

MEETING PROCEEDINGS



*Hotel Ibis Arcadia, Jakarta - Indonesia
20 - 21 July 2011*

Prepared by:
Ms. Lorena Jaramillo, UNCTAD/BioTrade Initiative¹
with inputs from Ms. Nuning Barwa (UNCTAD national consultant) and
Ms. Wisnu Caroko (Setara/NTFP Foundation)

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¹ The views expressed in this publication are those of the author and do not necessarily reflect the views of the United Nations.

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1. Background information

The BioTrade Initiative of the United Nations Conference on Trade and Development (UNCTAD) supports developing countries in promoting the sustainable use of their biodiversity and it is currently conducting a study on *Assessing the BioTrade potential of Indonesia*. This study is intended to provide an overview of the country's potential in the use and trade of biodiversity-based products and services and to identify promising sectors/value chains and their potential for sustainable sourcing, while contributing to poverty alleviation and biodiversity conservation.

In further engaging local actors in developing sustainable biodiversity-based sectors, UNCTAD, with the support of the Swiss Secretariat for Economic Affairs (SECO), organized a *Value Chain Analysis Workshop for the Natural Ingredients, Rattan and Ecotourism Sectors* on 20 - 21 July in Jakarta, Indonesia.

The workshop aimed to provide a platform to discuss the initial results of the study as well as to identify and address challenges and opportunities in promoting the development of these sectors. It will also be an opportunity to identify and establish possible cooperation and synergies with on-going programmes and initiatives from government entities, as well as private and academic sectors and civil society.

Participants included representatives from government, private sector, non governmental organizations (NGOs), community-based organizations and cooperation community. The complete list of participants can be seen in Annex 1.

This report summarizes the discussions that took place during the workshop, in particular the presentations made and the results of the group discussions.

2. Agenda

The workshop was organized in four sessions. The first was composed of the Opening ceremony, which was followed by the second session composed by presentations about the BioTrade Initiative, the initial results of the BioTrade assessment study for Indonesia and the Indonesian efforts in promoting and developing new eco-tourism destinations.

For the third session, participants were divided into working groups where value chain exercises were developed for each of the identified sectors, namely rattan, natural ingredients and ecotourism. Finally the fourth session included the presentation of the results of the working groups in plenary, the conclusion of the workshop and the next steps. The final remarks were given by UNCTAD. The workshop agenda can be seen in Annex 2.

The workshop was moderated by Ms. Lorena Jaramillo of UNCTAD, with the support of Ms. Nuning Barwa, Mr. Wisnu Caroko and Mr. I Made Suarnatha.

3. Presentations and summary of discussions

The introduction to the meeting was done by the moderator - UNCTAD (Lorena Jaramillo), which was followed by a revision of the event's agenda and its objectives. This was followed by the opening ceremony with two keynote speakers. All the presentations can be found in www.biotrade.org/meeting.asp?meetingID=58.

3.1. Opening ceremony

For the opening ceremony, key note speeches were given by Her Excellence **Prof. Dr. Nila F. Moeloek**, Special Envoy of the President of the Republic of Indonesia on the Millennium Development Goals (MDGs) and His Excellence **Mr. Jürg Schneider**, Head of Economic Development Cooperation (SECO), Embassy of Switzerland in Indonesia. A summary of their speeches are presented below.

H.E. Prof. Moeloek, Special Envoy of the President of the Republic of Indonesia on the MDGs.

The presentation was centered on Herbal and Traditional Medicine and its importance component to human health care. This value chain workshop offers a good opportunity to support the work being implemented by the Office of the President's Special Envoy on the MDGs, particularly MDGs 3 on Gender equality and empowerment of women, 4: Reduce child mortality, 5: Improve maternal health, 6: Combat HIV/AIDS, Malaria and other diseases and MDG 7: Environmental sustainability.

Particularly for a megadiverse country such as Indonesia, traditional medicine has been used widely, and is further recommended over other treatments. Global trends are also going in this direction, which is named "Back to Nature".

The targets of the Millennium Development Goals (MDGs) were established to achieve people's welfare and tackle poverty and inequality. Indonesia, in addition to other 191 countries, has adopted the MDGs, and addresses issues such as health (Goals 3, 4, 5, 6), education (Goal 2) and environment (Goal 7). Human behavior greatly harms the environment and a poor environment adversely affects health and education of communities. Furthermore, nutrition has an important role for the survival of the human race and it is closely related to an individual's intelligence.

We should put our efforts in breaking the vicious cycle of poverty, in which health can't be achieved properly, resulting in low levels of IQ in children, and therefore a not optimal education can be attained. Consequently, humans will disturb the environment, which will affect their health and then will be unable to pursue education. This in turn, will make them poorer. The main point is that individuals must be healthy if we want to achieve well-being. Despite the progress made in medical/pharmacotherapy treatments, communities' welfare is not being reached as they are still suffering from curable diseases. In Indonesia, general practitioners are the gate keeper of traditional medicine, and their service should be utilized more. When talking about traditional medicine, this can help to stop the vicious cycle of poverty.

Furthermore, Prof. Moeloek discussed the global health problems and challenges with the communicable and non-communicable diseases and other threats such as high maternal and child mortality rates, and the population growth in Indonesia. Practicing healthy lifestyles can contribute to eliminate diseases and it also includes a wider involvement of the individuals, NGOs, business sectors, government and society as a whole. In particular for some non-communicable diseases such as cancer, it is important to address it at early stages in order to receive a cost-effective treatment and complement it with healthy lifestyles.

Traditional medicine contributes to practicing healthy lifestyles and markets show a growing tendency for herbal medications. For instance, traditional medicines are used widely in different treatments for HIV and malaria, and consumers in western countries are using it widely (158 million people in the USA). Economically, the use of supplements from natural sources is profitable as it provides employment for small farmers and enhances local economies. This contributes directly to the Goal 1 of the MDGs. The World Health Organization (WHO), through the World Health Assembly, has also recognized the benefits of *nature-based medications and also recommends its use in preserving community health, preventing and treating diseases, particularly chronic, degenerative diseases and cancers.*

In this scenario, Indonesia is a megadiverse country that has a huge potential not only because of its biodiversity but also to its legacy of traditional medicine known since ancient times and handed from generation to generation. Indonesia should develop more the traditional herbal medicine; and should develop clinical testing and studies for the benefit of Indonesian people. Furthermore, Indonesia's domestic market of 237 million people offers an huge and potential opportunity for herbal medications. The benefits of these nature-based medications should also be demonstrated with sound scientific studies.

The Government of Indonesia has been supporting the use of traditional medicine for a long time. *The Ministry of Health of Indonesia launched the movement "Back to Nature, Use Indonesian Traditional Medicine" to support and propel the utilization and development of Indonesian traditional medicines for health-care services (Moeloek, 1998).* Therefore, our focused should be placed in working more actively to implement this policy. The MDG 8, which is related to Cooperation, is important as collaboration between private sectors and government is needed to tackle these issues.

Finally, in order to achieve the MDGs targets, efforts are needed to reduce poverty which is still acute in Indonesia. Attention is needed to children's nutrition as an important element for the intellectual capacity of future generations and to protect the health of communities as a whole.

H. E. Mr. Jürg Schneider, Head of Economic Development Cooperation, Embassy of Switzerland in Indonesia

Switzerland's State Secretariat for Economic Affairs (SECO) is a longstanding partner of UNCTAD in the field of BioTrade and has not only been supporting the BioTrade Initiative of UNCTAD but also a number of national BioTrade programmes around the world, such as Peru and Bolivia. In addition, BioTrade programmes are being developed in Vietnam and Colombia.

The Swiss Economic Development Cooperation aims to promote a socially responsible and environmentally friendly economic growth thereby contributing to the integration of partner countries into the world economy. Switzerland is a convinced supporter of BioTrade as it adds to the implementation of both of these aims:

1. it contributes to the conservation and sustainable use of biodiversity in line with the objectives of the Convention on Biological Diversity (CBD); and
2. it creates new income opportunities for developing country producers and improves the living conditions of rural communities through the development of products and services derived from biodiversity that are traded in domestic and international markets.

For Indonesia, BioTrade can support producers and small and medium enterprises (SMEs) to participate in global value chains with competitive and value added products and services that take advantage of Indonesia's unique biodiversity and its longstanding tradition in using it for food, shelter, recreation and commercial use.

However, engaging in trade with biodiversity products is not an easy task. There are many challenges to be addressed if SMEs want to be successful, such as technical barriers to trade, quality requirements, limited access to adequate and reliable market information and - in case of market success - the risk of depletion of the resource in question. The BioTrade Initiative supports partners - governments, companies and civil society alike - to cope with these challenges and capitalize opportunities offered by the demand for sustainable products.

The development of a sustainable BioTrade value chain requires coordinated work by a variety of actors from the public, private and academic sectors and civil society. Gatherings like this workshop are a valuable opportunity to learn more about each actor's role and how he can contribute to and benefit from the development of successful BioTrade value chains.

During this workshop you will discuss the potential of selected value chains, namely rattan, natural ingredients and ecotourism. Key questions for participants should therefore focus on How can BioTrade contribute to the sustainable development of these value chains? What is their potential? What are the particular challenges when developing these value chains?

It is my hope that this workshop generates elements of answers to these questions and brings us forward in the shaping of a possible BioTrade intervention in Indonesia. May this workshop provide you with ample opportunities for sharing information and new ideas.

3.2. Session 1: The potential for BioTrade in Indonesia: progress on the sector assessments

3.2.1 Presentation: BioTrade Initiative of UNCTAD

The presentation on UNCTAD's BioTrade Initiative stated that trade can contribute to the conservation and sustainable use of biodiversity because of:

- market opportunities for environmentally and socially friendly products and services, and the strategies implemented by companies to capture it, and
- the rich biodiversity available in developing countries and the needs to find way to reduce its depletion.

In this scenario, the BioTrade Initiative (BT) of UNCTAD was launched in 1996. BioTrade refers to those activities of collection, production, transformation, and commercialization of goods and services derived from native biodiversity under the criteria of environmental, social and economic sustainability (Box 1). It is defined by the BioTrade Principles and Criteria, which

Box 1. BioTrade Principles

1. Conservation of biodiversity
2. Sustainable use of biodiversity
3. Fair and equitable sharing of benefits derived from the use of biodiversity
4. Socio-economic sustainability (productive, financial and market management)
5. Compliance with national and international regulations
6. Respect for the rights of actors involved in BioTrade activities Clarity about land tenure, use and access to natural resources and knowledge

establish its core conceptual framework and guarantee that the activities implemented by beneficiary companies are socially, economically and environmentally friendly.

The Initiative works with developing countries' partners to implement the BioTrade concept in the ground. In this regard, partnerships with governments, private associations, NGOs and regional and international organizations are established in order to implement BioTrade in Africa, Asia and Latin America. This has resulted in the establishment of a platform of actors working together to support the development of biodiversity-based sectors such as natural ingredients for the cosmetics, food, fashion and pharmaceutical industries; flowers and foliage; handicrafts, and sustainable tourism.

Finally, the value chain methodology of UNCTAD and specific cases studies were presented. Example of the work implemented by BioTrade partners and programmes in each stage of the value chain - from consumption to the production/collection of native species - was shown, including:

- Commercial/consumption stage where activities focused in facilitating market access through fair trade participation/business-to-business programmes, and information; support to overcome market barriers, promote the market differentiation of BioTrade products and funding (credits and factoring). In this component the Osec/Swiss Import Promotion Programme and the Dutch Import Promotion Centre have been partners in supporting SMEs access EU and Swiss market;
- Processing stage: activities have for instance enhance the capacity of companies to fulfill market requirements and develop high-quality value added products
- Production and post-harvesting stage for agriculture products: activities have been focused in providing technical assistance and training in the implementation of Good Agricultural Practices;
- Wild collection of species: BioTrade partners have been supporting in the development of management plans for the collected species so that the sustainable harvest is guaranteed.

In conclusion, there are several opportunities and challenges in promoting the sustainable trade of biodiversity based products from countries such as Indonesia. These are summarized below:

- Consumers' preferences are an opportunity for trading BioTrade products and services, but SMEs and value chain/sectors must be sustainable, competitive and fulfill market requirements (e.g. safety and health standards) in order to capture them
- The biodiversity is now considered an asset by companies, but further efforts/research are needed to guarantee that it is sustainably used
- Work under a value chain approach allows the creation of synergies and coordination between and among public, private, academic actors and civil society, however this in it self is a challenge as it involves building trust, consensus and engagement of all its actors. Furthermore, an equitable sharing of benefit between each actor needs to be addressed and guaranteed.
- An enabling policy environment provides the broader guidance for the development of BioTrade related sectors, however there are still gaps, duplications and lack of awareness on how to implement legal frameworks related to the use and trade of biodiversity (and native species in particular)

- It is important also to measure how biodiversity-based sectors and BioTrade are contributing to the development of a country so that further support can be obtained from all actors; however this is not an easy task due to the limited information available

Finally, a video that showed the work in the fashion and food industries was displayed (see www.biotrade.org). This video was prepared with the support of UN TV, SECO and UNCTAD.

Questions, Comments and Answers

The experiences of BioTrade, particularly the video, were positively welcomed by participants and the questions were focused on which are the key factors to enable the development of a sector. Particularly for rattan, many efforts have taken place to develop the sector (e.g. legislation that fosters the exports of value added products or maybe there are regulations but are not yet implemented) but the sector has not taken-off yet. In relation to the natural ingredients, the government is also fostering its development but further efforts are needed to develop this sector. How can UNCTAD contribute to the development of those sectors?

In response to this question, UNCTAD representative mentioned the need to work under a value chain approach and further exemplified the methodology used by BioTrade. In this sense, the strengths and weaknesses per value chain actor are identified and enhanced or addressed accordingly. For example, in the last decades, Indonesian exports from rattan are low-value products mainly to neighboring countries that generate the value added. In this case, it is important to do a market-driven analysis to understand why this is happening; maybe the quality and other market requirements are not met or known and activities need to tackle them. The need to identify and tackle specific markets that can generate more resources to the country is essential. An example with the tourism sector was presented, particularly bird-watching, which generates more income to local communities than other type of tourism and therefore the need to identify and capture those specific niches where we have a competitive advantage.

Another question raised was on the potential of environmentally-friendly businesses, particularly if they can be economically-feasible or if it is a charity-based business based on the sentimental value that consumers give to BioTrade products? In addition, if there are any comparison study between traditional products or environmentally friendly products?

It is not only a sentimental value that is motivating consumers to buy them, but they are also seeing the importance of healthy and natural products into their well-being. Environmentally friendly businesses are feasible as shown in the presentation given, consumers are now demanding natural products in comparison to other products (chemical-based) and multinational companies are also seeing its potential and entering into this niche market (with premium prices).

3.2.2 Presentation: Results of the first study assessment of the potential of BioTrade native products and services in Indonesia

Ms. Nuning Barwa, Expert on natural ingredients and UNCTAD National Consultant, presented the initial findings of the study to assess the potential of BioTrade in Indonesia. A copy of the initial results of the assessment can be found in Annex 4.

The presentation started with a general overview of Indonesia's rich biodiversity and highlighted the importance to reduce unsustainable patterns that are depleting these resources and enhancing poverty in local communities. Sustainable trade of products and services can contribute to solving this problem.

In this scenario, the BioTrade Programme could be developed to create an enabling policy environment, strengthen the supply capacity of selected biodiversity-sectors and improve market access of SMEs and local actors. In this way, BioTrade can contribute to increase the income of local producers, to promote the conservation and sustainable use of biodiversity assets, and to preserve social and cultural integrity of local communities while demonstrating promising cases of BioTrade enterprises.

Ms. Barwa introduced target group this BioTrade assessment that focuses on products and services which are native and can generate value at the local level so that communities can benefit and improve their livelihoods. The private sector is also assessed as well as government, conservation groups and NGOs that are working to promote the marketing and selling of biodiversity-based products and services. Finally, supporting actors and organizations, such as local government agencies, research institutions and individuals are also considered in the analysis as they are also actors working in the development of the sectors selected.

The BioTrade Value Chain methodology is used in the development of the programme in Indonesia and the activities that are being developed in Indonesia are:

- The starting point of the work is to assess Indonesia's BioTrade potential using specific criteria defined in the product and service selection matrixes.
- As a result of this assessment, the most promising sectors are selected and an action plan/strategy will be developed based on the results of value chain analysis. These strategic documents are the basis for the BioTrade Programme in Indonesia which will be developed.

So far, the activities undertaken are:

- Developing a rapid-national assessment of the BioTrade potential for Indonesia and identify potential sectors or value chains to be further analyzed.
- Developing an assessment and strategy of prioritized sectors or value chains that are consulted with and validated by key public and private actors, as well as with potential donors and cooperation agencies. It's important to note that this workshop is a fundamental part of this analysis and its outputs will significantly enrich the results obtained.
- Start discussions on the feasibility to establishment of the BioTrade programme in Indonesia

Results of the Rapid-national assessment

The assessment of Indonesia's BioTrade potential is based on desk studies and key informants interviews. In particular, the assessment methodology included:

- a. The desk study started by **collecting and identifying superior products** which had been chosen by related Ministries, trade data and local government as priority potential ones. **For tourism**, the desk study analyzed data of **the national parks** and **the wildlife conservation areas** in Indonesia.

- b. The second step was to **engage in focus group discussions** to define the best products sectors/sub-sectors and the best tourism locations, based on the highest score from the product and the tourism selection matrix, respectively.
- c. Finally, from these product and tourism selection matrixes, the two best sub-sectors and the best tourism locations were identified and are being validated through this workshop. The final selection will also recommend the possible BioTrade focus products and tourism sites in Indonesia.

BioTrade products

After the desk study, over 60 native species were identified as potential and grouped into its industrial usage such as food, cosmetic, pharmaceutical/herbal, construction, handicrafts sectors, and its subsectors (e.g. herbal and incense subsector, reptile subsector). The identification of promising sub-sectors/sectors was done through focus group discussions that applied the UNCTAD BioTrade's selection matrix that provided specific criteria on Trading and marketing, Ecological, Socio-economic and Socio-technology aspects². These matrixes were also complemented with additional criteria that considered the following information: Number of communities involved at the national level, Degree of stakeholders involvement at the national level, and Product values (gender, quality and uniqueness).

The natural ingredients and the rattan sector where those with the highest scores and star species identified included:

- Rattan cane and resin
- Nutmeg
- Vetiver
- Patchouli
- Candlenut
- Agarwood

Finally, the distribution map of selected species such as rattan, dragon blood and nutmeg was shown.

BioTrade services: sustainable tourism

The selection of sustainable tourism locations will depend on and be associated with the products or sub sectors that were selected and chosen in the product selection matrix analysis (See Section 5). Therefore, the cross cutting analysis will combine potential tourism locations with areas where the selected products are found and managed by the local community.

As a cross-cutting sector, the sustainable tourism sector was considered for the analysis due to Indonesia's potential. In particular, the recommendation is to work on an associated tourist area that is already developed and in which the selected BioTrade products are also found. Therefore, the cross-cutting analysis a service selection matrix³ was conceived, using five specific categories: Ecological aspect; Cultural aspect; Location aspect; Market demand aspect and Sustainability aspect. Furthermore, the potential location also considered the uniqueness of its culture, flora, fauna and nature, as well as the Indonesia National Parks and Wild Life Reserves.

² Detailed information on the criteria used can be seen in Annex 4. BioTrade Assessment Report (initial findings).

³ Detailed information on the criteria used can be seen in Annex 4. BioTrade Assessment Report (initial findings).

These criteria were applied to the following areas: Jambi, South Sulawesi, North Sulawesi, West Papua and Papua. Finally, the report recommends the following promising areas: Jambi and Rajat Empat.

Questions, Comments and Answers

After the presentation, an active discussion took place on the criteria used and the selection of the sectors and sites, the latter in relation to tourism. Another issue raised was on the prioritization of two sectors for the next phase, as there are currently three sectors identified. UNCTAD clarified and mentioned that two sectors are aimed to be the focus of this current project (as a start), and that this workshop provides an opportunity to receive feedback and review the sectors/sites selected, identify specific needs and assess the BioTrade potential that they have. During the workshop, we will continue discussing these topics, particularly in the working groups' exercises. All the inputs will be taken into consideration in finalizing the assessment as well as the BioTrade programme.

Additionally, a participant from Jambi also highlighted the livelihood importance of rattan (particularly Dragon Blood) as a traditional activity for small producers, and how the forest coverage has been decreasing reducing and consequently reducing the availability of rattan. In the past five years, almost 3.000 hectares of wild rattan forests were converted into rubber plantations. Another issue raised was that this sector is characterized by a long value chain, with many middle men.

3.2.3 Presentation: Indonesian efforts in promoting and developing the sustainable use of biodiversity in service sector, especially for developing the new eco-tourism destination

The presentation of Mr. Frans Teguh, Deputy Director of Planning and Legal/Directorate General of Tourism Destination Development from the Ministry of Culture and Tourism provided an overview of the ecotourism sector in Indonesia. It included how not only the conceptual framework of ecotourism and its relationship to sustainable tourism, but also the regulatory framework for sustainable tourism and the activities towards the development of Ecotourism Destination in Indonesia. *Particularly, the development of ecotourism should be based on the natural resources available and Indonesia has abundant of natural resources. Furthermore, an appropriate sustainably planning should take place before there can be a link to the development of community*⁴.

Mr. Teguh presented the Programme of Destination Management Organization (DMO)⁵ linking to Ecotourism Destination (2010-2014) which is focused in developing fifteen sites throughout Indonesia (figure 1) *but other sites can also be included such as those linking rattan and natural ingredients*³. This is the result of an extensive study that considered the market potential of the

⁴ Comment given by Mr. Frans Teguh by email on 6 September 2011.

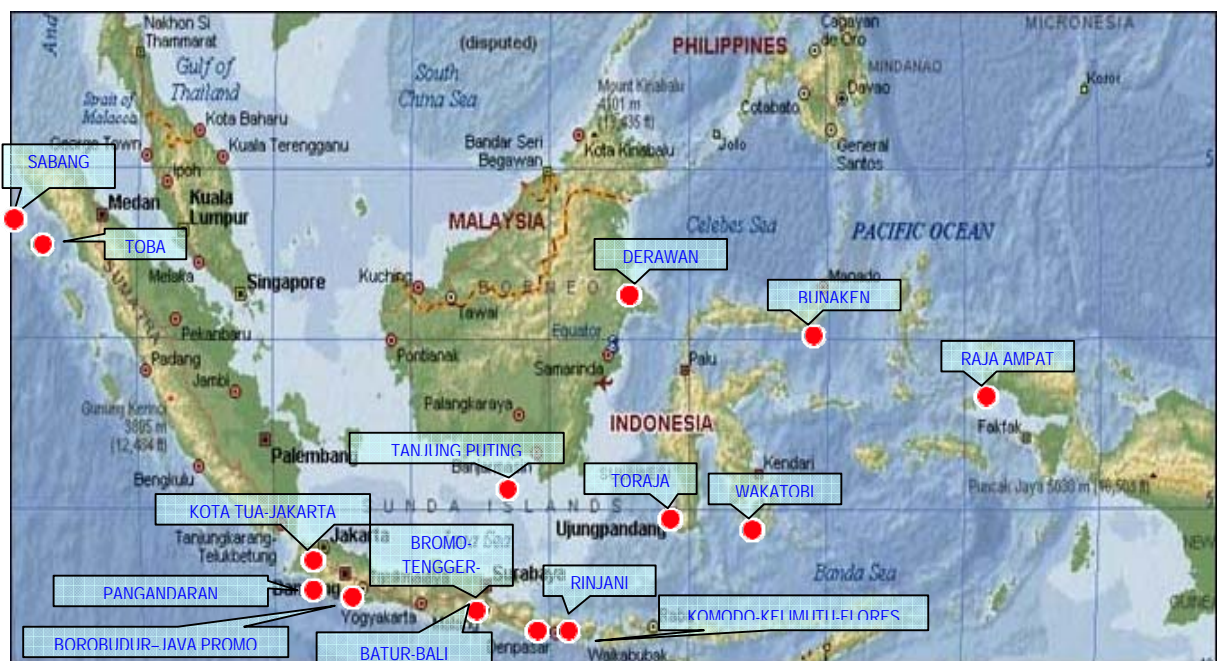
⁵ *DMO is a conceptual is a conceptual model of management tool for tourism destination which is systematically structured and innovatively synergized containing functions of coordinating, planning, implementation and control of destination organization by means of networking and application of appropriate information and technology which are integrated with the support and shared-responsibility of community, associations, industries, academicians, and government that to cope share-objectives, participatory process with mutual interests in order to enhance quality of destination management, magnitude of tourists' visit, length of stay, tourists' expenditures as well as benefits for local community (Teguh, 2011)*

sites but also the capacity of the attractions and their potential for further development. For example, Jambi is not considered in the first priority list, but further research/efforts could demonstrate its importance. However, Raja Empat is considered in the priority list because it is already an interesting tourist destination and due to its location, it allows visitors to stay longer in the country. A longer stay means that visitors are leaving more resources (cash) in the country.

He highlighted the need for a professional management of the sites and the need to educate the consumers and bring them to Indonesia, while enhance collaboration of national and international stakeholders to concentrate efforts in the priority areas and harmonize its interpretation. Moreover, not all ecotourism product facilities are managed under one Ministry and cross-sectoral coordination is needed.

For example, Jakarta is an interesting tourist destination as its old traditional infrastructure from the Dutch colonization is attractive to foreigners. The Coral Triangle, which includes already known destinations, is also a key tourist destination not only for its rich ocean natural resources related but also it supports the strategy to develop these areas in Indonesia.

Figure 1: Indonesia's prioritized destinations



Source: Mr. Frans Teguh, 2011

Within the ecotourism quality assurance policy, the Ministry is focused in:

- Standardization policy for Eco-tourism with a guide competencies standardization and certification
- Ecotourism Destination Management with organization of the destination management programme for Tanjung Puting, Bunaken, Wakatobi, Flores and Raja Ampat, as well as the development of ecotourism attractions and facilities

- Tourism Industries and Local People empowerment with the National Program of People Empowerment (PNPM Mandiri) on tourism villages, particularly for community-based tourism, as well as investment in basic tourism infrastructure

There is a huge variety of resources and products to be developed in Indonesia and efforts are focused in identifying the products, developing partnerships to promote them, tap local knowledge and incorporate further research, train and build capacities and empowerment, and map the areas. In addition, work must also focus in developing policies and guidelines on ecotourism and finally reach out to the target market by educating the consumers and marketing strategies. It is particularly relevant to have a Directive of Ecotourism Development in order to build commitment among the different stakeholders, formulate a policy to develop ecotourism, link national and regional Masterplan of Tourism Development and implement principles of community-based tourism and sustainable tourism development.

There is a market potential for nature-based tourism activities such as ecotourism, adventure tourism, among others. Particularly for ecotourism, it is estimated that almost 10% of international visitors are ecotourists with two figure growing rates for the Asia Pacific Region (10-25%).

Ecotourism development in Indonesia can conserve nature, heritage and traditional community values, while enhancing local welfare.

Finally, Mr. Teguh concluded with the following:

"Wonderful Indonesia:

***Wonderful nature, Wonderful people, Wonderful culture,
Wonderful value for money and Wonderful culinary"***

Questions, Comments and Answers

There is a need for government incentives to promote ecotourism initiatives, and the key is to mainstream tourism into the national agenda. In this way, coordination with different actors at the public, private and civil society can take place. For example, the Ministry of Forestry is responsible for the management of national parks and therefore, further coordination and common work is needed to promote sustainable tourism activities. For example in Malaysia, all national actors are working together to promote it, and considered as a common business.

This is a good initiative and would be a good opportunity to involve us in the process and it should be further disseminated to create local ownership. Funding is still an issue in developing this plan and further efforts are needed to work together and address this gap.

Finally, one participant suggested not only to monitor the number of visitors per annum, but also to assess whether local people welfare is actually improving. In this line, activities could focus also to promote more Indonesian culture and local communities.

3.3 Session 2: Working groups

Participants were divided into three groups to analyze the proposed value chains of Rattan, Natural ingredients and Ecotourism. (Table 1). In the groups, an introductory presentation was given on the market potential and requirements of the natural ingredients and rattan chains; for the ecotourism sector, this was presented in plenary (see Agenda in Annex 2). After these presentations, each group mapped and analyzed the strengths and weakness of each actor in the chain and carry out the GAP Analysis, and the identification of causes, solutions and actors. Finally the solutions identified were prioritized considering its urgency and importance. The results of the working groups were presented to all participants in plenary.

Table 1. Working groups

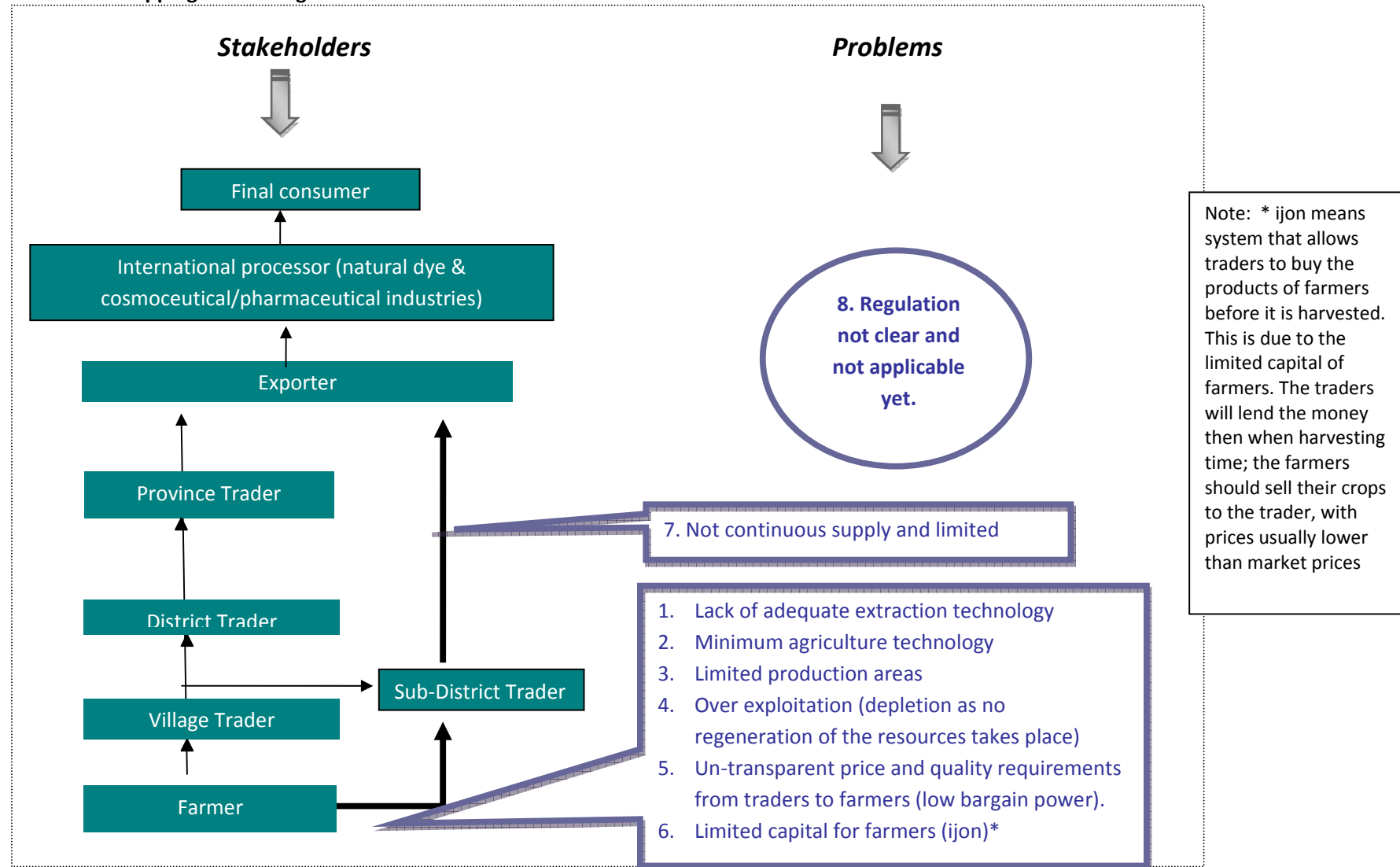
Rattan	Natural Ingredients	Ecotourism
Moderator: Mr. Wisnu Caroko	Moderator: Mrs. Nuning Barwa	Moderators: Mr. I Made Suarnatha and Ms. Lorena Jaramillo
Mr. Muayat Ali Muhshi	Ms. Novi Hutami	Ms. Ratna Akiefnawati
Mr. Abdul Hadison	Dr. Sherafina Reni Cahayanti	Mr. Radi Manggala
Mr. Lukman	Ms. Dessy Aryani	Mr. Suprianto
Mr. Senang Sembiring	Ms. Anindita G	Mr. Riyadharma
Mr. Tedjo Purwoto	Dr. M. Yusron	Ir. Asep Hidayat
Ms. Sari Handini	Ir. Musdhalifah	Ms. Stella Veronika
Mr. Heru D Wardhana	Dr. Tedjo Purwoto	Mrs. Eiffy K
Mr. Riyadharma	Mr. M Mustafri	Mrs. Rickayatul Muslimah
Mr. Hakim Lukman	Dr. Agus Wahyudi	
	Mr. Sembiring	
	Mr. Feri A. Soleh	
	Ms. Miranda Rustam	
	Mr. Rudy Syaf	
	Dr. Otih Rostiana	
	Mr. Irwan S. Sudarunawan	

The results of the groups as well as of the plenary discussions are presented below, per product. First, the mapping of each of the value chains is presented and if available it include additional information as by products, costs, pricing and time frames. Furthermore, an analysis of strengthens and weaknesses of each stage were also prepared by the groups and the results of the discussions are summarized in a table for each product: Rattan, Natural Ingredients and Ecotourism.

3.3.1 Working group: Rattan

The working group agreed that there is more potential for BioTrade to work with the Rattan resin or Dragon Blood than in rattan canes/furniture. This decision was based on current conflict between value chain actors of the rattan cane and the risk associated to carry out any intervention; particularly as it will require huge resources, time and effort before any result or activity can be implemented. On the other hand, Dragon blood does not involve many actors and have a bigger market opportunity for its derived products, and it can be included under the natural ingredients chain. Mr. Caroko also made a brief introduction to the Rattan sector, which is included in Annex 5.

Exercise 1: Mapping of the Dragon Blood



Prepared by Wisnu Caroko, NTFPs

Furthermore, considering the presentation made by Mr. Wisnu Caroko, the strengths and opportunities for the rattan sector (Resin) are:

- Indonesia dominated 80% of the total world global market
- High quality of both rattan canes and resins
- There are more than 350 rattan species both grown wildly and cultivated and only 52 species are being commercialized. Also, six species had already been planted in Kalimantan and Sumatera)
- Rattan garden is appropriate place for biodiversity conservation
- Rattan has several benefits as a material for food, furniture, handicraft and medicinal purposes
- Gender balance for all activities in cultivation, harvesting, post harvest, production and trading
- High involvement of local communities
- High demand on rattan resin for natural dye and cosmoceutical/pharmaceutical ingredients

Exercise 2: GAP Analysis for Dragon Blood

GAP Analysis for Dragon Blood

Market requirements	Score / importance					CAUSES	GROUPING CAUSES	SOLUTION	ACTORS
	1 (-)	2	3	4	5 (+)				
A. Volume of production	X				*	Low volume production mainly due to regulation that is not clear and also the information on Dragon Blood's practices is limited. These makes the production areas also very limited so the volume of production is very low if we compare it with the market demand	Lack of regulation for Dragon's Blood cultivation, collection and trading, and lack of coordination between the government at national and district levels.	1. Define clear regulations and policy enforcement on Dragon's Blood, particularly related to the collection, obtaining of licenses and in sustainably trading its derived products. <ul style="list-style-type: none"> Clarity in relation to the regulations and its application at the production area (District level) Socialization/dissemination and capacity building on the regulation 	<p>Leader: Ministry of Forestry at National, Province and District levels.</p> <p>Involve:</p> <ul style="list-style-type: none"> Private sector : traders along supply chain CBO; Dragon Blood's producer organization NGO: Setara/NTFP, Gita Buana, Warsi, SSS, WWF, Kehati
B. Product quality			X		*	Lack of product quality caused by lack of agriculture technology and good post harvested techniques implemented at farmer level. On the other hand, the price set is based on trader perception (subjective) not based on quality. There is no significant difference in price for farmers if they produce the best quality or not. These practices make the Dragon Blood's fruit to be harvested not at the best	Lack of knowledge and technical skills on Dragon Blood cultivation/post harvested at farmer level with very weak bargaining position on price setting	2. Empowerment of producers' organizations at community level; and developing producer association at secondary level for increasing producer's skill and	<p>Leader: NGO (Setara/NTFP, Gita Buana)</p> <p>Involve:</p> <ul style="list-style-type: none"> Other NGO interested in Dragon

					time (still young) and do not allow the trees to regenerate => overexploitation				
C. Price					The un-clear regulation makes the Dragon Blood trading to be defined as "illegal". Therefore, the trader has strong bargaining power to set the price subjectively. The quality and price are judged by the traders. There is no transparent mechanism to assess the product quality objectively. Some practices conducted by traders ("ijon") decrease the farmers' price. The practices are caused by limited capital at farmer level.	Lack of practices and information available on Dragon Blood cultivation techniques, post harvesting methods and derived product.			<p>bargaining position</p> <p>Blood Development (Kehati, Warsi, SSS, ICraf, WWF, KBCF, etc)</p> <ul style="list-style-type: none"> • Research institute: R & D Ministry of Forestry and IPB (Bogor Agriculture Institute) <p>Leader: NGO (Setara/NTFP, Gita Buana)</p> <p>Involve:</p> <ul style="list-style-type: none"> • Other NGO interested in Dragon Blood Development (Kehati, Warsi, SSS, ICraf, WWF, KBCF, etc) • Research institute: R & D ministry of forestry and IPB (Bogor Agriculture Institute)
D. Legality of the supply					This is caused by the un-clear regulation on Dragon Blood that is not applicable. So far the farmer sell the Dragon Blood defined as an "illegal activity".				<p>3. Dissemination of sustainable cultivation techniques</p> <ul style="list-style-type: none"> • Develop modules/guidelines on sustainable cultivation • Provide training to value chain actors • Promote the exchange of information between communities (farmers) • Establish a demonstration plot
E. Certifications (SFM, FT)					Dragon Blood is defined as a NTFP, and there is an opportunity to certify it with Sustainable Forest Management (SFM) and Fair Trade schemes. But the main problem is the product				<p>4. Access to reliable and on-time market information</p> <ul style="list-style-type: none"> • Compile information on the market quality standards, updated <p>Leader: Ministry of Trade</p> <p>Involve:</p> <ul style="list-style-type: none"> • Private sector: Trader along supply

					legality due to the un-clear regulation. Lack of good agriculture and post harvested practices and also the trading practices between trader and farmers are also identified as the main obstacles.		price and a clearing house (product information, distribution and availability)	chain
F. Information & documentation of product	X			*	There is inadequate information on Dragon Blood trading and product information, which is mainly a result of the unclear regulation as it is has already been mentioned above.		<p>5. Research and development for value addition, hence stimulating the national industry</p> <ul style="list-style-type: none"> ▪ Carry out applied research /analysis of Dragon's Blood characteristics and its uses • Promote a research and development strategy jointly with the private sector (Industries) in order to develop semi-finished and finished products derived from Dragon Blood 	<ul style="list-style-type: none"> • NGO interested in Dragon Blood • Martha Tilaar group and BALITTRO / The Indonesian Medicinal and Aromatic Crops Research Institute / IMACRI

*: Market requirements

X: Current capacity of the actors involved in the Dragon Blood sub-chain

Prepared by Wisnu Caroko, NTFPs

Exercise 4: Prioritization of solutions

URGENCY		MILESTONE ACTION PLAN		
		YEAR 1	YEAR 2	YEAR 3
IMPORTANCE	HIGH	Define clear Regulations and policy enforcement on Dragon's Blood, particularly related to the collection, obtaining of licenses and in sustainably trading its derived products	Promote sustainable cultivation areas with the support of direct stakeholders involved with Dragon Blood	Research and development for value addition, hence stimulating the national industry
	MEDIUM	Dissemination of sustainable cultivation techniques	Empowerment of producers' organizations	Access to reliable and on-time market information
	LOW	Access to reliable and on-time market information	Research and development for value addition, hence stimulating the national industry	

Prepared by Wisnu Caroko, NTFPs

3.3.2 Working group: Natural Ingredients (Prepared by Nuning Barwa)

In particular for the natural ingredients working group, Ms. Barwa made a brief presentation of the sector, including its current status, potential and challenges. This presentation is summarized below, and it can be found in Annex 5.

As the second mega biodiversity country and located in the Equator, the usage of natural ingredients for food, cosmetic, *Jamu* and phytomedicines has been done for centuries. Because of the multiple threats to its forests and their associated biodiversity, Indonesia should change their activities of collection, production, transformation, and commercialization of products and services derived from native and forest biodiversity under the criteria of environmental, social and economic sustainability.

Innovative approaches to business, investment and trade policies are required to successfully address the challenges associated in fighting poverty, unemployment, and the overexploitation of natural resources leading to biodiversity loss and the rapid deterioration of ecosystem services. Promoting the commercialization of native biodiversity-based products, or "BioTrade" is being increasingly recognized as a means of providing incentives for the sustainable management of biodiversity while simultaneously creating employment opportunities and livelihoods. Moreover, the demand of many biodiversity-based products such as natural cosmetics, medicines, spices and food ingredients is ever increasing and shows the potential for further growth.

The workshop highlights the interlinked nature of sustainable utilization and improved management of natural resources, rural economic growth and poverty alleviation, and

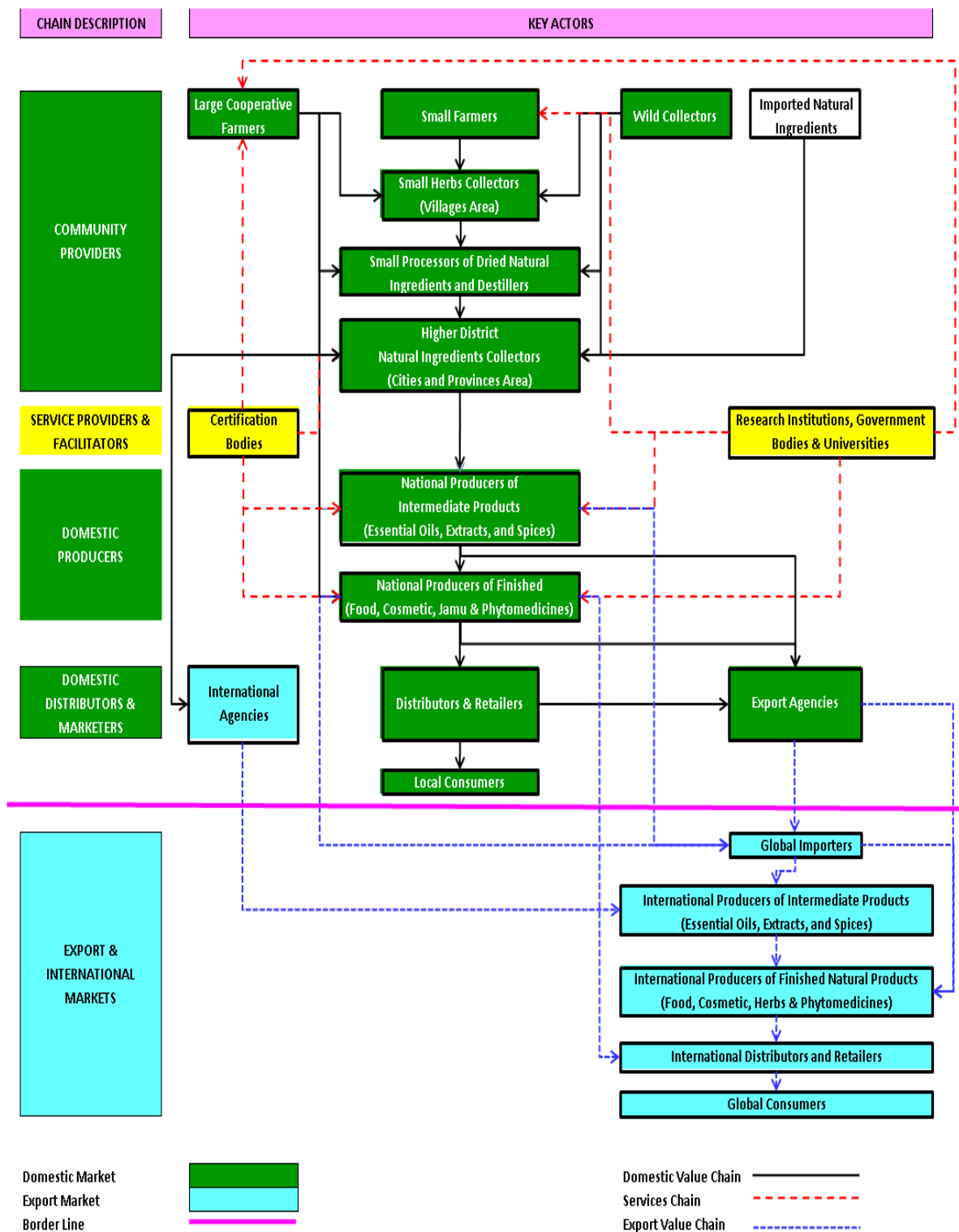
empowerment of rural producers and broad participation in public decision-making, including rights and responsibilities defined in national laws.

Value chain analysis (VCA) refer to the series of interlinked exchanges through which native species products and their derivatives through cultivation or wild collection, and production to end use. The VCA framework emphasizes not only the actors involved in the trade, but also describes the structure of the market and traces the distribution of benefits along the chain as determined by various interested customers. VCA examines the potential of micro and small enterprises and their sectors to compete in global markets. It focus the importance of benefits (especially income) in creating incentives or disincentives for performance, the effect of cooperation and coordination among multi-stakeholders, and the impact of learning and innovation on the competitiveness of MSE.

Institutional enabling environments at different scales—global, national, regional, and local—strongly influence the viability of product value chains. Typically government supports and regulations, market dynamics, and ecological factors combine in ways that shape producers' decisions at every stage of activity.

Exercise 1: Mapping of Value Chain for Natural Ingredients

Group participants focus on identifying the key actors in each stage of value chain for natural ingredients, from main resources of farmers until the final end consumers, both in domestic and global markets. In addition, through a brainstorming session the strength and weaknesses, as well as opportunity and threat were identified per stage of the value chain. The results of the exercises are presented below:



Prepared by Nuning Barwa, UNCTAD Consultant

SWOT analysis for Natural Ingredients

STRENGTH	WEAKNESS
Indonesia has plentiful biodiversity	Difficult access for legal financial provider
Indonesia has specific and unique plants	Long chain to market access (farmer must sell under production cost)
Has huge human resources	The implementation of "good practices" have not been institutionalized
Almost all species which are well-known for food, cosmetic and phytomedicines (<i>Jamu</i>) can be cultivated	Difficult to keep the quality or can not keep the standard of products
	Unsustainable product quality and supply
	Depending on the type of the commodities, intermittent shortage of materials may occur either during rainy or dry seasons
	Weak in post harvest technology and equipments
	No or limited entrepreneurship farmers
	Cannot provide the technical requirement regarding to prove product quality
OPPORTUNITY	THREAT
Easy access to information	The price at farmer's level is very sensitive, fluctuates/volatile and is relatively low
Back to nature trend	High cost of internationally accredited certifications, including organic
Open market	Low incentive to farmer
Unique natural variety only at the forest/conservation in Indonesia	Reduce biodiversity due to expansion of certain commodities (acacia, eucalyptus, palm)
Natural product to be sold in niche market segment	Deforestation
	Difficult to implement transparency among all chain actors within one value chain
	Market monopoly by mafia

Prepared by Nuning Barwa, UNCTAD Consultant

Exercise 2: GAP Analysis for Natural Ingredients

The GAP analysis was held considering the key market requirements for native species of cosmetic, *Jamu*, phytomedicines and food, which should consider the biodiversity and environment requirements, as well as market, technology, social and political requirements, then also consider product development aspect. For each parameter of these five aspects, causes and its solutions were identified as well as actors that should be involved and lead their implementation.

GAP ANALYSIS OF SEVERAL REQUIREMENTS CRITERIA OF NATURAL INGREDIENTS

MARKET REQUIREMENTS	-					NOTE	CAUSES	GROUPING OF CAUSES	SOLUTIONS	ACTORS
	1	2	3	4	5					
1. Information on market access						Flow of market and technical information is a key determinant of overall value chain efficiency and industry competitiveness.	Farmers, processors and producers need end market information in order to adapt product characteristics and supplies to demand fluctuations and trends in a timely manner. They generally depend on retailers and exporters.	Farmers are particularly disadvantaged due to lack of market information and market access.	Strengthen the relationship between upstream and downstream actors to reduce the supply chain.	Related government bodies and downstream key players.
2. good quality product(s)						Good quality products are in the level of market and trader with added value.	Product quality depends on traders.	Added value for farmers and collectors is limited due to lacked resources and market knowledge. Also different perception about product quality and lack of understanding in keeping quality from the beginning (farmers & traders)	Promote the value of harvest and post harvest treatment as key issue in product quality.	Research institution, local government and players.
3. sustainable supply						Farmers have problem to deliver high amount of order and limited capital to produce the sustainable supply.	Since farmers have limited land and capital, so collectors and traders have responsibility to keep good quality of natural products from several farmers before delivering to their customers, while farmers are usually preparing their products as usual or instructed by traders.		Conducting workshop and training on product quality and optimizing role of NGO and downstream companies in supervising farmers.	NGO, players, local and central government.
4. acceptable price						Acceptable price is good in all level.	There is no gap for pricing since farmers always accept the price decided by traders.	Price is acceptable for all key actors but for the benefit of traders and downstream actors.	Transparent information of market price should be easily accessed for farmers.	Farmers, traders and local government.

MARKET REQUIREMENTS	-				+	NOTE	CAUSES	GROUPING OF CAUSES	SOLUTIONS	ACTORS
	1	2	3	4	5					
5. on time delivery						On-time delivery is good only in market and traders.	Market and trader with added value are usually committed on time delivery than farmers and common traders.	Limited area of farmers cause the low amount of production output, while traders can collect from many farmers from several areas.	Establish and strengthen the farmer union to meet the demand.	NGO, farmers and traders.
6. green product(s)						Requirement of green products is OK in market and trader level.	Knowledge certification (green certification) is not well-known or low affordable.	Lack of skill in documentation practices.	Promote the added value of certification and conduct the capacity building for certification processes.	Local and central government, NGOs and players.
7. technical requirements						Technical requirement is only in market and traders, but now in farmers' level.	Lack of technical requirements in farmer level.	Lack of technical requirement in certification.	Technical data should be provided by traders.	Traders.

Note:

X : trader with added value - - - - - # : trader without added value + : market ——— 0 : farmers ———

Gap : ———

BIODIVERSITY & ENVIRONMENT REQUIREMENTS	-					+					NOTE	CAUSES	GROUPING OF CAUSES	SOLUTIONS	ACTORS	
	1	2	3	4	5	1	2	3	4	5						
1. availability of raw material exploitation												Raw materials are available in the market level but not in farmers level.	Limited area for agro-forestry and problem on area conversion.	As natural product enterprises develop, traditional resources management may limit economic efficiency. Growing markets	Reducing or stopping the land clearing for monoculture products and developing the area for agro-forestry.	Local and central governments, Forest Ministry and Internal Affairs Ministry
2. sustainability of raw materials												Raw materials are in sustainable condition in market level but not as good as farmers' level.	Farmers only have small area for planting and/or exploring materials from forest, while trader can collect materials from several farmers/resources.	impose more stringent requirements for the quality, quantity, timing and reliability. As a result, local producers may face tensions between long-standing practices and enhanced market competitiveness. The	Establishing the local and central governments policies on land use, securing land resources tenure system, as well as the capacity building on environment conservation.	Forest Ministry, Internal Affairs Ministry and Environment Ministry
3. impact of production processes												Production processes have great impact on environment both in farmers and market levels.	Lack of awareness among key actors in preserving environment	greatest pressures on traditional practices emerge when natural product operations seek to increase production output. Limited land for agro-forestry and the persistence of traditional practices	Improving production techniques of the traditional resources management, which have alleviated some of the negative environmental impacts and improving harvesting and cultivation in afro-forestry or forest gardens.	Ministry of Environment and all stakeholders
4. bio-conservation availability												There is available bio-conservation in both farmers and market levels.	Farmers, wild collectors and traders have know-how regarding the traditional practices in native species.	has resulted in supply problems, natural resources degradation, or both.		Universities, research institutions, players and governments.

Note:
X : trader with added value - - - - - **#** : trader without added value **+** : market ——— **0** : farmers ———
Gap : ———

TECHNOLOGY REQUIREMENT	- 1 2 3 4 5 +					NOTE	CAUSES	GROUPING OF CAUSES	SOLUTIONS	ACTORS
	1	2	3	4	5					
1. capacity in place for market						Technology capacity is poor in farmer level but is OK in market level.	Capacity of farmers to meet global requirement is very low.	Technology is available but not transfers yet, so farmers and wild collectors are lack of knowledge about applied technology.	Training on implementation technology in natural products.	Research institutions, government bodies.
2. adequate infrastructure						Infrastructure is enough in market level but not in farmers' level.	Farmers are usually living in villages or remote area that is no priority in fulfilling infrastructure by government, while traders are in city location where infrastructure is not limited.	Fewer infrastructures, especially in remote areas (villages) to support supply chain.	Involving local & central governments in the policy of infrastructure development.	Local and central governments, NGOs.
3. adequate & accessible technology (cooperative)						Accessible technology only for market level but not farmer level.	Technology is available but not affordable by farmers.	Need training facilitation for both farmers and traders to make it balance.	Strategy planning in technical support based on product priority.	Universities, local and central governments.
4. technical support							Technology supports given by governments and institutions are usually only available more in Java than out of Java.			
a. Java						Technical support is available for farmers in Java.	And technical supports are given mostly for farmers but not traders, because traders have their own capacity to do it.	Unbalanced technical support between Java & out-Java.	Conducting workshop and training for trainers on technical supports.	Research institutions, governments, NGOs, downstream business.
b. Non-Java						Not available in non-Java	Very limited capacity building for outside Java farmers.			

Note:

X : trader with added value - - - - # : trader without added value + : market ——— 0 : farmers ———

Gap : ———

SOCIAL & POLITICAL REQUIREMENTS	-					NOTE	CAUSES	GROUPING OF CAUSES	SOLUTIONS	ACTORS
	1	2	3	4	5					
1. benefit generated						Benefit is more generating in market level.	Traders in market level are more aware to generate their profits.	Lack of knowledge about value added product in farmers' level.	Focusing more on added value products in farmers' level.	Farmers & traders, government & research institution
2. employment						Employment is higher in farmers' level than in market level.	Low cost with more people is the local philosophy in farmers' level, while implementing efficiency and economic system are more realized in market level.	Involvement of NGOs has not yet optimal in supporting farmers and traders.	Involving local and central governments more effectively in workshops and trainings.	Local and central governments.
3. community based organization (ability and quality)							CBO involves more in farmers' level due to its relative bigger size, but need to be organized.	Lacked legal and taxes knowledge	Conducting training & workshops on legislation and taxes.	NGOs, farmers and traders.
4. legislation						It is poor in legislation.	Lack of legal knowledge.	Law and legal matters are ignored by key factors.	Promoting the law and legislation in using the natural ingredients.	Local and central governments.
5. taxes						It is poor in taxes, but in farmer level is much better.	Low awareness and lack of knowledge about taxes.	No tax in natural ingredients yet.	Indonesia doesn't apply the tax in natural ingredients.	
6. institutional support						It is lack of fair trade implementation.	Lack of knowledge and practices of fair-trade and poor in fair implementation in business.	The business practice of fair trade is very limited and not popular in Indonesia.	Promoting fair trade principles.	NGOs and downstream producers.
7. fair trade						The fair trade principle is not well-known yet.				

Note:

X : trader with added value - - - - # : trader without added value + : market ——— 0 : farmers ———

Gap : ———

PRODUCT DEVELOPMENT REQUIREMENTS	- +					NOTE	CAUSES	GROUPING OF CAUSES	SOLUTIONS	ACTORS
	1	2	3	4	5					
1. product derivatives	0					Product derivatives are only done in market level.	Lack of knowledge.	Lack of knowledge on product derivative and added value of branding and product performance.	Conducting workshops and trainings on product derivatives and branding.	Research institution
2. packaging	0					Packing development is done more in market level.	Different attitudes in terms of packaging. Farmers consider content while traders consider both packaging and content because packaging is value.			Research institution, players and volunteers.
3. branding	0					Branding is only done in market level.	Farmers do not concern branding, while traders take branding seriously.			NGO and players

Note:

X : trader with added value - - - - # : trader without added value + : market ——— 0 : farmers ———

Gap : ———

Prepared by Nuning Barwa, UNCTAD Consultant

Exercise 3: Prioritization of solutions/action plan for Natural Ingredients

Finally, participants analyze the solutions proposed above and prioritize them according to their urgency and timeframe, as shown below:

URGENCY		MILESTONE ACTION PLAN		
		YEAR 1	YEAR 2	YEAR 3
IMPORTANCE	HIGH	<ol style="list-style-type: none"> 1 Establishment of a multisectoral coordination body of BioTrade program 2 Select the best species as the first target 3 Create proposal to find the needed donor or grant 4 Create market and technical information system 5 Define a mission of pilot project and select the best location(s) and partner(s) for the chosen species 	<ol style="list-style-type: none"> 1 Develop the human resource development strategy, especially in community based organization(s). 2 Improve product quality and product quantity. If needed invest new equipment(s) and new machine(s) 3 Establish MoU between upper stream and downstream actors 4 Implementation of good cultivation method, and better harvest and post harvest techniques 	<ol style="list-style-type: none"> 1 Continue with the implementation of selected project 2 Do the continuous improvement program in all aspects which is needed to achieve the best quality products 3 Strengthen partnership with committed global downstream actors
	MEDIUM	<ol style="list-style-type: none"> 1 Find the right partner(s) of downstream actor(s) who give the highest commitment in this project 2 Establish the community based organization (CBO) and work together with the right partners of point 1 3 Engage and strengthen the collaboration with the global Importer association(s) to get the market access 4 Capacity building in cultivation, harvest and post harvest techniques 5 Capacity building on product development 	<ol style="list-style-type: none"> 1 Develop better added value products 2 Capacity building on management skills 3 Capacity building on GAP, GMP and related good practices 4 Develop marketing and promotion strategy to enter domestic and global market 	<ol style="list-style-type: none"> 1 Join the trade promotion program that facilitated by related government and global importer association 2 Develop derivative added products 3 Find donor(s) for expansion of CBO business activities
	LOW	<ol style="list-style-type: none"> 1 Ensure the land tenure 2 Legal compliance of CBO 	<ol style="list-style-type: none"> 1 Product certification 2 Species branding, if possible register the IPR 	<ol style="list-style-type: none"> 1 Promote the best practices

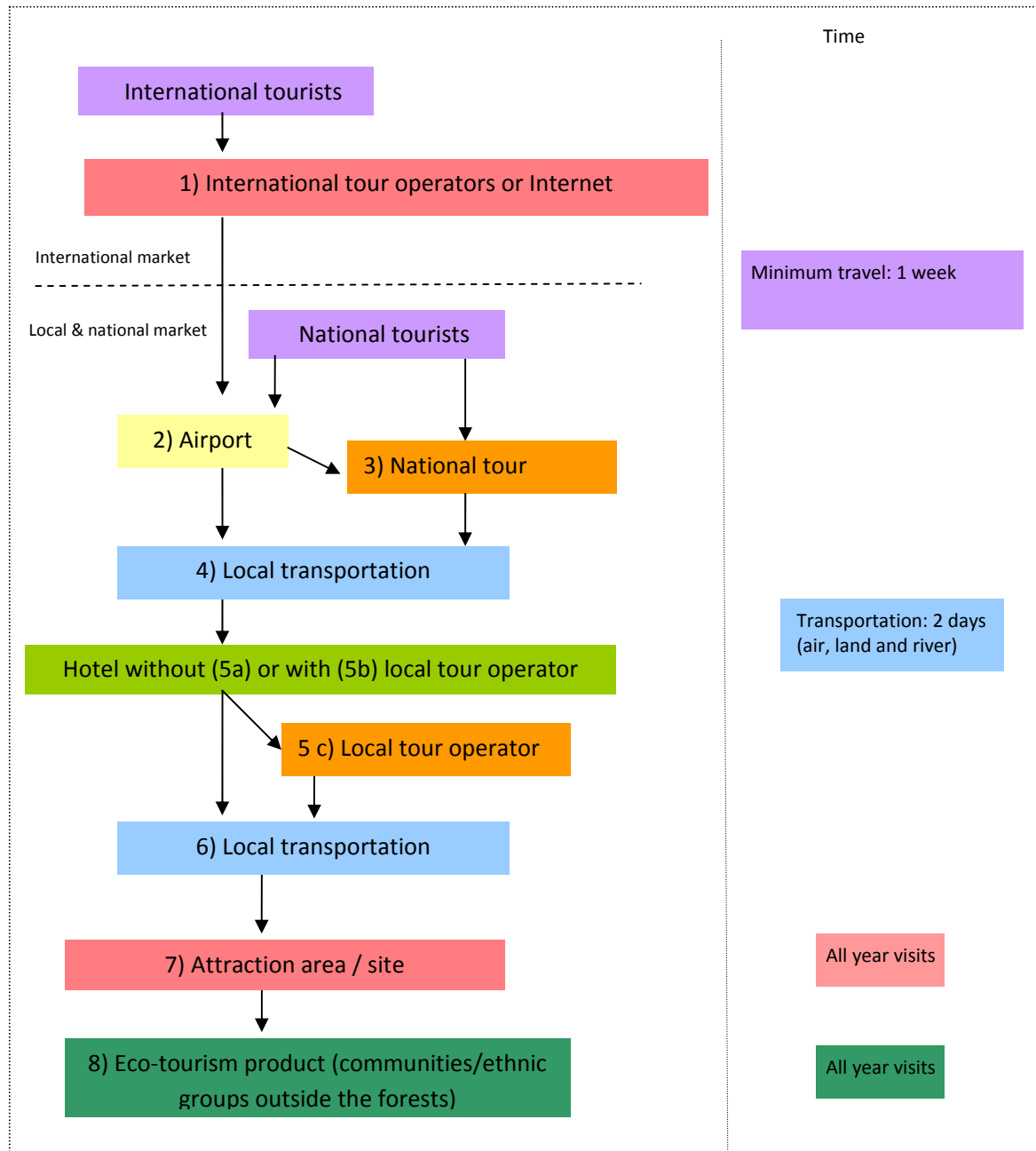
Prepared by Nuning Barwa, UNCTAD Consultant

3.3.3 Working group: Ecotourism

As a starting point, and considering the inputs given in the presentation of Mr. Frans Teguh, a revision of the site selection criteria proposed by UNCTAD Consultant, Ms. Nuning Barwa, as well as the selected sites was reviewed and further discussed within the group.

In order to facilitate the development of the exercises, concrete sites were identified in Jambi:
 (A) Jambi Initiative in Muara Bungo
 (B) Riau Province, a UNESCO designated initiative supported by SINARMAS

Exercise 1: Mapping of the Ecotourism value chain



An analysis was done on the strengths and weaknesses of each of the value chain actors identified in the mapping (from 1 to 8). The results of the analysis are presented in the table below:

Strengths	Weaknesses
(1) Recognition of the sites due to its unique biodiversity (existence of wild tigers, crocodiles and orangutans) in specific markets: (A) Scientific tourism market; and (B) UNESCO/peak land interested tourists particularly in Japan and Germany (1, 2) Promotion of the locations in (A) and (B) due the identification of Jambi as Indonesia's REDD+ pilot project	Lack of a coordination entity or body to support the development of ecotourism activities and involving the Ministries of Tourism/Culture, Forestry and local government and private sector (1, 3, 5, 8) Lack of knowledge of existing attractions that can be interested to the ecotourism niche market No recognition of the rich biodiversity by local actors and therefore, limited awareness of on conservation and its potential for ecotourism
Security of the tourist attraction area	Limited knowledge and understanding of ecotourism and its services by local government, communities, local tour operators, etc
Support from NGOs with basic accommodation to selected villages and for (B) sporadic exposure to the Japanese and German markets	Lack of knowledge on developing packages/itineraries and pricing and costing them
(B) Cooperation with international organizations to minimize the environmental impact of the activities implemented	Long or not clear process to obtaining permits for visitors
(4, 6) Available local transportation to the attraction area and (2) access to a national airport in Jambi; and for (B) also access to an international airport	(1, 3, 5, 8) Lack of promotion of Jambi as a destination for the ecotourism niche market
Use of on-line social communities to disseminate the locations to potential visitors (Twitter, Facebook, etc.)	(1, 3, 5, 7, 8) Limited government budget to develop and promote the attractions
(B) Experience of working with public-private partnerships by (8) and the development of an Ecotourism master plan	(3, 5) Lack of access to adequate /o n-time market information and contacts
Existence of other biodiversity derived products used and commercialized such as native honey (ingredient for food, aromatherapy and or developing candles sold at local market) and Dragon Blood	(6, 7) Difficult access to the attraction with normal transportation
	(8) Lack of community capacity and participation in the provision of tourism services (trained guides and interpreters, knowledge of the attractions and foreign languages, quality standards on food and services)

Exercise 2: GAP Analysis for Ecotourism

The GAP analysis was done considering the key market requirements for ecotourism activities and later on the causes for the major GAPS were analyzed and grouped into four categories. For each of these four categories, solutions were identified as well as actors that should be involved and lead their implementation.

MARKER REQUIREMENTS	Score / importance					CAUSES	GROUPING OF CAUSES	SOLUTIONS	ACTORS
	1 (-)	2	3	4	5 (+)				
Access to contacts/networks and market information						Not identification of the target market, hence lack of a common strategy to work all actors together and access this market (only isolated efforts by (B)) Lack of contacts with tour operators at the national & international levels and capacity to develop web-based marketing tools	Lack of a coordination body at every level (local, district, provincial and national), with every actor (government, private, academia, NGOs, communities) and with every involved sector (forestry, public work, tourism, agriculture)	1) Establish a multi-sectoral coordination body or committee focusing on ecotourism at the province level. This should start by bringing all actors together and foster a consensus on the engagement of all actors to work under one common goal 2) Develop a long-term strategy with a common vision on ecotourism development and should include: 2a) market assessment study 2b) marketing and promotion strategy 2c) a human resource development strategy to build capacity and awareness at all levels 2d) develop a pilot project to initially implement the strategy, before broadening its scope at the Provincial level	Actors that should be involved are, <i>inter alia</i> : BAPPEDA; DINAS (Parwisata/Tourism Dept; Kehutanan/Forestry Dept; Public works Depr.; Perindakop/Cooperative and Trade) Academic/University: Jambi University, University of Riau, University of Muara Bungo, Riau Private sector: Sinarmas, ASITA, PHRI NGOs such as: ICRAF (biodiversity and REDD+); Warsi (community-based forestry); Sumatra Sustainable Support/SSS (Community fund and income generation); Gita Buana/YGB (Trade and cultivation)
Quality of amenities, packages, promotion					Limited information on ecotourism attractions and therefore its promotion No definition of a marketing strategy or target market to access jointly by all actors	Lack of a long-term ecotourism strategy with a common vision, a marketing/promotion strategy, capacity building and build on what is available (avoiding isolated efforts by actors)			
Quality of services					Lack of training in providing tourism services to communities, government and private actors Lack of a definition on quality standards or best practices for ecotourism activities at the local and national level		Lack of training to guides, interpreters and how to provide high culinary services	Lack of the knowledge of which niche market to target, considering the unique biodiversity and attractions of Jambi (which are not known)	
o Capacity of local guides, community attractions, etc					Lack of training to guides, interpreters and how to provide high culinary services	Mainly agricultural-driven communities and therefore lack of knowledge of its unique tourism attraction & capacity on how to deal and benefit from ecotourism			
o Community participation					Mainly agricultural-driven communities and therefore lack of knowledge of its unique tourism attraction & capacity on how to deal and benefit from ecotourism		Long, complicated and not clear procedure for obtaining the permit by lodges and communities		
Permits for visitors for accessing the eco-tourism products (lodges & communities)					Permits for visitors for accessing the eco-tourism products (lodges & communities)	Continue promoting the conservation/sustainable use of these resources			
Quality of attraction (Natural resources)					Continue promoting the conservation/sustainable use of these resources		Decision of tourist is not based on price but on the attraction; but there is limited knowledge on how to calculate the cost of a package		
Pricing and costing					Pricing and costing	Excess of supply of lodges for the existing demand (number and quality as they come to see its biodiversity)			
Accommodation					Accommodation		Security		
Security					Security	Basic services available (electricity/sanitation)			
Basic services available (electricity/sanitation)					Basic services available (electricity/sanitation)				

*: Market requirements

A: Current capacity of the actors involved in (A) Jambi

B: Current capacity of the actors involved in (B) Riau

Exercise 3: Prioritization of solutions/Action plan for Ecotourism

Finally, the activities were prioritized as shown in the table below:

		URGENCY		
		Year 1	Year 2	Year 3
IMPORTANCE	High	1. Establishment of a multisectoral coordination body or committee on ecotourism 2a) Develop the market assessment study	2. Develop a 2b) marketing and promotion strategy; and a 2c) human resource development strategy. 2d) define a pilot project (common standards/best practices)	Continue with the implementation of activities related to 2b) marketing and promotion strategy updated with market trends; 2c) human resource development and 2d) implementing a pilot project (common standards/best practices)
	Medium	3.1) Awareness at communities in the areas of the ecotourism attractions	3.1 Awareness and 3.2 Capacity-building on product development	3.1 Awareness and 3.2 Capacity-building on 3a) management skills, 3b) product development and 3c) ecotourism services and 3d) legal compliance
	Low		3.1 Awareness and 3.2 Capacity-building on 3d) legal compliance	

4. Additional results of the plenary discussions

On the second day of the workshop, the working groups presented the results of their work. The key messages of the presentations and the questions are described below.

Additionally, Mr. Tedjo Purwoto from the Ministry of Forestry made his presentation on the work implemented by this Ministry in relation to Non-Timber Forest Products. His presentation (in Bahasa) is in Annex 6.

Group 1: Rattan resin (Wisnu Caroko)

The group recommended that BioTrade should focus in rattan resin (Dragon Blood), which is also a natural ingredient. The biggest problem with this resource is its illegal trade (due to unclear regulations) and the limited information on actors selling Dragon Blood in Indonesia. Furthermore, most of the problems identified (6 out of 8) are focused at the farmers' level:

- 1) Processing technique of dragon blood is non-standardized;
- 2) Cultivating method of rattan plants is also non-standardized;
- 3) Declining supply of rattan and its resin, because many rattan forests have been converted into palm oil plantation;
- 4) Declining yields of resin as farmers harvest the Dragon blood not considered the special characteristics of the species (young or old) and the resource is not regenerated naturally;
- 5) Un-transparent on product quality and price. Price set based on traders subjectively not based on quality. The farmer is always on the loose side, farmers sell cheap, traders sell so high.
- 6) Non-standardized quality of dragon blood products.

The main solution to overcome the existing problems is to develop a standardize/clear policy and regulation standardized, since there are many overlaps and it not clear. Clear role and aim

by the Government is needed and efforts should be in legalizing the activities related to the use and trade of Dragon Blood. There should also be a standard for cultivation and a demonstration plot can facilitate this task in order to expand good practices. Finally, research and efforts should be centered in developing value added products in order to promote the commercialization to domestic market and exports of processed products from Indonesia.

Group 2: Natural Ingredients (Nuning Barwa and Dessy Aryani)

This group initiated with the presentation of the sector itself, stating that the trading and the distribution of natural ingredients has not changed/evolved since Dutch colonization era. Therefore efforts should be focused in improving upstream and downstream of the chain. The GAP analysis was also presented, stating the main gaps of the chain considering the different actors in the chain: farmers, traders with added value and traders without added value. Finally, the recommendations given by the group focused on establishing a multisectoral body with a common trading system for natural ingredients, where all actors are involved, particularly the traders.

Group 3: Ecotourism (Ratna Akiefnawati)

The group started by explaining briefly the criteria used in the BioTrade report for the site selection and presenting the two locations in Jambi that were used to carry out the exercises. These areas are unique and rich in biodiversity, highlighted by the existence of wild orangutan and tigers. Afterwards the presentation focused on the strengths and weaknesses of the tourist sites where skilled human resources, the acquiring of permits, linkage to the market and limited support from the local government were some of the challenges highlighted. Afterwards the solutions and actors were mentioned.

Questions, Comments and Answers

An animated discussion followed the group presentations with some of the issues raised were in relation to the legal barriers currently in place that generates uncertainty on which Ministry to approach in order to carry out activities related to the sustainable use and trade of biodiversity. For instance in ecotourism, permits should involve not only the Ministry of Culture and Tourism but also the Ministry of Forestry, the latter being responsible for managing Indonesia's protected areas. In the natural ingredients, a similar case was discussed for *Vetiver* as it is not clear if the permit is needed by the Ministry of Forestry or Ministry of Environment. Furthermore, there is an overlapping and bringing together the relevant Ministries can help but the focus should be on the law enforcement and providing guidance/or clarify legislations. Farmers sometimes are confused and are not clear which regulation to follow, for instance from Ministry of Trade or Industry or Forestry.

Confusion can also take place at the local government level, as for example in tourism, the forestry local government is not active in supporting the development of a tourist site as it might be under the scope of another ministry.

For herbal medicine, the government considered it in a lower category than chemically-based medicine. For example, there are three stages of a product trail for herbal products, and the highest is the phytopharmacy. Only when the herbal product reaches the phytopharmacy level, then the product/plant has the same standard as a chemically-based medicine. This has

impacted also the consumption of herbal medicine by local population as its used is not covered by health insurance, disregarding also its high-valued medicine characteristics.

These issues should be included within any proposed work to develop those sectors, and where some of the issues raised during the working groups.

5. Conclusion and next steps

The workshop concluded by thanking all the participants for their active participation and their valuable support. The results achieved included not only the analysis of the value chains but also the compromise of a core group of representatives from government, private and NGO sector that will be further involved in the development of the assessment by providing feedback and information on a voluntary basis. Participants also suggested an informal gathering where they can discuss and provide further information to the report and future work on the sectors.

In addition, participants were also invited to provide further comments via email on the UNCTAD draft assessment and selection of sectors. The deadline to receive comments is 15 October 2011 (*additional information included*).

UNCTAD highlighted the importance that all value chain actors work together, including the need for the private sector's role in guiding the value chain in order to support its development and importance that supporting organizations and government support and join them in their work.

As next steps, the organizers will circulate the workshop proceedings (including the BioTrade draft report of the sectors and the list of all participants) in order to receive feedback. Finally, the results of this workshop will enrich the work done in the development of the BioTrade assessment and a project document for BioTrade in Indonesia. The latter will support to goal to establish a BioTrade Programme in Indonesia.

Annexes

Annex 1. List of participants

	Name	Organization	E-mail	Phone
1	Prof. Nina F. Moeloek, Ph.D	Special Envoy on MDGs to the President of the Republic of Indonesia	diahsaminarsih@gmail.com	
2	Diah Saminarsih	Assistant to Special Envoy on MDGs to the President of the Republic of Indonesia	diahsaminarsih@gmail.com	
3	Mr. Jurg Schneider	Swiss Embassy	emmy.setiawan@eda.admin.ch	021.525.6061
4	Mr. Frans Teghu	Ministry of Culture and Tourism	frteguh_budpar@yahoo.com	0815.62.50.418
5	Mr. Ir. Tedjo Purwoto, MM	Ministry of Forestry	tedjo_purwoto@yahoo.com	0813.280.05858
6	Ms. Musdhalifah	Coordinating Ministry of Economic Affairs	mus_machmud@yahoo.com	
7	Mr. Novic Hutami	Ministry of Trade	novi.hutami@yahoo.com	
8	Mr. Pudjiyanto	Ministry of Trade	pjyanto@yahoo.com	0812.136.14.267
9	Ms. Endang Soesilowaty	Ministry of Trade	endangkong@yahoo.com	0812.1294.94.821
10	Ms. Sari H. Murti	Ministry of Trade	sari_hndn@yahoo.com	0818.0828
11	Mr. Irwan S. Sudarunawan	Ministry of Trade	irwandenmas@yahoo.com	0812.822.9495
12	Ms. Arleen	DGNED	elin_dkr26@yahoo.com	0812.851.6644
13	Ms. Suparteriah	DGNED	suparteriah_bpan@yahoo.com	0813.82.83.5121
14	Ms. Sherafina Reni Cahayanti, SP. MP	Research and Technology Ministry (BPPT)	sherfoct@yahoo.co.id	0812.29.78.332
15	Mr. Radi Manggala SE, LL.M	Ministry of Culture and Tourism / Directorate General of Tourism Destination Development	manggala_radi@yahoo.com	021.3838.428 / 449
16	Mrs. Rickayatul Muslimah	Ministry of Culture and Tourism	NA	
17	Mrs. Eiffy K	Ministry of Culture and Tourism	NA	
18	Ms. Stella Veronika	Ministry of Culture and Tourism	NA	
19	Dr. Agus Wahyudi	Spice Crops Research Institute for Industrial Crops and Miscellaneous (Balitri)	a_wahyudi@litbang.deptan.go.id	0266.53.1241
20	Dr. Oth Rostiana	Research Institute for Medicinal and Aromatic Plants (Balitro)	othrostiana@yahoo.com	0818.086.26264
21	Mr. M. Yusron	Research Institute for Medicinal and Aromatic Plants (Balitro)	much_yusron@yahoo.com	0812.99.77.586
22	Mr. Mahendra Taher	Sumatera Sustainable Support	bokto97@yahoo.com	0741.670862

	Name	Organization	E-mail	Phone
23	Mr. Wisnu Caroko	Setara/NTFP Foundation	wcaroko@ntfp.or.id	085.68.5000
24	Mr. Sembiring	Indonesia Biodiversity Foundation	ms.sembiring@yahoo.com	0816.880.171
25	Mr. I Made Suarnatha	Bali Desa Wisata Ekologi	suar@wisnu.or.id	0812.380.2990
26	Mr. Abdul Hadison	Gita Buana Founation	hadison_abdul@yahoo.com	0811.747.464
27	Mr. Rudy Syaf	Komunitas Koservasi Indonesia	rudisyaf2004@yahoo.com	0812.740.2546
28	Ms. Ratna Akiefnawati	International Center for Research in Agroforestry	r.akiefnawati@cgiar.org	0811.744.147
29	Ms. Miranda Rustam	Swisscontact	miranda@swisscontact.or.id	0815.189.4872
30	Ms. Dessy Aryani	MANE	dessy.aryani@mane.com	0818.408.186
31	Mr. Suprianto	Asia Pulp and Paper	suprianto.suprianto@sinarmasforestry.com	0813.6577.1494
32	Mr. Heru Wardana	PT. Martina Berto	hwardhana@martinaberto.co.id	021.460.3909
33	Mr. Asep Hidayat	Sinarmas Forestry	asep.hidayat@sinarmasforestry.com	0817.936. 1424
34	Ms. Anindita Gayatri	HCC/INA	generalmanager@hortichain.org	0812.102.5467
35	Mr. Muayat Ali-Muhshi	PT PEACE	muayat@indo.net.id	0251.38.0301
36	Mr. Feri A. Soleh	Indonesian Essential Oil Council	feri.a.soleh@atsiri-indonesia.org	0811.14.2709
37	Mr. Eri Riyadharma	SSS-Pundi-Jambi	bandits89@yahoo.com	0812.744.3979
38	Mr. Mustafri	Pala Forum	mustaf_stmsi@yahoo.com	0821.60.13.6344
39	Mr. Hakim Lukman	Lamban Sigatal Community	NA	0821.80.89.4000
40	Mr . Fransiskus X. Susetya	SPEAK Indonesia (Translator)	fsetya@indo.net.id	0812.185.7075
41	Ms. Nuning Barwa	UNCTAD Consultant	nuningbarwa@gmail.com	0816.185.8944
42	Ms. Lorena Jaramillo	UNCTAD Economic Affairs Officer	lorena.jaramillo@unctad.org	41.22.917.4479

Annex 2. Agenda Value Chain Analysis Workshop for the Natural Ingredients, Rattan and Ecotourism Sectors in Indonesia

20 - 21 July, 2011

Hotel Ibis Arcadia, Jakarta - Indonesia

DAY 1	
8:30	Registration
9:20	<p>Welcome remarks</p> <ul style="list-style-type: none"> a. Her Excellence Prof. Dr. dr. Nila F. Moeloek, Special Envoy of the President of the Republic of Indonesia on the Millennium Development Goals (MDGs) b. His Excellence Mr. Jürg Schneider, Head of Economic Development Cooperation (SECO), Embassy of Switzerland in Indonesia.
10:00	Tea/coffee break
10:30	<p>The potential for BioTrade in Indonesia: progress on the sector assessments:</p> <ul style="list-style-type: none"> a. Introduction of UNCTAD BioTrade program in Indonesia by Ms. Lorena Jaramillo, UNCTAD/BioTrade Initiative. b. Results of the first study assessment of the potential of BioTrade native products and services in Indonesia by Mrs. Nuning S. Barwa, UNCTAD consultant c. Indonesian efforts in promoting and developing the sustainable use of biodiversity in service sector, especially for developing the new eco-tourism destination by Mr. Firmansyah Rahim, the Director General for Tourism Destination Development. It will be presented by Mr. FX. Teguh, Deputy Director of Planning and Legal.
13:00	Lunch
14:00	<p>Introduction to the Group exercises by Ms. Lorena Jaramillo</p> <p>Participants will be divided into 3 groups (rattan, natural ingredients and ecotourism) to carry out the exercises:</p> <p>Group Exercise 1. Mapping of the value chain per group (including identification of strengths and weaknesses)</p> <ul style="list-style-type: none"> a. First group: Rattan products - Moderated by Mr. Wisno Caroko, who presented the "Market requirements and several value chain key issues for rattan sector" b. Second group: Natural ingredient sector - Moderated by Mrs. Nuning S. Barwa, who presented the "Market requirements and several value chain key issues for natural ingredients sector" c. Third group : Eco-tourism (Service sector) - Moderated by Mr. I Made Suarnatha/Ms. Lorena Jaramillo
16:00	Tea/coffee break

	<p>Group exercise 2: GAP analysis</p> <ul style="list-style-type: none"> a. First group: Rattan products - Moderated by Mr. Wisno Caroko b. Second group: Natural ingredient sector - Moderated by Mrs. Nuning S. Barwa c. Third group : Eco-tourism (Service sector) - Moderated by Mr. I Made Suarnatha/Ms. Lorena Jaramillo
17:00	Closing of first day
DAY 2	
9:00	<p>Continuation of Group exercise 2: GAP Analysis</p> <p>Tea/coffee break</p>
11:00	Group exercise 3: Identification of causes and solutions considering the results of the GAP analysis
13:00	Lunch
14:00	<p>Group exercise 4: Prioritization of solutions and responsible organizations</p> <ul style="list-style-type: none"> a. First group: Rattan products - Moderated by Mr. Wisno Caroko b. Second group: Natural ingredient sector - Moderated by Mrs. Nuning S. Barwa c. Third group : Eco-tourism (Service sector) - Moderated by Mr. I Made Suarnatha/Ms. Lorena Jaramillo <p>Tea/coffee break</p>
16:10	Presentation from the Ministry of Forestry on its work under Non-Timber Forest Products by Mr. Tedjo Purwoto, Directorate Social Forestry Business Assistance (BUPS)
16:30	<p>Plenary discussions per working group:</p> <ul style="list-style-type: none"> a. First group: Rattan products - Presented by Mr. Wisno Caroko b. Second group: Natural ingredient sector - Presented by Mrs. Nuning S. Barwa and Ms. Dessy Aryani c. Third group : Eco-tourism (Service sector) - Presented by Ms. Ratna Akiefnawati
17:30	Next steps by Ms. Lorena Jaramillo and Ms. Nuning Barwa
18:00	Closing of the BioTrade workshop by Ms. Lorena Jaramillo , UNCTAD/BioTrade Initiative.

Annex 3. Power point presentations

Can be downloaded from

<http://www.biotrade.org/meeting.asp?meetingID=58>

Annex 4. BioTrade Assessment Report (initial findings)

ENCLOSED FILES

Annex 5. Sector presentations of rattan and natural ingredients value chains

Can be downloaded from

<http://www.biotrade.org/meeting.asp?meetingID=58>

Annex 6. Presentation made by Mr. Tedjo Purwoto, Ministry of Forestry of Indonesia

Can be downloaded from

<http://www.biotrade.org/meeting.asp?meetingID=58>