



Ministry of Environment and Forestry - ITTO - ISWA

ITTO PD 737/14 Rev. 2 (I)

*Developing Supply Capacity of Wood-based Biomass Energy through Improved Enabling Conditions and Efficient Utilization of Degraded Forest Lands Involving Local Communities in North Sumatera Province of Indonesia*

Manggala Wanabakti Building, Block IV. 8<sup>th</sup> Fl. Wing C Jl. Gatot Subroto, Senayan, Jakarta, 10270  
Phone. (021) 5733018, 5703172 (hunting), Fax. (021) 5711327, 5734385

## **Minutes of Meeting The Second Meeting of the Project Steering Committee (PSC)**

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Rimbawan IIIA Meeting Room, Manggala Wanabakti, Block I, 2<sup>nd</sup> floor

Jakarta, 20 August 2018

### Item 1. Opening of the Meeting

- Mr Hendro, Deputy Director of Production Forest Business Management (UHP), on behalf of the Executing Agency and Chairman of the PSC, chaired the Meeting; he called the Meeting to order at 09.00 a.m., and warmly welcomed PSC members and participants. Mr Hendro informed the Meeting of his visit to the energy forest demo plot at Simalungun FMU where he learned some interesting matters including: i) the on-going land clearing adjacent to the demo plot for palm oil plantation development, ii) the need to complete establishment of demo plot soon after the drought subsides, iii) the need to further strengthen partnership between the FMU, local community and Project, and iv) to establish local farmer institution for energy forest development. He also recommended to grow livelihood species such as aren, kemiri and petai at particular patches of land in order to increase benefits of energy forest accruable to local communities. In closing his remarks, Mr. Hendro encouraged the participants to provide insights and fruitful inputs for the PMU to use in future project operations.
- Mr Makoto Nakamura of Japan Embassy in Jakarta first expressed his sympathy to Indonesian people in Lombok and Bali for the lives and damages caused by the recent earthquakes; he then expressed appreciation to the Executing Agency for inviting his Embassy to attend the Meeting. Mr. Nakamura further informed the Meeting that the Government of Japan is very pleased to get involved in the project considering its potential contribution to renewable energy

development in Indonesia. In closing his remarks, Mr. Nakamura expressed expectation to receive information from the Meeting on progress in project implementation as well as challenges and problems encountered in implementing the Project.

- Dr Tetra Yanuariadi of ITTO sincerely thanked the Executing Agency for making arrangements to hold the meeting and for inviting the ITTO to attend it; he particularly thankful for the attendance of Mr. Nakamura of Japan Embassy in Jakarta and for the support granted by the Japanese government to the project. Dr Tetra indicated his satisfaction on the progress made by PMU in implementing the project; he was particularly pleased to observe development of the energy forest demo plot at Simalungun FMU he visited despite the incomplete planting of seedlings on already cleared lands due to prolonged dry season. Dr Tetra was confident that establishment of demo plot could be completed during the forthcoming rainy season, expectedly before end of YPO 1 period.

Item 2. Presentation of the Participants

Mr Hendro introduced the participants to one another for purpose of getting acquainted. List of participants appears as Annex 1.

Item 3. Review of the recommendations of the 1<sup>st</sup> PSC Meeting

Dr Sidabutar on behalf of the Project Management Unit (PMU) presented the follow-up actions to the recommendations of the 1<sup>st</sup> PSC Meeting. The full text of presentation is exhibited in Annex 2

Item 4. Presentation by the PMU

Review of the project structure

Dr Sidabutar briefly presented the project structure to the Meeting to serve as background information. The full text of presentation appears in Annex 2.

Progress in implementation of YPO 1

Dr Sidabutar informed the Meeting that 4 activities under YPO 1 had been fully completed while Activity 1.3, i.e. establishment of demo plots on energy forest was expected to be fully completed by end of September 2018. The full presentation is shown in Annex 2

Inputs applied to execution of YPO 1

Dr Aswandi of Aek Nauli Forestry Research Institute was hired to assist in implementing Activities 1.1 and 1.2 while 3 small local firms, namely: CV. Rio, UD. Tunas Rimba and CV. Anggi were employed in the establishment of demo plots in 3 FMUs. The information presented is exhibited in Annex 2.

Dr Sidabutar concluded that the indicators of achievement of YPO 1 will have to be all satisfied by end of September 2018 while expended amount of ITTO funds at 30 June 2018 was in par with the physical project results under YPO 1.

#### Proposed YPO 2

- 8 activities are planned for implementation under YPO 2: Activities 1.3, 2.1, and 3.1 are carried over from YPO 1 while Activities 2.2, 2.4, 3.4, 3.5 and 3.6 are new ones.
- Draft of YPO 2 is presented in Annex 2

#### Item 5. Highlight of discussion

- Rep. of Medan BPHP Office, Mr. Ade Hermawan, indicated support on energy forest development for which local community institution need strengthening.
- Rep. of Simalungun FMU, Mr. Margono, proposed to put larger efforts on dialogues with local communities in view of gaining commitment to energy forest development and enhancing partnership between the Project, local communities and FMUs; he also proposed to publish and widely distribute technical manuals on energy forest development.
- Mr. Nakamura expressed concern over optimizing benefits of renewable energy development to local communities noting that greater use of renewable energy in Indonesia is strongly advisable.
- Both Dr Tetra and Dr Hendro suggested that development of village cooperatives is a strategic means to support renewable energy development by local communities; in addition, there is a need to explore development and utilization of livelihood species, e.g. aren, kemiri and petai in order to optimize benefits of energy development initiatives to local economies.
- Dr Tetra also emphasized on: i) the need to share results and findings of the project with the organizations within the Ministry in view of enhancing policy formulation on development of wood-based biomass energy, and ii) the need to devote more efforts on dialogue with local communities, in order to convince them of potential benefit of energy forest development.
- Mr. Syaroni of the Ministry's Center for International Cooperation commended the satisfactory execution of YPO 1 and expected further improvement under YPO 2 but questioned the absence of PLN in the Meeting. He further suggested compilation of growth data on individual demo plots and clarification on responsible party for doing monitoring work.

- Mr Achmad Poncho of Directorate of FMU advised that long-term management plans of the FMUs should include development of energy forest as one of their activities.
- Dr Sidabutar responded to the questions and queries by saying that dialogues with local communities will be optimized within the sanctioned budget; the feasibility study on investment under Activity 3.4 should provide accurate information on several aspects of energy forest development; and development and utilization of livelihood species will be initiated subject to site conditions.

Item 6. Decisions and recommendations

i. The Meeting decided to make the following decisions:

- ✓ To endorse the progress in implementation of YPO 1 and use of the inputs as reported by the PMU.
- ✓ To endorse the proposed YPO 2 as the guiding document of project operations from October 2018 to September 2019 period.

ii. The Meeting recommended to:

- ✓ Make only one overseas comparative study on wood biomass energy development under Activity 2.4.
- ✓ Hold a workshop on findings of feasibility study on investment in wood biomass energy development under Activity 3.4 using the fund saved from Activity 2.4.
- ✓ Above workshop should emphasize on inviting potential investors including ISWA member companies, Inhutani I – V under the Ministry, PLN, Kadin member companies and other parties interested in wood-based energy industry development.

Item 7. Other matters

The meeting agreed to hold the 3rd PSC Meeting in August 2019 back to back with the envisaged workshop on investment in wood biomass energy development.

**Item 8.**

**Closing of the Meeting**

The Chairperson thanked all the participants for their presence and contribution to the project and adjourned the Meeting at 12.00 a.m.

We the undersigned endorse the Minutes as a record of the PSC Meeting.

Jakarta, 20 August 2018



Mr. C. Hendro Widjanarko M.Sc.  
UHP Representative



Dr Tetra Yanuariadi  
ITTO Representative



Dr Hiras Sidabutar  
PMU Representative