# **FACTSHEET**

# THE PERFORMANCE OF FMU DEVELOPMENT

# "THE SPEARHEAD OF INDONESIAN FOREST MANAGEMENT"

A Case Study: in the KPHL Unit XXX Wain River- Manggar River of East Kalimantan, KPHL Kulawi of Central Sulawesi, and KPHP Model Kapuas Hulu of West Kalimantan

> Andi Chairil Ichsan, Anggi Putra Prayoga, Yulita, LSM ROA, dan LSM Sampan

BY:

FOREST WATCH INDONESIA 2018

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# **FMU as Country Representation at Site Level**

Forest is natural resources that should be utilized as much as possible for the prosperity of the people. As mandated in the 1945 Constitution, earth, air, water, and all contained are utilized as much as possible for the people's prosperity1. To fulfil these responsibilities, the state must implement good governance of natural resources management, especially in the forestry sectors.

With the complexity of current forestry problems, the development of Forest Management Unit (FMU) is the significant step towards improving forest governance in Indonesia. One of them is caused by the absence of the state in the management function at the site level. The role of government that is more inclined to the administration and licensing functions cause low control and supervision at the site level. Thus, it is necessary to have an effective institution and administration structure in the forest resources management at site level and open consultation and participation spaces for the public so that the forest resources management can be directed to improve the community welfare and sustainability.

FMU as the management unit in the forest management at site level is a form of State responsiveness to take care of forest as mandated in Act No. 41 of 1999 regarding Forestry. In an attempt to accelerate the FMU development, in 2009 the Ministry of Environment and Forestry has released the Ministry Regulation No. 6 of 2009 regarding the Establishment of Forest Management Unit Areas. Until 2012, there were a decision to determine the KPHP (Production Forest Management Unit) and KPHL (Protection Forest Management Unit) areas in 28 provinces<sup>2</sup>, the FMU Conservation areas in 20 national parks<sup>3</sup>, and the 28 FMU Model areas in 23 provinces<sup>4</sup>. Besides that, it also determined the derivative regulations as the guide in implementing FMU development and operationalization.

FWI, as a civil society organization, regarding the important role of society to participate in the forest management is necessary to monitor the performance of FMU development. The future face of Indonesian forestry is FMU, and without the active role of the parties, a good concept of FMU cannot be actualized.

<sup>&</sup>lt;sup>1</sup>Article 33 paragraph (1) of the 1945 Constitution of the Republic of Indonesia

<sup>&</sup>lt;sup>2</sup> http://kph.menlhk.go.id/index.php?option=com content&view=category&layout=blog&id=72&Itemid=221

<sup>&</sup>lt;sup>3</sup> Hariadi Kartodihardjo, Bramasto Nugroho, Haryanto R Putro. 2011. Pembangunan Kesatuan Pengelolaan Hutan: Konsep, Peraturan Perundangan dan Implementasi. Direktorat Wilayah Pengelolaan dan Penyiapan Areal Pemanfaatan Kawasan Hutan bekerjasama Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, FORCLIME Forests and Climate Change Programme: Jakarta.

<sup>&</sup>lt;sup>4</sup> Hariadi Kartodihardjo, Bramasto Nugroho, Haryanto R Putro. 2011. Pembangunan Kesatuan Pengelolaan Hutan: Konsep, Peraturan Perundangan dan Implementasi. Direktorat Wilayah Pengelolaan dan Penyiapan Areal Pemanfaatan Kawasan Hutan bekerjasama Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, FORCLIME Forests and Climate Change Programme: Jakarta.

<sup>&</sup>lt;sup>5</sup> The role of community in Indonesian forest management is regulated in Act No. 41 of 1999, article 68 paragraph (2) letter c and letter. It stated that the public has the right to give information, suggestion, and consideration in forestry development, also supervising the implementation of forestry development, either directly or indirectly.

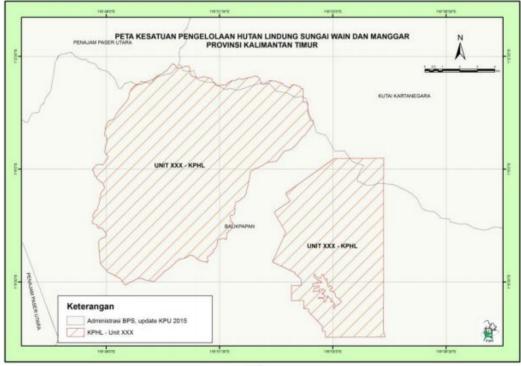
By using a book of *Panduan Penilaian Kinerja Pembangunan FWI 1.0*, FWI tries to encourage the FMU institutions that can implement the effective and efficient function of forest management. The monitoring and assessment results conducted by FWI can become the considerations in revision or implementation of FMU development policies. Specifically, this assessment aims to encourage accountability and synergy in the FMU development, from the planning stage to the development stage, until the operational stage. In its process, the assessment conducted also aims to find the policies gap with the implementation at the site level, also give suggestions and considerations directly to the stakeholders in the FMU development.

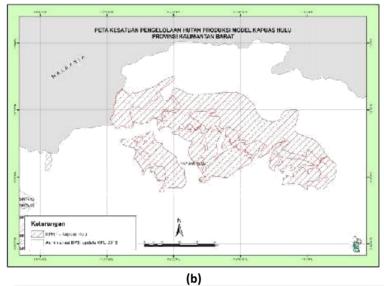


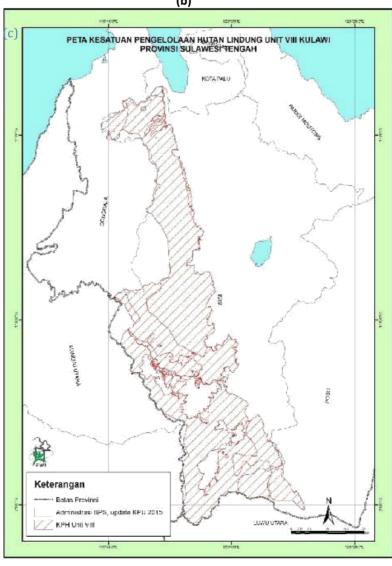
# The Performance Assessment of FMU Development using Criteria and Indicators of FWI 1.0.

The performance assessment of FMU development was conducted during 2016 and 2017 by FWI in 3 FMU areas: KPHL Unit XXX Wain River-Manggar River of East Kalimantan, KPHL Kulawi of Central Sulawesi, and KPHP Model Kapuas Hulu of West Kalimantan, which represents the different characteristics. KPHL Unit XXX Wain River-Manggar River of East Kalimantan represented the FMU institutions that are multi-stakeholders. KPHL Kulawi represented the FMU institution that is an initiative of District Government. Meanwhile, in the KPHP Model Kapuas Hulu is the FMU model that could accept the support from APBN (State Budget), but the establishment of the institution was supported by the District Government of Kapuas Hulu.

In the area constellation, KPHL Unit XXX Wain River- Manggar River is located in the upstream area of Manggar and Wain Rivers that become the main source for drinking water for Balikpapan people. It also becomes the strong reason for the assessment of KPHL Kulawi and KPHP Model Kapuas Hulu. Both are the upstream areas (Laroang and Palu Rivers) for the Palu City of Central Sulawesi and Mamuju of West Sulawesi, also the Kapuas River that passes through the Pontianak City of West Kalimantan. The upstream area is the life support for the capital because it becomes the water resource and biodiversity center or the habitats for the protected animals. If the upstream areas do not manage well, it can have the potential to negatively impact social life in the urban area.







**Figure 2.**The map of FMU areas in three Provinces (a) KPHL Unit XXX Wain River-Manggar River of East Kalimantan, (b) KPHL Kulawi of Central Sulawesi, (c) KPHP Model Kapuas Hulu of West Kalimantan

**KPHL Unit XXX Wain River-Manggar River, East Kalimantan.** It is an FMU with 14,832 hectares that is divided into two areas that are Protected Forest of Wain River and Manggar Drainage Basin (DAS) Protected Forest. This FMU area has been determined by the Ministry of Forestry and Environment in 2011<sup>6</sup>. Therefore, in its management is conducted by Protected Forest Management Agency of Wain River-Manggar DAS (BPHLSW-DM). It is based on the Perda (Local Regulations) of Balikpapan City No. 11 of 2004 regarding the Protected Forest Management of Wain River. BPHLSW-DM is a multi-stakeholder platform that the members consisted of several sectors, such as government, private sectors, community, and supporting NGOs. The initiative of Balikpapan City Government and the role of several parties in the institution of forest management that were established before KPHL Unit XXX Wain River-Manggar River was determined in the strong modality in the FMU development and operationalization.

**KPHL Kulawi, Central Sulawesi.** It has areas that geographically is very strategic with hilly and mountain contours, which becomes the upstream of Palu and Lariang that flows to Sulawesi. This FMU area is also still in one landscape with Lore Lindu National Park that is a home for various flora and fauna. With the characteristics of the strategic area, FMU functionalization is very required. The establishment of KPHL Kulawi institution was the initiative of Sigi District to accelerate the forest management at the site level. Then, in the development process, the KPHL Kulawi area in Central Sulawesi Province was determined by the Ministry of Forestry and Environment 7, followed by the Sigi District Government 8 with the establishment of the institution.

**KPHP Model Kapuas Hulu, West Kalimantan.** It has a very strategic geopolitical area. Besides being part of Heart of Borneo, FMU area is also directly adjacent with Malaysia. This FMU with 458,025 hectares was determined by the Ministry of Forestry and Environment according to the Ministry of Forestry Decree No. 380 of 2011. In the area designation, this FMU is divided into three functions: Protected Forest Area, Production Forest, and Limited Production Forest. In the development of the institution, the District Government also supports well the Decision of Kapuas Hulu Regent No. 35 of 2011 regarding the Establishment and Organization Structure of KPH Model Kapuas Hulu. The determination of KPHP Kapuas Hulu as the KPHP Model implies direct budget support from central to accelerate the FMU development.

# The Assessment Results of FMU Development

The assessment was conducted according to criteria and indicators on *Panduan Penilaian Kinerja Pembangunan KPH FWI 1.0*, which was established according to the scope of FMU organization's main task and function as regulated in the laws and regulations applied. Criteria in this study are the stability of the area, forest management, management plan, organization capacity, government relations, investment mechanism, community access rights, and management implementation.

<sup>&</sup>lt;sup>6</sup> The Decree of the Ministry of Forestry SK. 674/Menhut-II/2011 regarding the Area Determination of Protection Forest Management Unit (KPHL) and Production Forest Management Unit (KPHP) in the East Kalimantan Province.

The Decree of the Ministry of Forestry No. 79 of 2010 regarding the Determination of FMU Area in the Central Sulawesi.

<sup>&</sup>lt;sup>8</sup> The Regulation of Sigi Regent No. 34 of 2015 regarding the Fourth Change Over the Regent Regulation No. 10 of 2011 regarding the Establishment of Technical Implementation Unit in the Regional Offices and Regional Technical Institutions of Sigi Regency.

**Tabel 1.**The Criteria in the Assessment Results within the Performance of FMU Development in three locations in Indonesia

No	Criteria	KPHL Unit XXX Wain River- Manggar River of East Kalimantan	KPHL Kulawi of Central Sulawesi	KPHP Model Kapuas Hulu of West Kalimantan
1	Stability of the Area	1.94	1.11	1.94
2	Forest Management	2.33	1.00	2.33
3	Management Plan	1.67	1.22	1.22
4	Organization Capacity	1.90	1.00	1.90
5	Gov. Relations	2.67	1.33	1.67
6	Investment Mechanism	1.00	1.00	1.33
7	Community Access Rights	2.50	2.00	2.25
	Management			
8	Implementation	1.80	1.10	2.30
	The Final Results of	1.98 (moderate)	1.22 (low)	1.87 (moderate)
9	Assessment		, ,	· · ·
10	Ideal Score	3.00 (high)	3.00 (high)	3.00 (high)

The ideal score in this assessment is 3 (three). KPHL Unit XXX Wain River-Manggar River of East Kalimantan has the average accumulated value of 1.98 or in the **moderate** position. This is not much different from the average accumulated value in the KPHP Model Kapuas Hulu of West Kalimantan, which is 1.87 (moderate). While in the KPHL Kulawi of Central Sulawesi has the average accumulated value of 1.22, which means in the **low** position. The high and low level of the assessment results shows the government performance (central and regional) on the attempt of FMU development.

# Stability of the Area

Based on the criteria in the stability of area<sup>9</sup>, the three FMU areas have not guaranteed the certainty of its management area. Due to the boundaries arrangement process that is not yet 100 percent met the ends and has not received full recognition from the parties. The findings in the field based on the assessment results towards the stability of the area in each FMU are as follows:

# 1. KPHL Unit XXX Wain River-Manggar River, East Kalimantan

Forest area boundaries that become the KPHL Unit XXX Wain River-Manggar River area have been conducted on 1993 and 1995 by the Forest Area Stabilization Unit (BPKH) of Region IV and other technical agencies. There are several notes related to the boundaries arrangement process and related to the current KPHL development as follows:

- a. Since being determined as a KPHL area, the reconstruction process of FMU's boundaries arrangement has never been done  $^{10}$ ;
- b. Until 2017 was still found unresolved tenure conflicts. The conflicts were caused by the change of area function, from the land for other purposes (APL) became the Protected Forest in the DAS Manggar as a substitute for forest area that was released in Balikpapan City, while that location was previously a transmigration area. It caused a conflict between the community in the transmigration area and Government;
- c. The community involvement and socialization in the boundaries arrangement process that has been conducted by BPKH Region IV was very minimal;
- d. There was no budget allocation for boundaries reconstruction in KPHL Unit XXX Wain River-Manggar River;

<sup>&</sup>lt;sup>9</sup> The status certainty of FMU areas in the form of physical boundaries, evidence of legal administration, recognition of the parties, and suitability with spatial zoning provides the guaranteed area certainty that was managed for FMU.

<sup>&</sup>lt;sup>10</sup> The Instruction by Director General of Inventory and Forest Use SK No.12/Kpts/VII-1/1992 gave mandate, so that process of boundaries reconstruction is conducted 5 times a year.

e. There is no coordination in the boundaries budget plan between BPKH Region IV and Regional Government.

#### 2. KPHL Kulawi, Central Sulawesi

In KPHL Kulawi of Central Sulawesi has never conducted the area boundaries. The process of forest areas boundaries and forest inventory was just planned to be conducted by BPKH Region XVI in 2017.

# 3. KPHP Model Kapuas Hulu, West Kalimantan

The area boundaries arrangement in KPHP Model Kapuas Hulu of West Kalimantan conducted by BPKH Region III has reached around 80 percent. Therefore, the completion of boundaries process was constrained by limited budget problems in BPKH. The tenure conflicts and problems about the overlapping of KPHP boundaries with the village administration boundaries were still found. There was no clarity about the FMU work area and the issue of indigenous people's recognition in FMU areas.

# **Forest Management**

The forest management activities are the distribution of forest areas according to the function, designation and requirements for forest area management according to forest inventory results.

The key findings:

- BPKH is responsible for forest management activities (inventory, block distribution, boundaries, and mapping), from the budgeting, planning, and implementation. After the FMU development policies conducted, the implementation of forest management was also mandated to FMU, and BPKH has a role in supervision and facilitation functions.
- In its implementation of forest management, FMU is more positioned as the recipients
  of forest management documents, and is minimally involved in its arrangement process;
- FMU institution that has been established has not performed well of its function in the forest management process.

# 1. KPHL Unit XXX Wain River-Manggar River, East Kalimantan

Forest management activities in KPHL Unit XXX Wain River-Manggar River of East Kalimantan are conducted by BPKH IV East Kalimantan. Thus, all bio-geophysical and socio-economic inventory documents of FMU areas that have been validated in 2015 were only available in BPKH Region IV. BPHLSW-DM did not have bio-geophysical and socio-economic inventory documents. Communication between BPKH Region IV and BPKH Region IV, especially related to information distribution, did not run well. The principle of openness on BPKH IV as the public agency has not been implemented well, so the intended documents were very difficult to be accessed.

BPHLSW-DM has conducted the block distribution even though it has not been conducted yet in terrestrial. However, the block distribution was not supported by data and information about inventory results conducted by BPKH Region IV. There was a document containing the work areas arrangement but has not been validated yet. The document arrangement involved the community and became a mutual agreement.

# 2. KPHL Kulawi, Central Sulawesi

Forest management activities in KPHL Kulawi have not been implemented well, either by FMU or BPKH Region XVI of Central Sulawesi as the central unit. It has resulted in the absence of work area arrangement in FMU areas. Inventory would be conducted in 2017 by BPKH Region XVI of Central Sulawesi.

# 3. KPHP Model Kapuas Hulu, West Kalimantan

Forest management activities in KPHP Model Kapuas Hulu of West Kalimantan mostly have been conducted by BPKH Region III of West Kalimantan using APBN funds. Forest community involvement was in the inventory process of Non-Timber Forest Products (honey, bamboo, etc.) and Social Economic Review. However, they often only involved in the implementation (not completely), from the planning, implementation, and evaluation. Community acted as the field's companion and assistant (implementation process). KPHP Model Kapuas Hulu has had forest management map that divided the FMU areas based on utilization block, protection block, empowerment block, and special block, which is a based on RPHJP (Long-Term Forest Management Plan) documents.

# **Management Plan**

FMU management plan describes all scope of activities that will be conducted by FMU based on the timeframe and development orientation, including Long-Term and Short-Term Plan, also Business Plan.

# The key findings:

- After Act No. 23 of 2014 regarding the Regional Government, the transition process of forestry arrangement from district government to the provincial government became the main inhibiting factor of the RPHJP ratification process. RPHJP-FMU documents still had a status as a draft;
- The arrangement of RPHJP-FMU documents was facilitated by BKPH. However, in practice, the involvement of FMU institution in the arrangement process was still minimal or even it was positioned as document recipient. A case in KPHL Unit XXX Wain River-Manggar River of East Kalimantan, the institutional management did not have RPHJP documents that have been arranged by BPKH Region IV;
- BPKH as the government institution that held many authorities in the forestry management process, such as RPHJP document holder, Forest Inventory, Socio-Economic-Culture Inventory, and minutes of boundaries (BATB) documents have not applied the principle of information openness about forestry data and information for the public;
- The three FMUs have not completed business plan documents.

#### 1. KPHL Unit XXX Wain River-Manggar River, East Kalimantan

KPHL Unit XXX Wain River-Manggar River has not had a definitive FMU institution. However, the RPHJP-FMU documents have been arranged by BPKH IV using the consultation service of an expert team from Universitas Mulawarman.

- a. RPHJP-FMU was still a draft;
- b. There was no socialization regarding arrangement or draft of RPHJP FMU documents results. The document was stated closed by BPKH IV, and can be only distributed after the approval from the expert team;
- c. The BPHLSW-DM, which has managed area that was determined as KPHL Unit XXX Wain River-Manggar River, was not involved in the arrangement process;
- d. BPHLSW-DM, although definitively not as institutional of KPHL Unit XXX Wain River-Manggar River, was arranging work plan document every year that was suggested and validated by the Mayor. Then, the documents became the basis in area management that incidentally was also the area of KPHL Unit XXX Wain River-Manggar River;
- e. For KPHL Unit XXX Wain River-Manggar River has not been arranged the business plan documents.

# 2. KPHL Kulawi, Central Sulawesi

KPHL Kulawi has not conducted the arrangement of RPHJP-FMU because of the re-design process of FMU institution that has been conducted by the Province Government. Even though still in uncertainty stage of FMU institution in the future, the institutional of KPHL Kulawi that was established according to the policies of Sigi District Government has arranged work program for one year. However, the work program has not yet validated because of the obscurity in responding to the policies transition after Act No. 23 of 2014.

#### 3. KPHP Model Kapuas Hulu, West Kalimantan

Although the institutional of KPHP Model Kapuas Hulu has been determined since 2011 based on the Regent decree, RPHJP FMU documents as the basis for implementing FMU in the field has not yet validated. It still has to be customized with the existing policy changes (West Kalimantan Governor Regulations No. 137 of 2016).

- a. The not yet validated RPHJP-FMU had an impact on obstructed program allocation and distribution because it had no policies principle;
- b. Not yet arranged business plan documents.

# **Organization Capacity**

Organization capacity describes the ability of FMU organization in implementing task and function in the forest management. Generally, the organization capacity is shown by the completeness of organization structure, the availability of human resources, facilities and infrastructures, also FMU management mechanism. Overall findings, FMU institutions that have been established based on District/City Government are currently in an outgoing position. Other findings related to limited budget support, the sufficiency of human resources and staff competence is still lack.

#### 1. KPHL Unit XXX Wain River-Manggar River, East Kalimantan

- a. The management of Wain River Protected Forest and Manggar Watershed (HLSW-DM) before being determined as KPHL Unit XXX Wain River-Manggar River was conducted by a Multi-stakeholder Management Agency (Regional Government, Private, Community, and NGO). This management agency, known as BPHLSW-DM, was determined through the Regional Regulation of Balikpapan No. 11 of 2004. BPHLSW was an autonomous body that had direct responsibility to the Mayor of Balikpapan and was coordinated with Environment Agency of Balikpapan City. This organization managed 4 implementing units: KWPLH (Environmental Education Tourism Area), HLSW and DAS Manggar (Wain River Protected Forest and Manggar Watershed, and Balikpapan Botanical Garden;
- b. BPHLSW-DM did not have authorities as FMU task and function <sup>11</sup> to manage and control the permit holders in HLSW-DM area.
- c. After determining KPHL Unit XXX Wain River-Manggar River covering the area (HLSW–DM), many agencies indirectly equated the function and role of BPHLSW-DM as FMU. BPHLSW-DM became the institutional manifestation of KPHL Unit XXX Wain River-Manggar River in Balikpapan, and often received invitations to represent the KPHL management agency. Even the distribution of forest service workers (assistance from the central) to oversee the management operationalization of KPHL Unit XXX Wain River-Manggar River has also included in BPHLSW-DM;
- d. The establishment of KPHL Unit XXX Wain River-Manggar River structure was not conducted according to Governor Circular Letter of 2011 regarding establishing FMU structure to the district/city in East Kalimantan. If it was considered that BPHLSW-DM was a manifestation of KPHL Unit XXX Wain River-Manggar River institution, there should be a renewal in the Regional Regulation of Balikpapan City No. 11 of 2004 and adjusting to the FMU institutional mandate;

<sup>11</sup> FMU according to Government Regulation No. 6 of 2007 in connection with Government Regulation No. 3 of 2008.

- e. The current status of BPHLSW-DM was only legitimized as FMU institution without determined definitively;
- f. The budget for BPHLSW-DM operationalization, Balikpapan City Government provided the grant fund of 4 up to 6 billion per year; Budget mechanism through this grant fund was very susceptible to policy and governance dynamics. It was proven after Act No. 23 of 2014 regarding Balikpapan City Government has no authorities on forest management and budgeting. The BPHLSW-DM status that was only legitimized as FMU institution without determined definitively also made some potential budgeting that cannot be funneled as the budget from BPDASHL (Protected Forest and Watershed Management Office) for office assistance and transportation facilities;
- g. BPHLSW-DM already had 120 staff that could implement the activities such as security, empowerment, conflict resolution, and community development. The current number of staff, if it was compared with the needs of area management, was still lack;
- h. The head of BPHLSW-DM has never attended the education and training as the Head of FMU because institutionally the management of FMU HLSW-DM was not definitive;
- i. The BPHLSW-DM institution was also still lacking in the completeness of a structured and systematic mechanism (such as the completeness of Standard Operational Procedure) related to the information service process, investment service, dispute resolution process in the forestry sectors, conflict resolution, and decision making. However, the process kept running well even though with unwritten mechanism or instruction from the leader;
- j. Information management related to the accurate and up to date HLSW-DM management was still weak. Data and information were still distributed in the related institution with the HLSW area, such as BPKH, BPDASHL, UNMUL (Universitas Mulawarman), and others. There has not been a strong information system in the institutional of HLSW-DM area management. However, BPHLSW-DM has applied the principle of information openness for parties.

# Important notes:

The Implementation of Governor Circular Letter of 2011 regarding the establishment of FMU institution was not communicated or socialized well to the City Government. Thus, the BPHLSW-DM information became FMU institution only in legitimation without legal certainty.

After Act No. 23 of 2011, the HLSW-DM management became less clear. It was caused by the authorities transfer about forestry from District/City to Province. Balikpapan City Government suspended the budget of a grant fund for BPHLSW-DM operationalization in 2017 because they thought that the authority of protected forest management was the authority of Province Government. On the other hand, the Province Government could not allocate the fund because FMU institutions for all provinces (34 FMUs) would still be designed.

The transition process of governance after Act No. 23 of 2014 was not run well, especially the authorities transfer of HLSW-DM management from City to Province. As a result, legally HLSW-DM as KPHL Unit XXX Wain River-Manggar River area did not have a management institution. The absence of manager would certainly increase the potential threat on the continuity of HLSW-DM. Besides that, the operationalization of area management that has been conducted by BPHLSW-DM was in danger of being stopped and caused an unclear status of 120 BPHLSW-DM staff.

#### 2. KPHL Kulawi, Central Sulawesi

The determination of KPHL Kulawi was based on the Ministry of Forestry Decree No. 79 of 2010 regarding the Determination of FMU Area in the Central Sulawesi. After the determination, Sigi Regent had the initiative to establish the FMU institution through the Regulation of Sigi Regent No. 34 of 2015 regarding

Fourth Amendment of Regent Regulation No. 10 of 2011 regarding the Establishment of Technical Implementation Unit in the Regional Offices and Regional Technical Institutions of Sigi Regency. Structurally, KPHL Kulawi was led by Siti Hadijah S.Hut based on Sigi Regent Decree No. 821.29-567 of 2015 regarding the Appointment of Caretaker Officials for the Head of Technical Implementation Unit in the Protection Forest Management Unit of Kulawi Unit VIII for Sigi District Forestry and Plantation Service, with seven other staff based on Office Memo number 800.871/166/SET. Beside strengthen the basis of development policies in the institution of KPHL Kulawi, Sigi Regent also encouraged the acceleration of FMU development by submitting the request for development facilitation of KPHL Kulawi institution that was addressed to Directorate General of Forestry Planning and Environmental Management in the Ministry of Environment and Forestry.

- a. The development of KPHL Kulawi institution was not included in the district priority programs and Sigi District RPJMD (Regional Medium Term Development Plan). It was significantly related to the implementation of Act No. 23 of 2014, especially regarding the authorities transfer about forest management. As a result, there was no budget allocation from the District for FMU;
- b. After Act No. 23 of 2014, Provincial Forestry Service planned to re-design the number of FMU institution in the Central Sulawesi to be 13 FMUs from 21 FMUs with a fixed area (3,199,086 hectares) based on the Ministry of Forestry Decree No. 79 of 2010 regarding the Determination of FMU Area in the Central Sulawesi. It also would cause the uncertainty of FMU institution status that has been established by the Regent;
- Provincial Forestry Service planned to support the development of all FMUs in Central Sulawesi, especially KPHL Kulawi in 2017. This plan was contained in the RPJMD documents of 2017;
- d. Related to the FMU operationalization, the KPHL Kulawi institution has not yet supported by adequate human resources, the human resources competency was still lacking, and there was no mechanism of Standard Operational Procedure for institutional management in FMU areas.

Important notes: After Act No. 23 of 2014, Provincial Forestry Service planned to re-design the number of FMU institution in the Central Sulawesi to be 13 FMUs from 21 FMUs with a fixed area (3,199,086 hectares) based on the Ministry of Forestry Decree No. 79 of 2010 regarding the Determination of FMU Area in the Central Sulawesi. It would impact on the structure of FMU institution that has been established this time.

# 3. KPHP Model Kapuas Hulu, West Kalimantan

KPHP Model Kapuas Hulu institution was based on the Decree of Kapuas Hulu Regent No. 35/2011 on November 16, 2011, regarding the Establishment and Organization Structure of KPHP Model Kapuas Hulu.

- a. FMU institution has been supported by a budget allocation from the Central with its status as FMU model, district, and support from other parties, such as GIZ, WWF, KFW, TFCA. etc.:
- b. After Act No. 23 of 2014, FMU institution in West Kalimantan Province was regulated through Governor Regulation of West Kalimantan No. 137 of 2016 regarding Establishment, Organization Structure, Task and Function, and Working Procedure of Technical Implementation Unit from Forest Management Unit. Thus, the status of FMU institution that has been determined based on the current Regent Decree was in an outgoing position;
- c. Province Government was re-designing the FMU institutional and areas. The design consisted of 17 unit FMUs and other 3 UPTs (Technical Implementation Unit). The process of re-design the FMU institution in the West Kalimantan Province tended to be close for the public. Not building up of good communication in the process of re-designing a new FMU institution with FMU institutional that has been established caused the confusion of FMU operationalization, especially in the allocation of staff personnel;
- d. There was no budget allocation for FMU operationalization in 2017 and 2018 based on the RKPD posture, also RPJMD revision of West Kalimantan Province;
- e. The transition of FMU institution before and after Act No. 23 of 2014 was not run well. There was a nomenclature change in the FMU naming from KPHP Model Kapuas Hulu became FMU North Kapuas Hulu by the Provincial Forestry Service.

- Thus, the budget allocation from the Central that still used KPHP Model Kapuas Hulu nomenclature cannot be distributed;
- f. The availability of limited human resources (only about 33 people with management area about 416,280.22 hectares) resulted in the difficulty of calculating optimal and proportional resources distribution and allocation.
- Management mechanism and information system were not well organized, so the presentation of information was limited, not comprehensive and systematic;
- h. There was no adequate investment mechanism (structure, SOP, regulation) that encouraged the guarantee of FMU independence.

# The Relationship of Governance and Regulation

The relationship of governance and regulation is described with the synergy between FMU and central government, regional government and other agencies, including coordination, budgeting, and regulation support related to FMU operationalization.

# The key findings:

- The active role of regional government (district/city) with FMU was very influential on the performance of forest management by FMU, such as a case in KPHL Unit XXX Wain River-Manggar River of East Kalimantan that the work program was always supported by the Balikpapan City Government with the budgeting allocation every year;
- There was no integration of RPHJP FMU document into RTRW (Spatial Plan) and RPJMD;
- The synchronization process of RPHJP document with planning document of regional government (RPJMD and RTRW) significantly depended on the active role of the Head of FMU and regional government openness (Provincial Forestry Service and Regional Development Planning Agency).

# 1. KPHL Unit XXX Wain River-Manggar River, East Kalimantan

So far, the relationship between BPHLSW-DM and other partners such as government were running well. It could be seen from the frequent condition conducted between BPHLSW-DM and related parties such as BLH (Environment Agency) and Bappeda (Regional Development Planning Agency).

- a. RPJMD Balikpapan would be arranged in September of 2016, so it was synchronized with the BPLHSW-DM work plan.
- b. BPHLSW-DM coordination was only limited to the scope of the Balikpapan City Government;
- c. Budget allocation every year from Balikpapan City Government to BPHLSW-DM;
- d. Legitimation of Balikpapan City Government as the site level institution in the HLSW-DM;
- e. BPHLSW-DM transformation became the institution of definitive KPHL Unit XXX Wain River-Manggar River, or the establishment of KPHL Unit XXX Wain River-Manggar River institution was not well coordinated between Province Government, City Government, and BPKH Region IV.

# 2. KPHL Kulawi, Central Sulawesi

The establishment of KPHL Kulawi institution by Sigi Regent was not well communicated, either to the Province Government or BPKH Region XVI. However, the existence of KPHL Kulawi has been contained in the RPJMD and RTRW of Sigi District.

# 3. KPHP Model Kapuas Hulu, West Kalimantan

The implementation of FMU management showed the asymmetric information and coordination in each government level, either in Central, Province, or District level. Every party tended to have their way in the accompaniment of FMU operationalization in the field. In the Province level, RPHJP and FMU operationalization have not been internalized into the regional policy documents such as RPJMD and RTRW.

# **Investment Mechanism**

Investment mechanism is described by the availability of work unit and investment management mechanism with other parties.

# The key findings:

- Unavailability of the work unit in structure or main tasks of FMU that specifically handle
  or manage investment and business, so FMU significantly depended on the supply of
  funds from the government;
- In three FMUs of each province have not been equipped with the mechanism of investment management even though in the FMU areas have a high potential to be used as a business unit;
- Land-based permit and investor arrangement in FMU areas significantly depended on the active role of the head of FMU and regional government. It was like occurred in KPHL Unit XXX Wain River-Manggar River of East Kalimantan where BPHLSW-DM as the area manager has developed Balikpapan Botanical Garden as one of their business units.

#### 1. KPHL Unit XXX Wain River-Manggar River, East Kalimantan

BPHLSW-DM as the area manager of KPHL Unit XXX Wain River-Manggar River of East Kalimantan with Balikpapan City Government support has developed 2 business units, which are Environmental Education Tourism Area (KWPLH) and Balikpapan Botanical Garden.

- a. BPHLSW-DM established structure and unit specifically to facilitate the development (permit, planning, implementing) of Balikpapan Botanical Garden;
- b. Balikpapan City Government allocated the budget of around 2 billion rupiahs in 2013 to support the development of Balikpapan Botanical Garden;
- Some structures and units specifically managed the KWPLH until 2015 in the BPHLSW structure;
- d. Before 2016, there were specific units for socialization/promotion to attract other's investment. Currently, after the implementation of Act No. 23 of 2014, the unit has not been continued because of the institutional problems;
- e. There was no mechanism that managed profit sharing, risk analysis, and investment guarantees for the investor to develop the business units in FMU areas.

# 2. KPHL Kulawi, Central Sulawesi

KPHL Kulawi of Central Sulawesi did not have tools, and the mechanism in investment management.

# 3. KPHP Model Kapuas Hulu, West Kalimantan

- a. There was no specific unit and mechanism in investment management;
- b. There was no completeness of organization, program, or person who appointed to attract the investment <sup>12</sup>;
- c. There was no facilitation for permitting at the former concession location of PT. Bumi Raya Utama of IUPHHK-HA (utilization permit of forest products on the natural forest) concession holders because the designated area was in the conflict area.

# **Rights and Access Mechanism for Indigenous People**

The rights and access mechanism for indigenous people was described by guaranteeing and supporting indigenous people in utilizing and managing forest resources in FMU areas.

# The main findings:

Thee was allocation and manage space for indigenous people in three FMUs;

- Community assistance by NGO companion was still dominant in encouraging the legality or management by the community, except in KPHL Unit XXX Wain River-Manggar River where BPHLSW-DM facilitated the community management space;
- The facilities of community forest management by FMU Institution was still limited;

 $<sup>^{12}</sup>$ Data was obtained from RPHJP KPH Model Kapuas Hulu draft or finally changed into KPH South Kapuas Hulu.

<sup>&</sup>lt;sup>13</sup> The decree of Kapuas Hulu Regent No. 15 of 2003 regarding the Ratification in the Annual Work-Plan Book of Forest Exploitation in 2003

https://huma.or.id/wp-content/uploads/2008/09/LBBT-KASUS-NG.-AWIN.pdf

#### FACTSHEET THE PERFORMANCE OF FMU DEVELOPMENT

• Still minimal in strengthening public access to the markets.

# 1. KPHL Unit XXX Wain River-Manggar River, East Kalimantan

- a. BPHLSW-DM has facilitated the community management space through the Community Forest, exactly in the HLSW (Wain River Protected Forest) location with 1400 hectares areas;
- b. Providing space allocation for community rights and access in the conflict resolution and prevention, especially related to the clarity of status in the local community rights in protected forest management;
- c. Facilitation of community management space was implemented by BPHLSW-DM, and the empowerment of community agriculture was conducted by Balikpapan City Agriculture Office;
- d. Commodity developed was salak fruit (snake fruit) and jackfruit. In the DAS Manggar area, the main commodity was papaya;
- e. Facilitation conducted by BPHLSW-DM and Agriculture Office has not reached into product marketing stage.

#### 2. KPHL Kulawi, Central Sulawesi

- a. There were community management spaces in the form of Village Forest in Namo Forest Kulawi of about 490 hectares. The management of village forest areas was more on the collection activity of non-timber forest products (HHBK), which is rattan. Besides rattan, the potency of other non-timber forest products that could be developed included orchid, Damar tree resin, utilization of environmental services (eco-tourism), and honey. The community could harvest rattan up to production achievements of 130 kg per twelve days;
- b. FMU has not conducted community guidance and facilitation in managing non-timber forest products or the utilization of environmental services with community-based.

# 3. KPHP Model Kapuas Hulu, West Kalimantan

- a. There was an allocation of village forest in two villages with 2825 hectares;
- b. There was a guarantee of community rights and access towards the forest resources through the Village Forest scheme;
- c. The development of non-timber forest products in the form of honey has been conducted through training and marketing by the Indonesian Forest Honey Network. Meanwhile, other non-timber forest products (such as bamboo) were currently in the business development stage with Production Forest Management Center VIII.

# Management Implementation

The implementation of forest management in the FMU was shown by implementing all activities scope in forest management (forest planning, utilization or use of forest area, rehabilitation, conservation, protection and security, also supervision and control).

# The main findings:

- The absence of budget and work guidelines (RPHJP) on FMU was confirmed that there
  were no forest management activities at the site level;
- The collaboration of parties was required in the forest management, such as conducted in KPHL Unit XXX Wain River-Manggar River of East Kalimantan to implement forest management.

#### 1. KPHL Unit XXX Wain River-Manggar River, East Kalimantan

The focus of BPHLSW-DM activities was more concentrated on forest area protection and security, while for rehabilitation activities in HLSW-DM Area was conducted by KSDA (Natural Resources Conservation) of Balikpapan City Environmental Agency.

# 2. KPHL Kulawi, Central Sulawesi

There is no implementation of management by FMU.

#### 3. KPHP Model Kapuas Hulu, West Kalimantan

- a. There was a plan of the rehabilitation program in KPHP Model Kapuas Hulu that was contained in RPHJP-FMU documents;
- b. FMU has conducted rehabilitation program of 2200 hectares in 2013<sup>15</sup>;
- c. Protection and security activities of the FMU area has been running. It was related to the Bhakti Rimbawan program that used APBN funds through the BPHP Region VIII institution program, and Pamswakarsa (community) empowerment and internship students from Universitas Tanjung Pura;
- d. KPHP Model Kapuas Hulu could not provide the report of area control and management activities that showed FMU data and information management that has not been managed well and open.

The development of FMU institutions and operations conducted in three FMU areas above showed that more attempts were needed to optimize stakeholders' participation, such as central government, regional government, FMU institution, and FMU partners (NGOs and academics). The forest management at site level in the future, which was conducted by the government, must focus on FMU development especially in the area and organization stability as the requirements for running forest management at the site level by FMU. Especially, after implementing policies Act No. 23 of 2014 regarding the Regional Government that withdraw the forest administration authorities from district government to the province government. This has caused a vacuum in forest management during the transition period (transfer of authority). Due to the negotiation process, the process of the institutional and territorial redesign of new FMUs was conducted by the province government, also the adjustment of regional development planning documents (budget posture and human resource distribution). It was also necessary to accelerate the process of forest management planning organization by FMU (RPHJP) as a reference for managers' work at the site level to reduce the length of management transition time. An important note in the RPHJP organization process must be conducted openly by involving and being consulted with the parties.





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