Status of forest certification in Indonesia

IMM Trade Consultation London 8 March 2018
Gunther Hentschel
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

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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

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

<table>
<thead>
<tr>
<th>Natural forests - HPH</th>
<th>Million hectar</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total area</strong></td>
<td>19,2</td>
</tr>
<tr>
<td>PHPL certified</td>
<td>10,9</td>
</tr>
<tr>
<td>FSC certified</td>
<td>2,5</td>
</tr>
<tr>
<td>IFCC certified</td>
<td>0</td>
</tr>
<tr>
<td>LEI certified</td>
<td>1</td>
</tr>
<tr>
<td>FSC CW</td>
<td>0,2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>14,6 (76%)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Plantation forests - HTI</th>
<th>Million hectar</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total area</strong></td>
<td><strong>10,8</strong></td>
</tr>
<tr>
<td>PHPL certified</td>
<td>5,7</td>
</tr>
<tr>
<td>FSC certified</td>
<td>0,5</td>
</tr>
<tr>
<td>IFCC certified</td>
<td>3,6</td>
</tr>
<tr>
<td>LEI certified</td>
<td>1,6</td>
</tr>
<tr>
<td>FSC CW</td>
<td>2,6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>14 (130%)</strong></td>
</tr>
</tbody>
</table>

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Comparison of the different SFM schemes

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

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

Source: IMM 2018
Monitoring SFM/PHPL implementation

Source: Bramasto Nugroho and Hariadi Kartodihardjo, Bogor Agricultural University, Indonesia 2016
Status of timber industry certification

Source: IMM 2018
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 3rd 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)