

**Programme Evaluation Series**

# **Evaluation of the FAO-EU forest law enforcement, governance and trade programme – Phase III**

**GCP/GLO/600/MUL  
GCP/GLO/397/EC**

**Annex 6. Indonesia case study**

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## Abbreviations and acronyms

ASMINDO	<i>Asosiasi Industri Permebelan dan kerajinan Indonesia</i> (Indonesian Furniture and Handicraft Industry Association)
APKJ	<i>Asosiasi Pengusaha Kerajinan Jepara</i> (Jepara Handicraft Association)
ARUPA	<i>Aliansi Rimbawan Muda Indonesia</i> (Indonesia Young Foresters Alliance)
EFI	European Forestry Institute
FAO	Food and Agriculture Organization of the United Nations
FCDO	Foreign Commonwealth Development Office
FLEGT	Forest Law Enforcement, Governance and Trade
MSME	Micro, small and medium enterprises
MFP	Multistakeholders Forestry Programme
JEM	Joint expert meeting
JIC	Joint Implementation Committee
SVLK	<i>Sistem Verifikasi Legalitas Kayu</i> (Timber Legality Assurance System/TLAS)
UKCCU	United Kingdom Climate Change Unit
VPA	Voluntary Partnership Agreement

# 1. Introduction

## 1.1 Background and methodology

1. Background. This report summarises the key findings of a country case study in Indonesia as part of the final evaluation of the Food and Agriculture Organization of the United Nations (FAO) – European Union (EU) programme “Forest Law Enforcement, Governance and Trade”, hereafter referred to as FLEGT-III, phase three or the programme. The programme is financed by the European Commission (EC), Foreign Commonwealth and Development Office (FCDO) -formerly the Department of International Development (DFID) - of the United Kingdom of Great Britain and Northern Ireland and the Swedish International Development Cooperation Agency (SIDA). The programme is implemented by FAO. The evaluation looked at the programme in its whole but has used case studies to have a closer look at six countries in particular to assess the evaluation questions at country level. Indonesia is one of these.
2. Methodology. The selection of countries case studies was based on the following criteria:
  - i. importance, age and size of the FLEGT portfolio in the country;
  - ii. balance between Voluntary Partnership Agreement (VPA) and non-VPA countries;
  - iii. geographical balance across and within the regions;
  - iv. information-rich cases to illustrate both good practices and challenges we can learn from (partners/stakeholders; technical areas; gender, SMEs, etc.);
  - v. availability of previous assessments for comparison (either provided by the mid-term evaluation or case studies from the Center for International Forestry Research [CIFOR]/ADE);
  - vi. inclusion of countries that were not yet assessed;
  - vii. good country-level support & coordination to set up interviews; and
  - viii. probability of significant development after the mid-term evaluation.
3. Indonesia was selected on the following criteria: Asia, VPA (the only VPA licensing country), large focus country, the programme started in Phase III and has a long history of negotiation and engagement with EU FLEGT.
4. The evaluation was based on the review of documentation<sup>1</sup> and key informant interviews. The report presents the findings according to the six main evaluation questions included in the evaluation matrix (appendix 3 in the overall evaluation report). The case-study is not an evaluation of the FAO-EU FLEGT programme in Indonesia but meant to support the overall evaluation. Therefore, no conclusions or recommendations were elaborated for the country, only findings, lessons and observations. Also, outcome 2 targeted only non-VPA countries, therefore, this outcome was not analysed in this case-study.
5. The evaluation mission was carried out between July 26 and August 18, 2021, and the interviews were conducted remotely through Zoom (individual and group interviews) with a range of stakeholders involved in FLEGT-III. These included country-level and regional-

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<sup>1</sup> Please see the bibliography

level staff in the FAO Regional Office, representatives from the Ministry of Forestry and Environment, private sector and civil society grantees, the European Forest Institute (EFI), and other international/agencies. Thirty-six persons were interviewed during a total of 23 interviews. A list of persons consulted is included in appendix 1. A summary of the representation of persons consulted can be found below:

<b>Stakeholder group</b>	<b>Number of Persons</b>
Government officer	3
Civil society organizations/community organization	21
Private sector/private sector association	5
Bilateral/multilateral agency	7
<b>Total</b>	<b>36</b>

## 1.2 Limitations

6. There were international travel restrictions related to the global COVID-19 pandemic. Therefore, in-country missions by the ET were impossible and all preparations, interviews, triangulation have been done by teleconferencing means. This resulted in less opportunity for important additional communication with key stakeholders such direct interaction, informal conversations, field and facilities observation and immediate follow up.
7. Due to the Covid19 pandemic, all interviews were carried out online via Zoom or Skype. Due to the evaluator's previous fieldwork and professional experience on FLEGT in Indonesia, trust and credibility was established with the interviewees through this virtual modality of interaction without compromising the quality of data collection. The evaluator complemented the virtual interviews with careful analysis of policies, journal articles, and (programme) reports.

## 2. Background

### 2.1 Context of the programme

8. FLEGT-III started in Indonesia in 2018 after intensive consultation processes with key stakeholders in the country to align with the FLEGT Action Plan and to ensure that the programme addresses the stakeholders' needs. In Indonesia, the programme focus on three key area of supports as follow:
  - i. Support micro, small, and medium enterprises (MSMEs) to participate in timber legality verification.
  - ii. Improve the capacity of independent forest monitors to scale up and deepen forest monitoring activities.
  - iii. Provide direct assistance for the operationalization of the Joint Implementation Committee (JIC) secretariat and provide support for policy dialogues to improve regulations related to the timber legality assurance system or known in Indonesian as *Sistem Verifikasi Legalitas Kayu* (SVLK).
9. The stakeholders involved in the programme delivery include government agencies, civil society organizations and private sector associations.
10. Illegal logging has been a long-standing problem in Indonesia and is one of the major causes for deforestation in the country. It was estimated that in 2013, around 50 percent of illegal timber in global trade came from Indonesia (Hoare, 2015). In recent years, Indonesia has made strong progress in reducing deforestation, with official numbers showing the rate of forest loss declining from 1.3 million ha/year in 1990–2000 to 0.47 million ha/year in 2018–2019 (Ministry of Forestry and Environment, 2020). Several policies have contributed to the decline of the deforestation rate by strengthening law enforcement to prevent forest fires and clearing. Such policy measures include the implementation of the SLVK to ensure the legality of timber products exported from the country to importer countries, particularly to the European Union, as a part of the EU-FLEGT VPA negotiation processes.
11. Indonesia is among the first countries to participate in the EU-FLEGT VPA processes. The country began negotiating a FLEGT VPA in 2007, which was then signed in 2013 and ratified in 2014. As of 2016, Indonesia became the first country to receive European Union recognition for its FLEGT licenses. Therefore, the regulatory framework and institutional arrangements governing timber legality verification are relatively more mature compared to that of other VPA countries. The core mechanism that has enabled this FLEGT recognition is a state driven timber legal assurance system, the SVLK (Setyowati and McDermott, 2017; Maryudi et al., 2021). The system incorporates existing sustainability verification of forest management (PHPL) and legality of wood in Indonesian market chains. It also mandates all actors along the wood value chains to obtain legality verification and requires third party auditing against specified standards.
12. The SLVK accommodates, under certain circumstances, appeals and complaints about the results of verification or accreditation. The system also includes non-governmental organizations (NGOs) and civil society actors to conduct independent monitoring of both forest operations and the value chain and bring complaints to certification bodies, in the

first instance, and escalate to the national accreditation committee (KAN). There are several networks and institutions contributing to SVLK processes such as independent forest monitors *Jaringan Pemantau Independen Kehutanan (JPIK)*/Independent Forest Monitoring Network, Asosiasi Pemantau Independent Kehutanan Sumatra (APIKS)/Inde, Auriga, among others (Setyowati and McDermott, 2017; Hasyim et al., 2020).

13. Indonesia received relatively significant donor support for the FLEGT VPA processes that include the UK government through the Multistakeholder Forestry Programme (MFP) phase I-IV, EU FLEGT Facility and EU FLEGT Asia Programme (European Forest Institute). The MFP is currently in phase IV and will complete in 2023, and it is potentially extendable. FLEGT-III is well aligned with the country's priorities for improving the timber legality system, broadening forest governance reform, and complementing other donors' support in the relevant areas.

## **2.2 Theory of change**

14. No specific theory of change (TOC) has been developed for the programme in Indonesia. It refers to the TOC of the broader programme.

### 3. Evaluation findings

#### 3.1 Relevance

*Evaluation Question 1: To what extent has the programme design (and particularly, its revisions at mid-term) remained appropriate vis-à-vis its expected objectives and outcomes?*

**Finding 1.** The programme is relevant to national and local forest governance objectives, trade priorities and market demands. All interviewees suggest that the programme addresses the needs of different stakeholders to engage more effectively on the FLEGT VPA related processes. Extensive consultations involving multi-stakeholders in the programme’s conception and design have enabled it to be well aligned to the EU-FLEGT Action Plan.

15. The programme design and objectives are relevant to the needs of different stakeholders on national and local levels in Indonesia. The initial phase of the programme was delayed due to the need to negotiate the Government Cooperative Programme (GCP) agreement with the Government of Indonesia, and implementation began at the middle of 2018. Based on the intensive consultation meetings with the stakeholders, the projects funded by the programme are addressing the priorities of stakeholders with the aforementioned three key focus areas (see paragraph 7).
16. Based on the project documents, there are a total of 19 projects implemented in Indonesia channelled through call for proposals and direct implementation with a total value of USD 1 810 878. An overview projects are illustrated below.

**Table 1. Overview of projects**

Type	Total Projects	Description
Direct Assistance (DA)	4	<ul style="list-style-type: none"> <li>▪ 3 DA with the Ministry of Forestry and Environment, 1 DA with <i>Asosiasi Industri Permebelan dan kerajinan Indonesia (ASMINDO)</i></li> </ul>
Call for proposals (CfP)	14	<ul style="list-style-type: none"> <li>▪ 6 projects related to capacity building for independent forest monitoring</li> <li>▪ 7 projects related to capacity building for MSMEs, smallholders</li> <li>▪ 1 project targeted to broader activities for improving policies related to SVLK</li> </ul>

Source: FAO. 2021.

17. The programme remains relevant to the FLEGT Action Plan and addresses main challenges for the effective implementation of timber legality verification and the VPA processes in Indonesia. Interviewees indicated the following three key areas of relevance:
  - i. MSMEs<sup>2</sup> are deemed one of the stakeholders highly impacted by the requirements of the timber legality assurance system. It is estimated that there are over 700 000 MSMEs related to timber products, employing 1.5 million people with a high degree of informality in the sector (Obidzinski et al. 2014; Susilawati et al., 2019). MSMEs still encounter difficulties with participation because the cost for getting SVLK certification is still considered economically prohibitive despite recent regulatory

<sup>2</sup> Based on Law 20/2008 on MSMEs, the size of MSMEs is as follows: i) micro enterprise (asset <USD 3 500, annual sale <USD 22 000); ii) small enterprise (asset: USD 3 500-35 000, annual sale USD 22 000-175 000); iii) medium enterprise (asset USD 3 500-70 000; annual sale: USD 175 000-350 000).



changes to ease the burden for the MSMEs. The programme supports some projects, such as with private sector associations (*Asosiasi Industri Permebelan dan kerajinan Indonesia* [ASMINDO], *Asosiasi Pengusaha Kerajinan Jepara* [APKJ], *Kelompok Serba Usaha Taman Wijaya Kusuma* [KSU Taman Wijaya Kusuma]) and NGO (e.g., *Aliansi Rimbawan Muda Indonesia* [ARUPA], *Yayasan Inobu*, *Komunitas Konservasi Indonesia* [KKI Warsi]), to assist MSMEs to obtain and sustain their SVLK certification.

- ii. Independent forest monitoring activities carried out by civil society organizations and local communities are an essential part of the SVLK system. However, limited capacity and resources to do so constrained the scale and effectiveness of these activities. Therefore, the Programme's supports to some projects (e.g., with Kaoem Telapak, IFM Fund, Jurnal Celebes, *Pusat Pendidikan Lingkungan Hidup Mangkubumi Mangkubumi* [PPLH Mangkubumi]) have improved the scale and scope of independent forest monitoring.
  - iii. The programme has been supporting the JIC secretariat to carry out routine meetings embedded in the VPA processes, such as JIC and joint expert meetings (JEMs) and other activities for improving the effectiveness and credibility of the SVLK (e.g. missions to destination countries in the European Union to enhance coordination and synergy of the timber traceability system). The programme also has been supporting the strengthening of licensing information unit and the second round of VPA impact monitoring.
18. The EU-FAO FLEGT programme in Indonesia has only been implemented after the midterm evaluation in 2018. In this regard, the implementation of program has been adjusted with the key findings from other countries. The Programme is designed in close consultation with stakeholders, hence improving its relevance with Indonesia's country action plan and feasibility in the implementation phase.

## 3.2 Outcomes

*Evaluation Question 2: To what degree has the programme achieved its set outcomes?*

**Finding 2.** The programme has effectively achieved some intended outcomes as reflected in project reports and interviews. It has improved forest governance inclusiveness and transparency through strengthening independent forest monitoring and supporting policy discussions. It also stimulated a better understanding on the progress and achievement of the FLEGT Action Plan among stakeholders through its support of the JIC secretariat. To a certain degree, the programme has improved knowledge of forest governance and legal timber trade through its communication strategies.

19. Overall, the programme has contributed to the implementation of elements of good forest governance and timber legality, particularly through increasing inclusiveness and transparency with its support for improving capacities of independent forest monitors and scaling up their monitoring activities and enhancing participation of MSMEs and smallholders (Outcome 1 and 2). As described in the project reports, the programme has supported six partners to expand the reach of independent monitoring activities and improve the capacities of around 800 independent forest monitors. Meanwhile, trainings reached 98 members of indigenous communities in provinces across the islands of Java, Sumatra, Kalimantan, Papua, Sulawesi, and Kalimantan (Outcome 1) (FAO, 2021b). This has resulted in the investigation of logging companies' activities across Indonesia and the

- publication of reports (e.g. see JPIK, 2021). These reports have been widely redistributed by local media, submitted formally to related institutions, and expected to lead to corrective action.
20. The programme has been effective in enhancing capacity for private sectors to participate in legal timber trade. For example, some service providers (e.g., ASMINDO, APKJ, ARUPA, KSU Taman Wijaya Kusuma) have provided support to approximately 400 smallholders and MSMEs for capacity building and for obtaining or maintaining the legality verification (Outcome 2) (FAO, 2020a). However, barriers still exist for MSMEs' continued engagement in the timber legality verification system, especially due to the high cost for SVLK certification and surveillance.
  21. To a certain degree, the programme has also contributed to improving knowledge of forest governance and legal timber trade (Outcome 4). The programme has communicated emerging success stories and lessons learned through the publication of policy briefs such as the policy briefs on the IFM case in Indonesia and the engagement of women in forest monitoring (FAO, 2020a; FAO, 2021b). Similarly, some service providers, most notably from those supporting independent monitoring activities (e.g., IFM Fund, and Kaoem Telapak-JPIK) and others (e.g. APKJ CIFOR, Yayasan Inobu, KKI Warsi, ARUPA) have published communication materials (e.g., reports, YouTube videos, policy briefs).
  22. The programme's support of the Joint Implementation Secretariate (JIC) has contributed to a better understanding of progress, achievement, and impacts of Indonesia's FLEGT Action Plan among stakeholders. Interviewees suggest that routine meetings held by the JIC have enabled them to keep abreast of the latest developments in different activities carried out by multi-stakeholders and the latest policy discussions related to SVLK in Indonesia (Outcome 5).
  23. Some service providers (e.g., APKJ and KSU Wijaya Kusuma) noted that their capacities in project management and credibility in managing grants have improved (Outcome 6). Other service providers were already well capacitated for project management as they have extensive experience in managing grants from different donors.
  24. A recent impact monitoring report conducted by PT Hatfield Indonesia that was supported by the programme, which is part of DA support to the Ministry of Forestry and Environment (see PT Hatfield Indonesia, 2021) shows an increasing trend of illegal logging, but it is argued that this is due to increased supervision and law enforcement against timber circulation and illegal logging. The report shows mixed impacts for reducing deforestation in Riau (measured against the baseline in 2017). Furthermore, it reveals that SVLK provides long term benefits for MSMEs to produce and sell legal timber products and access the market. Some interviewees suggest that while this impact evaluation focuses on the overall SVLK implementation, the programme contributed to some key changes, especially with improving forest monitoring activities and building the capacity of MSMEs (FAO, 2020a; FAO, 2021b). In terms of market access, however, an impact monitoring study conducted by Lesehan shows that SVLK benefits those who already have international market access, yet the impact is limited for others without prior international market access. As described during a group interview, the data from the study indicates that only around 30-35% MSMEs could directly sell their products to international market after getting SVLK certification.

*Evaluation Question 3: What have been the most significant changes generated by the programme?*

**Finding 3.** As identified in the interviews and project reports, the programme has generated three significant changes that include increased legality and traceability, especially independent forest monitoring, improved capacity of service providers, and improved competence of private sectors. The close alignment between the programme and VPA Action has increased the chance for contributing to long-term impacts. Some anticipated regulatory changes are likely to affect the future of FLEGT VPA processes and long-term impacts.

25. During the adapted outcomes harvesting exercise with the FAO PMT, three significant outcomes of the overall programme were identified: i) increased legality and traceability including monitoring; ii) improved competence of the private sector; and iii) increased capacities of service providers. These were verified with selected interviewees, who in turn provided the following evidence of these changes, generated by the programme:
  - i. Increased legality and traceability including monitoring: Improved capacity of independent forest monitors to carry out the monitoring activities more effectively and scale up the monitoring activities by broadening the geographical coverage of forest monitoring activities and engaging the local communities and indigenous people in the monitoring activities.
  - ii. Improved competence of the private sector: The programme has supported the projects to the capacity of micro, small and medium enterprises to comply with the legality certification requirements and to obtain the legality certification. A service provider, ARUPA, has also developed an online market platform that allows certified MSMEs to digitally market their products, while another (ASMINDO) is currently developing the online marketing platform for its MSMEs members.
  - iii. Improved capacity of service providers: Representatives of two service providers (APKJ and KSU Taman Wijaya Kusuma) suggest that the programme improved their capacity in managing grants and strengthened their credibility to mobilize outside supports. The World Resources Institute (WRI) also mentioned that the programme support has helped the organization to develop a good reputation and establish forest governance related networks in Indonesia in its initial phase of the organization operation in Indonesia. However, other service providers are already well experienced in managing donor grants (Outcome 6).
26. The changes described in are important for a few reasons: First, the SMEs and forest smallholders are considered to be the stakeholders severely impacted by FLEGT VPA processes and the SVLK implementation. Therefore, continuous capacity building and technical support is crucial to ensure their effective participation in the SVLK. The support provided to independent forest monitors has enabled them to expand the scale and coverage of forest monitoring activities engaging local and indigenous communities (see Paragraph 18). Interviewees suggest that in the past, monitoring activities were very constrained because of limited human resources (mostly carried out by NGO activists) and finances. By training local communities and indigenous people across Indonesia, the independent monitoring activities cover broader geographical areas. Engaging local and indigenous communities is also deemed crucial by the interviewees to cope with the mobility restrictions imposed during the Covid-19 pandemic, and these communities understand better the local situation.
27. Moreover, the improved capacity of service providers will enable them to build the reputation and mobilize support for sustaining and scaling up the activities. Some

interviewees confirm the value of this programme for improving their organization's capacity in grant management and increasing their credibility and feasibility to mobilize grants.

28. Several factors have been driving the successful implementation of the programme activities: i) existing FLEGT VPA processes and the SVLK have enabled the project activities to be streamlined with the VPA Action Plan.; all interviewees confirmed that the programme support through direct assistance and calls for proposals complements other supports for the VPA Action Plan implementation in Indonesia; ii) as described by interviewees, due to the SVLK mandate that all exported timber products must obtain SVLK certification, most MSMEs that participated in the programme were keen to get and maintain their SVLK certification; and iii) all independent monitoring organizations interviewed express that they are keen to scale up their monitoring activities to increase their monitoring coverage and effectiveness. In the past, the monitoring activities had been constrained by limited resources. Therefore, the programme's support has been essential for the independent forest monitors to expand the forest monitoring activities.
29. Interviewed stakeholders identified several factors that might affect the FLEGT VPA processes. These concern regulatory changes from sectors relevant to the timber legality verification. For example, a recently issued law, *Undang Undang Cipta Kerja* (Job Creation Law 11/2020), includes provisions to ease investment, including in the forestry sector. This law might generate negative outcomes regarding the timber legality assurance system and an overall goal of improved forest governance. The law includes provisions to ease investment, including in the forestry sector, and to limit public participation in the environmental impact assessment processes, and to restrict challenge by potentially affected communities (FERN, 2021). Further impacts remain to be seen as the forestry regulations related to the law are being discussed. The government is also currently revising the SVLK regulation to emphasize not only legality but also sustainability of Indonesia's timber products to anticipate the future changes of EU FLEGT regulation and improve the SVLK credibility in European and broader market.

### 3.3 Social inclusion, equity and gender

*Evaluation Question 4: To what extent have the programme interventions contributed to gender equality, equity, empowerment, and social inclusion, and reached the intended users and uses?*

**Finding 4.** The programme has made concerted efforts to ensure gender integration and social inclusion. The implementation of gender measures is varied across different projects that generated mixed outcomes. Some service providers have included gender disaggregated data and specifically reported on the implementation of gender and social inclusion measures, while others have not. The gender measures are more pronounced in the projects related to forest monitoring activities and in a project to support MSMEs showing high level engagement of women in capacity building and monitoring activities.

30. There have been concerted efforts to integrate gender and social inclusion in the programme design and implementation in Indonesia. In the call for proposals, the scoring has included a gender and social inclusion score, which is weighted 20 out of 100 points. The selection of projects also shows the programme has carefully targeted the beneficiaries that might be marginalized or disadvantaged from the FLEGT VPA processes:

- i. The programme has supported seven projects to improve the capacity of MSMEs to participate in the SVLK. Given the technical and financial barriers faced by MSMEs to participate in the TLAS system, supports provided by the programme help MSMEs to prepare or obtain SVLK verification.
  - ii. There are six projects selected for improving capacity of local and indigenous communities to engage in independent forest monitoring activities. These projects have enhanced the inclusiveness of monitoring processes by improving capacities of local and indigenous communities in the process.
  - iii. For the government agency, direct assistance was provided to enable the government to organize the JIC and JEM meetings as well as multi-stakeholder meetings to contribute to policy discussions related to the SLVK. It also supports the government to strengthen licensing information unit and carry out the second round of VPA impact monitoring
31. Despite recent regulatory changes to ease the burden for MSMEs to obtain SVLK certification, most interviewees suggested that MSMEs still encounter difficulties with participation because the cost for getting it remains economically prohibitive. The financial cost for getting certification is relatively high for most MSMEs (IDR 20-30 million/ USD 1 400-2 100). Similar amounts will need to be allocated for routine surveillance every two years. Some interviewees argued that even when the group certification is allowed, many MSMEs would not be able to afford certification without outside support, at least for initial verification. Project reports show that the capacity building and support given by the programme have enabled MSMEs to obtain and sustain SVLK certification (ASMINDO, 2019; ARUPA, 2020; APKJ, 2021; FAO, 2020a). The programme also provided support for forest smallholders.
32. Based on the interviews, two projects specifically target youth: First, for the activities implemented by Jurnal Celebes, all recruited persons for the training for independent forest monitoring activities implemented by Jurnal Celebes were from indigenous peoples and local communities and younger generations. Second, the APKJ prioritizes people from younger generation for training activities to ensure more younger generations learn the skills and understand the economic opportunities of wood handicrafts.
33. In terms of the programme's contribution to gender equality and women's empowerment, the most visible contribution is found in the projects that support independent monitoring activities and one project supporting MSMEs as described in project reports and by interviewees. There are some encouraging examples for best practices:
  - i. The IFM Fund has targeted a women-based NGO to receive funds for forest monitoring training activities (IFM Fund, 2020). Overall, the support provided for IFM has equipped a total of 223 women out of 800 participants with the necessary skills to prepare monitoring plans, conduct independent forest monitoring activities, and report to relevant authorities (FAO, 2021b).
  - ii. Jurnal Celebes also required a 30% quota for women (8 out of 24 recruited are women) for capacity building and monitoring activities.
  - iii. Lesehan, that implemented a project for assessing the impacts of SLVK, also showed substantial engagement of women in their assessment activities: 130 out of 479 were women (Lesehan, 2021).

- iv. A service provider, ARUPA, has included sex disaggregated data in the reporting for its support for MSMEs and showed substantial engagement of women in training: Nearly 30% of participants are women (ARUPA, 2020).
34. As the programme has not established a systematic monitoring mechanism to assess the implementation of the proposed gender measures, the reporting on gender and social inclusion measures has been varied across different projects. Although the project management unit (PMU) has requested all service providers to provide sex disaggregated data, the inclusion of such data is varied across different projects. The projects described in paragraph 32 have included sex disaggregated data and description to show the achievement of gender measures, but such information is unavailable in reports submitted by other service providers/partners.
  35. The interviews revealed that the capacity to integrate and implement gender measures are varied among different service providers. For example, in the interviews, some service providers (e.g. Kaoem Telapak, IFM Fund, Jurnal Celebes, ARUPA) have substantial knowledge about gender mainstreaming and have implemented gender measures in project activities, monitoring, and reporting. The reports also show that these organizations have integrated gender indicators in their reports. Other interviewees indicate their understanding but mention that capacity building is needed to equip their organizations to have practical approaches for mainstreaming gender in overall project design, implementation, and monitoring activities. An interviewee mentioned that the programme has included a session (around 30 minutes) on gender mainstreaming during the project management training before the project kick-off, but it has been deemed insufficient for service providers that have a lack of capacity on this issue.

### 3.4 Partnerships

*Evaluation Question 5: To what extent has the programme managed to engage with relevant, strategic and capable partners and multi-stakeholder processes at global, regional, and national levels?*

**Finding 5.** The programme has engaged with relevant, strategic, and capable partners and multi-stakeholder processes that relate to FLEGT VPA in Indonesia through its support for service providers and direct assistance, particularly through the JIC secretariat where synergies and collective actions regarding the VPA Action Plan are forged. The programme is closely linked to another relevant donor's activities, particularly FCDO/United Kingdom Climate Change Unit (UKCCU) MFP IV. There are some efforts to establish closer link to other forestry initiatives (e.g., REDD+ and sustainable oil palm plantation initiatives), especially to explore an alternative financial mechanism to sustain independent forest monitoring activities. However, tangible outcomes remain to be seen.

36. There is a clear common understanding of the FLEGT objectives, approach, and respective roles among various partners and stakeholders. Overall, key informants interviewed by the evaluator shared a good level of understanding on the FLEGT objectives and goals in the country. All key informants stated clearly the FLEGT objectives and how their activities contribute to overall objectives of the FLEGT VPA processes in Indonesia. This can be attributed to the fact that the FLEGT processes in Indonesia have taken place over two decades engaging various stakeholders through multistakeholder platforms. Furthermore, the existing institutionalized mechanism for the VPA negotiation process and the timber legality verification positions the engagement of civil society organizations and broader

civil society independent forest monitoring as an integral part of the system. However, the level of understanding of the actions needed to secure legality verification and willingness to obtain these remain varied, particularly in the MSMEs and forest smallholders. Some interviewees suggest that while some MSMEs value the SVLK certification to expand market access, others consider it burdensome administratively and financially.

37. The Programme stimulated synergies and collective actions, particularly through its support for the regular multi-stakeholders meeting held by the JIC secretariat. The FAO team also coordinated with other partners who work on timber legality certification (e.g., FCDO/UKCCU - Multi-stakeholder Forestry Programme (MFP) IV; and EFI) and who provide complementary support for the FLEGT VPA process.
  - i. FCDO/UKCCU – MFP IV: the programme aims to: i) strengthen the effectiveness of the SVLK by building the confidence in the system amongst international buyers and domestic suppliers; and ii) support growth of community-based forest enterprises (SILK, 2020). FLEGT-III collaborates with MFP IV in some areas, such as co-contributing to fund the JIC secretariat meetings and complementing support for MSMEs. Currently, MFP IV did not allocate a budget for routine independent forest monitoring activities, but supporting IFM to explore innovative approaches for forest monitoring (e.g through jurisdictional approach) and mobilizing finance for IFM. Therefore, FLEGT-III's support in this area has been considered by the interviewees as strategic and complementary.
  - ii. EFI: While the EFI focuses to support the government of Indonesia and partners on the broader VPA negotiation, the synergy and link to the programme is observed, thanks to institutionalized coordination through the JIC and JEM meetings and routine communication between the programme and EFI in the country.
38. In the multi-stakeholder platform via JIC meetings, the number of stakeholders increased with additional government agencies (e.g., the Directorate General [DG] of Law Enforcement/Dirjen Gakkum, noting the importance of this DG in the timber legality value chain). civil society organizations are actively involved in these meetings through the independent forest monitoring representatives where they are given a regular time slot to present their findings and to convey policy advocacy messages directly to the government and other stakeholders.
39. Interviewees concurred that because of the existing institutionalized mechanism to facilitate VPA (through a JIC or JEM), it is relatively smooth to align the programme with the VPA process and to gain other stakeholders' supports towards the projects. The regular JIC meetings occur once a year and JEM meetings occur twice a year albeit some schedule adjustments occurred during the COVID-19 pandemic. There also has been a strong partnership with EFI and other donors, particularly FCDO/UKCCU via MFP IV that provides complementary supports to government, civil society organizations, and private sector (see paragraph 36).
40. Efforts are underway to connect the programme to other forestry initiatives in Indonesia. Two examples are illustrated below:
  - i. The programme has supported the IFM Fund to overcome the challenges for sustaining independent forestry monitoring through exploring alternative financial options/mechanisms. The IFM-Fund has explored opportunities to tap into various

funding sources, particularly to access funds from a newly established government institution that manages an environmental fund, *Badan Pengelola Dana Lingkungan Hidup* (BPDLH) that is a recently established agency by the Government of Indonesia. However, the outcomes remain to be seen.

- ii. Moreover, the independent forest monitoring activities have also been expanded to cover broader forest and land use governance issues, such as addressing issues on oil palm plantations that make the role of independent forest monitors indispensable.

### 3.5 Potential sustainability

*Evaluation Question 6: What are the sustainability prospects of the programme results, and what is their potential to contribute to long-term changes?*

**Finding 6.** Thanks to the existing timber legality system and VPA processes, the availability of support from another donor in the next few years and the potential resources mobilization to sustain forest monitoring activities on legality certification and independent monitoring will likely sustain after the programme completion, albeit in more limited scope and scale.

41. Given the existence of institutional and regulatory frameworks on timber legality verification in Indonesia in which legality certification of MSMEs are required and independent monitoring is part of the system, most activities related to legality certification and independent monitoring will likely sustain after the FAO-FLEGT programme closes. However, the scale and scope of activities might be more limited without outside support. Currently, the government of Indonesia allocates a subsidy to support MSMEs for SVLK certification. However, interviewees suggest that the subsidy could only cover a small fraction of MSMEs across Indonesia. They further mention that with the deficit of state budget during the pandemic, the continuation of the subsidy for MSMEs to obtain SVLK certification is in question.
42. For monitoring activities, one of the important challenges to sustain continuous monitoring activities is the lack of funding. The Independent Forest Monitoring (IFM) fund has been established for this purpose as a fund manager to mobilize financial supports for independent forest monitoring from various supports (e.g., government budget, a portion of fee from certification body, BPDLH, and crowd source). However, interviewees suggest that the progress has been slow for this initiative as it has not materialized into funding commitments from different agencies. The IFM has organized some meetings with BPDLH to explore possibilities to access the fund managed by BPDLH. Yet, to date no commitment has been made by BPDLH for budget allocation related to independent forest monitoring.
43. For MSMEs, all private sector actors interviewed indicated that they might be able to sustain SVLK certification in the next few years. However, it is unclear whether they will be able to sustain in the long term due to the high cost to obtain and maintain SVLK certification, as previously mentioned. Furthermore, with a sharp decrease of demands for furniture and handicrafts products during the pandemic, many MSMEs had their orders cancelled, and that led them to scale down production. The reduced income created additional challenges for MSMEs to sustain their SVLK certification. Moreover, the sustainability of the e-commerce website for legal woods after the completion of the programme remains questionable despite its potential to expand MSMEs online market.



44. The functioning of the JIC secretariat will continue to rely on outside support because the Ministry of Forestry and Environment budget has been slashed for COVID-19 relief. After the completion of programme, a portion of the secretariat activities will be supported by MFP IV until 2023 (possibly more upon the approval of MFP V).
45. With the increasing concerns for the future of the FLEGT VPA process after the FLEGT fitness check carried out last year (European Union, 2020), which might result in changes of European Union regulation, the Government of Indonesia has revised the SVLK regulation, emphasizing not only legality but also the sustainability aspect of timber trade. The government also prepares the subsequent regulations on this issue. The revision of the SVLK regulation could potentially enable the country to adapt to the impacts of an anticipated EU-FLEGT regulation change more successfully and increase Indonesia's system credibility in the European Union market and beyond.

### 3.6 Programme management

*Evaluation Question 7: To what extent were the management and implementation arrangements appropriate?*

**Finding 7.** All interviewees confirmed that the programme management and decentralized implementation arrangements are clear and effective. With the growing knowledge base on the projects is accumulating, the programme has communicated emerging success stories and lessons learned. However, there has yet to be an institutionalized knowledge exchange mechanism among different project partners within the country that could enable better synergy and support to mobilize changes for improved forest governance.

46. All interviewees are of the opinion that the programme management and decentralized implementation arrangements are clear and effective. In Indonesia, there are three technical consultants dedicated for Indonesia: A technical consultant based in the country who manages overall project implementation in the country, and another technical consultant in Southeast Asia who provides technical supports to several VPA countries in the region including Indonesia and a regional coordinator who oversees overall FAO-EU FLEGT activities in the region, including in Indonesia. Most service providers confirm that they have received sufficient and relevant technical and administrative support from the FAO team regarding technical issues and compliance with the FAO administrative requirement.
47. The programme has been efficiently delivering its results. The project reports show that service providers have been efficient and on time in delivering the result. There are some delays for implementation activities such as those implemented by the APKJ or JIC secretariat meetings. Other projects have managed to pivot with the current pandemic situation and have created some innovative approaches, such as online surveillance for MSMEs to reduce the cost of SVLK certification surveillance and digital forest monitoring activities (using spatial image analysis and remote surveillance audit). Project support has been clearly targeted and addressed the need of different stakeholders with regards to FLEGT VPA processes. It has supported stakeholders, particularly MSMEs and independent forest monitoring, that are otherwise constrained from participating in the FLEGT VPA processes (see paragraph 15, 22a).
48. All interviewees informed the evaluator that the programme communication strategy is effective to coordinate with service providers and other partners. With a growing

knowledge basis, the programme has communicated emerging success stories and lessons learned, such as policy briefs and video, among others (FAO, 2020b; FAO, 2021b). Some knowledge exchange events have also been supported (FAO, 2020b; FAO, 2021b), such as: i) the sixth and seventh Sub-Regional Training Workshop on Timber Legality Assurance (2018); ii) the National strategic planning workshop of Independent Monitors (2018); and iii) the traceability information exchange between Ghana and Indonesia (2017).

49. However, some interviewees mentioned that a systematic platform/mechanism for knowledge management and information sharing among the service providers and partners within the country has not been established. They further suggested that such a mechanism/system will be essential to coordinate stakeholders to learn from each other and mobilize broader supports for improved forest governance.

## 4. Lessons learned

50. Indonesia has managed to be adaptive in anticipating the potential European Union regulatory changes focusing on sustainability issues. In doing so, the government has amended the SVLK regulation that emphasizes both legality and sustainability through the issuance of the Ministry of Forestry and Environment regulation 8/2021 on SVLK (Regulation on Verification System for Timber Legality and Sustainability) emphasis on sustainability aspect). The government is currently developing a guideline which will include a more detailed verification of sustainable forest management and will add additional verifiers to the list. The certification body will also assess how the plan (a plan related to sustainable forest management) is being implemented. Moreover, the certification body will evaluate how it is being implemented and whether or not implementation is according to the submitted plan. Currently, in the process of verifying the depth of implementation at the field level and many other aspects, this will be summarised as a derived director-general regulation.
51. The revision of SVLK regulation is due to some reasons. As described by two interviewees the current SVLK verification system verifies both legal and sustainable aspects across all timber industry actors (from upstream to downstream timber industry) through certification of sustainable forest PHPL, certification for timber processing industries, certification for the primary and secondary industry, and legal documentation for timber exports. Unfortunately, the current verification process is not deep enough as it only requires businesses to submit planning that complies with the sustainability requirement.
52. To conclude, Indonesia's adaptive approach in governing timber legality verification has allowed the country to be more flexible to pivot in response to the anticipated change of regulations and expand the acceptance of SVLK certification in the market beyond the European Union. In the last couple of years, the Ministry of Forestry and Environment has also carried out some activities to expand the legal timber market and improve the market receptiveness and appreciation to SVLK certified timber products in other countries such as Japan, Australia, Korea, among others.

## 5. Observations

53. In general, the projects supported by the EU-FAO FLEGT programme in Indonesia are catalytic and contribute to Indonesia's effort to improve good forest governance and improve timber legality assurance system in the country. The projects are aligned with priority actions set in the FLEGT VPA Action Plan. The FAO-EU FLEGT's support also contributes significantly to the FLEGT VPA processes in Indonesia as it complements other donors' assistance, especially FCDO/UKCCU-MFP IV, available to support the FLEGT VPA processes. The support for independent forest monitoring activities particularly stands out and is appreciated by all partners interviewed as it strategically complements other supports for VPA processes in the country. The findings show that the Programme contributes to some outcomes, which include improved capacity of independent forest monitors, improved competence of the private sector, and increased capacities of service providers.
54. The programme has broadened the scope of independent forest monitoring activities and has strengthened the engagement of those who could be potentially disenfranchised from the processes, such as MSMEs and local and indigenous communities. While there are some examples of success stories for improved women's participation and capacities in forest governance (e.g., independent forest monitoring activities), the outcomes of gender integration measures are varied across different projects. This is due to, among other issues, varied capacities for gender integration and implementation and the lack of more systematic approach to monitor the achievement.
55. There are some indications of potential sustainability of some actions supported by the Programme though they will be more limited in terms of scope and scale. However, measures are still needed to enhance, deepen, and sustain civil society engagements in the independent forest monitoring and MSMEs' effective engagement in the timber legality assurance system.

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## Appendix 1. People interviewed

Last name	First name	Position	Organization
Almadina	Tri Wahyu	Facilitator	ARUPA
Arif	Mustaman	Executive Durector	Jurnal Celebes
Azizah		Finance	PPLH Mangkubumi
Cammaert	Bruno	Regional Coordinator	FAO RAP
Dermawan	Ahmad	Senior Scientist	CIFOR
Ekaningtyas	Vany	Admin and finance	ARUPA
Faergemann	Henrietta	First Counselor for Environment, Climate Action and ICT	European Union Delegation in Indonesia
Hadiyati	Oki	Unit Head (subdit) of export-import of v-legal products (Ministry of Forestry and Environment)	Ministry of Forestry and Environment
Ichwan	Muhammad	Ketua	PPLH Mangkubumi
Ilmi	Rosikhul	Project Manager for FAO-EU Project	ARUPA
Indrawan		Executive Director	ASMINDO / The Indonesian Furniture and Handicraft Association
Irawati	Rahayu	Head of Forest Product Marketing Section	Ministry of Forestry and Environment
Ivonne	Melissa	National Consultant	FAO Indonesia
Jumanto		Program Officer	Yayasan Lesehan
Karnanto	Untung	Director	KSU Taman Wijaya Rasa
Kosar	Mohamman	Former Programme Officer	Kaoem Telapak
Mochammad	Dimas Yunir	Facilitator	ARUPA
Munif		Internal manager	PPLH Mangkubumi
Murray	Josil	Regional Technical Consultant	FAO RAP
Napitupulu	Andry	Senior Program Manager	UKCCU/FCDO
Nugroho	Tri	Co-Director	MFP IV
Obidzinzki	Krisztof	Forest Governance and Timber Legality Expert	European Forest Institute
Padmanaba	Michael	Manager konservasi dan keanekaragaman hayati	Yayasan Inobu
Pramono	Sigit	Senior Policy Analyst of Dit PPHH Ministry of Forestry and Environment	Ministry of Forestry and Environment
Purba	Christian P.P.	Manager	Independent Forest Monitoring Fund
Purwanto	Agus Budi	Program Officer	PPLH Mangkubumi
Rahmawati	Endri Hera	Finance and Admin	ARUPA
Ripans		Staff	KSU Taman Wijaya Rasa
Safrudi	Hale Irfan	Direktur Eksekutif	Yayasan Lesehan
Setiadi	Ramanta	Senior researcher affiliate	Yayasan Lesehan
Sukma	Firdan	Project Coordinator	KKI WARSI
Suprpto	Edi	Director	ARUPA

## Bibliography

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<b>Last name</b>	<b>First name</b>	<b>Position</b>	<b>Organization</b>
Suryadi	Muhammad	Executive director and facilitator	APKJ / Asosiasi Perajin Kayu Jepara (Small-scale Wooden Furniture Association of Jepara)
Triyanto	Sugeng	M&E specialist	ARUPA
Wiganingtyas	Westi	Staff	KSU Taman Wijaya Rasa
Wijaya	Arief	Senior Manager Climate, Forest and Ocean	World Resources Institute
Zain		Researcher	PPLH Mangkubumi
Zainuri	Hasyim	Board member	Kaoem Telapak



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