

# Phased Approach to Certification



## The Indonesian Approach Toward SFM



Indonesian Ecolabeling Institute  
(LEI)

# Background



- Gap of Precondition to implement SFM in Indonesia is significantly higher than in developed country.
- Problems Faced by FMU often goes beyond the capacity of the FMU such as illegal logging, tenurial conflicts.
- Sustainability in the decline, poverty and lack of options for people around the forest are common place.

# Background

## CERTIFICATION IS BACK

- On October 19-23 2004 through a Congress LEI has been re-establish as a Constituent Based Organization (CBO) 142 members, from all of the relevant stakeholders of SFM, including major NGO's, private sector, indigenous community, and government.





# Background

## Mandate of the Constituent

- Exercise an action to bridge the gaps to achieve SFM
- Optimize the network of constituent to Achieve this Goal
- Give support to those management units that are working toward SFM
- Give recognition to efforts of achieving SFM

# Phased Approach as a Solution



- LEI-CBO network consisting of 13 Provincial Communication Forum(Multistakeholder Forum Initiated by LEI consisting of LEI's Constituent and other relevant parties in the provincial and district level) will become partners in resolving issues beyond the capacity of the FMU
- Government Commitment to provide incentives For FMU undertaking this process
- Priority of Implementing PA as a tool for achieving SFM not so much as a market tool
- Issues of Legality address within the PA




# Phased Approach

Following the LEI-CBO congress and as follow-up ASEAN Certification Initiative, LEI together with the Ministry Of Forestry has consolidated a team consisting of NGO's, Certification Body, Forest Industry, Private sector, Academician to come up with a working document for trials of a Phased Approach. This team has conducted 2 Field work in two Forest Area PT. Arara Abadi and Perum Perhutani. Further Field work will take place in West Kalimantan.



# Principles

- Phased-approach to Certification (PACt) program is a series of planned action done by the Forest Management Unit with the purpose to conform the standards of performance required by a certification scheme and verified by accredited certification body.

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- SFM certificate will be awarded to forest management units that has passed the certification process, while results of annual assessment of implementation of each stage of the PACt is given in the form of a comprehensive progress statement.
  - PACt program has maximum time limit for 4 years.
  - FMU must define a clear purpose of achieving SFM and develop collaborative work plan with relevant key stakeholders.

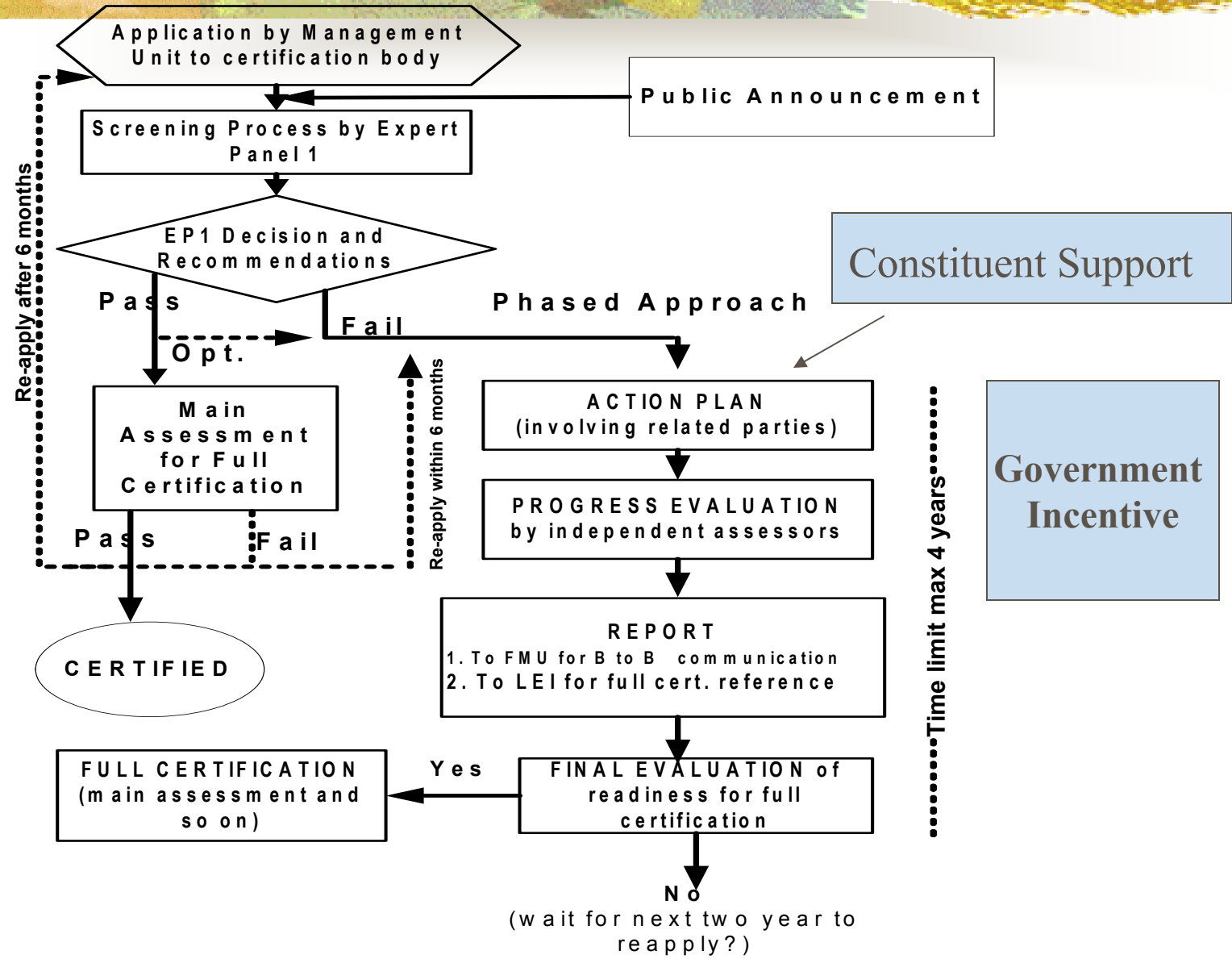




# Phased Approach

- Initial phase is the basis of whole phases in PACt program which covering :
  - Aspect of legal timber compliance within FMUs commitment in addressing three aspects of SFM : sustainability of production function, ecological function, and social function.
  - The commitment is described in a work plan of PACt program.
  - The work plan is develop comprehensively through collaborative process with key stakeholders supported through the LEI-CBO network.
  - Maximum time period for initial phase is 1 (one) year.

# PROPOSED SCHEME OF PHASED APPROACH TO CERTIFICATION UNDER LEI SYSTEM



# Legal Harvest Verification (LHV)

## First Year of Phase Approach

The legality under the LEI Phase approach consists of:

- legal compliance to the national legislation of the forest area and CITES convention on species,
- harvesting within the sustainable yield,
- the management unit employs a system of logs transportation for the assessment of chain of custody,
- have established a collaborative working plan with relevant stakeholders to address social and environmental issues as recommended by independent party in the initial assessment.

Thank you For Your Attention





# A GLANCE OF LEI PHASED-APPROACH (PA) TO CERTIFICATION<sup>1</sup>

Presented by Aditya Bayunanda<sup>2</sup>

## A. Back Ground:

Of all the forest area certified in the world only a small portion comes from the tropics with the majority coming from forest in developed countries in the northern hemisphere. Through a series of workshops and studies done by ITTO, it is believed that the gaps of pre-condition faced by foresters in the tropics are relatively much higher compared to their counterparts in the northern hemisphere. The complexity of the problem which ranges from illegal logging, compliance to law, and unclear boundaries to tenurial conflicts with local communities in the end spells higher cost borne by producers from producing countries such as Indonesia.

The condition is worsened by the fact that premium price as incentive of certification is being enjoyed mostly by the middleman/trader further down the chain and not by the producer; the fact that market access is still widely open for non-certified products also weakens certification as a market tool to promote SFM.

Realizing the unfavourable condition for implementing certification in Indonesia, and the mandate given by the Constituent of LEI during its first Congress to exercise actions to bridge the gaps in achieving SFM, LEI-Indonesian Ministry Of Forestry has consolidated a team consisting of NGO's, Certification Body, Forest Industry, Private sector, and Academician to come up with a working document for trials of a Phased Approach. This team has conducted 2 Field work in two Forest Area PT. Arara Abadi and Perum Perhutani with pilot work to take place in West Kalimantan.

The phase approach will encompass a support program incorporating LEI Constituent Based Organization (CBO) (142 members), from all of the relevant stakeholders of SFM, including major NGO's, private sector, indigenous community, and government. The work will be based in the existing network of Provincial Communication Forum available in 13 regions around Indonesia. The support program will help facilitate FMU's in resolving conflicts, market promotion and through coordination with the MOF give government incentives to the FMU's involve in the Phase Approach.

Inline with global market trends the demand for legal timber will also be addressed within this phased approach as the mandatory first year step of achieving Legal Harvest Verification (LHV).

## B. DEFINITION AND PRINCIPLES OF PACt PROGRAM:

1. Phased-approach to Certification (PACt) program is a series of planned action done by the Forest Management Unit with the purpose to conform the standards of performance required by a certification scheme and verified by accredited certification body.

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<sup>1</sup> Prepared by LEI for the ITTO International Workshop on Phased Approaches to Certification 19-21 April 2005, Bern Switzerland

<sup>2</sup> Project Management Officer for the Indonesian Ecolabeling Institute (LEI)

2. SFM certificate will be awarded to forest management units that has passed the certification process, while results of annual assessment of implementation of each stage of the PACT is given in the form of a comprehensive progress statement.
3. PACT program has maximum time limit for 4 years.
4. PACT program is optional choice for FMUs with reference based on recommendation of screening process by Expert Panel I (equivalent to Baseline Panel).
5. The FMU must define a clear commitment of achieving SFM and develop collaborative work plan with relevant key stakeholders.
6. Unambiguous guideline on process and level of achievement that required to be fulfilled in each stage of PACT program is defined taking into account the typology of the FMUs.
7. Legal compliance aspect is required to be accomplished in the initial phase of the PACT program. Commitments among the relevant key stakeholders must be developed at the same time to resolve problems related to social and ecological aspect that is recommended.
8. The PACT program is conducted collaboratively under transparent and independent process.
9. Certification body conduct periodical monitoring over the target fulfilments of the work plan.
10. Progress statement as monitoring results may be use for business to business communications.
11. The FMU must be ready to undergo full assessment by the end of the PACT period.

### **C. PHASING OF PACT PROGRAM (proposed to be implemented in Indonesia)**

PACT program is designed to provide guidance for FMUs and involved stakeholders in their efforts of achieving SFM through certification. The phasing towards full assessment consisted by:

1. Application to certification and public announcement
2. Screening process
3. Implementation of PACT program :
  - a. initial program as a prerequisite for next phase
  - b. advanced program carried out to the end of the PACT program
4. Periodical Monitoring
5. Additional Matters

#### **C.1. Application To Certification And Public Announcement**

The FMU declares their commitments in carrying out certification process, while certification body collects information that sufficient for decision making and recommendation. Activities carried out are:

- a) FMU submits the application for certification process to certification body attaching required documents.
- b) Certification body carries out public announcement and invites inputs from the communities over FMUs undergo screening process. This activity is conducted to provide sufficient information for decision making and recommendation developing.

#### **C.2. Screening Process**

PACT program is optional choice for FMUs based on recommendation of screening process by Expert Panel I. Screening process is carried out based on screening guideline of both SFM certification system and COC certification system. In the context of PACT program, the screening process covers wider scope by verifying all indicators of assessment.

Procedures on the screening process:

- a) Certification body execute the screening process based on standard defined in SFM certification system.
- b) Inputs from the communities delivered to certification body are used for materials and information for decision making process by Expert Panel.
- c) In the process of analyzing and decision making, Expert Panel assessing critical factors as well as conducting initial assessment of all indicators to develop recommendation of improvement.
- d) Decisions made by expert panel consisted of three categories :
  - **Recommending to undergo PACT program:** if critical factors of FMU may be improved within 4 years.
  - **Optional:** when FMU is ready for full assessment. FMUs may choose whether under going PACT or full assessment.
  - **Failed:** The FMU has too many critical factors that are too severe to be sufficiently addressed within 4 years.
- e) Recommendation of screening process is made addressing : Problems related to critical factors
  - Guideline for improvement of each indicators
  - The relevant key stakeholders should to be involved in addressing the problems.

The screening results and expert panel recommendation will be use as guideline in developing work plan done by FMUs.

### **C.3. Workplan Development on Phased Approach**

Phased-approach to Certification program is done as a series of planned actions with the purpose to conform the standards of performance required by a certification scheme. Work plan is an important part that should be developed in the initial program proceeding screening process and recommendation of expert panel.

Procedures on the work plan development:

- a) FMUs must develop a work plan for the next 3 years of maximum proceeding the periodical monitoring conducted in the initial program.
- b) The work plan will become the basis for periodical monitoring, therefore must be comprehensively developed through process of consultations with recommended key stakeholders.
- c) The workplan should be developed annually and must clearly specify the targets of recommended improvements, process, duration, and stakeholders to be involved.
- d) Certification bodies receive documents of work plan submitted by FMU as the basis for periodical monitoring.
- e) Certification body does not involve in developing PA workplan

### **C.4. Implementation of PACT Program**

The execution phases of PACT program is commenced when the FMU has confirmed to undergo the program proceeding recommendation of expert panel in screening process. The program is divided by two phases. The initial phase will determine whether or not the FMU be able to continue to the next phase.

- a) Initial Phase Program

Initial phase is the basis of whole phases in PACT program which covering:

- 1) Aspect of legal timber compliance within FMUs commitment in addressing three aspects of SFM: sustainability of production function, ecological function, and social function.
  - 2) The commitment is described in a work plan of PACT program.
  - 3) The work plan is develop comprehensively through collaborative process with key stakeholders.
  - 4) Maximum time period for initial phase is 1 (one) year.
- b). Advanced Phase  
Advanced phase is the implementation phase of work plan developed in the initial phase, covering:
- 1) Realization of annually targeted on improvement of FMU performance.
  - 2) Carry over of ongoing target can be done by next year's target.
  - 3) Carry over of target can only be done for one time.
- c). Process, result, and problems encountered during PA is clearly documented.

### **C.5. Periodical Monitoring**

- a. Periodical monitoring is conducted on each phase to evaluate development of improvement achieved based on planned target by FMU.
- b. Periodical monitoring conducts by independent assessors of Certification Body.
- c. When initial phase monitoring result indicates that the FMU is not eligible based on standard required, FMU may not proceed to the advanced phase.
- d. Monitoring result is reported by certification body as information for Accreditation Body, FMUs, and Ministry of Forestry.
- e. Certification body may issue progress statement based on periodical monitoring result which can be use for business to business communication.
- f. The FMU must be ready to undergo full assessment proceeding the last periodical monitoring.

### **C.6. Additional Matters**

- a. When periodical monitoring result of advanced phase has stated the accomplished target of FMUs, the FMU is eligible to pursue full assessment, and apply for certification.
- b. The FMU have the choice to choose a different certification body conducting certification process instead of the previous certification body involved in PACT program.
- c. In regard of the choosing different certification body, LEI should maintain available information during PACT program. Therefore preceding the end of PACT program, the monitoring result that has been reported to LEI should be handed over to the current certification body.
- d. In regard of FMU deciding to enter certification process, it must be commenced by public consultation prior to the field assessment.
- e. Under circumstances, FMU may not able to continue the PACT program to full assessment when FMU experiencing a force major that causing serious alteration of whole management plan
- f. In regard of the discontinuance of FMU undergoing PACT program, CB should announced it to public and declares it as is.

## **D. STANDARD**



### D.1. General

Standard used in PA program is adopted from the SFM and COC certification standard developed by The Indonesian Ecolabelling Indonesia.

### D.2. Standard of PA program for FMU.

- a. Standard of legality in PA program is adopted from indicators of relevant certification system.
- b. Legal Harvest Verification (LHV) is standard of legality used in PA program of SFM certification system.
- c. Legality aspect as the initial phase that being connected to FMU commitment in fulfilling three aspects of SFM such as sustainability of production function, ecological function, and social function is consisted of: (i) legal compliance to the national legislation of the forest area (ii) harvesting within the sustainable yield (iii) employs a system of logs transportation for the assessment of chain of custody. (iv) Established a collaborative work plan with relevant stakeholders to address social and environmental issues as recommended by Expert Panel I.
- d. Standard of achievement of next phases varied accordingly to typology analysis of FMU area.

### D.3. Standard of PA program for Pulp Paper Industries

- a. Standard of PA program for industries derived from the COC certification standard. The phasing of PA program is conducted through percentages of legal wood supply as described on Table 1.

Table 1. Percentage of legal timber supply proposed to be achieved in PA program

Yearly period	SOURCE OF TIMBER SUPPLY (%)				
	Legal documents	by	Eligible for PA	Passed LHV	Certified
1	30		70		
2	30		50	20	
3	20		50	30	
4	20		40	40	
5			20	50	30
6				30/legal import	70

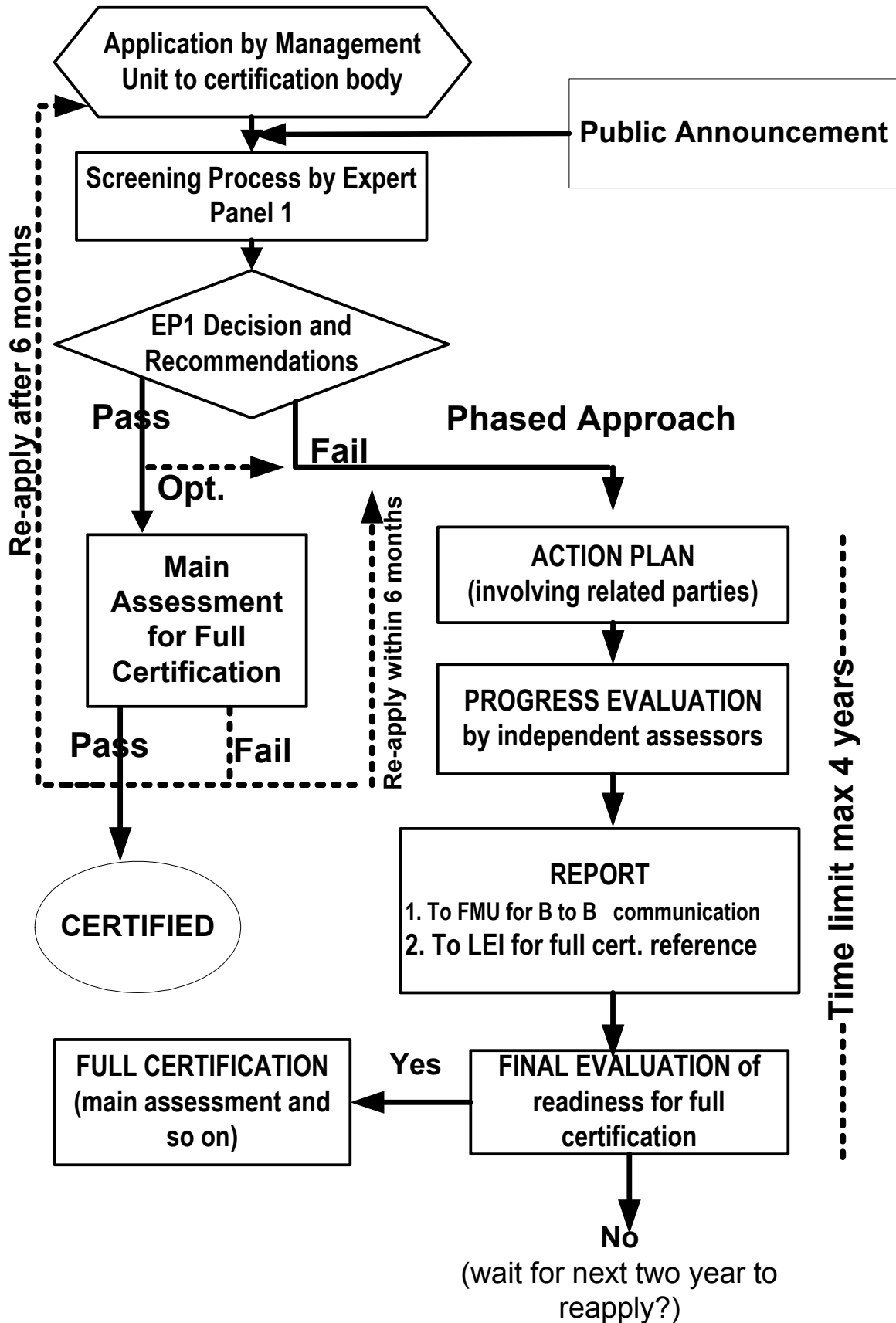
Note:

- 1) Legal by documents : wood validated by legal documents such as SKSHH
- 2) Eligible for PA: wood validated by legal documents and comes from the FMU that currently in the initial phase of the PA program.
- 3) Passed LHV: wood validated by legal documents and comes from the FMU that currently in the advanced phase of PA program.
- 4) Certified : wood comes from certified FMU

### E. Requirements

1. Requirements of personnel involved in PA program are based on requirements of SFM and CoC certification standard requirements.

# PROPOSED SCHEME OF PHASED APPROACH TO CERTIFICATION UNDER LEI SYSTEM



Notes:

1. FMU that has not yet undergone the mandatory verification by the MOF but have applied to enter PACT program will be freed from the verification.
2. Several requirements of mandatory verification will be hand over in the screening process in PACT program.
3. Expert panel should be able to define the optimum time required addressing problems identified in the appraisal.
4. Monitoring activities not just merely comparing the achievement of targets but taking notes of the efforts that have been done so far.

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