INDONESIA SUPPLIES RESPONSIBLY SOURCED, HIGH-QUALITY FOREST PRODUCTS USING ACCOUNTABLE PRODUCTION PROCESSES

Indonesia's High-Grade Forest Products

As a country with one of the largest areas of tropical rainforests in the world, Indonesia produces and exports high-quality forest products.

Indonesia has long been exporting timber and other forest products, such as plywood, chip wood, particle board, furniture, pulp and paper, as well as sawn timber.

Tropical timber is sourced from high-density wood species such as teak, mahogany, and shorea, which are suitable for housing and furniture. Long cellulose fibre timbers like acacia, are used for high-quality pulp and paper products.

Forest product industries in Indonesia are diverse and provide work opportunities for a range of skilled workers.

Forests provide a number of functions essential to daily life. They do not only sustain the natural environment and biodiversity but also provide numerous raw materials and livelihood opportunities. Therefore, Indonesia is highly committed to managing its forests and resources sustainably.

Get Acquainted with Sustainable Forest Management in Indonesia!

As an important tool in sustainable forest management, the System of Verification of Legality and Sustainability (SVLK) ensures that Indonesia's forests are ecologically, economically and socially beneficial.

SVLK as an important tool for improving forest governance

Indonesia launched the SVLK in 2009. It comprises a government-led certification system, supported by multistakeholder collaboration for improved forest governance. In 2021, the Indonesian government strengthened the system with a regulatory emphasis on sustainability values.

This means that forest management practices that are committed to sustainability are guaranteed in all SVLK- certified products from Indonesia. Indonesia has laid the cornerstone for a robust regulatory and institutional framework.

Sustainable development is central to the national legislative agenda. This not only provides a strong legal basis for Indonesia to protect endangered species, stop deforestation, eliminate illegal logging and illegal timber trade but also contributes to global climate change solutions. Furthermore, Indonesia continues to introduce corrective policies and promote and improve good forest governance. To date, this includes a moratorium on peatland conversion, a moratorium on new licenses for oil palm plantations, and the establishment of the Peatland and Mangrove Restoration Agency (BRGM).

SVLK promotes Sustainable Forest Management principles

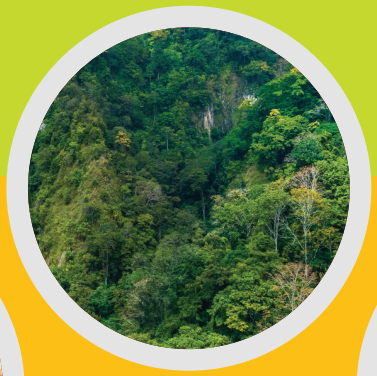
SVLK standards of legality and sustainability endorse the implementation of sustainable forest management principles. This is in line with the Sustainable Forest Management Thematic Areas (or criteria) that were adopted by the UN General Assembly in the Non-legally Binding Instrument on All Types of Forests in 2007.

Moreover, the SVLK sustainable forest management certification confirms that a company or business has met all of its economic, legal, environmental protection and social standards.

Aspects of Sustainable Forest Management in Indonesia

Economic and Legal

This consists of ensuring that a company or business has complied with the economic and legal requirements: land use permits, business permits, environmental impact assessments, monitoring and management of forest regeneration, and implementation of a multi-business approach promoting sustainable landscape management to ensure that all commercial activity in forests is economically viable. This means that good forest management includes optimising timber and non-timber forest production as well as environmental services.



Environmental Protection

This consists of ensuring that a company or business has accounted for both social and environmental aspects, through clear demarcation of protected areas, reduced impact logging, as well as protection of rare, threatened, and endangered species.

Social

This consists of ensuring that a company's or a business's operations have impacted positively on all stakeholders, especially communities who live around the forests, through acknowledgment of workers' rights, recognition of customary land rights for indigenous and local people, fair distribution of benefits, conflict resolution mechanisms, as well as Free, Prior and Informed Consent (FPIC) principles.

(Source: Director General of Sustainable Production Forest Management Regulation No P.14/PHPL/Set/4/2016 and Minister of Environment and Forestry Regulation No 08/2021)

The first regulation is from Standards and Guidelines for Implementing Performance Assessment of Sustainable Production Forest Management (PHPL) and Timber Legality Assurance (VLK), while Regulation 08/2021 is from the Forest Management Plan, and Utilisation of Forests in Protected Forests and Production Forests.

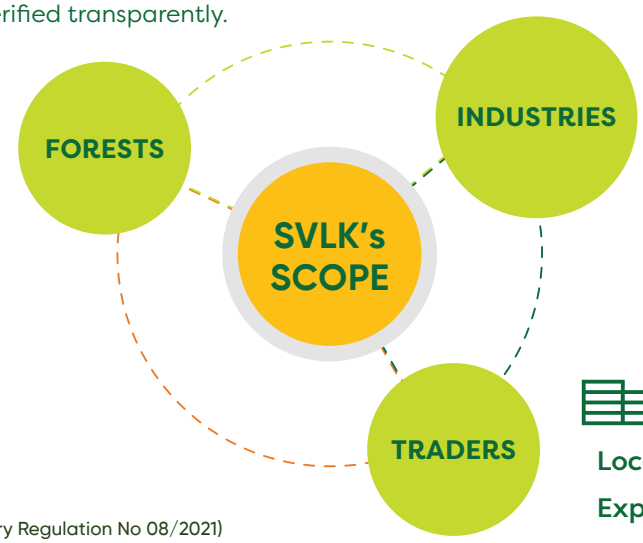
The holistic approach in timber sector regulatory reform

Indonesia's SVLK enables all forest production chains from upstream to downstream to be independently monitored and verified transparently.

State Forests :

Forest Utilisation Business Licenses (PBPH) PERHUTANI - Community Forest

Timber Utilisation Permits



Primary Industries
Secondary Industries
Home Industries

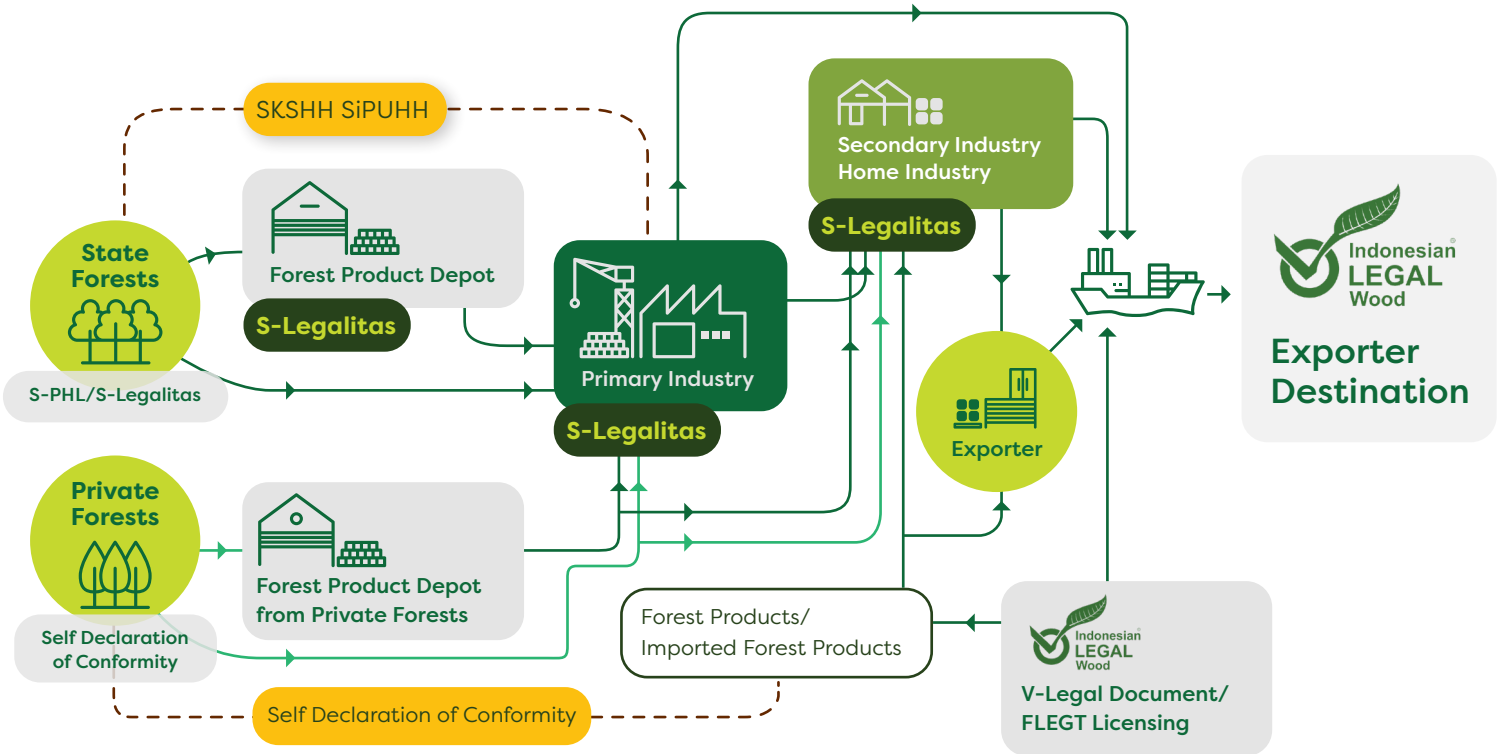
Local Traders
Exporters

(Source: Minister of Environment and Forestry Regulation No 08/2021)

The timber traceability system can track and uncover illegal timber.

SVLK regulates the chain of custody verification of forest products. This means that every stage of the forest product production process, from upstream to downstream, can be tracked to ensure the legality of the materials in the process. The chain of custody is shown in the following graphic:

SVLK Chain of Custody for Indonesian Forest Product



Notes

S-Legalitas	:	Forest Product Legality Certification
S-PHL	:	Sustainable Forest Management Certification (SFM Certification)
SIPUHH	:	Forest Product Administration Information System
SKSHH	:	Letter of Legal Forest Product

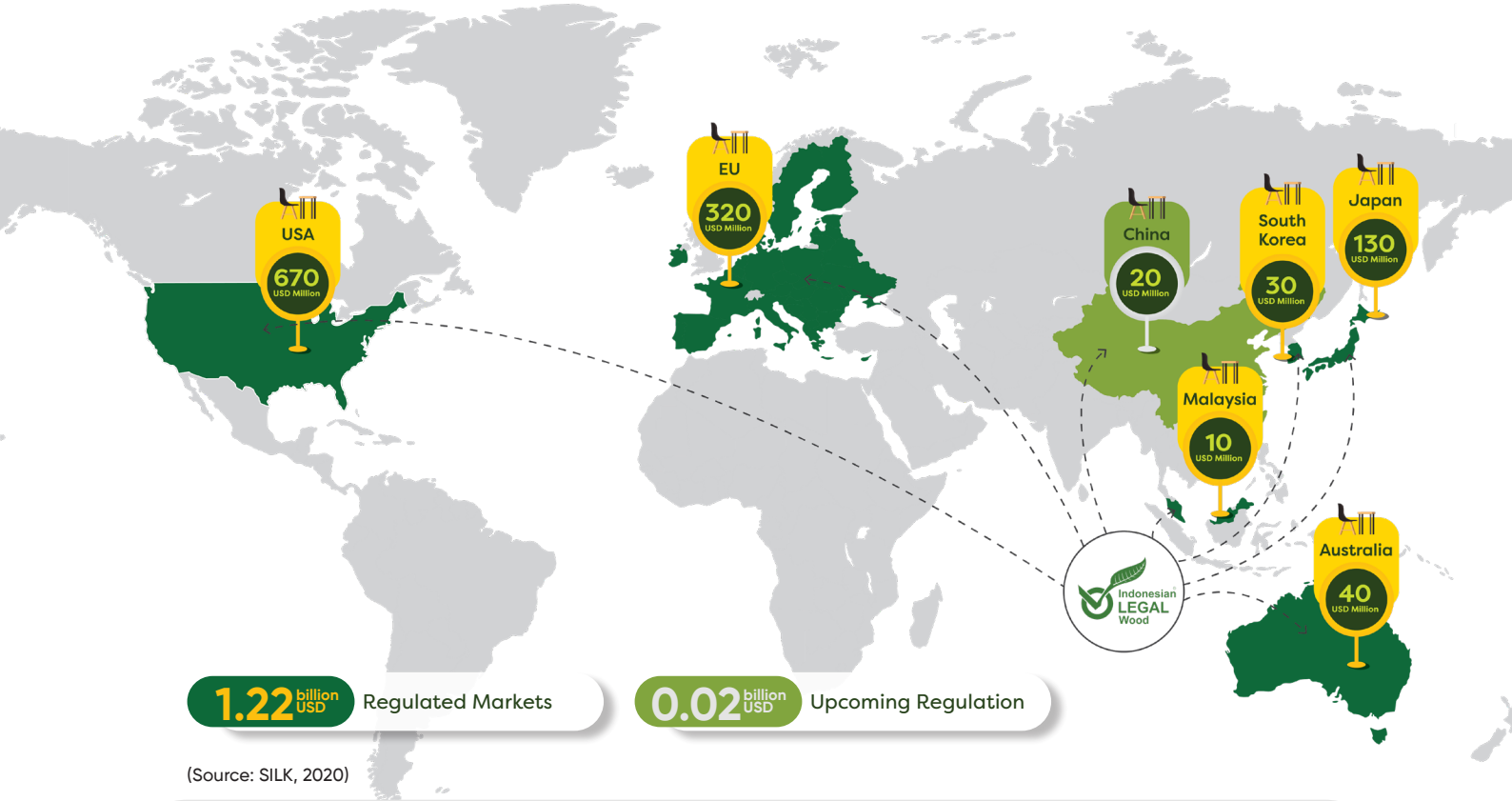
(Source: MoEF, 2020)

SVLK raises confidence to enter sensitive markets as SVLK-certified products are guaranteed to comply with Indonesian legislation.

In November 2016, Indonesia made history by becoming the first EU's Voluntary Partnership Agreement (VPA) partner country to obtain the right to issue Forest Law Enforcement, Governance and Trade (FLEGT) licenses for verified legal timber and timber products exported to the EU. This reflects the growing global recognition of Indonesia's SVLK.

SVLK is a tool that provides international buyers with assurance, as more than 80% of Indonesian furniture and timber product export markets require proof of legality.

Indonesian Forest Products and the International Markets



1.22 billion USD Regulated Markets

0.02 billion USD Upcoming Regulation

(Source: SILK, 2020)

Over 80% of Indonesian forest products are marketed to countries that require proof of legality.

The role of Independent Forest Monitors coupled with the government's stringent law enforcement have fostered fair forest governance and raised SVLK credibility, transparency and accountability

(Photo by MFP4)

The Independent Forest Monitoring Network or *Jaringan Pemantau Independen Kehutanan* (JPIK) has been advocating fair forest governance, which in conjunction with improved law enforcement, has raised SVLK credibility and accountability.

The role of Independent Forest Monitors has boosted SVLK accountability and credibility

SVLK is an inherently robust system as it was built upon a multistakeholder consultation process. Forestry professionals, civil society, indigenous peoples, and academics all play a significant role in monitoring forestry practices in Indonesia, as mandated by the law.

One of the largest organisations conducting forest monitoring in Indonesia is JPIK (Independent Forest Monitoring Network). Together with other independent forestry monitoring organisations, JPIK has significantly contributed to SVLK credibility, transparency, and accountability.

(Photo by CIFOR)

JPIK FACTS

- Established by 29 CSOs in September 2010. By December 2020, it already had a membership of 63 organisations and 485 individuals.
- Monitored 107 management units consisting of 46 concessions and 61 industries from 2011 to Q1 2020. It has submitted 119 reports to certification bodies, the National Accreditation Committee (KAN), the Ministry of Environment and Forestry, the Ministry of Trade, the Ministry of Industry, Custom (under the Ministry of Industry Finance), and the National Police.

More Rigorous Forestry Law Enforcement

The Indonesia Minister of Environment and Forestry has increased measures to ensure that forestry law violations are minimised, thus fortifying the integrity of the system.

The following graphic shows the considerable increase in enforcement in countering illegal logging in Indonesia from 2015 to 2020.

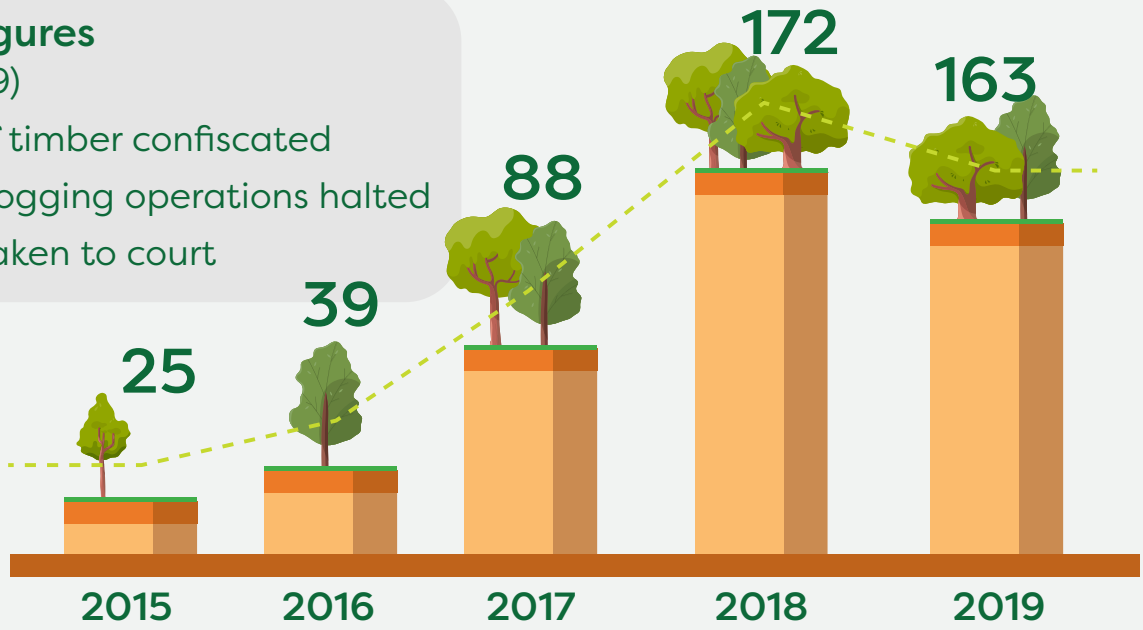
Indonesia has scaled up its operations to counter illegal logging

Facts & Figures
(2015 – 2019)

37,619 m^3 of timber confiscated

526 illegal logging operations halted

373 cases taken to court



Source: Directorate General for Law Enforcement, Ministry of Environment and Forestry, Indonesia

The Government's Commitment to Sustainability

The Indonesian government has taken corrective action to combat deforestation. It continues to improve forestry regulatory frameworks, while embracing a more holistic approach through multi-business forestry.

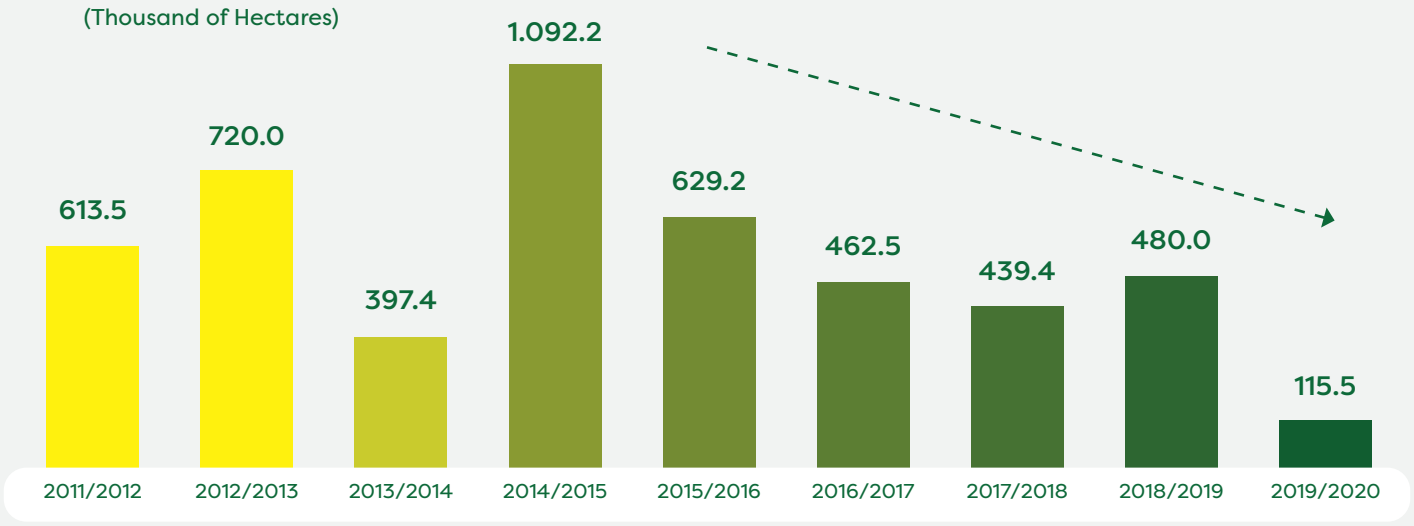
Combating Deforestation with Corrective Policy Actions

SVLK is one of the corrective measures undertaken by the Indonesian government to reduce the rate of deforestation across Indonesia. Other government strategies include more stringent law enforcement, better land use planning and improved forest management and silviculture.

In 2019, the annual deforestation rate in Indonesia dropped by more than 80% compared to 2011. The following graphic shows the decline in Indonesia's annual deforestation rate from 2011 - 2020.

Managing forests sustainably is always challenging. Nevertheless, the Indonesian government has consistently endeavoured to improve the system and develop collaborations with multi-stakeholders over the years to ensure that all stakeholders benefit from SVLK. Strengthening SVLK and stricter law enforcement have contributed to a more credible and accountable system.

Indonesia's Annual Net Deforestation Rate for the 2011–2020 Period



(Source: MoEF, 2021)

Indonesia's net deforestation decreased by **75%** year-on-year **from 462 thousand hectares** in the 2018/2019 period, **to 115 thousand hectares** in the 2019/2020 period.

The Indonesian government continues to improve regulatory frameworks to ensure SVLK provides added value to all stakeholders

Through regulatory reform, the Ministry of Environment and Forestry has taken a holistic approach through multi-business forestry towards more economically viable forestry business. This sustainable landscape management policy includes timber and non-timber forest products as well as environmental services. Furthermore, the reform includes the simplification of business permit processes and the provision of technical and financial assistance for SMEs to conduct environmental impact assessments.

The holistic approach also confirms that SVLK's added values lies in sustainable business practices that ensure economic inclusion, improved quality of life of local communities, and environmental protection.[1]

The government's approach has clearly improved governance in the forestry sector. The reform and the changes that have transpired reflect Indonesia's commitment to sustainability.

[1]New regulations referred to include: Law No. 11/2020 on Job Creation; Government Regulation 21/2021 on Land Use Management; Government Regulation 22/2021 on Environmental Protection and Management Organisation; Government Regulation 23/2021 on Forestry Organisation; Ministry of Environment and Forestry Regulation No 08/2021 on Forest Management, Forest Management Planning, and Forest Utilisation in Protected and Production Forests.

The Holistic Approach in Forestry Reform

Legislation now has a regulatory framework for sustainable forest management and combatting illegal logging.

UNSUSTAINABLE LANDSCAPE

SUSTAINABLE LANDSCAPE

(Source: Ministry of Environment and Forestry, 2020)

Seeing is Believing: Purchase Indonesia's SVLK Certified Products!

Indonesian timber products have proven to be an excellent purchaser's choice due to the high-grade and responsibly sourced materials used, the consistent supply of raw materials, and the accountable management practices due to Indonesia's commitment to sustainability.

Why are Indonesian SVLK certified products worth buying?

High-grade raw materials and products

Indonesia's forests are home to some of the highest-quality timber species, including teak (Tectona grandis), mahogany (Swietenia mahagani or Swietenia macrophylla) and acacia (Acacia mangium or Acacia auriculiformis).

Teak and mahogany are premium materials for furniture and handicrafts, and the fast-growing acacia is ideal for pulp and paper. There are also many other species suitable for forestry industry needs. These materials are processed by professional forestry workers to meet all international standards.

Indonesia's commitment to sustainability

Indonesia remains highly committed to sustainability through the multistakeholder nature of SVLK which has been built upon transparency, the betterment of SMEs through assistance and continuous improvements in Indonesia's forestry sector.

Consistent supply of low-risk raw materials

Indonesia has effectively improved the SVLK and legislation to ensure a consistent supply of low-risk/responsibly sourced raw materials. It is important to note that SVLK has successfully increased the production of low-risk timber products by fostering responsible practices by all forestry stakeholders.

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MULTISTAKEHOLDER FORESTRY PROGRAMME

MINISTRY OF ENVIRONMENT AND FORESTRY
REPUBLIC OF INDONESIA