Sustainable forest management in Indonesia
2010: Less than 1 million ha FSC certified

**Bottlenecks 2010**
- Scattered support initiatives
- Lack of staff capacity for certification
- Limited external expertise
- High costs
- Prolonged time frame
- Insecure market prospects

**Approach 2010**
- Unified support services platform
- Certification coaches
- Subject matter specialist training
- Co-funding
- Fast-track process
- Marketing support activities
Support scheme 2010 - 2018

Application
- Medium – Large concession: US$ 2/ha
- Small scale concession: US$ 3/ha
- Ceiling: max. US$ 300,000/concession

Phase 1
- Scoping
- Certification Action Plan
- 6 months; 90% company funding

Phase 2
- Implementation of Action Plan
- 18 months; 20% company funding

Phase 3
- Surveillance
- 36 months; 90% company funding
The Borneo Initiative Foundation was established in 2008 to promote sustainable management of the natural forests of Indonesia.

Twelve years later, over 4 million ha of forests, over 2,000,000,000 trees, are FSC certified or moving to certification.
What’s next?

**Bottlenecks 2020**

- Price premium for FSC certified products has eroded
- Regional markets – China, India – are becoming increasingly important and these do not normally require FSC certification
- COVID 19 pandemic accelerates long-term decline in the sector and The Boneo Initiative estimates that well over 50% of the concessions is inactive
- Most companies have maintained certification so far, but there is an increasing fall-out risk
- Large scale agricultural development increases pressure on the (forest)land

**Approach 2020**

- New regulation allows concessions to become multi-purpose enterprises and combine logging with forest restoration, tree plantation (fast-growing species), conservation and agriculture
- Multi-purpose companies have a higher revenue potential and reduced cash-flow problems during early investment period. Carbon revenues can have a major influence on feasibility.
- Multi-purpose companies are potentially interesting for green investors (loans, equity) if they adopt a landscape approach and support smallholders. FSC certification typically is a first requirement and facilitates access to preferential loans and additional grants
Business model development for multi-purpose enterprises

- Optimization of land-use
- Low-carbon development
- High management requirements
- Transformation that can be implemented step-wise
- Attractive for combination of loans and grants
Terima kasih