

ABSTRACT

The Optimum Teak Forest Management or known as Management Regime (MR) is a technical term of forest management that is supposed to be a device of social forestry. This program aims to develop the quality and productivity of the land forest and to increase the forest community welfare. The economic analysis on this program aims to observe the effect of its application on the social economic condition of the community, timber productivity, and soil damages because of the erosion.

Data collecting was conducted by direct interviewing, observation and laboratory research and also by compiling data from the other source. Data processing was performed through the use of social economic analysis, which includes observing the poverty line, public income distribution, financial and economic analysis, and soil erosion analysis. The analysis of decision making was also adopted to find the combination of the program implementation, which, in term, produces the optimum benefit to the program.

The results of the social economic analysis are as follows: there is positive impact of the program on the social economic condition of community, not only seen in its poverty line but also public income distribution. On the other hand, the project has negative value of net present value (NPV). It means that the project give no profit to firm at 8.5% interest rate. However, the program can still be performed, as the maximum rate of return is profitable, that ranges 6% to 9%. In addition, based on economic analysis, the program yields great advantages to the society as it conveys that the value of IRR is above the real interest rate. In contrast to that, the program gives the effect on the erosion increase.