consensus, particularly between the related ministries involved and the political institutions at the provincial and district levels. In the short term, the Government of Indonesia needs to launch an acceleration programme specifically targeted at both schemes by working to maximize effective coordination between the related government institutions and efficiently implement budgeting processes.

Based on the above concluding statements, in order to accelerate the HKm and HD programs in the short term, the Government of Indonesia needs to an acceleration programme. Recommendations are as follows:

1. The Forestry Ministry, represented by the Directorate-General of the River Basin Management Development and Social Forestry, enters into a Memorandum of Understanding with regents and governors

to accelerate the HKm and HD schemes. This is achievable through:

- The revitalisation of local governments' planning documents on forestry. To adjust and bring in line their HKm and HD targets with the national ones.
- Increase the number of skilled human resources responsible for processing HKm and HD permits. Improve their capacity.
- Providing assistance in the application of working areas as well as with processing the community forest management business licenses (IUPHKm) and village forest management concessions (HPHD).

2. The Forestry Ministry provides assistance to and monitors all activities, beginning from making suggestions as to where work can take place to the point of making verifications.

- Drafting out the program schematics and guidelines for the River Basin Management Agency (BPDAS) and the Planology Center to successfully accomplish the programs, particularly in terms of the use of the budget.
- Monitoring program achievements as well as resolving any problems that should arise through assistance from the central government.
- Verify the locations requested through applications for work areas linked to the forestry scheme.

3. The Forestry Ministry funds the acceleration of programs through the River Basin Management Agency (BPDAS). In accordance to the HKm and HD targeted

locations, regency governments shall process the community forest management business licenses (IUPHKm) and village forest management concessions (HPHD). The fund amount shall be set based on the requirements to facilitate the communities' preparatory work in the application of and verification and establishment of work areas. If possible at all, the regency will contribute money through DDUB (local funds for joint actions) – 10 per cent of total received from the central government.

4. Assistance at regency level is provided by the Social Forestry working group. The group shall consist of members from government levels, local communities and non-governmental organizations. They could also involve representation from the BPDAS, the Monitoring Board for Utilization of Production Forests (BP2HP) and the Forest Planning Agency. Funding for this working group comes from the central government and the local budget (APBD). The working groups' tasks include but are not limited to identifying forestlands applicable for HKm and HD schemes; map out possible locations for these social forestry schemes; prepare communities, village institutions and cooperatives as well as assist in processing and verifying community forest management business licenses (IUPHKm) and village forest management concessions (HPHD).
5. At the village level, the HKm and HD schemes will be implemented by field workers, assigned by the Social Forestry working group. This will be funded by the central Government through the River Basin Management Agency, or BPDAS.

6. The Ministry shall award local governments which succeed to run the program and meet its targets. (See Appendix B – Figure 3).

For the medium term, the central government, local administrations and local communities needs to turn these schemes into a sustainable one. This can be done by expanding on the issue and the importance of these schemes, as well as getting the right people and legal instruments to support the sustainability of both schemes. A number of programs and activities that need to be conducted are as follows:

The Central Government Level

1. The Forestry Ministry drafts out guidelines on the role to be played by BPDAS in its efforts to support the Social Forestry forum and the Social Forestry working group. This includes funding support from BPDAS.
2. The Forestry Ministry should anticipate the possibility that a national policy could scrap deconcentration funds so that they are instead integrated into specially allocated funds, or DAK. This is an opportunity, because the central government can directly transfer DAK funds straight to district administrations for the purpose of accelerating work area stipulations and the processing of permits linked to both community and village forestry concessions.
3. Push for community empowerment through the HKm and HD forestry schemes so that they become part of community empowerment strategies to alleviate poverty. Instruments that can be used include

working agreements between the Forestry Ministry and other ministries such as the Home Affairs Ministry, the Coordinating Ministry for People's Welfare and the Cooperatives Ministry. Another possibility is to integrate the HKm and HD schemes into ministerial documentation and documents of the MP3KI program, which targets poverty reduction in Indonesia.

4. The Forestry Ministry needs to draft out the operational technical guidelines for community empowerment by inserting elements of the HKm and HD schemes as primary components in the writing up of community/ district programs. This can be funded by the National Program for Independent Community Empowerment (PNPM Mandiri).

The Local Government Level

1. Ensure effective coordination and assistance at the provincial level between BPDAS, provincial forestry offices, regency/ municipal forestry offices, NGOs and the local government poverty alleviation coordination team (TKPKD). Advance the Social Forestry Forum's activities and roles, strengthen it through the establishment of a working group for the acceleration of social forestry programs with extended members. The forum and working group's activities are supported by funds from BPDAS and deconcentration funds.
2. Provide incentives to the local governments in the form of facilitation and funding support to incorporate the HKm and HD targets into the local governments' documents.

- Integrate HKm and HD schemes into the local spatial layout plans, specifically within the chapter of spatial layout for villages.
 - Assistance to integrate the HKm and HD programmes and targets into local government's medium term development plans and strategic plans.
 - Get the HKm and HD programmes to be included as poverty alleviation programs, and programs that can absorb labour and boost employment.
3. Provide training to field assistants in the forestry sector to perform community empowerment tasks.

The Local Community Level

1. Funding of activities at community level can be developed through the village and forestry sectors of PNPM Mandiri, or the National Programme for Independent Community Environment.
2. Empower programmes and institutions within PNPM Mandiri of villages such as the Inter-Village Consultative Board (MAD) and the Inter-Village Coordination Board (BKAD). They should include the HKm and HD as priority programs.
3. Mobilize funding at community levels (groups or village institutions) independently through extraction of fees or collaborative work with the private sector.

Policies for community-based forestry management, through the HKm and HD schemes, are a breakthrough when it comes to pro-poor innovations. These policies can

ideally contribute to poverty alleviation in areas inhabited by poor forest communities, reduce forest management-related conflicts and minimise deterioration of forest resources. However, the success of such programs requires commitment and support from various parties and stakeholders at the central and local levels.

The prioritization of policies cannot rely only on the central level of government (the Forestry Ministry), but also on the local levels of government because it is the regencies that are directly involved with the application processes linked to work areas for these forestry schemes. In addition, commitment of funding support for the local governments from the central level should continue, particularly funding for regencies. As CBFM policies focuses on community empowerment, it should no longer be limited to only the forestry sector, but also to various institutions at central and local levels. Without support from various parties/stakeholders, especially through its budget instruments, schemes such as the HKm and HD, whose targets are already included in mid-term plans and the Forestry Ministry's strategic plans, will be hard to meet.

Appendix A

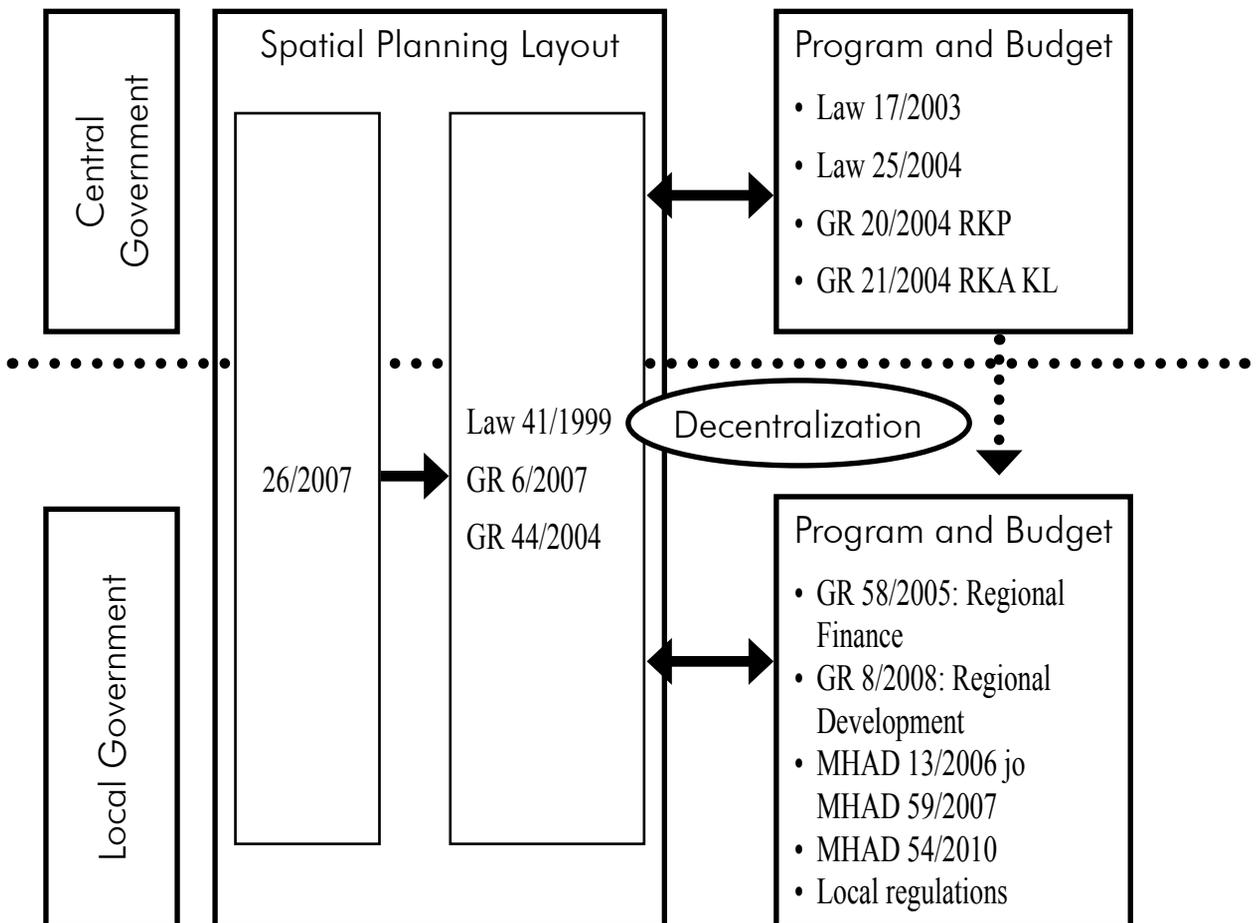
Map of Indonesia





Appendix B

The Legal Framework for the Planning and Budgeting of HD and HKm schemes



Note

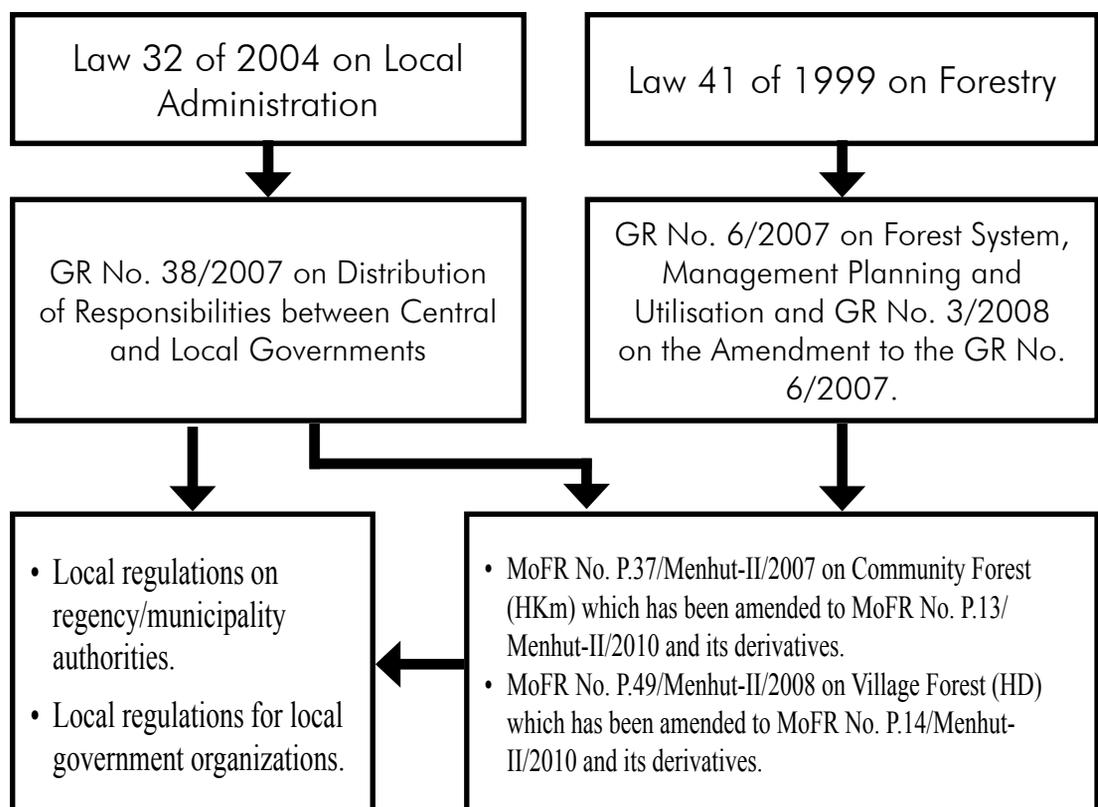
~ MHAD: Ministry of Home Affairs Decree

~ GR: Government Regulation

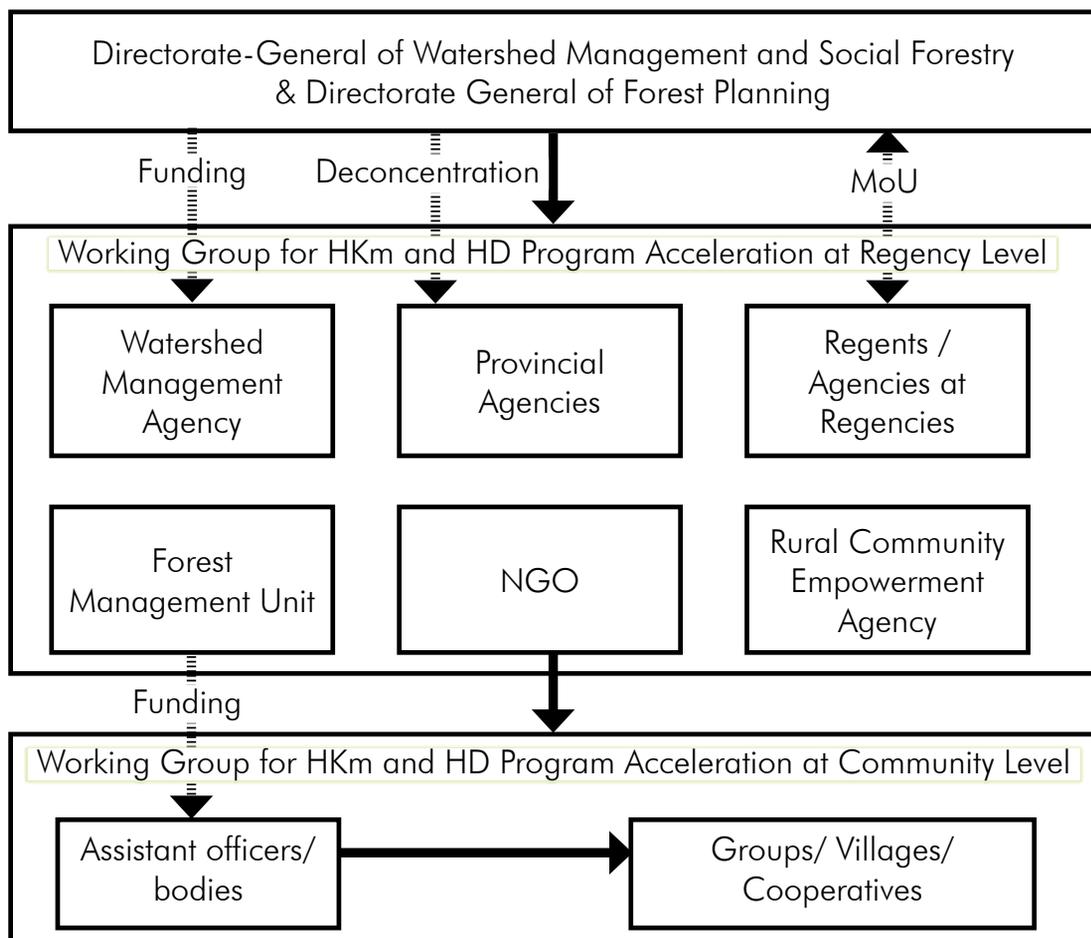
~ RKP: Government Work Plans

~ RKA KL: Work Plans and Budget for Ministries/ State Agencies

The Legal Framework of the Powers of Local and Central Governments in relation to the HKm and HD schemes



The Legal Framework of the Powers of Local and Central Governments in relation to the HKm and HD schemes



Glossary of Terms

APBD	Regional Budget	MoU	Memorandum of Understanding
APBN	State (National) Budget	MP3KI	Indonesian Master Plan for Poverty Alleviation Acceleration
Bappeda	Regional Development Planning Agency	NGO	Non-Governmental Organisation
Bappenas	National Development Planning Board	OTG	Operational Technical Guidelines
BKAD	Inter-Village Coordination Board	PAD	Locally Generated Revenues
BLM	People's Direct Aid	PAK	Working Area Stipulation
BP2HP	Production Forest Utilisation Monitoring Board	PNPM-Mandiri	National Programme of Independent Community Empowerment
BPD	Village Consultative Board	PS	Social Forestry
BPDAS	River Basin Management Agency	Renja K/L	Ministries/State Agency Work Plan
BPMD	Rural Community Empowerment Board	Renstra	Strategic Plan
Bupati	Regent	Renstra K/L	Ministries/State Agency Strategic Plan
CBFM	Community-Based Forest Management	RENJA-SKPD	Local Apparatus Working Unit's Work Plan
DAK	Specially Allocated Fund	Renstra-SKPD	Local Apparatus Working Unit's Strategic Plan
DAU	Generally Allocated Fund	RKA	Work Plan and Budget
DDUB	Local Fund for Joint Matters	RKPD	Local Government Work Plan
DEKON	Deconcentration Fund	RKU	General Work Plan
DG BPDAS-PS	Directorate-General of River Basin Management Development and Social Forestry	RKT	Annual Work Plan
DPRD	People Legislative Council	RPJMN	National Medium Term Development Plan
FGD	Focus Group Discussion	RPJMD	Local Government Medium Term Development Plan
GR	Government Regulation	RPJPD	Local Government Long Term Development Plan
HD	Village Forest	RTRW	Local Spatial Layout Plan
HKm	Community Forest	RTRWN	National Spatial Layout Plan
HPHD	Village Forest Management Concession	Rural PNPM	National Programme of Independent Rural Community Empowerment
HTR	Community Plantation Forest	SEB	Joint Circular
IUPHKm	Community Forest Management Business License	SKB	Joint Decree
KdTI	Area with Distinct Purposes	SKPD	Local Apparatus Working Unit
K/L	Ministries/State Agencies	TAPD	Local Government Budgeting Team
KPH	Forest Management Unit	TKPKD	Local Government Poverty Alleviation Coordination Team
MAD	Inter-Village Consultative Board	WA	Working Area
MoFD	Minister of Forestry Decree		
MoFR	Ministry of Forestry Regulation		
MoHAR	Ministry of Home Affairs Regulation		

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