

# Forest Assets Governance - Problems of Forest Assets Management in Indonesia

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## 1. Introduction

Global deforestation is caused by problems: lack of perception, valuation and management of forest as whole assets which contain production values as timber and non-market values. Researches for Contingent Valuation Method (CVM) of public services of forest and one focuses on REDD (Reduce emissions from deforestation and forest degradation) are developing, which need to apply to relevant governance with those understanding of forest values in terms of economy, ecology and society. This research questions forest perception and management based on forest assets governance approach, and problems of its use in the tropical forest countries e.g. Indonesia.

## 2. Deforestation and expansion of forest management's purpose

Deforestation in world amounts 8.4 million hectare per year from 1990 to 2005 (FAO announced), and this clearly identified in the tropics like Indonesia and Brazil. Since 1992 a mainstream of "Sustainable Forest Management (SFM)" formed at UNCED has been expanding its roll and measures concerning global deforestation. After 1990s, it is plain that expansion of forest management's purpose intends to keep a balance for timber production and environmental quality of forest through deforestation is to evolve lots of forest problems such as forest ecosystem's loss.

## 3. Forest assets and forest assets governance

This research identifies forest assets as a compound asset contains 1) economic assets composed of production values, 2) natural assets composed of ecosystem values and 3) socio-cultural assets composed of cultural property values based on accounting assets and forest values approach. To describe forest assets governance, it is useful to use forest resources accounts system and to consider access to forest with rights following assets. Nevertheless, it is necessary to improve forest values recording system and equate deliberately non-market values of forest for promoting forest assets governance.

## 4. Problems of forest assets management in Indonesia

Problems of forest assets management in Indonesia are illegal logging by companies or residents and deficient in control of them by the government. These resulted from centralized organization of forest governance, huge exploitation of national forest, entitlement of tree cutting rights and lack of forest protection. In other words, defects of forest property right, use right and timber revenues aggravate these problems. It is still important to ensure forest access of local residents who've been had forest ecosystem values for keeping a variety of forest assets value and forest access.

## 5. Conclusion

To make sure forest assets governance give full scope to its roll against forest problems, first it is necessary to materialize non-market values of forest and second to ensure forest access of local residents by policies. For first a forest values recording system using forest resources accounting can have positive function and for second measures based on a relationship between rights among forest assets and forest users should be practiced. Although there are lots of problems, forest assets governance approach probably be useful to promote forest management coordination among forest users and the government.