

# Status of forest certification in Indonesia

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**Independent Market Monitoring of FLEGT-Licensed Timber**

# Indonesia forestry facts

Forest certification commenced in 1990 (SmartWood programme)  
– i.e. prior to the founding of FSC

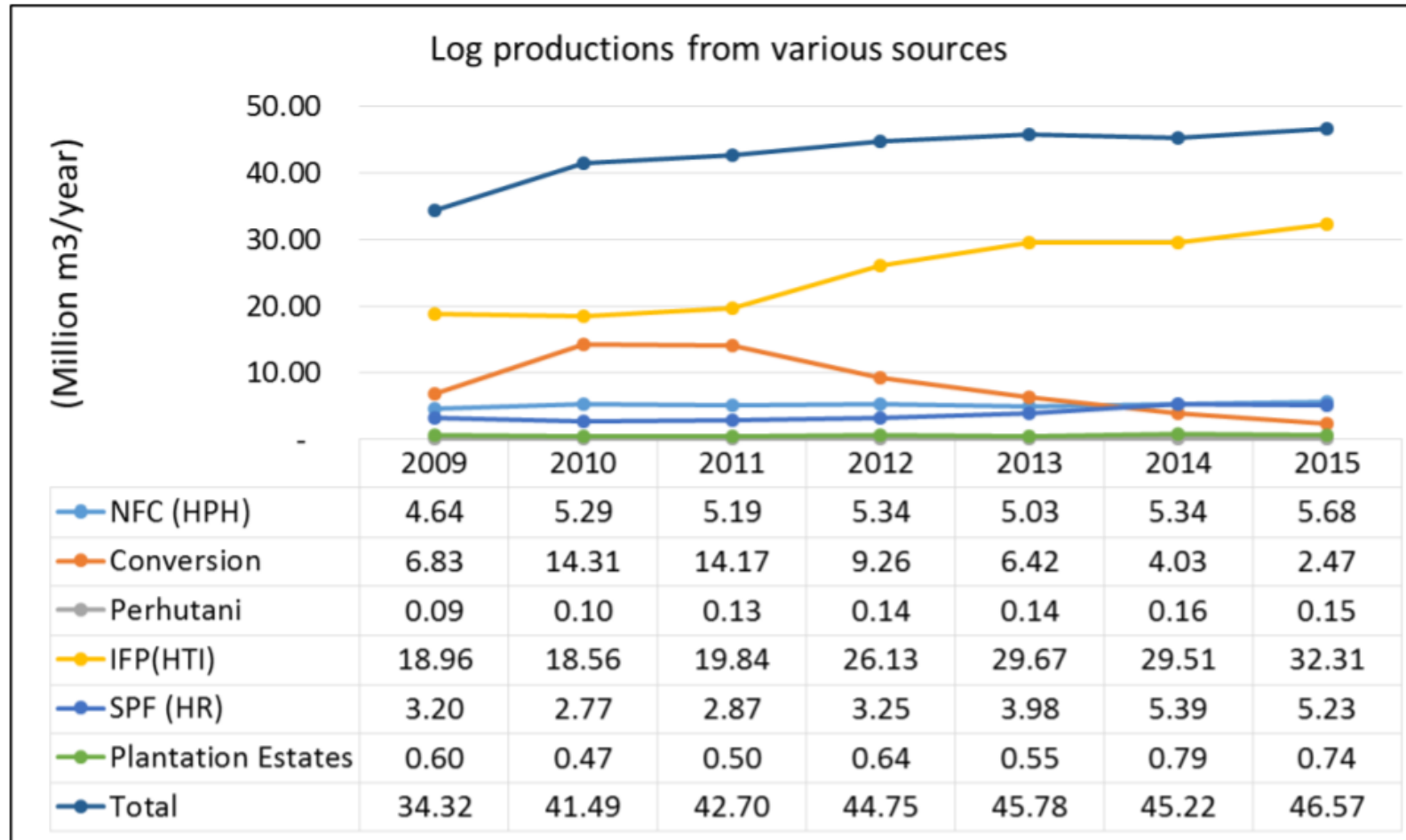
>50% of Indonesia's land area is forested (120m ha), including:

- 10.8m ha forest plantation (HTI) → pulp (+ Albizia veneer/ply)
- 19.2m ha forest concession (HPH) → veneer, plywood, sawn timber
- 2.8m ha small-private forest (HR) → furniture

(Source: Ministry of Env and Forestry)

22m ha Conservation Forest, 30m ha Protection Forest

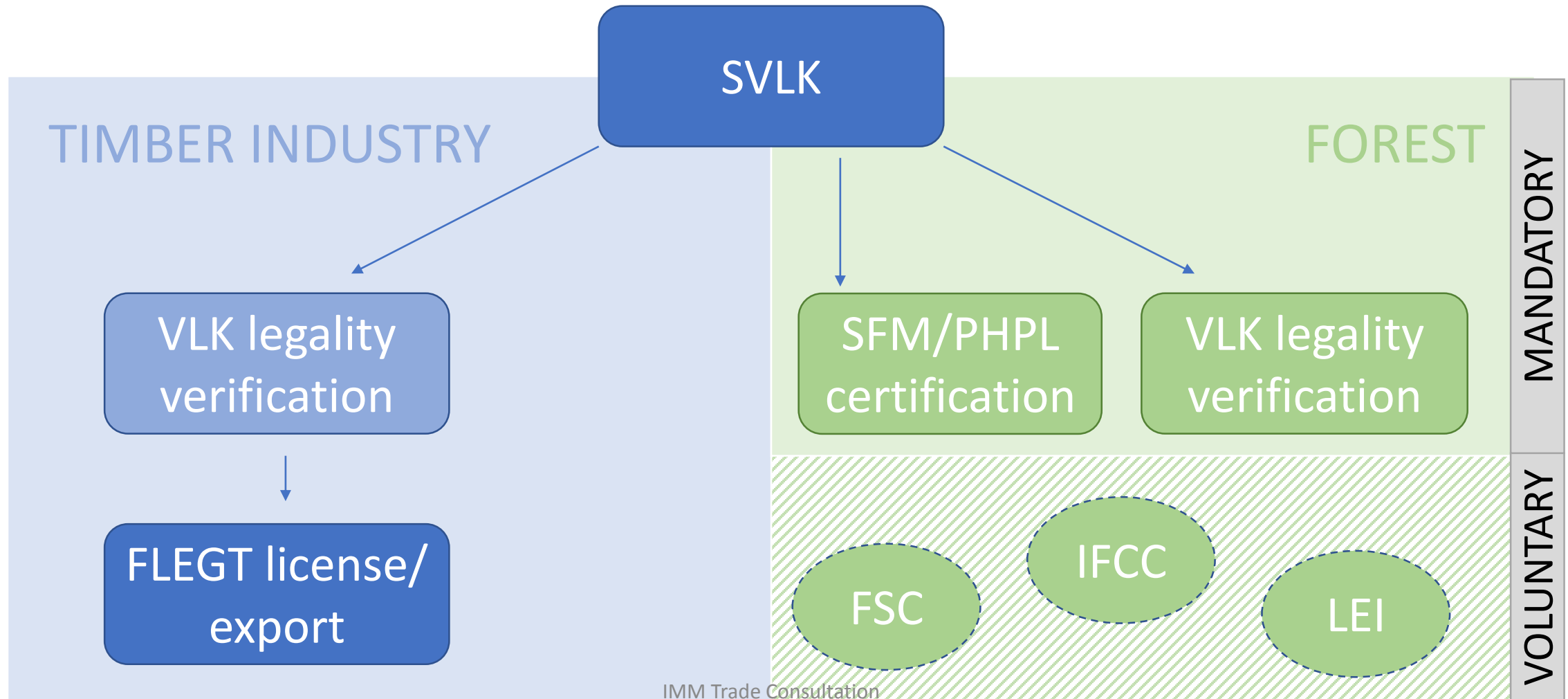
# Log production per forest type



Source: Bramasto Nugroho and Hariadi Kartodihardjo,  
Bogor Agricultural University, Indonesia 2016

# Mandatory and voluntary schemes

P.30/Menlhk/Setjen/PHPL.3/3/2016; FLEGT VPA IDN-EU



# Forest Resources Certification/ PHPL

P.14/PHPL/SET/4/2016

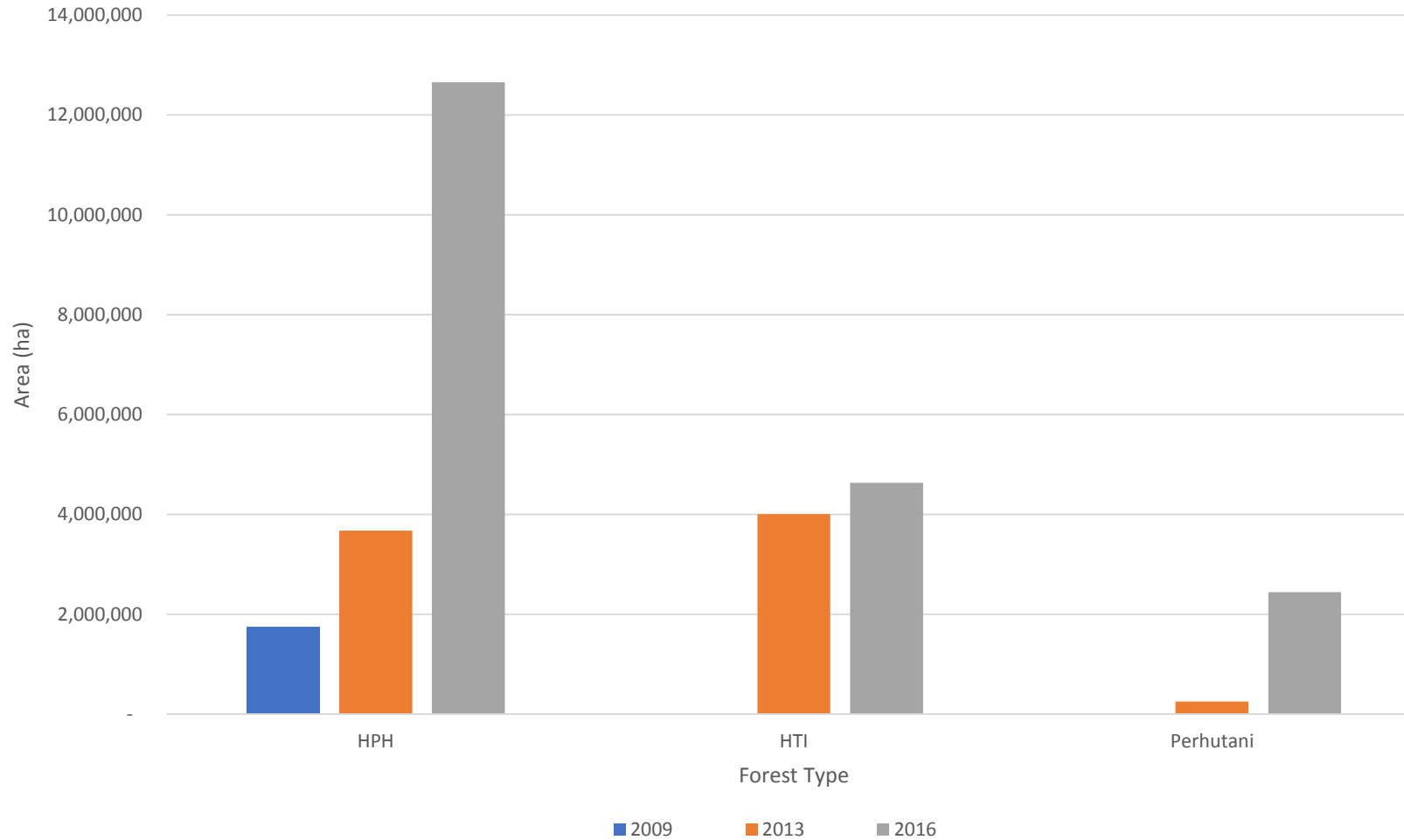
Mandatory since 2003 for commercial logging concession (HPH), industrial timber plantations (HTI), State-owned community forests (HKM,HTR,HD) and private community forest (HR)

Four standards of PHPL consisting of PHPL for Natural Forest, Plantation Forest, Ecosystem Restoration Forest, and State-owned Plantation Forest (Perum Perhutani)

Certified area:

- 10.9m ha of commercial logging concessions and 5.7m ha of timber plantations (Source: MoEF – Dec 2017)
- Intension to certify 22-23m ha, i.e. ~ 70% of both HPH and HTI

# PHPL Certified Forest Area



Source: SILK database/ IMM 2018

# FSC standard

FSC-STD-IDN-01-01-2013 + FSC-STD-30-010 (Controlled Wood)

First FSC certificate for natural forest concession in 2001

Certified area:

- 3m ha/ 39 concessions FSC (majority/ 2.5m natural forest)
- 2.8m ha/ 8 concessions Controlled Wood (majority/ 2.6m plantation)
- *before export of FLEGT timber (Nov 2016): 2.5m ha/ 32 concessions*

FSC (current) cut off date is 1994, i.e. certification of plantations that have been converted from natural forests after 1994 is not allowed

CIFOR study: Increased market access and premium prices are the main driver for FSC (+ financial support via “The Borneo Initiative”)

# LEI standard

PHBML

Established 1998 with the involvement of the Ministry of Forestry and based on ITTO criteria & indicator for SFM

Includes SFM standards for production forest management (FM), plantation management and community-based FM, as well as a Chain of Custody (CoC) standard

LEI and FSC signed a Joint Certification Protocol for mutual certification (terminated)

Certified area (Dec 2016):

- 2.6m ha certified (majority/ 1.6m ha forest plantation)



# IFCC standard (/PEFC)

IFCC ST 1001:2014

Establishment 2011 with the objective to implement the PEFC scheme

PEFC endorsement in 2014

Predominantly pulp & paper sector and plantations

Certified area:

- 3.6m ha certified (forest plantations only)
- *before export of FLEGT timber (Nov 2016): 1.8m ha*

PEFC cut off date is 2010, i.e. certification of plantations that have been converted from natural forests after 2010 is not allowed

# Total SFM certified area within HPH and HTI

<b>Natural forests - HPH</b>	<b>Million hectar</b>
<i>Total area</i>	19,2
PHPL certified	10,9
FSC certified	2,5
IFCC certified	0
LEI certified	1
FSC CW	0,2
<b>TOTAL</b>	<b>14,6 (76%)</b>

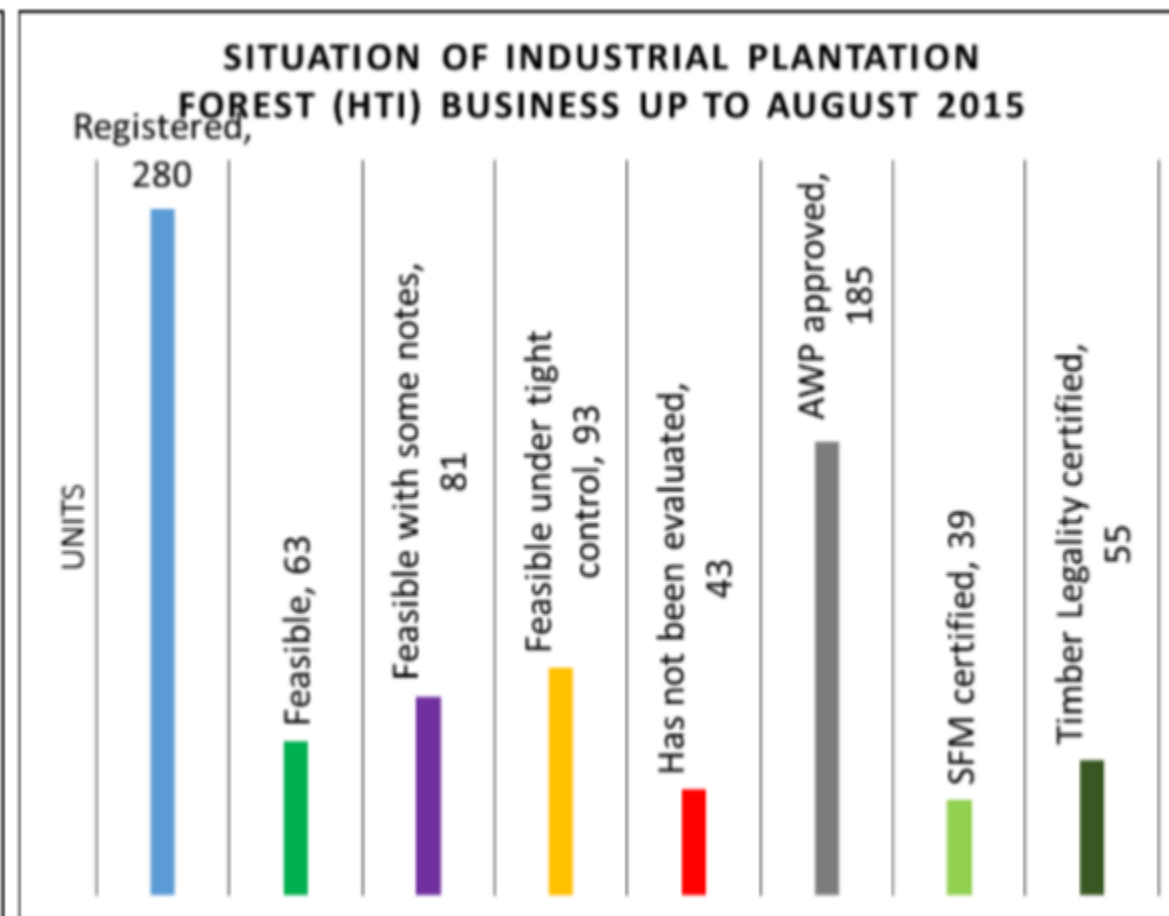
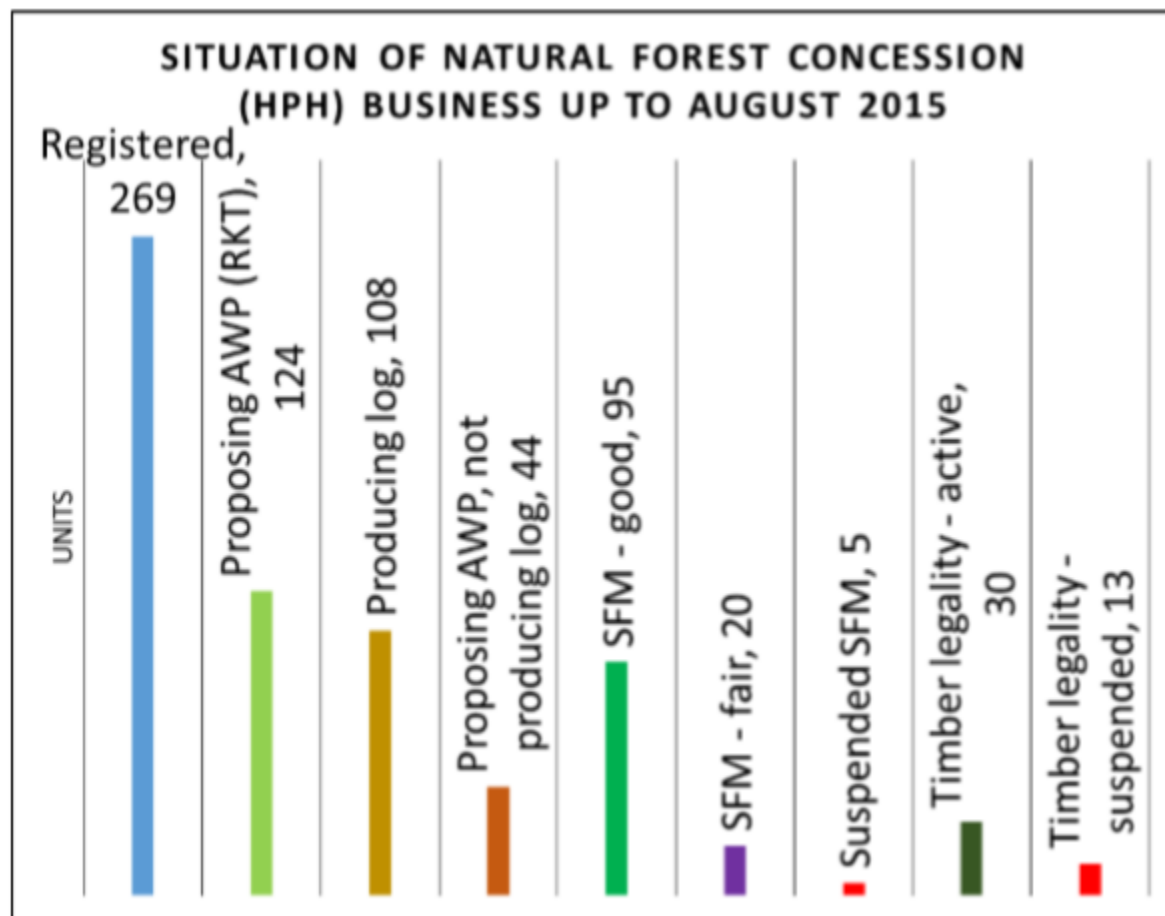
<b>Plantation forests - HTI</b>	<b>Million hectar</b>
<i>Total area</i>	10,8
PHPL certified	5,7
FSC certified	0,5
IFCC certified	3,6
LEI certified	1,6
FSC CW	2,6
<b>TOTAL</b>	<b>14 (130%)</b>

\*: 10% conservation area, incl. 5% protected area

# Comparison of the different SFM schemes

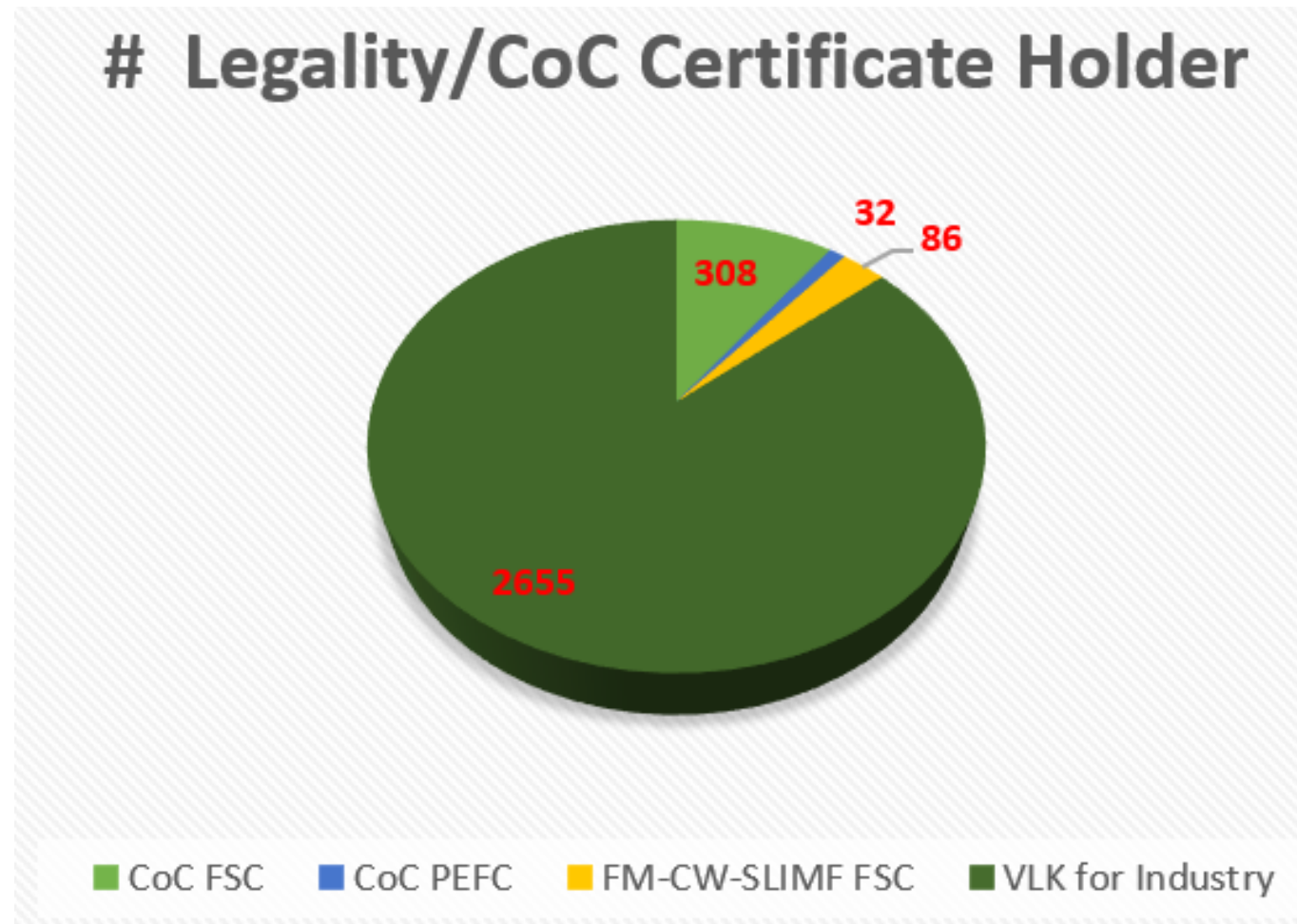
Main aspects	PHPL	FSC	IFCC/PEFC	LEI
Legal/ SVLK compliance	✓	✓	✓	✓
Continuous improvement	-	✓	✓	-
Environmental impact assessment	-	✓	✓	-
Conservation of Biodiversity	✓	✓ *	✓	✓
Reduced impact logging (RIL)	✓	✓	✓	✓
Wood traceability	-	✓	✓	✓
Conflict resolution	✓	✓	✓	✓
Workers rights + Health & Safety	✓	✓	✓	✓
Respect of Community Rights	✓	✓	✓	✓
Certificate prohibits forest conversion	-, within HTI annual work plans	✓ for conversion after 1994	-, very strict criteria and max. 5%	-, depends on forest typology

# Monitoring SFM/PHPL implementation



Source: Directorate General of Sustainable Production Forest Management, MoEF (2016)

# Status of timber industry certification



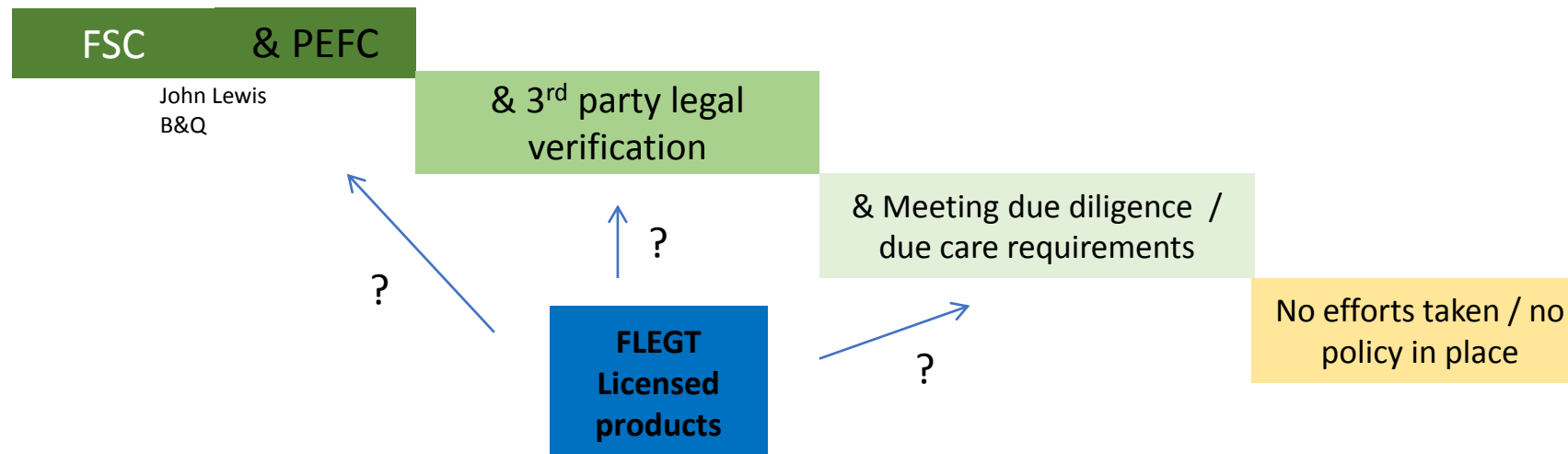
Source: IMM 2018

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# Procurement policies

Purchasing policies continue to evolve (and to complicate!)

There is a spectrum of purchasing requirements:



- Companies are still unsure where to place FLEGT licensed in their policy hierarchy
- Some might see it as a cost effective alternative to certified material - Sadly others still don't understand the value of FLEGT Licensed material
- Many policies are driven or influenced by NGO views → the NGO opinion of FLEGT Licensing & the VPAs will have a major bearing on acceptance
- Many companies, especially retailers need to work with all available risk management tools due to complexities of their supply chains

# Key issues

## Conversion timber:

- Conversion timber comes mostly from HTI land-clearing (temporary de-stocking), oil palm development, and forest clearing for mining operations (coal mining)
- Conversion timber is not necessarily illegal, in fact 15.5m ha are specified as Convertible Production Forests
- Unclear whether certification can exclude conversion timber entering the supply chains

## Effectiveness of SFM certification:

- Performance/ scrutiny of SFM certification is not clear
- Numerous certification schemes lead to inefficient “double” certification (e.g. a FSC certified concession still needs a VLK or PHPL audit/ certificate)
- Lack of communication of SFM certification and PHPL in particular!

# Conclusions

- More area in Indonesia is covered by SFM certificates than commonly known
- Conversion timber (legal or illegal) is a threat to the recognition of certification schemes in Indonesia
- Lack of market recognition for SFM certificates other than FSC or PEFC
- Information on PHPL certification is generally scarce and the scheme is widely unknown
- Lack of Gap Analysis of PHPL in comparison to FSC and PEFC standards
- Independent 3<sup>rd</sup> party FM certification did not decrease since the establishment of SVLK



# THANK YOU

## Acronyms:

SFM = Sustainable Forest Management, CoC = Chain of Custody, FSC = Forest Stewardship Council, PEFC = Panel for the Endorsement of Forest Certification, CW = Controlled Wood, HTI = (forest plantation), HPH = (natural forest concession), HR = (small private forest), PHPL = (sustainable forest management), VLK = (legality verification)