



Policy Brief

Integrating #RainforestValue into Multi-Forest Business and Non-Timber Forest Products (NTFP) Management: Closing Policy Gaps for a Forest-Based Green Economy in West Kalimantan

Executive Summary

The Multi-Forest Business (MUK) policy aims to encourage business diversification within forest areas, including the utilization of Non-Timber Forest Products (NTFPs). However, its implementation still faces significant limitations. Existing regulations—such as Government Regulation No. 23/2021, Ministerial Regulation No. P.8/2021, and Ministerial Regulation No. P.77/2019—primarily emphasize administrative permits, spatial arrangements, and business classifications. They do not substantively regulate product traceability, conservation-based incentives, local value addition, or performance indicators that link community income with forest protection.

As a result, NTFP utilization under the MUK scheme often stops at raw material collection and trade, without ensuring direct contributions to ecosystem protection or community welfare. In contrast, Forestwise's #RainforestValue model demonstrates that when NTFPs are managed with traceability systems, forest protection agreements, local processing, and market-based incentives, communities can gain significant economic benefits while keeping forests standing.

This brief outlines the existing policy gaps, shows how the #RainforestValue approach can address them, and offers technical policy recommendations for integration into national and subnational legal frameworks.

Background

The Forestry Law (Law No. 41/1999) establishes the principle of sustainable forest management. However, its technical derivatives still heavily focus on timber-based management. More recent laws—Law No. 11/2020 on Job Creation and Government Regulation No. 23/2021 on Forest Administration—introduced a new paradigm of business-based forest management (PBPH), allowing the implementation of Multi-Forest Business (MUK).

In practice, MUK allows a combination of forest-based activities, including NTFPs, ecotourism, environmental services, and timber production. Yet technical regulations, such as Ministerial Regulation No. P.8/2021 and No. P.77/2019, remain administrative, focusing mainly on permits and commodity classifications. They do not require NTFP management to directly support forest sustainability.

Without stronger requirements, MUK risks becoming a policy that expands business opportunities in forest areas without ensuring contributions to conservation or community livelihood improvement.

Policy Gaps

Gap 1 – NTFP traceability is not mandatory

Ministerial Regulation No. P.77/2019 regulates NTFP use and collection permits but does not require digital traceability systems that track NTFP origins down to farmers or communities. As a result, Indonesian NTFPs struggle to meet international market standards for supply chain transparency and the government lacks tools to monitor the link between NTFP utilization and forest protection.

Gap 2 – No incentive mechanism linking income to forest protection

Current PBPH and MUK regulations focus on permits and state revenue. There are no fiscal incentives or financing schemes for groups or companies that can demonstrate that rising NTFP income correlates with forest conservation efforts. Without incentives, communities have little motivation to sign forest protection agreements or resist forest conversion.

Gap 3 – Weak support for local value addition

Downstream processing of NTFPs such as illipe butter or kukui nut oil requires processing facilities, technical capacity, and quality certification. However, current regulations do not require downstream plans in business work plans (RKUPH) and local governments are not mandated to provide fiscal or technical support. As a result, communities remain stuck selling low-value raw materials.

Gap 4 – No welfare–conservation indicators in planning documents

RKUPH and RKTPH focus on general business plans, and PBPH performance evaluations still prioritize timber production metrics. There are no standardized indicators to assess whether NTFPs increase household income, how much forest is protected, or how NTFPs contribute to ecological stability.

Gap 5 – No NTFP legality/sustainability standard equivalent to SVLK

Indonesia has SVLK for timber but no similar standard for NTFPs. Current regulations only cover permits, not sustainability verification. This gap weakens product credibility and limits access to premium markets.

The #RainforestValue Solution by Forestwise

Forestwise has implemented a #RainforestValue model that directly addresses these policy gaps by:

1. **Building a digital traceability system that tracks NTFP origins down to the farmer and harvest location.**
 2. **Establishing forest protection agreements with communities; farmers must commit to not clearing forests to sell to Forestwise.**
 3. **Developing local processing facilities such as illipe butter factories and providing training and learning modules for farmers.**
 4. **Monitoring social and ecological impacts through indicators such as household income share from NTFPs, forest area under protection agreements, processed product volumes, and local employment.**
 5. **Providing price incentives and long-term contracts that increase economic benefits while strengthening conservation commitments.**
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Policy Recommendations

1. Mandate NTFP traceability systems

Revise Ministerial Regulation No. P.8/2021 or issue a Ministerial Circular requiring PBPH holders utilizing NTFPs to implement digital traceability systems, including harvest location and forest protection agreements.

2. Create income–conservation incentive mechanisms

Introduce fiscal incentives, reduced fees, soft credit access, and procurement priority for groups or businesses that demonstrate increased NTFP income alongside forest conservation.

3. Mandate local value addition support

Require RKUPH to include downstream processing plans. Local governments should allocate fiscal support—grants or matching funds—and facilitate quality certification.

4. Establish welfare–conservation indicators in RKUPH

KLHK (Environmental Government Agency) should integrate indicators such as:

- Percentage of household income from NTFPs,
- Forest area under community protection agreements,
- Locally processed NTFP volumes,
- Verified traceability systems.

5. Develop a national legality and sustainability standard for NTFPs

Create a certification system equivalent to SVLK, based on traceability and forest protection agreements, to strengthen product credibility in global markets.

Conclusion

Integrating the Forestwise #RainforestValue approach into MUK policies will ensure that NTFP utilization becomes not just an economic activity, but a practical mechanism for forest protection and community welfare enhancement. This will strengthen Indonesia's NTFP competitiveness globally while supporting national commitments to emissions reduction, low-carbon development, and the SDGs.



Forestwise Wild Keepers

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