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Importance: High



TNC-WWF ALLIANCE@News is an electronic newsletter of [The Nature Conservancy \(TNC\)](#) and the [World Wide Fund for Nature \(WWF\) Alliance](#) to promote forest certification and combat illegal logging in Indonesia. The aim of this newsletter is to inform partners and stakeholders what the Alliance is doing to improve forest management and to reverse forest degradation and loss in Indonesia and to influence forest products markets internationally. The **TNC-WWF**

ALLIANCE@News will come out every three months (quarterly) in two versions, Indonesian and English. To (un)subscribe, make inquiries regarding the content of the newsletter, or contribute to the newsletter, please contact GDA Communications Manager: Marius Gunawan (mgunawan@tnc.org)

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ALLIANCE ACTIVITIES - Recent Highlights

First Community Certifications in Indonesia



On October 18th, 2004, the Indonesian Ecolabeling Institute (LEI) granted its first sustainable community-based forest management certificates to two Wonogiri community groups managing teak forests with the support of WWF and local NGOs. These first certifications have allowed LEI to field test and refine its new community forest management standard.

The certification covers an area of approximately 800 hectares of valuable teak and mahogany forest. Since July 2004, WWF has been collaborating with local

NGOs, including ARuPA and PERSEPSI, to promote sustainable forest management and improve market access in Wonogiri through LEI's community-based forest certification system. These pioneering certifications demonstrate that communities can achieve certification. The challenge now is to help the communities secure commercial and other benefits as a result of the certification. WWF and its partners are developing market links between the communities and a Dutch buyer, which has expressed strong interest in a long term partnership with the two communities, as well as Indonesian companies in Bali and Yogyakarta.

In mid-December 2004, WWF hosted a meeting about the progress of community teak certification in Java. Representatives of PERSEPSI, ARuPA and LEI agreed to start to expand their community certification programmes, particularly to other villages in Wonogiri, which have been encouraged by recent progress in the area. Accordingly, PERSEPSI is developing a plan to extend the program to cover up to 20,000 hectares of community forests in Java.***

A Manual for Forest Practitioners



As part of TNC's effort in to enhance the capacity of forest companies in Indonesia to better understand the concepts and the practicalities of forest certification, TNC has developed a manual on forest certification in Bahasa Indonesia. The manual, prepared in collaboration with local NGO specialists LATIN, is primarily intended for forest practitioners, but will also be of interest to the general public. It provides a holistic picture of the forest certification concept and explains in a step-by-step manner the basic requirements for assessing current management practices and moving towards a certifiable standard; One thousand copies of the manual have already been printed and official launch workshops will be held

in Jakarta and East Kalimantan soon. Requests for copies of the manual should be sent to mgunawan@tnc.org.

Nusa Hijau Signs First Member

On January 24, 2005, P.T. Bangun Sarana Wreksa, a furniture factory in East Java, signed an MoU with WWF Indonesia to become the first member of Nusa Hijau, Indonesia's Forest and Trade Network. P.T. Bangun Sarana Wreksa joined the Indonesian forest and trade network to take an innovative approach to meeting increasing market demand for responsibly produced teak furniture, while continuing to source its teak in Indonesia.

P.T. Bangun Sarana Wreksa is currently sourcing wood from PERHUTANI, a state-run forestry organisation. Currently, PERHUTANI is working with Nusa Hijau with the aim of improving their forest management systems to meet certification standards within the next 5 years.

Pierre Dermawan, Director of PT Bangun Sarana Wreksa, explains: 'Our company is strongly

committed to sustainably manage forest resources. In order to fulfill the increasing market demand, we have to provide certified forest products. By joining Nusa Hijau we obtain the assistance in selecting credible sources and gain access to the global market.” ***

Market Influences Convince Malaysian Producers to Join FTN

Since Inspiration Furniture Sdn Bhd and WWF-Malaysia signed a MoU in May 2004, two other companies have joined the Malaysian FTN, with more to follow. Inspiration Furniture Sdn Bhd is a major garden furniture manufacturer and their products can be found in the UK and across mainland Europe. Its decision to join the Malaysian FTN was largely influenced by its relationship with international buyer Homebase.

More recently, World Zone, a trading company based in Peninsular Malaysia, joined the Malaysian FTN after a visit from a buyer who is a member of the UK FTN. As a result of World Zone's decision to join, four companies that supply World Zone have also begun the process of joining the Malaysian FTN.

This process, beginning with a buyer in the UK, reaching through a Malaysian trader to Malaysian producers, is a good example of market pull in one part of the world influencing industry in another part of the world in the direction of more responsible purchasing. ***

Acacia Used for Furniture



WWF continued the collaboration with the International Finance Corporation's Pengembangan Usaha (PENSA) Program in East Indonesia to support responsible forestry. The PENSA/WWF partnership is working on responsible forestry and purchasing through one supply chain: running from an Indonesian forest company with plantations and natural forest, through a manufacturer of high-end French furniture, to a hotel chain in the USA. The Indonesian forest company began growing plantation acacia for wood chips in 1990. Recently, due to the declining availability of traditional raw material, the furniture industry has been looking at acacia as a new source of wood. In the past, drying acacia properly for use by furniture makers has been problematic, but more research has yielded better results. The shift, from chips for pulp and paper and other products, to sawn wood for the furniture industry, results in a significant rise in revenue —up to 3 times— for the forest company growing and selling acacia. IFC/PENSA will be exhibiting acacia furniture at the Singapore Trade Show at the beginning of March. ***

GFTN Supports Indonesian Government's Efforts Regarding Ramin

The North American Forest and Trade Network, part of WWF's Global Forest and Trade Network, recently collaborated with The Home Depot to urge the U.S. CITES Management Authority to support the proposal of the Indonesian Government to list ramin on CITES Appendix II. The proposal passed at the recent Conference of the Parties, and will ensure that

export volumes of this endangered tropical wood are maintained at levels which will ensure the species' survival in the wild. The listing will assist states to tackle illegal logging and stimulate international cooperation to control the illegal trade of this tropical hardwood. Importers and consumers will also receive increased assurance that the ramin they purchase is not from illegal or unsustainable sources. ***

The AFP Tokyo meeting

The alliance was strongly represented at the AFP meeting held December 8-10, 2004 in Tokyo. Nigel Sizer and TNC consultants Dr Xiaoqian Chen (Beijing Forestry University) and Chen Hin Keong (TRAFFIC International, Malaysia) presented case studies to the plenary meeting on legal and regulatory requirements regarding the import of wood into China and Malaysia, how they can be used to identify illegal timber. This generated lively discussion. The draft case studies can be seen at http://www.asiaforests.org/files/_ref/events/AFP4/AFP4index.htm.

There was ongoing support at the meeting for expanded efforts to promote cooperation among customs agencies and other enforcement bodies around the region, and TNC committed to facilitating this process.

At the meeting an Announcement on Strengthening the Asia Forest Partnership was published. This provides broad guidelines for operation of the Partnership, including the role of the Information-Sharing Secretariat.

In addition the Announcement provides for the establishment of an Ad-Hoc Working Group (AHWG), which should examine:

- the need for creating standardized procedures for AFP work, including decision making procedures; and
- the need for and feasibility of establishing a secretariat, including any financial implications, which will have the capacity to conduct, among others:
 - Meeting preparations
 - Work plan preparations
 - Monitoring progress of implementation
 - Fund raising and financial management
 - Information-sharing

The AHWG proposes to meet in March 2005 to prepare recommendations on these proposals, which it will submit to AFP partners by July 2005 for consideration and adoption later in 2005. TNC will participate in the AHWG. ***

Independent Legality Verification as first Step to Certification



As reported in the previous Newsletter, Dr. Marcus Colchester from Forests Peoples Program UK was hired by TNC to critique the Indonesia-UK MoU Legality Standard, particularly the complex social

aspects, and to assist The Alliance in holding a consultation workshop for civil society groups. The consultant's report, containing advice upon heightening the political acceptability and technical understanding of the ILV approach, particularly amongst civil society groups, has been distributed . A copy is also available from mgunawan@cbn.net.id.

The MoU Legality Standard has now been fully tested with a forest concessionaire in East Kalimantan: results of this testing of the entire Independent Legality Verification and Timber Tracking system will be reported soon, and further disseminated in a workshop

Participatory Mapping as a Media for Conflict Resolution



For over two years TNC has been developing a collaborative management model, involving all local stakeholders, in the Berau district of East Kalimantan. After introducing the idea and gaining the support of local groups including communities, forest concessionaires and local government a stakeholder's MoU was signed on the first of June, 2004 forming a multistakeholder management body, outlining each parties' roles and responsibilities and detailing activities to be undertaken. A major first step was to facilitate a Participatory Mapping exercise - completed in February, 2005 at five village areas within and surrounding the concession area of PT. Sumalindo Lestari Jaya in the Segah sub-district. The aim of the participatory mapping was to reach and document agreement among stakeholders on borders, delineations and functions of the area, especially those belonging to the local community. This agreement forms the first step in ensuring the status of the area for a short, mid and long-term management planning. The Participatory Mapping process involved over 60 participants from related institutions, community leaders and private sector, and will be followed up by the participatory development of a spatial plan for each village area.***

Developing a "Keep It Legal" Guidance Document for Companies

WWF is developing a "Keep It Legal" manual for companies manufacturing or sourcing wood and paper products in China. This work started out with the aim of identifying existing best practices within the forest products trade for checking the legality of wood sources. However, most buying companies have not yet developed such practices and thus the activity was adapted to developing guidance for companies. The notion of verifying legal compliance has proved to be more complex than expected, and the drafting of the manual has spurred a re-examination of GFTN participation requirements related to legality, as well as prompting development of internationally-applicable definitions for terms such as "legal source" and "verified legal wood". WWF is preparing an Indonesia chapter for the manual. Preparation of this chapter is closely linked to the results of the TNC-led process to develop an Indonesian legality standard.***

High Conservation Value Forest (HCVF) Recommendations Announced at Roundtable on Sustainable Palm Oil



WWF Indonesia and IPOC completed a summary of the study of the Riau landscape of Tesso Nilo-Bukit Tiga Puluh-Kerumutan and presented it to over 300 participants from 18 countries at the second meeting of the Roundtable on Sustainable Palm Oil, which was held in Jakarta on October 5 and 6, 2004. The recommendations presented at the Second

Roundtable were as follows:

1. As plantation companies have not understood HCVF and wider sustainable palm oil concepts and criteria, greater efforts to transfer knowledge and build capacity on these issues are needed.
2. Although a few plantations have implemented activities to protect or conserve important areas such as river banks and forests important for local people, further efforts to maintain and enhance conservation values inside and outside plantations are crucial, including integrating HCVF concepts into plantation management.
3. All plantations need to improve and strengthen their social programs, especially those designed to resolve conflicts with local communities.***

The TNC-WWF Alliance is a three year initiative that aims to: 1. Strengthen market signals to expand certification and combat illegal logging; 2. Increase supply of certified Indonesian wood products; 3. Demonstrate practical solutions to achieve certification and differentiate legal and illegal supplies; 4. Reduce financing and investment in companies engaged in destructive of illegal logging in Indonesia; 5. Share lessons learned from the project.

The Alliance's Partners

The coordinating partners are The Nature Conservancy (overall coordinator) and the World Wide Fund for Nature (WWF-Indonesia in collaboration with WWF International and other offices). TNC and WWF are actively seeking other partners to join this effort. Leading partners in implementation are:

- United States Agency for International Development is the lead donor catalyzing this initiative.
- Indonesia's Ministry of Forestry and the United Kingdom Department for International Development are partners in legality verification and timber tracking.
- Indonesian national and local governments, civil society, and forest products companies are local partners in implementation.
- Center for International Forestry Research (CIFOR) is monitoring project impacts and assisting with research on illegal logging.
- World Resources Institute (WRI) is innovating in monitoring of forest condition and illegal logging detection.
- Tropical Forest Foundation (TFF) is training Indonesian forest products companies in improved forest management techniques such as reduced impact logging.

Leverage from the private sector is a key part of strategy. Partners include the following:

- ABN AMRO Bank: funding for corporate environmental performance profiles.
- BP: funding for Conservation Training and Resource Centre in Indonesia.
- Carrefour: partnership with communities in Java to improve teak plantation management.

- Edelman Worldwide Communications: pro bono public relations expertise
- ESRI: software and training GIS and image interpretation.
- Global Forest and Trade Network: over 800 member companies involved in funding and market linkages support.
- Goldman Sachs Investment Bank: pro bono expertise on investment issues.
- IKEA: partnership with WWF in China.
- Indonesian forest products companies: funding to cover various field activities in Indonesia.
- International Finance Corporation (IFC): working to help Indonesian companies green their practices.
- Lowe's Companies: using its buying power as an alliance partner.
- Smartwood (part of Rainforest Alliance): assisting improving forest management with companies in Indonesia.
- The Forest Dialogue: business and NGO leaders facilitating dialogue.
- Homebase UK: working with suppliers in South East Asia to improve forest management.
- The Home Depot: funding and using its buying power to influence suppliers.
- Texas Pacific Group: pro bono advice on investment issues.
- Tropical Forest Trust: investment in Indonesia wood suppliers to help them become certified