

**Enhancing the Impact of Research for Development:
A Pilot Competitive Grants Program
to support innovative partnerships and projects**

Concept Note

I. Contact Information

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Organization type	International research organization
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Organization description and date established	CIFOR operates in Indonesia under a Decree signed by the President of the Republic of Indonesia on 4 August 1993. CIFOR, with headquarters in Bogor, Indonesia is a full diplomatic entity as stipulated in article 9 of the country agreement and Letter of Director General Foreign Economic Relations of the Ministry of Foreign Affairs No. 0944/VIII93/31 dated August 21, 1993.

II. Project Details

Title of Proposal	Common branding of Jepara teak wood furniture: a collective action for livelihood and environment in context of business competition
Project Duration using Grant Funds (in month)	24 months
Countries of Implementation	Indonesia

III. Primary CGIAR Center Partner

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IV. Other Partners

Name of other Partner Organization(s)	Jepara Furniture Multi-Stakeholder Forum
Type of Organization	Jepara community organization
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Name of other Partner Organization(s)	LMDH Tanggel
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Type of Organization	Forest village community organization
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V. Project Questions

How to create and enhance collective action in the context of business competition for the co-development of forest industries and plantations?

1) PROBLEM DEFINITION

Javanese people have been growing teak for centuries; teak wood is part of Indonesian culture. After the 1998 political and economic crisis, Javanese furniture industries experienced a boom, which increased the pressure on forest resources. Furniture producers were competing to get adequate wood supply and started to look more and more for new wood resources, which triggered illegal logging. Java turned to mass production of cheap furniture for national and international markets. As a result wood supply shrunk, putting many furniture enterprises and their millions of employees in jeopardy.

In contributing to achieving the millennium development goals (MDGs), development of the teak furniture business can add to global partnerships, poverty alleviation and environmental sustainability. A value chain of teak furniture connects teak growers with furniture retailers, in Europe, the United States and Japan. It distributes value-adding along the chain. However, the current arrangement produces imbalance of income distribution and pressure on teak plantation sustainability.

The project proposes action research in Jepara, Randublatung and Pernalang. The last two locations are forest districts, while Jepara is a furniture industrial district located in Central Java,

Indonesia. The action research aims to develop a model of collective action based on teak furniture fair trade, which includes furniture producers, traders, forest farmers and local government. The proposed project builds on results of an ongoing project “Levelling the Playing Field” (LPF) an EU-funded project, which showed that teak furniture industry in Jepara matters as 15,000 small and medium furniture enterprises contribute directly to the income-earning power of 170,000 low-wage workers. But today, this industry is unsustainable. On the forest side, forest village community organizations are composed of about 10,000 people in collaborative forest management and in growing trees on their private lands. The LPF project’s global furniture value chain study indicated that fair trade and business responsibility of international enterprises can restore the furniture business in Jepara and improve the local community livelihood and teak plantations sustainability. The LPF project findings also indicate strong stakeholder interest to further develop some form of collective action to improve their industry competitiveness, while forest farmers expect more incentive to grow trees. This proposed project will facilitate a multi-stakeholder forum of these stakeholders including the Indonesian Ministry of Industry to operationalize this collective action.

The LPF project formally will end this year; this proposal project would test its findings.

The threat today is the erosion of the ‘comparative advantages’ of Indonesia furniture industries in light of its reputation tarnished by widespread illegal logging. Only the worst international furniture buyers would remain attracted by cheap labour and relatively cheap wood sources, because most of the wood would come from undocumented or illegal sources. Progressively more responsible or demanding furniture buyers could turn to suppliers in Eastern Europe, Vietnam and China, while most of Jepara’s small and medium enterprises could go bankrupt and their employees could join the tens of millions of Indonesian who are already jobless. The last surviving furniture industries would fight to get illegally the last pieces of teak wood extracted from State plantations. Due to illegal wood harvesting and bad practices, market signals would not indicate the wood scarcity down to small tree growers, plantation development, with already depleted stocks would slow down. In sum the Indonesian people would lose their teak heritage.

2) OBJECTIVES

The overall objective of the project is to promote common branding of Jepara teak wood furniture that is developed, marketable and supported by sustainable teak forest management. This project will create a sustainable system of forest based industries and plantations, and create competitive market niches by valuing Javanese teak cultural heritage. Specifically the project will:

- create processes for quality furniture enhancement and collective marketing strategies for Jepara products through common branding, which would secure employment and furniture business through creating added value and competitiveness,
- create transparent systems of decision and information sharing to reduce imbalance in the distribution of added value,
- improve the well-being of forest farmers through innovative market incentives for the development of small-scale teak plantations and fair partnerships with State Forest Enterprises, and
- use links between Indonesian culture and teak as a common source of pride amongst stakeholders and a marketing opportunity.

3) PROJECT IMPLEMENTATION

The project will facilitate the development of the common branding through action research located in Jepara, Randublatung and Pemalang districts of Indonesia’s Central Java Province.

The action research will be carried out by CIFOR, Jepara Furniture Forum and Forest Village Organizations. It will comprise of the following steps:

- Focus group discussions (FGDs). The FGDs are expected to produce common quality definition and label on carving and furniture design, wood source legality and local community involvement. These elements will become a definition of the common branding.
- Workshops involving key groups of stakeholders to produce an inter-group agreement on common marketing vision, strategy to achieve it and action plans.
- Capacity building to help the forum members to meet the common new quality standards. Participatory training will be designed and conducted to support this.
- Off-line and on-line (Internet based) media and shops. The off-line shop will be located in Jepara Design Center, which will be developed by the local government and the forum. The on-line shop will connect the furniture producers via cellular phones. The global supporters of this Javanese heritage can sign their support via Internet. These shops will ensure closer relationship with domestic and international buyers to create a price premium and reduce the imbalance distribution of added value. A coalition with international organizations, like Oxfam, will be approached to support this idea.
- Learning for improvement. Ensure that the common marketing strategies produce better income for the small-scale furniture producers, boost the community based agro-forest and avoid the problem of elite capture.

4) INNOVATION

The project features collective action to develop and maintain the brand in the context of business competition. The collective action activities, which will be supported by Internet and cellular phone technology, offers voluntary partnership to global supporters of Javanese heritage. Influential persons in Indonesia and at the global level, such as Nelson Mandela, Jeffrey D. Sachs, Bill Gates and UN Secretary General, will be contacted to seek their endorsement and support of this proposed approach and common brand as a means of enhancing the survival of Java's teak heritage.

5) RELEVANCE and INNOVATIVENESS of PARTNERSHIP

The Jepara Furniture Forum which includes teak growers, furniture producers, traders and local government, is the main partner in this proposed project. The wood producers, forest village community organization and state owned teak plantation Perhutani will play the role of certifying legality of the wood. Furniture producers will provide unique Jepara carving designs. The local government of Jepara will support this common marketing innovation. The Jepara Furniture Forum will develop a constitution (protocol) to govern its decision making processes and to give voice to all its members, including the minority members.

The following indicators will be used to measure the effectiveness and sustainability of the forum:

- the legitimacy of the forum increase (more and more members, members are loyal to the forum decisions);
- the members select their representatives;
- the forum representatives manage the forum budget transparently;
- the forum has the capacity to influence government decisions and attract public attention;
- members are getting a common understanding of the concept of collective furniture quality;
- the forum defines minimum collective standard of furniture qualities and collective marketing strategies;
- forum collective decisions are enforced;

- institutions, local and international NGOs, local and central government actively support the forum decisions; and
- a system of fee secures the financial sustainability of the forum.

6) EXPECTED RESULTS

The proposed project is expected to have the following results (a) sustained jobs and furniture business; (b) sustained and increasing income of small and medium scale enterprises and local communities; (c) reduced trade of undocumented (or illegal) wood ; (d) improved partnerships between tree growers and wood processing associations and (e) developed guidelines for developing common branding. The results will be measured by (a) improvement in numbers of survival, collapse and improvement of small and medium scale enterprises participating in the common branding; (b) increased incomes of the enterprises and farmers after joining the common branding; and (c) dissemination and adoption of the approach.

7) REPLICABILITY

Such idea and method of development of collective action in the context of competition can be implemented in other areas, which have culturally-rooted products. Information technology and tools developed by the project can be applied with other similar initiatives. A guideline will be developed to facilitate the reproduction of this process in other contexts. Jepara can be a model of the world for collective action for livelihood and environment in context of business competition.

8) SUSTAINABILITY

The project is expected to enhance the local pride about the quality of Jepara carving and furniture, provide additional income to the stakeholders, and strengthen the forum. Networking with other similar international initiatives provides advantages to penetrate the international market. The Ministry of Industry, Ministry of Cooperative and Small-scale Enterprise and local government are already concerned about Jepara's future and will support the forum and its initiatives to improve Jepara's competitiveness.

VI. Proposed Budget

Item	Proposed budget (in US\$)
Personnel	160 000
Research supplies and services	30 000
Equipment	24 000
Training and other knowledge-sharing activities	42 000
Travel	40 000
Communication	11 000
General Administrative Expenses	30 000
TOTAL Project Cost	337 000
Co-Financing and Funding	101 100
GRANT Funding Request	235 900
Details of co-financing and funding sources	
- Personnel	83 000
- Research supplies and services	5 400
- Equipment	6 000
- Communication	6 700