



PROGRESS REPORT

2017 - 2020

DECEMBER 2020

INDEPENDENT FOREST MONITORING



SUMMARY

Three Years of IFM FUND

THIS PROGRESS REPORT is prepared for monitoring and evaluation of IFM Fund work programme's 2017-2020 implementation and achievement. As commonly known, IFM Fund was established to meet the following objectives: (a) facilitate funding support for Forestry Independent Monitoring activities; (b) facilitate activities that support Forestry Independent Monitoring quality; and (c) improve Forest Government quality through Forestry Independent Monitoring activities.

This report framework is built upon description of progress in work programme, including implementation of collaborative projects with IFM Fund partners, performance of IFM Fund small grant funding investment & support, financial position and status, asset management and publication and communication media through which IFM Fund communicates with public.

“Strengthening and operationalise a fund management institutions for independent monitors so that they can play active roles in strengthening Timber Legality Assurance and forest governance in Indonesia

This report elaborates the implementation of projects that IFM Fund has managed during 2017-2020. Since the beginning of their initiations up to the mid-2017, IFM Fund has obtained funding support from MFP-3. Next, during August 2018-March 2020, IFM Fund forged a cooperation with FAO-EU FLEGT Programme for a 15-month project (phase 1).

Apart from that, this report provides information on the performance of IFM Fund's investment and funding support channelled to support independent monitors' works in Indonesia. IFM Fund's investment is implemented through small grants ranging between USD5,000 and USD10,000 provided to individuals, organisations and community groups. The monitoring activities by individuals, organisations or community groups include not only activities directly related to the Timber Legality Assurance System (TLAS), but also forestry sector monitoring in a wider sense.

In general, IFM Fund's investment and grant portfolio suggests a direct link between grants provided to partners and its three objectives. IFM Fund-supported partners and activities has directly contributed to capacity building strengthening and facilitation, forestry independent

monitoring and forest product distribution, and exchange of information that supports forestry independent monitoring in Indonesia. More specifically, IFM Fund grant portfolio has produced outputs, i.e., civil society involvement and capacity in forestry independent monitoring within the framework of TLAS and FLEGT implementation, its developed and tested small grant mechanism, and its strengthened organisational structure, role and resources.

IFM Fund has gone through project audit processes, including MFP-3 and FAO-EU FLEGT Phase 1 Project Audits. In general, the audits resulted in **unqualified opinions** in all matters that are material, financial position, project activity report, in accordance with Generally Accepted Accounting Principles (GAAP) in Indonesia. In addition, IFM Fund in its organisational capacity has audited 2017-2019 financial reports for the first time, which started in the beginning of November 2020, resulting in **unqualified opinion**.

Executive Board

(Christian Purba, Moh. Kosar, Ian M. Hilman)

Executives

(Dion Dharmarini, Siti Syarifah, Dwi Lesmana, Kusumamah H. Syaidah)

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I. BACKGROUND

Timber Legality Assurance System (TLAS) is an initiative aiming to ensure that timbers and timber products can be verified to guarantee legal and sustainable sources. TLAS becomes plays the pivotal role in Indonesia-European Union partnership agreement as it can be used as TLAS. Under this system, all products that the agreement covers are required to have legal licence so as to enter EU market.

Since the first time this policy was applied, independent monitors have actively got involved as part of civil society contribution to forest governance improvement in Indonesia. They realised the intense public demands that TLAS credibility in Indonesia be constantly maintained. This definitely requires independent monitors' capacity in effective monitoring to contribute a constructive input to the system implementation.

Funding guarantee for independent is already provided under Minister of Environment and Forestry Regulation No. 30/2016 in conjunction with Minister of Environment and Forestry Regulation No. 21/2020 where §36.1 provides that the Minister and local governments may provide fund to independent monitors to support TLAS monitoring activities, and §36.2 provides that the fund under paragraph 1 shall be allocated following the State financial use and reporting rule.

The needs for establishing a monitoring fund management organisation also become one of the achievements that should be reached under the FLEGT-VPA action plan agreement, which were reconfirmed in Joint Expert Meeting (JEM) on 2 March 2017 mentioning the importance of establishing an organisation to support independent monitoring works through a sustainable funding mechanism (Agreement 1.5).

Independent monitors then discussed this through series of meetings attended by externals (donors, researchers and Ministry of Environment and Forestry) as well as other meetings involving only independent monitors. On 27 April 2017 in Bogor, there has been established Yayasan Pemantau Independen Kehutanan Indonesia (Y-PIKI Foundation) before Notary Public Ellyza, S.H., M.Kn. based on Notarial Deed No. 03/2017. The foundation is then known as Independent Forest Monitoring (IFM) Fund.

The foundation was established to:

- a)** facilitate funding support for Forestry Independent Monitors;
- b)** facilitate activities that support the quality of Forestry Independent Monitor; and
- c)** improve Forestry Governance quality through Forestry Independent Monitor activities.

To achieve the above objectives, the foundation carries out the following activities.

- 1.** To facilitate funding support for forestry monitoring activities, the following activities will be carried out.
 - a.** Raise fund from public and domestic and international private sources that are not binding to and do not go against the foundation's basic principles.
 - b.** Provide grants to Civil Society Organisations (CSOs) or NGOs that carry out forestry independent monitoring.
- 2.** Facilitate activities that support the quality of forestry independent monitors in delivering monitoring method trainings.
- 3.** To improve the quality of Forestry Governance through independent monitoring activities, the following activities will be carried out.
 - a.** Advocation for various stakeholders concerning the importance of forestry independent monitoring output for governance improvement.
 - b.** Facilitating publication and disseminating monitoring outputs and forestry independent monitor organisation profile.

II. FOUNDATION STRUCTURE & MEMBERS OF EXECUTIVE BOARD

Based on the foundation's deed of establishment, IFM Fund structure includes Advisory Board, Supervisory Board and Executive Board. Executive Board is an organisational organ that includes Chairman, Secretary and Treasurer and is responsible for running the organisation within a five-year period. It can be assisted by Director and executive staff to implement its mandate.

Advisory Board

Chairman: Dr. Ir. IB Putera Parthama

Member: Mardi Minangsari, Zainuri Hasyim

Executive Board

Chairman: Christian P.P. Purba

Secretary: Muhamad Kosar

Treasurer: Ian M. Hilman

Supervisory Board

Chairman: (Late) Arbi Valentinus

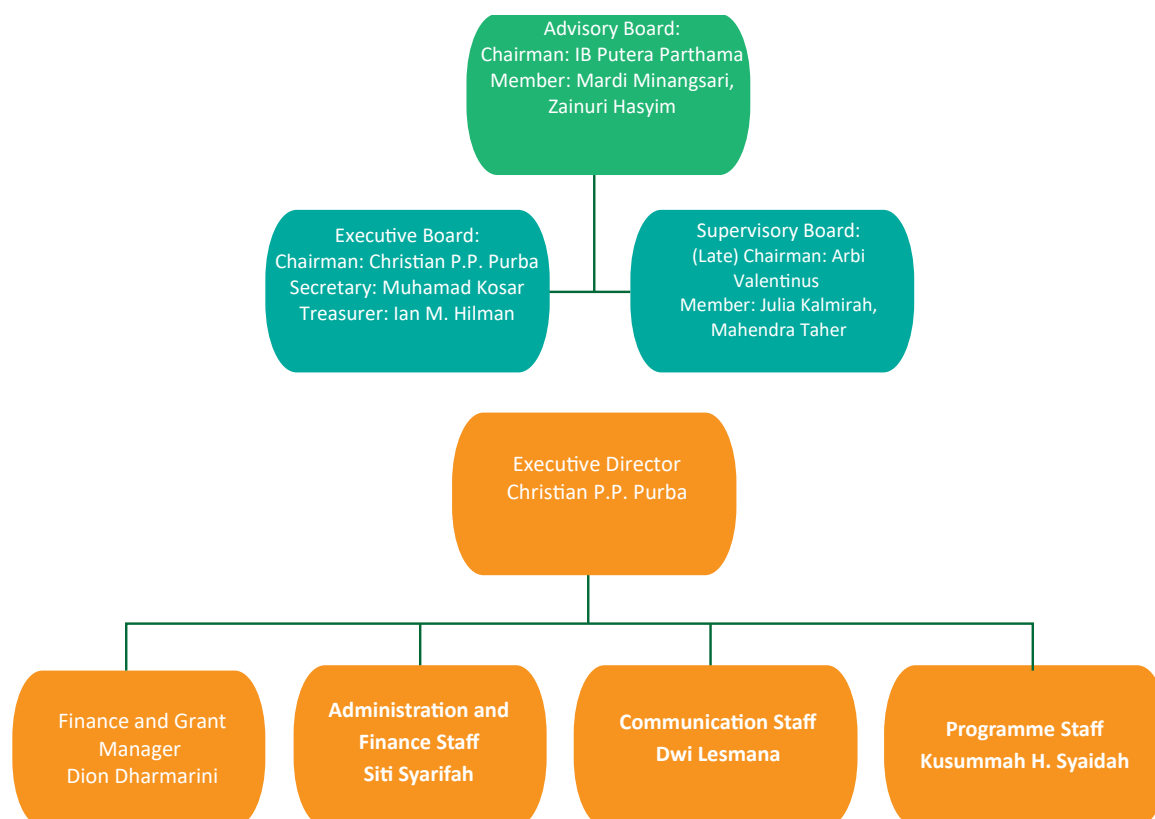
Member: Julia Kalmirah, Mahendra Taher

In October 2017, one of YPIKI founders, Arbi Valentinus (Chairman of Supervisory Board) deceased. The remaining founders are now eight people.

In the context of work programme management, Executive Board forms its organisational tool, i.e., Executive, to assist in implementing the work programme and run YPIKI Secretariat operation. To date, there has been changes of staff in IFM Fund Secretariat. Currently the foundation has five people to man the Secretariat's executive positions.

See below IFM Fund Secretariat's structure and staff in 2020.

Figure 1. IFM Fund Secretariat Structure and Executives



Executive Board Meeting

Executive Board is the foundation's organ responsible for its management performance and interests. To execute the mandate, the Executive Board has held a series of meetings, including scheduled meetings that have been held twice (July 2019 and November 2020) and irregular meeting due to the quite intense interaction between board members. The agendas concern with the organisational development, formation of organisational organs (executive), fund raising, and response to strategic issues.

III. COOPERATION AND FUNDING SUPPORT

Projects that IFM Fund has managed during 2017-2020 have been directed to facilitate its missions and objectives in supporting independent monitoring. When initiated for the first time in 2017, IFM Fund was supported through MFP-3 funding. The 7-month funding (June-December 2017) was directed to [1] establishment and operation of trust fund functioning to support TLAS monitoring activities and improve independent monitor's governance; [2] management of resources for independent monitors; [3] pilot grant fund distribution system; and [4] prepare programme and strategic plan for independent monitors as the vital actor in implementing TLAS in Indonesia.

Later on, IFM Fund secured funding support in the form of bridging fund from European Forum Institute in June-July 2018, which was a transitional period before it obtained FAO-EU FLEGT Programme's funding support. In August 2018-March 2020, IFM Fund developed a cooperation with the FAO-EU FLEGT Programme to cover a 15-month period (phase 1).

#The FAO-EU FLEGT Programme has approved the support for IFM Fund to allow the foundation to continue playing its role in facilitating independent monitors and their network. This project is expected to be able to bridge independent monitor needs when carrying out monitoring and capacity building. IFM Fund also simultaneously makes effort to encourage a continuous funding mechanism for independent monitors. The project aims to strengthen and facilitate capacity building, fund raising and distribution mechanism, and information sharing to support forestry independent monitors in Indonesia (**Table 1**).

In June 2020, FAO-EU FLEGT Programme agreed to keep up the commitment to supporting IFM Fund in facilitating Independent Monitors' activities. Aiming at making more efforts to ensure continuous fund for independent monitors while also building their capacity in monitoring forestry sector in Indonesia, this 2nd phase cooperation project will take 12 months to complete (up to May 2021).

In addition, IFM Fund also has established communication with MFP-4 to secure funding support for developing local-based TLAS implementation monitoring scheme, i.e., Forest Management Unit (FMU), and area administration by independent monitors. Currently this has stepped into the phase of cooperation agreement finalisation.

Table 1: IFM Fund's 2017-2020 Funding Support

No.	Programme/ Project Name	Grantor Name	Contract Amt.	Contract Period	Contract No.
1	Sustainable Funding through Establishment of Independent Forest Monitoring Trust Fund	MFP-3	IDR1,500,000,000	1 June - 31 December 2017	GPO.6316.09.01-1.037
2	Bridging Support to The Independent Forest Monitoring Fund in Indonesia	EFI (European Forest Institute)	USD8,984	6 Juni - 31 July 2018	based on Invoice
3	Strengthening Forest Governance through Independent Forest Monitoring towards the effective Implementatio n of SVLK and FLEGT Initiative in Indonesia	FAO - EU FLEGT Phase 1	USD199,415	27 August 2018 - 3 March 2020 (18 months)	PO 330760
4	Continuing to Strengthen Forest Governance through Independent Forest Monitoring towards The Effective Implementatio n of SVLK and FLEGT Initiative in Indonesia	FAO - EU FLEGT Phase II	IDR1,795,325,000	17 June 2020 - 17 June 2021	PO 344997
5	Developing SVLK Implementatio n Monitoring Scheme using Jurisdictional Approach by Independent Forest Monitors	MFP-4	GBP 69,491	13 November 2020 - 17 August 2021	PO 8174
(6) – IFM FUND					

IV. PROJECT MANAGEMENT

Implementation of projects that IFM Fund has managed from 2017 to 2020 was directed to achieve the foundation's objectives, namely facilitate funding support for forestry independent monitoring activities, particularly in implementing TLAS, facilitating support for forestry independent monitoring quality, and improving forestry governance quality through forestry independent monitoring activities.

4.1 SUMMARY OF MFP-3 COOPERATION PROJECT IMPLEMENTATION

All activities proposed aim at keeping TLAS credible and accountable through regular monitoring system. These activities mainly target civil society organisations and local community/indigenous peoples' groups that are expected to actively participate in monitoring concerning the system implementation. The activities also target the Government, donors and other stakeholders that may potentially provide funding support to independent monitors. See **Annex 1** for June-December 2017 implementation of the cooperation project with MFP-3.

In general, the activities' objective is to strengthen and operationalise a trust fund-managing organisation for independent monitors to allow them to play active roles in Timber Legality Assurance and forest governance improvement in Indonesia. See below the specific objectives to meet within 7 months of the proposed project's implementation.

- a. Establish the fund-managing organisational structure and make available mechanism of grant fund distribution to forest governance monitoring and improvement activities.
- b. Develop strategy for cooperation between the fund-managing organisation and independent monitors in strengthening forest monitoring system in Indonesia.
- c. Raise resources with the Government, donors and other stakeholders that may potentially provide funding support to independent monitors.
- d. Pilot grant fund distribution system to support independent monitors' activities.

Table 2. Summary of MFP-3 Cooperation Project

Activity	Output	Achievement Indicator
Establish and operationalise an organisation that	Established legal entity and trust fund organisational structure Available mechanism and rule for	YAYASAN PEMANTAU INDEPENDEN KEHUTANAN INDONESIA (Y-PIKI) Deed of Establishment No. 03/2017. The foundation

manages fund for independent monitors	distributing fund support to independent monitors. Available operational fund of the trust fund organisation to provide service to independent monitors.	was established on 27 April 2017 in Bogor before Notary Public Ellyza, S.H., M.Kn. Y-PIKI is already registered as per Minister of Law and Human Rights Decision No. AHU-0007611.AH.01.04. IFM Finance Grant Making, Accounting and Finance SOP, in cooperation with Penabulu Foundation. IFM-Fund Website
Develop a collaborative strategy between the fund-managing organisation and independent monitors for independent monitoring system strengthening in Indonesia	Consolidation meetings are held for independent monitors.	Workshop on Strategic Planning for Forestry Independent Monitoring in Indonesia Strategic Plan Document for Forestry Independent Monitoring in Indonesia TLAS Monitoring Training Module
Raise resources with and make promotion to the Government, donors and other stakeholders that may potentially provide funding support to independent monitors	Meetings are held with Ministry of Environment and Forestry Meetings are held with donors and other stakeholders that have potential to support independent monitors. Promotion and dissemination of the independent monitor fund-managing organisation's publication and documentation Preparation of fundraising proposals for the independent monitor fund-managing organisation.	Meetings with FAO and EU Delegation Meetings with Ministry of Environment and Forestry IFM Fund Concept Note IFM Fund proposal to FAO-FLEGT IFM Fund Launching Event IFM Fund brochures
Pilot grant fund distribution system to support independent monitoring activities	Fund support for monitoring management units already holding TLA certificate. Funding support to build independent monitors' capacity. Fund support for independent monitors' travel/visit.	Provision of grant fund to four independent monitoring organisations (ARUPA, JPIK Central Sulawesi, PPLH Mangkubumi and Hanjuang) Consolidation Meetings on Independent Monitoring in East Java Province to Strengthen TLAS and FLEGT

See **Annex 1** for detail on MFP-3 project implementation.

4.2 SUMMARY OF FAO EU-FLEGT COOPERATION PROJECT (PHASE 1) IMPLEMENTATION

In early August 2018, FAO-EU FLEGT Programme has approved granting support to IFM Fund to keep up its role in facilitating independent monitors and their network. This project is expected to be able to bridge independent monitors' needs for monitoring and capacity building. In a parallel manner, a mechanism for continuous funding for independent monitors is also encouraged. See **Annex 2** for detail on the implementation of cooperation project with FAO-EU FLEGT Programme (Phase 1).

This project aims at capacity building, fund raising and distribution mechanism, and information sharing to support forestry independent monitors in Indonesia. This project output includes: (a) civil society completely participates in and has capacity for independent forest monitoring of TLAS and FLEGT implementation; (b) establishment and implementation of IFM Fund's small grant mechanism; (c) IFM Fund's strengthened organisational structure, role and source of fund; and (d) established monitoring and evaluation framework and project visibility.

Table 3. Summary of FAO-EU FLEGT Programme (Phase 1) Cooperation Project

Outcome	Indicator Target	Verifier
Civil society completely participates in and has capacity for independent forest monitoring of TLAS and FLEGT implementation	IFM Fund website, 2 investigation briefs/factsheets, communication protocol.	Website: https://forestfund.or.id Factsheet: Menutup Celah untuk Menjamin Kredibilitas: Catatan Kritis Pemantau Independen ketika Menjalankan Perannya dalam Implementasi SVLK di Indonesia Policy brief: Strengthened role of independent monitors will have positive impacts on TLAS credibility and accountability. Film: Pemantau Independen Kehutanan: Jaminan Penuh Kredibilitas SVLK Film: Raising awareness on IFM
	Strategic Planning workshop	Strategic planning workshop proceeding Document of strategic planning for independent monitors
	Report on attending national and regional meetings	BTOR Pre_JEM, JEM, JIC, IMM, IM and PE
	Training on information access, and timber investigation and tracing.	Proceeding of Timber Trade Monitoring and Access to Data and Information Training in Surabaya Proceeding of Training on 'Timber Traceability and Information Transparency as Support for

		Independent Monitor Function' in Bogor.
Establishment and implementation of IFM Fund's small grant mechanism	Small grant contract Monitoring and grievance report	Nine monitoring reports, 2 training reports, 1 factsheet and 2 grievance letters to certification body
	Guide to small grant funding	Grant Making SoP
	IFM Fund 2018-2019 activity review	Portfolio Review
IFM Fund's strengthened organisational structure, role and source of fund	Policy of funding for independent monitor, sourced from V-Legal and/or FLEGT Licenses' fee	Report of series of meetings with Ministry of Environment and Forestry and KAN Note: This output target is yet to be achieved
	Fund and resources raising document	Document of study of opportunity of continuous funding for independent monitors, titled "Tata Kelola Hutan, Pemantauan dan Mobilisasi Sumber daya" Proceeding of resource mobilisation strategy FGD Report of meeting with KEHATI and MFP-4
	Fundraising capacity building for independent monitors	Proceeding of Resources Mobilisation Strategy training
Established monitoring and evaluation framework and project visibility	Inception meeting	Inception Meeting Proceeding
	Stakeholder workshop	Stakeholder Workshop Proceeding
	Pre- and post- evaluation for activities (workshop, seminar and training)	Evaluation report and testimonials

See **Annex 2** for detail on implementation of FAO-EU FLEGT Phase 1 project.

V. IFM FUND SMALL GRANT PORTFOLIO¹

This section provides information on IFM Fund's investment performance and funding support in accordance with its establishment objective, i.e., to facilitate funding support for forestry independent monitoring activities, particularly in TLAS implementation, facilitate support for forestry independent monitoring quality, and improve forestry governance quality through forestry independent monitoring activities.

V.1 SMALL GRANT GROWTH AND VARIETY

With MFP3 support during the 2017-2018 period and FAO-EU FLEG T Programme Phase 1 during 2018-2019 period, IFM Fund has invested in forestry independent monitoring through 21 small grants. This portfolio started in the 2nd semester of 2017 where IFM Fund provided 6 small grants (**Table 4**) and then 1 grant in 2018, 7 small grants in the 1st semester of 2019 and another 8 in the 2nd semester of 2019 (1 grant for media) (Table 5).

Table 4 Small grants for Independent Monitors (fund source: MFP-3)

No.	Partner	Contract Period	Activity/Cooperation	Contract Amt.
1	KAOEM TELAPAK	11 Aug 2017 - 10 Sep 2017	Workshop on Strategic Planning for Forestry Independent Monitoring in Indonesia	183,700,000
2	Centre for Environmental Education (PPLH) of Mangkubumi	25 Sep 2017 - 30 Sep 2017	Independent Monitor Consolidation in East Java Province to Strengthen TLAS and FLEG T Credibility and accountability	25,660,000
3	Hanjuang Mahardhika Nusantara Association	01 Dec 2017 - 31 Dec 2017	Monitoring the Timber Trade Chain and Inventorying of Primary Industry with below 6,000 m ³ Capacity and Update of TLAS Application Progress in Banten Area	48,550,000
4	Forestry Independent Monitor Network (JPIK) Central Sulawesi Focal Point	01 Dec 2017 - 10 Dec 2017	Consolidation Meeting on SVLK and FLEG T Monitoring and Update	59,100,000
5	Centre for Environmental Education (PPLH) of Mangkubumi	01 Dec 2017- 20 Dec 2017	Dissemination of Information of Monitoring Result through Preparation of TLAS Monitoring Report in East Java Province	50,000,000
6	Volunteer Alliance for Nature Saving (ARUPA)	01 Dec 2017 - 17 Dec 2017	Training on Community-Based Monitoring in Perum Perhutani (State Forestry Company) Forest Management	67,050,000

¹ Most part of this section is sourced from a report titled IFM Fund Portfolio Review by Ambrosius Ruwindrijarto, 2020.

Table 5. Small grants for Independent Monitors (fund source: FAO-EU FLEGT)

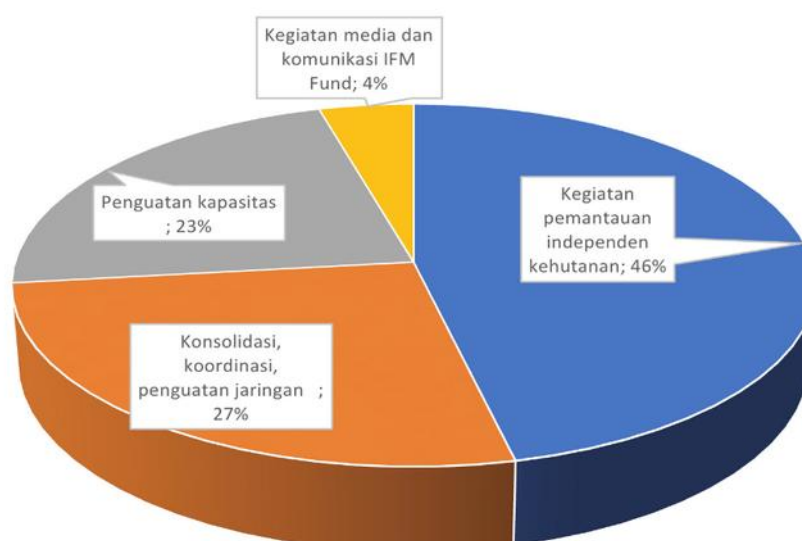
No	Partner	Contract Period	Activity/Cooperation	Contract Amt.
1	Forestry Independent Monitor Network	13 Nov 2018 - 25 Nov 2018	Workshop on Independent Monitors' National Consolidation to Strengthen Forest Governance through Effective Monitoring	201,000,000
2	Centre for Environmental Education (PPLH) of Mangkubumi	04 Feb 2019 - 04 Mar 2019	Exposing the Dark Side of Illegal Timber Business in East Java	37,650,000
3	Centre for Environmental Education (PPLH) of Mangkubumi	15 Mar 2019 - 25 Mar 2019	Training on Timber Trade and Data and Information Access Monitoring	127,600,000
4	Forestry Independent Monitor Network (JPIK) Lampung Focal Point	20 Feb 2019 - 03 May 2019	Monitoring and Field Investigation of Illegal Logging Crime in Conservation & Protection Forest Areas, as well as Monitoring of Business Permit to Utilise Timber Forest Product – Plantation Forest (IUPHHK-HT) Concessions in Register 42 and 44, Lampung Province	52,600,000
5	Global Geography (GRID) – West Kalimantan	21 Feb 2019 - 03 May 2019	Monitoring Illegal Logging and Illegal Forest Conversion	56,250,000
6	Bokimoruru Nature Lover Community (KPA)	18 Apr 2019 - 17 May 2019	Identifying Illegal Logging Modes in North Maluku	59,300,000
7	Genesis Bengkulu	22 Jul 2019 - 22 Aug 2019	Monitoring and Investigation of Business Permit to Utilise Timber Forest Product – Natural Forest (IUPHHK-HA) concession of PT Anugerah Pratama Inspirasi (PT API), Bengkulu Province	33,750,000
8	Papua Forest Watch	22 Jul 2019 - 22 Aug 2019	Investigation and Monitoring of PT Bagus Jaya Abadi out of Allegation of Receiving Illegal Export Timber from Illegal Timber Business Doers in Salawati, Batanta and Tanjung Seget Islands in Sorong District, West Papua.	59,750,000
9	Panah Papua Association	16 Sep 2019 - 16 Oct 2019	Monitoring and Field Investigation of PT Papua Satya Kencana (PT PSK) IUPHHK-HA concession in Ogoney Clan's (Moskona Tribe) traditional area, Teluk Bintuni District	70,200,000
10	GReS Intitute	18 Sep 2019 - 25 Oct 2019	Monitoring and Investigation of Illegal Logging and Illegal Forest Conversion in Garut District, West Java Province	60,000,000
11	Hanjuang Mahardhika Nusantara Association (PHMN)	19 Sep 2019 - 25 Oct 2019	Monitoring of Illegal Timber Laundering Activities from Outside the Island in Karangantu Timber Centre and Indication of Illegal Trade under TLAS, and Update of TLAS Implementation Progress in Banten Area	40,000,000
12	Genesis Bengkulu	15 Oct 2019 - 15 Nov 2019	Publication of Findings and Analysis of PT Anugerah Pratama Inspirasi (PT API)	10,750,000
13	Absolute Halimun Indonesia Association	29 Oct 2019 - 29 Nov 2019	Training on Supplier Declaration of Conformity (DKP) Implementation Monitoring to Support TLAS Credibility and Accountability	60,000,000
14	Deling Kuning	30 Oct 2019 - 30 Nov 2019	Training on DKP Implementation Monitoring to Support TLAS Credibility and Accountability	67,500,000

15	Rekam Jejak Alam Nusantara Foundation	27 Dec 2019 - 24 Jan 2020	Making of Documentary Film on Collection of Support to Strengthen Independent Monitors' Activities	60,000,000
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Concerning the contract amount, the smallest is for Genesis Bengkulu and the largest is for Kaoem Telapak and Forestry Independent Monitor Network (JPIK). By the types of activities supported, out of 21 small grants in total (2017-2019), 13 totalling to IDR648,826,000 was directly addressed to forestry independent monitoring field activities and publication of the results.

Figure 2. Proportion of Use of IFM Fund's Small Grant

Komposisi Penggunaan Hibah Kecil IFM Fund (2017-2019)



above indicates that there are 3 small grants totalling to IDR374,093,710 for consolidation, coordination, workshop and network strengthening, as well as 4 small grants totalling to IDR315,159,459 for forestry independent monitoring training and another of IDR60 million for making film as part of securing the support for IFM Fund.

V.2 SMALL GRANT PERFORMANCE AND OUTPUT

Forestry Independent Monitoring

From 2017 to 2018, IFM Fund has provided 13 small grants that directly relate to its core business, i.e., forestry independent monitoring field activities. A wide range of such activities

are carried out throughout the country by forestry independent monitors in their capacity as both organisations and individuals.

In general, the forestry independent monitoring activities have successfully managed to find and expose a variety of problems and regulation violation by companies that hold forestry concession permits. These problems and violations include violation of forestry administration and governance including violation against TLAS provisions, illegal timber trade and processing, unconformity with work plan, failure in protecting concessions, and overlapping land tenures and managements.

Not only does IFM Fund small grant portfolio focus on the companies holding the concessions above, it also covers forestry independent monitoring that particularly targets illegal logging and trade activities. In this focus, forestry independent monitoring in general finds a wide range of modes and activities of illegal logging, timber laundering, timber shipping and trade without complete documents and permits, and TLAS violation.

Forestry Independent Monitoring Consolidation and Coordination

Consolidation and Coordination between independent monitors is vital and should be continuously carried out because this activity is the backbone to forestry independent monitoring functions, hence the main constituent of IFM Fund.

Consolidated forestry independent monitors are mainly characterised by their built capacity as well as effective and productive forestry independent monitoring activities. This way, the independent monitors' performance also directly reflects the performance of IFM Fund's grant portfolio.

A wide range of impacts on legal enforcement and strengthening of mechanisms and sanctions relating to permit issuance and legal standards jointly contribute to the improvement of performance and forestry governance. Therefore, it is important to maintain this forestry independent monitoring momentum and intensity so that the governance changes and improvement becomes permanent and continuous. This also entails maintaining and even strengthening IFM Fund grant portfolio that already plays a pivotal role in independent the wide-impact monitoring activities' capacity building and implementation.

Forestry Independent Monitor Capacity Building

Small grant specifically concerns with capacity building for forestry independent monitors. This activity is basically complementary to various capacity building activities in forestry independent monitoring by many organisations backed by different sources of fund support. One of the IFM Fund's small grant portfolio features is capacity building for woman group as part of the forestry independent monitors in East Java.

IFM Fund Media, Communication and Organisational Strengthening

There are small grants in IFM Fund portfolio that are concerned with the organisation's media, communication and organisation strengthening, namely making of film titled "*Penggalangan Dukungan untuk Memperkuat Aktivitas Pemantau Independen*" (Raising support to Strengthen Independent Monitors' Activities). The film can be accessed on <https://youtu.be/J1Aj6gG5VSk>. It is meant to serve as a public communication material that can expectedly become an important role in IFM Fund's efforts to secure public support for forestry independent monitoring in general and specifically the organisation per se.

V.3 SMALL GRANT FUND SOURCE OPPORTUNITIES²

There are two Minister of Environmental and Forestry regulations that govern the mechanism of funding for independent monitors, namely Regulation No. 21/2020 (revised version of Regulation No. 30/2016) and Director General of Sustainable Production Forest Management Regulation No. 15/2016 in conjunction with Director General of Sustainable Production Forest Management Regulation No. 14/2016.

§36 regulates the following.

1. The Ministry and local governments may fund independent monitors to support TLAS monitoring activities.
2. The funding under paragraph (1) above shall be carried out subject to the State finance use and reporting rules.

The currently absence of further regulations covering monitoring work funding mechanism poses this further question: in case of unclear source of funding, will independent monitors be able to optimally perform monitoring works? The answer is certainly not, because of the limited extent of monitoring, moreover if compared to the condition where clear sources of funding is available.

The Government can **facilitate fundraising efforts** to support TLAS monitoring activities, including by issuing legal products that regulate the mechanism of **allocation of certification fund secured from Assessment Body (LP) and Independent Verification (VI) to support independent monitoring**. Based on stakeholder meetings thus far, Forum of Timber Legality

² Most part of this section is sourced from a report titled *Peluang Pendanaan Bagi Pemantau Independen yang Bersumber dari Biaya Sertifikasi V-Legal (V-Legal Certification Cost-Sourced Funding Opportunities for Independent Monitors)* by Astrid Debora, 2019.

Verification Bodies (LVLK) has no objection to and supports this plan, provided that the funding mechanism for independent monitors is built through applicable regulations, accountable, credible, transparent and appropriately implementable.

Another funding opportunity that should be seized is cooperation with Environmental Fund-Managing Body (BPDHL) which performs its functions based on the mandate from (1) the funders and (2) owners of assets, services or projects concerned with the fund source. Funding opportunity for independent monitor regarding TLAS implementation is possible if space is provided to BPDHL by the stakeholders who give the mandate.

Another possible source of fund to IFM Fund is public donation. This alternative should be explored and developed based on learnings related to the increased public attention to forestry and environmental issues, as well as the desire to be a part of and give donation to efforts to address the issues. Progress has also been found in efforts to raise public donations by organisation operating in the same issues as well as others. Challenges have been found in searching for overlapping interests, activity ideas, and indicators of success that meet the expectation of the community groups.

Other than the alternative sources of fund above, what has become source of fund to IFM Fund is fund supports from donors such as MFP and FAO-EU FLEGT Programme. Raising funds from these donors is ultimately necessary taking into account the developed trust, excellent fund management performance, and programme suitability between IFM Fund and the donors.

VI. FINANCE

In documenting its financial activities, IFM Fund uses cash basis method modified with accrual basis system, where costs documentations are recognised upon payment while revenue documentations are upon receipt. IFM Fund financial statement employs a simple format with adequate explanations without violating the Generally Accepted Accounting Principles (GAAP) in Indonesia

Financial Report Audit

IFM Fund has gone through project audit processes, including MFP-3 Project Audit and FAO-EU FLEGT Phase 1 Project Audit. In general, the audits resulted in **UNQUALIFIED OPINIONS** in all matters that are material, financial position, project activity report, in accordance with the GAAP in Indonesia.

To maintain its credibility and fund management accountability in its secretariat, IFM Fund audits 2017-2019 financial statements (organisational finance audit) which started from November 2020. Same as the project report audits, in general this audit also has resulted in **UNQUALIFIED OPINIONS (Annex 3)**.

Financial Statement Position

Financial statements include three main report, i.e., consolidated balance sheet, Report of Activity & Changes in Assets, and Cashflow Statement. The three reports presented the position of all properties that had been owned by IFM Fund per 31 December 2019 (). As for the 2020 financial statement, currently it is still in consolidation process for re-reported in early 2021.

See **Annex 4** for detailed and complete position of IFM Fund's financial statements per December 2019.

Table 6. IFM Fund's Consolidated Balance Sheet Report, Report of Activity & Changes in Assets, and Cashflow Statement until December 2019

IFM FUND

LAPORAN POSISI KEUANGAN KONSOLIDASI

Posisi Per - 31 Desember 2019

(Dengan pembandingan Neraca per 31 Desember 2017 & 2018)

AKTIVA	Dec-17	Dec-18	Dec-19	Cat (*)
Aktiva Lancar				
Kas dan setara kas	1.000.000	0	2.000.000	1
Kas di Bank	100.561.353	922.628.338	332.954.541	1
Uang Muka / Persekot kegiatan Internal	0	0	0	2
Uang Muka / Sub Grant Kpd Mitra	2.530.000	0	2.272.000	
Biaya Dibayar Dimuka	0	0	5.000.000	3
Piutang Staf	0	2.887.000	15.000.000	4
Piutang Eksternal	50.000.000	10.000.000	10.000.000	5
Jumlah Aktiva Lancar	154.091.353	935.515.338	367.226.541	
Aktiva Tetap <i>(Setelah dikurangi akumulasi penyusutan)</i>				
Inventaris	0	39.872.038	19.276.171	6
Mesin & Komputer	0	39.914.137	30.290.048	6
Bangunan	0	0		6
Tanah	0	0		6
Jumlah Aktiva Tetap	0	79.786.174	49.566.218	
JUMLAH AKTIVA	154.091.353	1.015.301.512	416.792.759	
KEWAJIBAN, MODAL & AKTIVA BERSIH				
Kewajiban Jangka Pendek				
'- Titipan Dana Individu & Mitra	30.000.000	9.767.000	32.250.996	7
- Hutang Pajak Pph Ps 21	0	0		8
- Hutang External Jangka Pendek	0	0	30.000.000	9
- Hutang Jangka Pendek Lainnya	0	0		10
Jumlah Kewajiban	30.000.000	9.767.000	62.250.996	
Aktiva Bersih				
Modal (Disetor)	10.000.000	10.000.000	10.000.000	11
Aktiva Bersih				
I. Aktiva Tidak terikat (Dana Sekretariat)	112.753.331	113.715.649	995.534.512	12
II. Aktiva Terikat temporer (Dana Program)	1.338.022	881.818.863	-650.992.749	13
Jumlah Aktiva Bersih	114.091.353	995.534.512	344.541.763	
JUMLAH KEWAJIBAN, MODAL & AKTIVA	154.091.353	1.015.301.512	416.792.759	

(*) adalah catatan laporan keuangan sebagai penjelasan lebih lanjut dari laporan utama.

Catatan laporan ini adalah bagian yang tidak terpisahkan dari laporan Neraca ini.

IFM FUND

LAPORAN AKTIVITAS DAN PERUBAHAN AKTIVA BERSIH

Untuk Tahun yang Berakhir Tanggal 31 Desember 2019

(Dengan pembandingan Posisi per 31 Desember 2017 & 2018)

	Dec-17	Dec-18	Dec-19	Cat (*)
PENERIMAAN				
Hibah Tidak Terikat	140.584.331	365.019.297	408.184.284	14
Hibah Terikat Temporer	1.454.607.256	1.375.860.202	1.219.742.581	15
Total Penerimaan	1.595.191.587	1.740.879.499	1.627.926.865	
PENGELUARAN				
Pengeluaran Internal & Operasional dari Hibah Tidak Terikat :				14
Biaya Kompensasi Pokok	18.250.000	132.000.000	0	
Biaya Tunjangan Aktivitas	0	136.000.000	27.650.000	
Biaya Tunjangan Hari Raya (THR)	0	15.500.000	56.650.000	
Biaya Rumah Tangga	16.000	2.595.100	12.671.381	
Biaya ATK & Fotocopy	900.000	558.100	979.300	
Biaya Administrasi Bank	656.000	1.211.873	1.043.000	
Biaya Transportasi Lokal	9.000	2.281.000	3.006.900	
Biaya Honorarium	5.000.000	3.750.000	3.600.000	
Biaya Komunikasi		3.025.651	18.000.000	
Biaya Paket & Pos		846.441	0	
Biaya Perlengkapan Kantor		100.000	1.519.700	
Biaya Sewa Kantor		46.000.000	24.000.000	
Biaya Sumbangan & Kontribusi		300.000	10.350.000	
Biaya Klaim Pengobatan Staf		0	10.492.110	
Biaya Pemeliharaan Peralatan Kantor		720.000	1.225.000	
Biaya Pemeliharaan Kantor		70.700	100.000	
Biaya Pajak Penghasilan PPH Ps. 21		4.652.000	4.952.003	
Biaya Konsumsi Pertemuan/Jamuan Tamu		1.260.700	3.678.086	
Biaya Penyusutan Mesin & Komputer		10.896.577	14.080.232	
Biaya Penyusutan Inventaris Kantor		22.034.898	22.688.724	
Biaya Terjemahan/Translation		1.900.000	0	
Biaya Utilitas (Listrik & Air)		4.690.597	0	
Biaya Umum & Lain-lainnya	3.000.000	6.337.000	394.500	
Pengeluaran Program dari Hibah Terikat Temporer	1.453.269.234	462.329.998	2.061.838.678	15
Total Pengeluaran	1.481.100.234	859.060.635	2.278.919.614	
KELEBIHAN PENERIMAAN TERHADAP PENGELUARAN				
Hibah Tidak Terikat	112.753.331	-31.711.340	191.103.348	14
Hibah Terikat Temporer	1.338.022	913.530.204	-842.096.097	15
JUMLAH	114.091.353	881.818.864	-650.992.749	
AKTIVA BERSIH AWAL TAHUN				
Sebelum dikoreksi		114.091.353	995.534.513	16
Koreksi		-375.704		
Setelah Dikoreksi	0	113.715.649	995.534.513	
AKTIVA BERSIH AKHIR TAHUN	114.091.353	995.534.513	344.541.764	

(*) adalah catatan laporan keuangan sebagai penjelasan lebih lanjut dari laporan utama.

LAPORAN ARUS KAS (CASH FLOW)

Untuk Tahun Yang Berakhir 31 Desember 2019

(Dalam Rupiah)

Aliran Kas Dari Aktivitas Operasional

Kelebihan Penerimaan Atas Pengeluaran	-650.992.749
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Koreksi /Penyesuaian atas sisa dana awal tahun

Ditambah dengan:

c. Kenaikan Kewajiban Jangka Pendek	52.483.996
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Dikurangi dengan:

a. Kenaikan Piutang-piutang	-12.113.000
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b. Kenaikan Uang muka	-7.272.000
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c. Penurunan Kewajiban Jangka Pendek	0
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Aliran Kas Bersih Dari Aktivitas Operasional	-617.893.753
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Aliran Kas Dari Aktivitas Investasi

Pembelian Peralatan, Tanah & Bangunan	30.219.956
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Kas Di tangan dan di Bank, Awal tahun

	922.628.338
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Koreksi Kas di Tangan dan di Bank, Awal tahun

SISA KAS DI TANGAN DAN DI BANK, AKHIR TAHUN	334.954.541
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Lihat juga catatan laporan keuangan yang merupakan bagian tidak terpisahkan dari laporan ini.

VII. PUBLICATION AND COMMUNICATION MEDIA

IFM Fund's publication is a communication product that contains data and information and is attractively prepared to reach the wider public. In 2017-2020, IFM Fund publications included reports, books, training handbook, and information/factsheet. In addition, it also produced short films promoting the roles of independent monitors in performing effective monitoring so as to contribute a constructive input to TLAS implementation and governance improvement (**Table 7**).

One of the communication media that IFM Fund has established to support its activities is developing its official website. Currently the address is www.forestfund.or.id. With this website, public is expected to know more of the organisation and the website is expected to serve as a communication tool to disseminate its activities and supports that it has made for its partners. IFM Fund also has developed other communication media through social media accounts such as Instagram.

Table 7. IFM Fund publications as communication products during 2017-2020

Form	Title	Link
Module	Modul Pelatihan Pemantauan SVLK (TLAS Monitoring Training Module)	https://www.forestfund.or.id/download/modul_svlk_2017_id.pdf
Leaflet	Yayasan Pemantau Independen Kehutanan (Forestry Independent Monitoring Foundation)	https://www.forestfund.or.id/download/brosur_ifm_2017_id.pdf
Information Sheet	Rencana Strategis Pemantauan Kehutanan di Indonesia (Strategic Plan for Forestry Monitoring in Indonesia)	https://www.forestfund.or.id/download/restra_ifm_2017_id.pdf
Report	7 Tahun Memantau Industri Pengolahan Kayu (7 Years Monitoring Timber Processing Industries)	https://www.forestfund.or.id/download/7_TAHUN_memantau_Indutri_Kayu.pdf
Film	Menuju Pemantau Independen Kehutanan yang Berdaya (Towards Empowered Forestry Independent Monitors)	https://www.forestfund.or.id/publikasi/vid/Menuju-Pemantau-Independen-Kehutananyang-Berdaya
Manual	Small Grant Operational SOP	https://www.forestfund.or.id/berita/note/

[Summary_of_SOP_Grants_Making_IFM_FAO_en_Nov2018.pdf](#)

Leaflet	Memperkuat Tata Kelola Hutan melalui Pemantauan Independen Kehutanan Menuju Implementasi yang efektif dari inisiatif SVLK dan FLEGT di Indonesia (Strengthening Forest Governance through Forestry Independent Monitoring towards Effective Implementation of TLAS and FLEGT Initiatives in Indonesia)	https://www.forestfund.or.id/download/brosur_fao_nov2018.pdf
Information Sheet	Menutup Celah untuk menjamin Kredibilitas (Closing the Gap to Guarantee Credibility)	https://www.forestfund.or.id/uploads/nov2019/Factsheet-Menutup_Celah_Untuk_Menjamin_Kredibilitas.pdf
Report	Tata Kelola Hutan, Pemantauan dan Mobilisasi Sumberdaya (Forest Governance and Resource Monitoring and Mobilisation)	https://www.forestfund.or.id/uploads/Resource_Mobilization_IFMF_10072019_FINAL_wCover.pdf
Information Sheet	Summary of Resource Mobilization Document	https://www.forestfund.or.id/uploads/Resource_Mobilization_Summary_Eng.pdf
Position Paper	Position Paper - 2 Years of FLEGT License, Credibility and Accountability of Timber Legality Assurance System (SVLK) Must be Improved	https://www.forestfund.or.id/download/Position_Paper_2_Years_of_FLEGT_License_December2019_en.pdf https://www.forestfund.or.id/download/Kertas-Posisi_2_Tahun_Lisensi_FLEGT_Desember_2018.pdf
Film	Pemantau Independen Kehutanan: Jaminan Penuh Kredibilitas SVLK (Forestry Independent Monitors: Full Guarantee for TLAS Credibility)	https://www.youtube.com/watch?v=Ihra5ZOI2uM&feature=youtu.be
Film	Mendukung keberlanjutan aktivitas pemantau independen (Supporting the Continuity of Independent Monitors' Activities)	https://youtu.be/J1Aj6gG5VSk

VIII. ASSET MANAGEMENT

Executives in IFM Fund Secretariat use work tools and office as the foundation's assets to run the organisation's activities. These include the following.

Table 8. List of Assets (Work Tools and Office)

No	Tanggal Pembelian	Nama Barang	Merk/Deskripsi	Jumlah (unit)	Harga Satuan (Rp)	Total (Rp)
1	24 Juli 2017	Meja Kerja	Hubbert, Office Table Tempered Glass	3	1.899.000	3.900.000
2	24 Juli 2017	Kursi Kerja	Livorno, Staff Chair Black	11	799.000	8.789.000
3	24 Juli 2017	Meja Meeting	Sieben Rect Mtg 2010, Meeting Table	1	3.599.000	3.599.000
4	24 Juli 2017	Meja Kaca	Queen End, Meja Kaca Ruang Tamu	1	1.799.000	1.799.000
5	24 Juli 2017	Sofa Kecil	Prada, Sofa 1 seather Dark Brown	1	3.909.150	3.909.150
6	24 Juli 2017	Sofa Besar	Prada, Sofa 2 seather Dark Brown	1	4.759.150	4.759.150
7	26 Juli 2017	Office Equipment	Frontline, Filling Cabinet	1	2.315.000	2.315.000
8	26 Juli 2017	Office Equipment	Frontline, Lemari ATK	1	2.560.000	2.560.000
9	22 Juli 2020	Office Equipment	Frontline-OLY-FC-E18-00012-Lemari Arsip	1	2.290.000	2.290.000
10	26 Juli 2017	Office Equipment	Expo, Rak ATK	1	475.000	475.000
11	31 Jan 2018	Software keuangan	Accurate dengan 2license number	1	13.200.000	13.200.000
12	4 Agustus 2017	Gerai Nusantara	1 paket dekorasi kantor (Hiasan kain 2 buah & Gantungan Serta taplak Meja	1	14.590.250	14.590.250
13		Office Equipment	Papan Flipchart	1	845.000	845.000
14		Office Tools	Informa, Meja Kopi dan Saji	1	799.000	799.000
15	09 Nov 2018	Office Equipment	Informa, Malca Cabinet Kantor (160x40x80cm)	1	1.978.100	1.978.100
16	02 Mar 2019	Harddisk External	Lacie Rugged USB-C 2TB USB 3.0	1	2.500.000	2.500.000
17	02-Mar-19	Kabel HDMI	Vention AAE 15M - High Speed Active Fiber Optical HDMI V2.0 Pure	1	1.350.000	1.350.000
18	30-Aug-20	Harddisk	Samsung 2.5" 860 QVO 1TB I 550 MB/s read, 520 MB/s write (SMSSDIS25002X) SSD sebanyak 1unit dan Corsair CMSO4GX4M1A2133C15 Sodim (1x4Gb) (CSDIMM4S0001X) Sodim DDR4	1	2.594.150	2.594.150
19	30-Aug-20	Tripod	Tripod Sirui T-0055b Aluminium with B-00B Ball Head (Blue)	1	1.416.111	1.416.111
20	12 Juli 2019	Kamera	Canon EOS 250D Kit EE-S 18-55mm	1	11.580.000	11.580.000
21	12 Juli 2019	Lensa	Canon EF 50mm f/1.8 STM	1	1.845.000	1.845.000
22	12 Juli 2019	Memory	Sandisk Ultra SDHC UHS-1 Class 10 16GB	1	200.000	200.000
23	12 Juli 2019	Tas kamera	SDV 801 BP Camera Bag	1	700.000	700.000
24	12 Juli 2019	Baterai Kamera	Canon Battery Pack LP-E17	1	750.000	750.000
25	29 Oktober 2019	Memory	Memory card sandisk 128 GB Extreme Pro V30 4K SDXC UHS-I U3	1	550.000	550.000
26	24 Juli 2017	Office Equipment	AC Daikin 1 PK	1	4.400.000	4.400.000
27	15 Juli 2017	Desktop PC	DELL All-in-One Inspiron 3064	1	6.050.000	6.050.000
28	15 Juli 2017	Notebook	DELL Inspiron 13 5378 Touchscreen	1	10.000.000	10.000.000
29	15 Juli 2017	Notebook	DELL Vostro 3468	1	6.150.000	6.150.000
30	09 November 2018	Notebook	Dell XPS 12 - 9250 - Black (M7-6Y75/8GB/512GB SSD/12.5"/4k UHD/Touch/Win 10)	1	13.090.000	13.090.000
31	27-Jul-20	Notebook	Laptop HP Pavilion 13-an 1003TU-i3.3" HD/8GBDDR4/512GB	1	8.110.000	8.110.000
32	30-Sep-20	Handphone	Hp Samsung Galaxy A50s 64GB	1	3.399.000	3.399.000
33	14-Nov-18	Office Equipment	Dell, DA200 USB-C HDMI/VGA/ETHERNET/USB 3.0 ADAPTER, 1 unit keyboard bluetooth	1	1.260.000	1.260.000
34	15 Juli 2017	Printer	HP Laserjet Pro M12W	1	1.435.000	1.435.000
35	5 Agustus 2017	Printer	Canon Pixma G3000	1	2.825.000	2.825.000
36	15 Juli 2017	Projector	Epson EB - X 300	1	5.350.000	5.350.000
37		Office Equipment	Dispenser Sharp	1	2.640.000	2.640.000
38		Office Equipment	Telp Kantor Krisbow	1	1.550.000	1.550.000
39	09 November 2018	Office Equipment	Samsung, TV Smart UHD 43inch UA43NU7100	1	6.350.000	6.350.000
40	09 November 2018	Office Equipment	LG, Kulkas 1pintu 201 CL	1	2.450.000	2.450.000
41	15 Juli 2017	RAM	Corsair SO-DIMM DDR 4 4GB PC 17000	1	535.000	535.000
42	13 Juni 2019	Printer	HP ink tank wireless 419	1	2.699.000	2.699.000
43	17-Jan-19	Perekam Suara	Voice Recorder Sony ICD-PX440 4GB/32GB	1	7.333.000	7.333.000
					TOTAL PEMBELIAN	167.050.911

IX. RECOMMENDATION & FOLLOW UP STEPS

Portfolio Strengthening and Diversification

IFM Fund needs to expand and strengthen its portfolio in providing small grants to forestry independent monitors including individuals, civil society organisation, indigenous peoples and local community, as well as network organisations and forestry independent monitors' alliance throughout the country.

In addition, the organisation should seriously develop focus diversity in forestry independent monitoring activities. In this matter, the scope of IFM Fund's small grant also will expand to other sectors and aspects within the corridor of its vision and missions concerning forestry governance, e.g., aspect of policy weakness and corruption in the process of issuing permits, including concessions and timber legality permits, forestry business investment and financing flow, and social forestry as one of the potential focuses when relating to the legality of the legality of supply chain and timber trade and its governance.

Concerning the current development of regulations and policies as well as the importance of the guarantee for monitoring continuity including the guarantee for independent monitors' safety and security and access to data and information for monitoring, IFM Fund sees the importance of independent monitoring network to forge an alliance with organisation operating in/focusing on legal and human rights issues. It is important that IFM Fund cover these efforts in the future.

Strengthening sources of fund

IFM Fund strategy to access timber legality administration fee should be kept up and fruitful. Also, it appears that continuous funding basis should be explored from the State's forestry, environmental, industry and trade budgets. Blind trust should be established with private sectors, where the fund may be sourced from, for example, chamber of commerce and company association.

Another funding opportunities that should be continued is forging cooperation with Environmental Fund-Managing Body (BPDH) which performs its functions based on the mandate from (1) the funders and (2) owners of assets, services or projects concerned with the fund source. Funding opportunity for independent monitor regarding TLAS implementation is possible if space is provided to BPDH by the stakeholders who give the mandate. The key is the relevance of timber legality monitoring to the Sustainable Forest Management (SFM) in supporting REDD+.

In addition, given the permanent and continuous functions of and needs for forestry independent monitoring while donors' funding support is basically ad hoc and predictably keeps reducing in scale along with the increased status of Indonesia into a medium income country, IFM Fund should indeed become part of the national forest management system with the Government and public's material support for its continuity and development.