

## **Thursday, 9 February – Dialogue Day 2**

Morning Co-Chair - Agung Wiyono

08:30 Wrap-up of Day 3

09:00 Presentation on Associations and ILCF – Peter DeMarsh

09:30 Plenary Discussion: Associations for ILCF in Indonesia

10:30 Coffee Break

10:45 Breakout Session II:

“Expectations from Investors and Communities for ILCF”

12:30 Lunch

Afternoon Co-Chair - Duncan Macqueen

13:30 Report Back

14:15 Plenary Discussion: Ways forward for ILCF in Indonesia

15:30 Adjourn

# Wrap Up Day-3

“Investing in Locally Controlled Forest”  
The Forest Dialog, Jogjakarta, Indonesia

# Key Topics of Discussion

- LCF context
- Opportunity and Constrain of ILCF
- LCF business models
- Partnerships in ILCF
- Persuading Policy Makers: Pro LCF
- LCF and Climate Change

# LCF Context

- 32,000 villages situated in/near forest estate, 71% of them are dependent on forest resources, Millions of hectares of forest in Papua under customary management . Based on agricultural census (1993), number of forest farmers is 827,767 household, and 83,5% is in Java (more than 53% owned/managed less than 0.75 ha).
- Reduction of wood from natural forest, the increase of wood from plantation forest → plantation forest will become the backbone of Indonesia wood industry.
- Euphoria in planting trees, especially in private land .
- Type of LCF in Indonesia: HKM (Community Forest), HTR (People Plantation Forest), HD (Village Forest), HH (Private Forest).

# Key Points in Opportunity of ILCF

- JAVA: reduction of production in Perhutani, sustainable production at LCF, carbon payment of LCF, demand of community wood, community timber can bridge gap at cheaper price, LCF in more than economy—it is also ecology and social, sustainability record of community teak, potential to expand etc.
- Beyond JAVA: land opportunity is greater, network and competence to penetrate market, etc

# Key Points in Constrain of ILCF

- JAVA: Margin of trade entity very thin—little reinvestment, risk of trap community as wood supplier only, lack of finance/capital, need based cutting, small volume, absence of economies of scale, lower quality of teak, unnecessary government intervention, quality of processing, low quality of safety, market access, personal need sometimes exceed commitment to group etc
- Outside JAVA: tenure conflicts, licensees not proceed, discrepancy in how land is handed out to company and community, adat community control not respected despite formal commitment, price/transport etc

# LCF business model

- Link with the buyers/markets
- Good story—responsible products
- Trust
- Premium
- Institutional arrangement in the whole actors involved in LCF supply chain

# Partnerships in LCF

- Partnerships should be direct relationships of the communities and partners to provide them with benefits.
- All partners need to add value. All partners need to share risks
- Partners can bring skills, resources, benefits for the communities



.....Partnerships are complicated but so are  
marriages.....

# Persuading policy makers

- Story based “campaign/promotion”
- Building and strengthening farmer organizations
- Shared learning; NGOs, farmers and government

Requesting: Pro LCF Policy & Green Policy

# LCF & Climate Change

- LCF can be a mechanism for addressing land tenure issues that underpin deforestation and poverty.
- LCF introduces business mentality that fits with conditionality/ carbon business requirements
- LCF dignifies – treats farmers as entrepreneurs, not “recipients
- LCF offers new models of how to improve governance since REDD is an opportunity to improve governance
- LCF is independent of the carbon market but is already sequestering carbon – what REDD wants

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