

Could Indonesian Processed Timber Meet The Legal Export Demand ?



Report of Training on Understanding Timber Legality Assurance system (TLAS)
For Timber Processing Industry with Source of Raw Materials from the
Privately Owned Community Forest/Community Land in Java



ITTO TFL PD 010/09 Rev. 1 (M)

“Strengthening the Capacity of Related Stakeholders in Java on Implementing New Indonesian TLAS”



Report of Training on Understanding Timber Legality Assurance system (TLAS) For Timber Processing Industry with Source of Raw Materials from the Privately Owned Community Forest/Community Land in Java



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“ Strengthening the Capacity of Related Stakeholders in Java on Implementing New Indonesian TLAS”

Project Coordinator : Ir. Lasmini
Project Secretary : Ditha Astriani Dwi Karina
Project Finance/Treasury : 1. Irebella Siswondo
2. Muharam Angga Pratama

Address:

Gedung Manggala Wanabhkati Blok 4 Lantai 7 Ruang 715 Wing B
Jl. Jend. GatotSoebroto, Jakarta, Indonesia, 10270.
T. +62 21 574 70 56, +62 21 570 32 46, Ext. 5291
F. +62 21 574 70 56
E-mail : itto_tflpd010@yahoo.com

Direktorat Jenderal Bina Usaha Kehutanan
Kementerian Kehutanan
Gedung Manggala Wanabhakti Blok I Lantai 5
Jl. Jend. Gatot Soebroto, Jakarta, Indonesia, 10270.
T. +62 21 573 03 81, 573 03 82
F. +62 21 573 03 81
Website : www.dephut.go.id

The International Tropical Timber Organization (ITTO)
International Organizations Center, 5th Floor
Pacifico-Yokohama 1-1-1, Minato-Mirai,
Nishi-ku, Yokohama, 220-0012 Japan
T. +81 45 223 1110
F. +81 45 223 1111
E-mail : itto@itto.or.jp
Website : www.itto.or.jp

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TABLE OF CONTENTS

TABLE OF CONTENTS

LIST OF ABBREVIATIONS

LIST OF TABLE AND PICTURES

LIST OF ATTACHMENTS

Chapter 1. Introduction	1
1.1. Background	1
1.2. Aims and Goals	3
1.3. Expected Output	3
1.4. Education Training Materials	3
Chapter 2. Organization and Implementation	5
2.1. Time and Venue	5
2.2. Organizing Committee	5
2.3. Instructor and Facilitators	5
Chapter 3.	6
3.1. Participants	6
Chapter 4. Training Methodology	7
4.1. Theory	7
4.2. Discussion	7
4.3. Field Practice	7
Chapter 5. Training Materials	8
5.1. Opening Session of Training	8
5.2. Materials	10
Chapter 6. Evaluation of Training	23

Chapter 7. Conclusion and Recommendations	26
7.1. Conclusion	26
7.2. Recommendation	26

ATTACHMENTS

LIST OF ABBREVIATIONS

AMDAL	: Analisis mengenai dampak lingkungan / <i>environmental impact assessment</i>
ASMINDO	: Asosiasi Permebelan dan Kerajinan Indonesia / <i>Indonesian Furniture and Craft Industry Association</i>
BPK/BUK	: Bina Produksi Kehutanan / Bina Usaha Kehutanan / <i>Directorate Forest Utilization</i>
BPN	: Badan Pertanahan Nasional / <i>National Land Agency</i>
BP2HP	: Balai Pemantauan Pemanfaatan Hutan Produksi / <i>Center of Monitoring and Utilization of Production Forest</i>
EIA	: <i>Environment Impact Assessment</i>
ETPIK	: eksportir terdaftar produk industry kehutanan / <i>registered exporter of forest products industry</i>
FLEGT – VPA	: <i>Forest Law Enforcement Governance and Trade – Voluntary Partnership Agreement</i>
FAKO	: Faktur Angkutan Kayu Olahan / <i>Processing Wood Transportation Invoice</i>
FA-KB	: Faktur Angkutan Kayu Bulat / <i>Wood Transportation Invoice</i>
FSC	: <i>Forest Stewardship Council</i>
KAN	: Komite Akreditasi Nasional / <i>National Accreditation Committee</i>
KR	: kayu rakyat / <i>Wood from Community Forest</i>
LEI	: Lembaga Ekolabel Indonesia / <i>The Indonesia Ecolabeling Institute</i>
LMKB	: Laporan Mutasi Kayu Bulat / <i>Mutation Report Logs</i>
LMHHOK	: Laporan Mutasi Hasil Hutan Olahan Kayu / <i>Mutation Report Processed Timber Forest Product</i>
IUI	: Ijin usaha industry / <i>Industrial license</i>
IUIPHHK	: Ijin Usaha Industri Primer Hasil Hutan Kayu / <i>Primary Wood Industry Licence</i>
ITTO	: <i>International Tropical Timber Organization</i>
LSM /NGO	: Lembaga swadaya masyarakat / <i>non government organization</i>
LV-LK	: lembaga verifikasi legalitas kayu / <i>timber legality verification agencies</i>
NPWP	: nomor pokok wajib pajak / <i>number of taxpayers subject</i>
PUHH	: penatausahaan hasil hutan / <i>Management of Forest</i>
PKAPT	: Pedagang Kayu Antar Pulau Terdaftar / <i>Inter Island Timber Merchants Registered</i>
PEB	: Pemberitahuan Ekspor Barang / <i>Notice Exports</i>
PSDH/DR	: Pungutan Sumber Daya Hutan/Dana Reboisasi / <i>Charges of Forest Resources / Reforestation Fund</i>
RPBBI	: Rencana Pemenuhan Bahan Baku Industri / <i>Industrial Raw Material Compliance Plan</i>
SKAU	: surat keterangan asal usul / <i>certificate of origin</i>
SKSKB	: surat keterangan sah nya kayu bulat / <i>certificate validity logs</i>
SVLK/TLVS	: Sistem Verifikasi Legalitas Kayu / <i>Timber Legality Verification System</i>
SIUP	: Surat ijin usaha perdagangan / <i>trading permit</i>
TDP	: Tanda daftar perusahaan / <i>marking list of company</i>
TDI	: tanda daftar industry / <i>marking list of industry</i>
TLAS	: <i>Timber Legality Assurance System</i>
VLK / TLV	: Verifikasi Legalitas Kayu / <i>Timber Legality Verification</i>

LIST OF TABLE AND PICTURES

- Table 1 : List of training materials of Understanding on TLAS requirements for timber processing industry originated from privately-owned community forest
- Picture 1 : Representative of Head of Forestry Education and Training Center, Ir. Udy, M.Sc. in an Opening Ceremony at 28 November 2011
- Picture 2 : Welcome speech of Industrial Agency of Central Java Province: Ir. Ramadhan
- Picture 3 : Facilitator was explaining a typical of game that to be practiced by all participants (Ice breaking sessions)
- Picture 4 : Facilitator was having discussion with participants
- Picture 5 : Facilitator was demonstrating motions for refreshing mind
- Picture 6 : Djoni Gunawan, the Facilitator, was explaining the material of PUHH
- Picture 7 : Facilitator was explaining to the discussion participants
- Picture 8 : A joint picture taken at the front of PT Kayu Lapis Indonesia office
- Picture 9 : Picture taken at the PT Surya Saritama office, East Java.
- Picture 10 : The practice of tracking documents and physical evidence on the field.
- Picture 11 : Documents and physical checks in the field

LIST OF ATTACHMENTS

1. List of Training Participants from Industrial Group in Java
2. Profile of the Training Organizer/Project Management Unit
3. Presentation Matery – Prosedur and Protocol of Wood Legality Verification (VLK) at License Holder
4. Presentation Matery – System Introduction and Wood Legality Verification (VLK) Standard in Processing Industry and The User Privately Owned Community Forest
5. Presentation Matery – TLAS Policy in Forest Products Trade

Chapter 1. Introduction

1.1. Background

Forest rights as stipulated on Act No. 41 Year 1999, written that privately-owned community forest is a typical of forest being grouped into forest rights. This means that privately-owned community forest is a typical of forest which growing on the land property that has been obliged by ownership rights, which is in logical consequence that privately-owned forest should be utilized on the non state forest.

In the Government Regulation No. 6 Year 2007 on Forest Arrangement and Forest Management Plan Arrangement, and Forest Utilization, on the article 103 it is declared that government, provincial level government, or District level government/municipality according to their authority, will be responsible to develop forest rights/privately-owned community forest through facilitation, institutional empowerment and the system of business. This situation certainly should empower the policy of Ministry of Forestry that is reflected in a Decision of Minister of Forestry No. SK 421/Menhut-II/2006 on focusing the activity of forestry development.

Roles of privately-owned community forest in meeting the demand of local timber, the need of timber industry and absorption of employees and the increasing of community social economic tend to be demanding. Resources provided from natural resources keep utilized but in other hand the more limited timber supply time to time have threatened the resources itself.

The high rate of deforestation is caused by rampant illegal logging activities, illegal timber trade, non procedural land conversion system, encroachment, forest fires and other forest criminal activities. Those mentioned conditions have made the natural forest potentiality decreasing and not be able to meet national demand of getting timber supply every year.

As consequence of timber raw material deficit which the resources from natural forest, that orientation of raw material resource supply alters from natural forest to another alternative of raw materials supply that derive from privately-owned community forest. The move of orientation has leveraged the economical value of community-produced timber in both local market niche and export destination.

Major timber processing industries especially in Java Island, now have been applying to use raw materials from community-produced timber (forest rights or privately-owned community forest). Due to that situation the existing position and privately-owned community forest or forest rights as a raw material supply chain for industries in Java Island is a very strategic position in meeting the domestic demand.

Basis question here that why privately-owned community forest need to be paid attention? This should be considered regarding: 1) State forests have not been able to meet timber demand sustainably, 2) In some areas that timber production from privately-owned community forest is higher than the timber

production from state forest, 3) Open an opportunity of economic growth and opportunity to do business for locality 4) Lowering the pressure over logging in state forest.

Development of privately-owned community forest should be supported with sustainable management approach by considering of: 1) In some areas of state forests the acres do not cover sufficiently to play roles in protecting environment, 2) To pressure the negative impacts to environment in utilization efforts, 3) To guarantee sustainability of products from privately-owned community forests 4) Market demands now have been calling for legal source of forest products and should demonstrate its environmentally friendly management approach.

Next question, why privately-owned community forest need to be certified? This should be a requirement or device to regulate transaction in the system of international trade, in other hand the growing awareness of international community about the importance of saving the forests, through applying the system of sustainable forest management and the market demand, donor institution, or investors over certified forests or forest products.

In supporting to guarantee rights legality and legal certainty over timber that is produced from forest rights management or community-owned land, hence the government stated a Regulation of Minister of Forestry No. P. 51/Menhut-II/2006, Regulation of Minister of Forestry No. P. 62/Menhut-II/2006, and Regulation of Minister of Forestry No. P. 33/menhut-II/2007 on the use of *Surat Keterangan Asal Usul* (SKAU)/ The Letter of Timber Origin for delivering the forest products (timber) originated from privately-owned community forest.

Implementation of Minister of Forestry Regulation as mentioned above has not yet been conducted by business actors. Minimal efforts in socialization (budget constraint) causing ministry of forestry officials in national, provincial and local level have not yet been approaching remote areas (villages) in disseminating the information. One of requirements to get certified of forest products legality certification is to run on or obey every single part of the existing forest products administration.

Creating a success implementation of Timber Legality Verification System should also involve training with the target group of business actors. Specific target group be addressed to timber processing industries by backing up knowledge, skills and attitude to apply the system of timber legality verification system in which has been regulated in a Minister of Forestry regulation No. 38/Menhut-II/2009 on Standard and Guidance of Performance Evaluation for Sustainable Production Forest Processing Industry and Timber Legality Verification on Holder or Forest Rights and Director General Regulation No. P.06/VI-Set/2009 on Standard and Guidance of Performance Evaluation of Sustainable Forest Management and Timber Verification and Regulation of BPK Director General No. P.02/VI-BPPHH/2010.

1.2. Aims and Goal

Aims of this Education and Training of Understanding on Timber Legality Verification System (TLAS) are for industries to be able utilizing timber from privately-owned community forest and they also know and understand the procedures and protocols in implementation of timber legality verification in a forest holder.

Goals of backing up knowledge for actors of timber processing industry those process community-produced timber products are to give them understanding the logical framework and understanding on the conception of TLAS and regulations related to increase individual capacity of participants toward applying the system of timber legality verification.

1.3. Expected Output

This training would be expected to produce a number of supports where at participants' side they could:

- a. Understand on the policy of sustainable production forest management and timber legality verification originated from privately-owned community forest/community land.
- b. Able to depict a situation of applying timber legality verification system in privately-owned community forest/land owner.
- c. Understand on the procedures & requirements for TLAS evaluation on the privately-owned community forest/community land.
- d. Understand on the institutional arrangement of TLAS on the privately-owned community forest/community land.
- e. Understand of the documentation system/document archive for the management unit of privately-owned community forest/community land.

1.4. Education Training Materials

Based on Decision of Head of The Center Education and Training of Forestry No. SK 114/Dik-22011 dated 8 September 2011 for Education, Exercise and Training of Understanding on TLAS requirements for timber industry, has been stated the number of Education and Exercises of 36 hours, comprises of theoretical basis to be given 20 hours and practice to be given 16 hours as shown on Tabel 1 below:

Table 1 : List of training materials of Understanding on TLAS requirements for timber processing industry originated from privately-owned community forest:

NO.	MATERIALS	JPL
I.	THEORY	20
1.	A Pre condition prior to the main training (Group Dynamic)	1
2.	TLAS Policy in the context of forest products trade (PUHH privately-owned community forest)	3
3.	Introduction to System and TLV standard in Processing and Consumer of Privately-owned Community Forestry products Industry	3
4.	Regulation of forest product administration in Processing Industry and privately-owned community forest product consumers	3
5.	Legal Aspect in industry of Consumer of Privately-owned Community Forestry products	2
6.	Procedures and Protocols of TLV Evaluation at licence holder's unit	4
7.	Principles of pathway traceability/moving of raw materils in Industry of Privately-owned Community Forestry products consumer	2
8.	Concept of processing industrial development and consumers of privately-owned community forest products over supplier, and farmers whose privately-owned community forest area/community land	2
II.	PRACTICE	16
1.	Simulation and practice of Implementing TLV in Processing Industry and User of Community-produced timber	16
	Total number	36

Chapter 2. Organization and Implementation

2.1. Time and Venue

Training activity of Understanding on TLAS requirements for timber processing industries that get supplied from privately-owned community forest/ forest rights was began at 19 September 2011, the training for industrial timber processing in West Java and Banten Province. The location was in Pangrango Hotel, Bogor. The second round training was carried out on 28 November – 02 December 2011, located at Plaza Hotel, Jl. Setiabudi 201 Semarang for participants coming from Central Java and Jogjakarta Province. The third round training was conducted on 12-16 March 2012 at Inna Hotel, Surabaya for participants of East Java Province.

2.2. Organizing Committee

Organizing committee of this training consists of:

- a. Organizing chair : Ir. Lasmini
- b. Secretary : Ditha Astriani Dwi Karina, S.Hum, M.Psi
- c. Treasure : Irebella Siswondo, SE, Muharram Angga Pratama A. Md

2.3. Instructor and Facilitator

Instructor and facilitator who involved in this training are government officials, that they are Bureacracy devices of the Ministry of Forestry who understand TLAS policy, Sustainable Forest Production Management, Forest Products Administration for privately-owned community forest and forestry industry policy. They are as follow:

- a. Drs. Djoni Gunawan, B.Sc.F, M.M (Instructor)
- b. Ir. Teguh Widodo, M.Si (Facilitator)
- c. Nurcahyo, S.Hut, MAP, MA(facilitator)
- d. Ir. Harry Budhi Prasetyo, M.Sc (Fasilitator)
- e. Ir. Ruspandi Sukahar, M.Si (Fasilitator)

Chapter 3. Training Participants

3.1. Participant

Participants of the training in West Java was 19 personnel coming from 6 districts in West Java. Participants of the training in Central Java consisted of 20 personnel. They came from timber processing industries and companies by using the raw timber materials from privately-owned community forest/community land and element of Indonesia Rattan Meubel Association (ASMINDO). Most of them are from Central Java Province and D.I. Yogyakarta. Representative of companies who involved in this training closely work with the production process, with their positions were varied. Administrator until the level of Director were involved in this training. Participants of the training in East Java consists of 17 participants where from 27 participants to that were expected to present, 15 were from timber industries with raw materials from privately-owned community forest/community land and 2 persons from timber industries, and 1 persons from certification instituion and 1 person from NGO representative who also being assisted at the Research and Development of Forestry Agency. Complete name and participants' origin are mentioned on the attachment.

Chapter 4. Training Methodology

4.1. Theory

The training on Understanding TLAS was to become familiar with theoretical basis and regulations related to TLAS. It was expected that participants were able to cover basic elements of policy in sustainable forest management.

4.2. Discussion

To understand further on theoretical basis or regulations, participants then to be given opportunity to do discussion with related resources persons that they deal with applying regulation in practical basis in which business practitioners have been facing regulations and on site direct implementation in the field. This discussion was also to give opportunity to participants to give inputs or improvement advises in efforts of improving and applying regulation.

4.3. Field Practice

Participants would visit one of timber processing industry which got supplied of community-produced timber where PT Masari Dwisepakat Fiber at Karawang, West Java, and at PT. Kayu Lapis Indonesia which was located in Kendal, Central Java. The practice was to provide briefings and simulation practice on “know- how” of evaluation/verification of timber legality system, how chain of custody of the raw materials. In East Java the practical exercise was conducted at a TLV certified company PT. Surya Sari Tama located in Margomulyo, Surabaya.

Chapter 5. Training Materials

5.1. Opening Session of Training

At West Java, the training was opened by the Director of Forest Product Processing and Marketing of the DG Forest Utilization. At Central Java, the training was officially opened by the Head of *Diklat* (Education and Training) Development representing Head of The Center of Education and Forestry Training on 28 November 2011. Representative from Forestry Agency of Central Java Province and Industrial Agency of Central Java Province. The opening ceremony however was commenced at 19:30 evening and ended up at 21:00 in the night. A welcome remark was addressed by the Organizing Committee Leader of Education and Training, Ir. Lasmini, and then a representative of Industrial Agency of Central Java Province (Ir. Ramadhan).

In East Java, The training was commenced at 12 March 2012, that was began at 19.30 and ended up at 21.00. Presented at that time representative of The Head of Center for Forestry Education and Training, The Head of Provincial Forest Office of East Java Province and the head of Monitoring Agency for Forest Production Utilization (BP2HP) Area VIII Surabaya.

Ir. Udy, MSc, Head of Education and Training Development in his welcome remark mentioned that training of understanding on TLAS such this ongoing one is a need to answer market challenge which evolve time to time. Dynamic of market situation for timber forest products in international market now need to emphasize that TLAS certification is necessary to be proven in the timber forest products trade. At the end, the market will request all timber forest products brought from Indonesia should come from certified and legally proven, which is not only for exporting destination but also be needed in domestic.

Directly of indirectly, demand of legal certified timber tend to become attracting society and market. At the end the timber producers have been propelled by market demand to mandate in every piece of processing timber products should be originated from legal sources and recognized with certification. Another benefit of having legal timber certified product when they should be exported to international market in numerous countries that they be expected to also raise to the premium price.

The Existing TLAS policy is characterized with its mandatory. It is a must for every timber processing industry which has orientation to exporting the timber products especially to Europe market destination, to use TLAS certification. The training of Understanding on TLAS certainly will be very much useful for those participants who were invited and attending the overall training session.

Picture 1 : Representative of Head of Forestry Education and Training Center, Ir. Udy, M.Sc. in an Opening Ceremony at 28 November 2011



The Central Java Province Industrial Agency in a special welcoming remark that was conveyed by Ir. Ramadhan, mentioned that number of industries in Central Java Province reach around 15,000 units. They need to get paid attention from the government. Through the Ministry of Forestry that is facilitated by ITTO project, assistance and development for timber processing industries in Central Java in preparing TLAS operation in the field. Even not all processing timber industries being covered in this assistance and development, at least sufficient support for the existing industries in Central Java had been put in place. Industrial Agency of Central Java expected to be provided with information and technical assistance for other 20 timber processing industries that had not got the opportunity that time to also be elucidated and informed.

Picture 2 : Welcome speech of Industrial Agency of Central Java Province: Ir. Ramadhan



5.2. Materials

1. Building a pre training condition

Facilitator : Nurcahyo, S.Hut, M.AP, M.A

Building a pre training condition was presented prior to the main training session. The pre condition was developed to give wider perspective of getting socialization, to get familiar among participants and being acquainted each other. It was also a lesson learned among them to get familiar with a pre training session and crafting collaboration among team members. This had attracted participants to release their own perspectives during collaborative session. There were 3 team works named Banana Team, Jambu Team and Mangga Team.

The game from each team was effective to create them getting to know each other. In addition they were also treated through small exercises activity to refresh their mind and their physics.

Picture 3 : Facilitator was explaining a typical of game that to be practiced by all participants (Ice breaking sessions)



The aim of Building a pre condition prior to the main session of training was to provide a background for the participants that they should know each other. They also were encouraged to develop togetherness feeling, hence they got an ultimate spirit to prepare them got highly motivated in the training session.

In forming groups, it is meant to form systematic groups where each group would be created from two individuals or more that they have psychologically interrelationship one each others. It is clearly among group members they interact and the formation process goes in a situation of natural way to form a join collaborative action. The formation of groups would lead to embodying a determined target through a collaborative action and nurturing a phylosophy among themselves feeling of faithful and responsibility to be shouldered together.

Picture 4 : Facilitator was having discussion with participants



2. TLAS Policy

Facilitator : Ir. Teguh Widodo, M.Si (Directorate General of Forest Utilization Development)

The material was about TLAS policy in Indonesia. The training material was given for participants to be able for them understanding the background why government of Indonesia released a TLAS policy. In the context of forest product trade the TLAS policy considers:

- a. From economic perspective and trade aspect that Indonesia forest produce income for millions of people. The people depend on the forest resources and timber product export that contribute to the national income.
- b. In Political way, the issue of illegal logging, forest carbon and climate change have created a global trend and should be taken into account by the Government of Indonesia with proper handling, in good hands and concrete actions.
- c. In environmental side, Indonesia forest has unique opportunity and the rich of biodiversity categorized as a high value in the world, threatened by illegal logging and illegal timber smuggling.

Picture 5: Facilitator was demonstrating motions for refreshing mind



Facilitator explained perspectives of governance side in handling illegal logging, where constraints of government's capacity weakness to prepare a proper policy package and a fair law enforcement, less frequency of public consultation that made the regulation intransparent, lack of funding support for political activities, lack of funding support of building a fair law enforcement, corrupted justice institution, the competence of authority is unclear and non standardized, and lack of recognition to community rights.

Impact of illegal logging activity creates to an adversed-situation of the damage of forest ecological function, influenced to the water catchment area, disturbing protected areas and the loss of government income. Law enforcement is ignored, worsening forest governance system, the increasing of poverty and social conflict, disruption of international community trust to Indonesia which impact to the lowering of competition power in trading other commodities in global market in which in general will be very much disadvantageous at Indonesia's side.

In relation with illegal logging activity which is very much influencing to the global climate change situation, hence a number of countries apply a certification standard for timber products prior to marketing to the international market. Regulation being applied by some countries, indeed has been a responsibility manner from consumer countries, like Japan has been applying Goho Wood/Green Konjuho 2006, where United States has been applying Lacey Act in 2008 and the European Union with EU Timber Regulation 2010. These kind regulations then to be followed by other countries such as New Zealand, Australia and others through Illegal Logging Prohibition Bill.

Japan's Guideline for Verification of Legality and Sustainability of Wood and Wood Products, applies a legality principles where the wood should be harvested legally according to the existing regulation and acts, in the timber producer countries. Sustainability aspects in this regard should be interpreted that the wood must be harvested from the forest being managed with sustainability principles approach, and the methodology of verification should be done by the verification body under the official association of industries.

In the United States, through Lacey Act, it has been prohibiting of plants trading and products from plantations harvested through illegal resources. The Lacey Act requires all importers to provide statements/information declaration accompanying plants delivery or plantations products. In the documentation the declaration/statement should mention scientific name of each species being used, the origin of state/place of harvesting, quantity/number and size and value.

European Union countries also have established a bilateral collaboration which regulate the timber trade with European Union destination. Taking into effect the FLEGT-VPA with Timber Legality Assurance System (TLAS), where identification and giving legal timber licence and to ascertain that only legal wood be able exported to the European Union. Activities being carried out covering from

harvesting area evaluation checking/logging, processing industry at factory outlets until to the export delivery point at the sea port.

Participants were given understanding on what VPA is or Voluntary Partnership Agreement, in which Agreement of Voluntary Partnership between timber producer country and European Union in curbing illegal logging and trade of illegal forest products. With aim at refraining the inputs of illegal timber coming to European Union market, roles sharing and responsibility between exporting country (Indonesia) and importing country (European Union). Principles of VPA work is non discriminative, compliance with the Indonesia law, reciprocal obligation, Zero laundering.

Through TLAS, Indonesia is expected to promote legal timber product. However the implementation of legality standard for consumers, supplier and producer countries, in supporting law enforcement and forestry governance, supporting private sectors to apply legal timber supply policy, which is a trend in international timber trade that also need a legality evidence and also a commitment to curb illegal logging and trading through strengthening capacity in sustainable forest management and in efforts to escalate people's welfare.

In October 2010, European Union adopted Timber Regulation to slow down illegal timber circulation in Europe Market. TLAS hence to be effectively operated since 3 March 2013. Timbers/forest products that enter to the European Union market originating from countries alledgely having illegal logging activities would be taken due dilligence (DD) evaluation. DD and Timber Regulation will not be effective if an exporting timber country as for instance Indonesia also signing the VPA with the European Union.

With VPA agreement, other advantages are waiting such as the market would be opened widely. Wider market access, avoiding illegal logging condemnation and for European market that Indonesia timber with certification of V-Legal to be identified as "Green lone" hence it is not difficult to get recognized as a "legal" entity of forest product.

3. Regulation of Forest Products Administration

Facilitator : Drs. Djoni Gunawan, B.Sc.F, MM (Directorate General of Forest Utilization Development)

Understanding the preparation of TLAS operation, hence the participants were given a lesson learned on understanding on Forest Products Administration in which one of the important instrument in the process of TLAS.

Forest Product Administration is based on the land status, where on the land owner/forest rights, they are regulated with basic reference through Government regulation Number 6 year 2007. Government regulation Number 3 Year 2003, Article 118, states that all forest products derive from the forest rights, should be determined of species, volume/weight measurement and calculation of

numbers and to be completed with a letter of origin mentioning the sources of forest rights products. Additional and further provisions on species identification, volume measurement/weight and letter of origin for forest products from forest rights are managed in minister regulations.

Implementation from Government's Regulation as mentioned above is issued Regulation of Minister of Forestry No. P. 51/Menhut-II/2006, P. 62/Menhut-II/2006 and P.33/Menhut-II/2007 on the use of Letter of Origin (*Surat Keterangan Asal Usul*) (SKAU) mentioning the originated from the Forest Rights. In conclusion that the Minister Regulation is aimed at giving legal certainty for forest products being harvested from community land or land rights.

Legality of timber forest products which come from forest rights or community land in principle is very simple. Once a timber be extracted from forest (harvested) or taken from the land with evidence of legality certification or the land status proven by a letter and be recognized as an evidence of authority or land ownership, and timber be delivered and equipped with the Letter of Origin (*Surat Keterangan Asal Usul-SKAU*) or a Note or SKSKB stamped KR, where the use of those mentioned be depending on the specific timber species being carried on.

Aspect of document use of forest products from forest rights, requires every single commodity of forest products be registered. Different products, different origin would need different letter of statement and automatically helpful in controlling the post harvesting circulation and would also ease this identification process.

In Administration of Forest Products from forest rights in principle the procedure does not regulate licencing process, hence forest products utilization from forest rights or community land do not need licencing agreement including the licence to log the standing stock.

The core key of Administration of Forest Products from Forest Rights is the aspect of ownership, which requires land status demonstrates whether ownership is at community's member or legally belong to the state's property. This is necessary to be known avoiding a disadvantage cause at State's hand.

The use of Letter of Origin (SKAU) in principles are aimed at:

- a. Protecting the rights whether it belongs to community's property.
- b. Ascertaining legal entity and easy at community's side.
- c. Avoiding mixture of timber administration which is originated from state forests
- d. Avoiding sanction practice which is not proportional.

4. Legal Aspek/Timber Legality of Forest Rights in Industry

Facilitator : Drs. Djoni Gunawan, B.Sc.F, MM (Directorate General Forest Utilization Development)

Understanding the aspect of timber legality from Forest Rights where industries being the consumer of this forest products. Participants were given understanding on legal aspect over timber recipient of forest rights. This is important to be informed for security reason at industrial business actors. The material was given to stimulate timber processing industry to keep and even increasing utilization of timber products from forest rights in which multiplier effect will create to escalate economic aspect of the community.

Issuance of Legality document should follow rules of procedure. Document will be produced from a consistently flow arrangement with the documents provided and began from the forest (of standing stock) until the destination. It means that the forest products should be traceable through documentation tracing and timber physical tracing (Verification of Legal Origin).

Picture 6 : Djoni Gunawan, the Facilitator, was explaining the material of PUHH



Only authorized primary industry and registered KO collection point are given authority to print out form of FA-KO. FAKO man in charge is appointed by the Head of Provincial Level Forestry Agency with technical consideration from BP2HP, in addition to have function also a controlling point.

In every TPK (Timber collection pool), intermediary collection pool and collection at Industry, where the company is obliged to create a LMKB as a monitoring tool. Processing timber, company both for industry and registered collection pool are mandatory to register and create a LMHHOK. Processing timber legality is evaluated at legality status of industrial permit operation licence, raw material and the process of manufacturing. State's right (PSDH/DR) is calculated over KB/raw material which come from legal permit and not over processing timber (there is no state's right embedded on the

processed timber). Processed-timber legality verification is carried out through tracing legality status of origin, both over industry and raw materials (KB).

In proving timber legality whether coming from privately-owned community forest/forest rights/community land, hence the fact of land ownership supposes to be completed with Ownership Right certificate, Letter C or *Girik* or other explanation statement which is recognized by BPN as a basic land ownership, or use right certificate, or letter or other documents, being admitted to become an evidence of land ownership proving or ownership evidence.

Sanction if the case of infringement of processed timber delivery, if the physical timber found non conformance with the delivery document (FAKO), this is an indication of infringement hence legality of origin and raw material source need to be proven (KB). If the raw material (KB) proves unauthorized, illegal or found the fact that industry's status is illegal, hence the processed timber is stated illegal. Infringement in delivery/carry the timber from privately-owned community forest, as for instance physical volume larger than stated on the document, hence along the timber origin identifiable, administration sanction should be taken into effect which the property of this sanction is a character of punishment to educate.

5. Introduction of Legality System and TLV Standard

Facilitator : Ir. Teguh Widodo, M.Si (Directorate General of Forest Utilization Development)

Getting familiar with TLV system and standard were expected for participants be able to understand the background and concept of Timber Legality Verification standard (TLV) in international timber trade and understand on meeting TLV standards' requirements.

Facilitator in principle emphasized on TLAS function that the system is created to meet timber legality requirements/timber product and is designated with basic arguments through forestry stakeholders consensus. The system contains of standard, criteria, indicator, verifier, verification method and evaluation norm. Certification basically is a process of verifying objects those demonstrates a product/process in meeting requirements according to the agreed product/process standard with elements of standard, verification process of meeting standard and accreditation.

Based on characteristic, certification is differentiated into two categories: Voluntary and Mandatory, with following explanation:

1. Voluntary, be conducted voluntarily, which is a market instrument/requirement of trading, with criteria and indicator upon agreement among stakeholders (NGOs, Academicians, Producers and Buyer) and be accredited by certification institution where also a system development agency such as the Indoensia Ecolabelling Institute (LEI) and FSC, with the costs of certification be shouldered by the licence holder.
2. Mandatory, it is a must to be conducted since the mandate is based on government's regulation, where the character tends to be development and assisting, with criteria and indicators

determined by government, where the certification body is accredited by *Komite Akreditasi Nasional (KAN)* with sanction based on the existing regulation with budget allocation for the first phase provided by Government and to be followed up where the next phase of surveillance be shouldered by the licence holder.

Principles of timber legality when the timber is called legal if the origin of timber source is traceable, while the licence of logging (cutting down), system and procedures of logging from the standing stock, administration and carrier documentation, processing and trading or handing over are proven to meet all requirements according to and compliance with the existing regulations.

Timber Legality Verification Standard in a Timber Forest Products Primary Industry Licence of Operation/ *Izin Usaha Industri Primer Hasil Hutan Kayu (IUIPHHK)*, comprises of:

- a. In Principle, Industries support legal timber trade activity, where the Business Unit applies the system of timber tracing that guarantee the timber origin, legality of trade or transfer processed-timber to other parts/parties.
- b. Criteria, business unit (processing industry and processing export product) has a legal licencing.
- c. Indicator, processing industry has a legal licence and processed-timber product exporter is a legally approved agency that export the processed-timber products.
- d. Verifier, (company establishment letter of act, SIUP, TDP, NPWP, EIA, IUI/TDI, dan RPBBI).

6. Procedures and Protocol in TLV Evaluation

Facilitator : Ir. Teguh Widodo, M.Si (Directorate General of Forest Utilization Development)

Training material on the procedure and protocol in TLAS evaluation was presented for participants. They were expected to know and understand the procedures and protocol in implementation of Timber Legality Verification at licence holder.

Picture 7 : Facilitator was explaining to the discussion participants



Teguh Widodo, one of the facilitator, explained the matery of Procedures and Protocol of Timber Legality Evaluation

Verification agencies for Timber Legality Assurance that have been accredited by *Komite Akreditasi Nasional* (KAN), there are 8 institutions, as follow 1). *Badan Revitalisasi Industri Kehutanan* – The Indonesian Revitalizing Forestry Industry (LTLV-001-IDN), 2) PT. Sucofindo (LTLV-002-IDN), 3) PT. Mutuagung Lestari (LTLV-003-IDN), 4) PT. Mutu Hijau Indonesia (LTLV-004-IDN), 5) PT. TUV International Indonesia (LTLV-005-IDN), 6) PT. Equality Indonesia (LTLV-006-IDN), 7) PT. Sarbi Moehani Lestari (LTLV-007-IDN), dan 8) PT. SGS Indonesia (LTLV-008-IDN).

Verification application is able to be submitted through following steps:

- a. Proposal to the Timber Legality Verification Agency/*Lembaga Verifikasi Legalitas Kayu* (LTLV) that has been accredited from the Komite Akreditasi Nasional (KAN).
- b. LTLV reviews application to guarantee that in order that requirements of verification be able understood with clear message and being documented. There is no difference of understanding between LTLV and licence holder, LTLV be able to conduct TLV being requested, and approaches to the licence holder's operating location.
- c. Concluding matters related to working contractual agreement. In doing verification, it should be going through steps of initial meeting, document verification and field observation and to be concluded with the closing meeting.

7. Principles of Raw Materials Circulation Traceability

Facilitator : Ir. Teguh Widodo, M.Si (*Ditjen Bina Usaha Kehutanan*- Directorate General of Forest Utilization Development)

Material on the principles of raw materials circulation traceability to be given to the participants. The participants are expected to understand and know about the principles of traceability of raw materials circulation to the user of timber industries (chain of custody in industry).

Chain of custody certification is a one step backward evaluation to look at the source of timber raw materials being used by timber industry whether coming from certified sustainable forest. In principle the chain of custody certification was carried out to understand a clear system of forest products circulation from the source of origin and the the performance of the system itself.

Benefit of chain of custody certification would produce double effect where at consumer side they would be able differentiating timber product from sustainable forest and non sustainable manner and at industrial side/producer that they could be increasing production efficiency and well-mannered timber administration system and gaining larger market confidence over timber products being produced.

Principles of chain of custody are a chain of timber traceability chain evaluation from industry until the source of raw material through evaluation of timber administration, until unbreakable chain that also depicts the source of timber from forest being harvested from sustainable management manner.

8. Concept of Privately-Owned Community Forest Products Development Industry

Facilitator : Drs. Djoni Gunawan, B,Sc.F, MM (Directorate General of Forestry Utilization Development)

Facilitator emphasized that development of community-produced timber processing industry is to be more focusing on activities on upstreaming and downstreaming sites with supporting policy devices. The development of forestry industry based on community-produced timber has been documented by year 2011 that at least 64 forestry industries based on community-produced timber plantation with types and capacity. Based on monitoring of raw materials from natural forest that the development tended to be decreasing. In year 2005 was recorded that 20,50 millions cubic metres, however in 2010 it was only produced 6,12 millions cubic metres. Supply of raw materials had been replaced with the supply from plantations (originated from Timber Estates, Privately-owned community forest and estates) and during period of year 2005 the supply increased from 11,47 millions cubic metres turned into 35,82 millions cubic metres in year 2010.

Plantations in the future would be functioned as the basis and backing up timber industries in national level. For the said above reason that the pattern of development being established should be going through approaching the Upstream of forest and the policy supports.

In raising attention of community participation and the world of industry and business, since 2009, the Ministry of Forestry has been awarding "Prima Wana Mitra" for industrial groups and farmers group for those who have been working hard to do innovation the product and developing the partnership in developing privately-owned community forest. The award of Prima Wana Mitra in 2009 was handed to 14 industries and in 2010 be given to 11 industries and 15 farmers group.

Development of IPHH partnership and community in the development of privately-owned community forest has been carried out through:

- a. Institutional empowerment (Cooperative establishment or Farmers group, setting up working relations and job descriptions etc) should be demonstrated as for example: cooperative of Alas Mandiri-KTI, KSU Sumber Graha Sejahtera Karya Mandiri.
- b. Seeds distribution.
- c. Development of seed nursery initiated by community, the products of seeds to be purchased by industry (es).
- d. Technical assistance: planting, nurturing, marketing and administration of forest products.
- e. Certification of Partnership of Privately-owned Community Forest. As for instance KAM-KTI had received FSC certification scheme and for Privately-owned Community Forest in Probolinggo.

9. Field Practice to Industry

In theoretical implementation from classroom, then participants held a practical simulation in primary industry of timber forest products. For East Java Province, the field practice was carried on at PT Masari Dwi Sepakat Fiber, located at Karawang District, West Java. PT Masari is an forest industry who produced a Medium Density Fiber Board (MDF) with plant capacity is 700.000 cum per year. The raw material for the MDF industry is rubber wood came from community plantation. In Central Java, the field practice was at PT Kayu Lapis Indonesia located in Kendal, Central Java.

PT. Kayu Lapis Indonesia is one of wood laminated industry that also has been TLAS certified with supports of raw material supply from Natural Forest concessionaires ownership PT. Sarpatim Parakantja which SFM certification holder and get raw material sources from privately-owned community forest. East Java field practice was visiting a primary industry of timber forest product of PT. Surya Sari Tama, located in Margomulyo, Surabaya, East Java Province.

Phases in a simulation practice of TLAS evaluation process those three field practices in general were as follow:

1. Explanation or introduction to industrial condition aspect was presented by General Manager, especially related to the process of raw materials procurement, raw materials selection process, production and end products treatment.
2. Field visit, was began to trace the log/timber from raw material of timber went to the log yard, raw materials selection, raw materials continued to be proceeded at rotary machine, composer, pressing, sizing, until the packaging of end products at the warehouse including explanation on documentation administration on each stage or a serie of processes.
3. Management also provided documents related to preparation of TLAS evaluation. The documents included legality of industry operation permit such as Company establishment notariat act, SIUP, TDP, NPWP, Amdal, IUI/TDI, RPBBI, EPTIK, document contract of purchasing and selling of timber raw material, delivery document for timber/wood (SKSKB/FA-KB/SKAU), LMKB/LMHHOK, PKAPT document, ETPIK, PEB, packing list, invoice, B/L, FAKO/Company Note, and fiscal and taxation document.
4. Simulation practice was divided into 3 groups. The groups were already developed in the very beginning when a pre training conditionality was taken. They were *namely free such fruits group : Manggo, Banana and Jambu (Guava)*.
5. Mangga group reviewed business legality and entity. All business-related legality mandate and conformity with authorized data on each document of business legality were studied.
6. Banana group reviewed legality of production aspect. Overall production system was studied whether conformance with the existing regulation. Permit of machinery capacity with the realization of production then to be compared with raw materials being processed (rendemen), with RPBBI report. Overview complete requirements with obligations and legal status over related documents with the production such as SKSKB/FA-KB/SKAU, LMKB, and production report (LMHHOK).

Picture 8 : A joint picture taken at the front of PT Kayu Lapis Indonesia office



7. Jambu group overviewed the market system which had been run so far whether todate, had been achieving the expected outputs as expected or not, and also reviewed documentation aspects including to look at the legality status of marketing documentation such as FAKO/Company Note, PEB, B/L, INVOICE, endorsement.
8. Reviewing from every single group, results then to be presented by group's representative where the end result that was received from each single group showed that the industry of PT Kayu Lapis Indonesia had met all required data and procedures as requested by TLAS.
9. There are a number of points given by the management side related to result of TLAS certificate as follow:
 - a. In principle it needs a complete and proper mechanism in the administration data documentation.
 - b. It needs a system or mechanism in tracing on every Hub of timber moving, it can be began from log wood being processed, until every step or hub in the processing that need a precise documentation procedure to support easier monitoring.

Picture 9 : Picture taken at the PT Surya Saritama office, East Java.



Picture 10 : The practice of tracking documents and physical evidence on the field.



Picture 11 : documents and physical checks in the field



Chapter 6. Evaluation of Training

Evaluation of Training was carried out at the end of the course, to get a sight and impression from the participants of the training activities, represented through:

1. Ability of Resource Persons

Resource persons or material presenters were able to transfer the idea and knowledge with systematic way and the presentation went smoothly and flowing. Participants were assumed “got better understanding” in this case.

Time limit and some of prospective resource persons could not attend the invitation to present the materials. Due to their tight schedule with other commitment (very busy) they could not be presenting the materials as Agenda expected. This problem could be tackled through replacing the absent resources persons by inviting other available people with no obstacles. The replacement could present the materials as good as expected, and they contributed to a success of training with good presentations and transferring the knowledge.

2. Participant Understanding

In general ability of participants in capturing the materials being facilitated and served for them is good enough. Some of them have very much understanding on procedures and mechanism they face day to day basis in their work space.

3. Discussion

In every session of theory, discussions combined the process toward better understanding. Materials being served were also adjusted with application and practical evidence discussion sharing to promote activities in the industry in a day to day basis. The most frequent questions that were raised during discussion are as follow:

a. TLAS Policy in the Context of Forest Products Trade.

Questioned by training participant, whether TLAS could also give a good benefit for industry and any additional value could be gathered from the timber products being certified. Getting TLV certification, how much the cost need to be spent and on how the duration of certificate, any periodic evaluation need to be taken.

b. Introduction of System and TLV Standard in Processing Industry and Privately-owned Community Forest User.

Instead of TLAS, any other options by using other certificate that already be granted to timber processing industry to meet requirements in trade such as LEI certification or FSC would also be recognized in international market and treated equally with TLAS. In timber legality evaluation requirements are the wood being harvested should be legally accepted, the timber being delivered should be legal, the timber being produced should be coming from a legal process and procedure and the timber being sold/marketted legally, on how in case one of documentation paper losses and be

able replaced by a statement letter to clarify the status of timber receiver that the source of timber is legal.

c. Regulation of Forest Product Administration in Processing Industry and User of Privately-owned Community Forest

Procedure of forest products administration has been fully implemented. There are still some aspects that need to be improved in which the main problem is about the costs. There are some aspects of costs that should be spent in which additional charges over production cost appear in this regard. As for instance service for serial number of carrier documentation for processed-timber, document issuance for carrier as an additional charge, Ganis training, cost to designation of industrial warehouse location and other matters. In some industries of advance timber processing, other problems such as raw materials of sawn timber when is ready to be delivered to the kiln dry industry that additional delivery document need to be prepared (FA-KO delivery). Hence IPKL is determined to become a registered collection point factory to get service of FA-KO serial number from Provincial level Forestry Agency.

d. Legal aspect/Legality in Processing Industry and Community-produced timber User

Many cases found at the point of timber delivery from privately-owned community forest or community land, especially when legal enforcement personnel do checkings the timber being carried and delivered to the industry. This problem results to additional production cost in which at the final reducing the competitive advantage in price of the processed product in exporting market. Jurisdiction says that timber from the privately-owned community forest or community land could not be charged a sanction along the timber being supplied come from the land with clear ownership status. In privately-owned community forest or community land there is no state's rights embedded, such as PSDH or DR.

e. Procedure and Protocol of TLV Evaluation in Licence Holder Unit

How if those have already received certificate then they should face complaints from an independent monitoring community. Is that a special auditing service to be taking effect and who the ones are having rights to do evaluation to check and balance the complainment reports.

From 8 TLV evaluation institutions those have been getting accredited from the National Accreditation Committee (KAN), would that be able the potential applicant requesting TLV audit proposal service to those 8 TLV evaluation institutions candidates and in return the potential applicant would get a description of competitive price and offers?

f. Principles of raw materials traceability/moving in the Industry that utilize the raw materials from privately-owned community forest/community land.

As the user (industry) of community-produced timber, how if the timber was supplied from privately-owned community forest or community land and found difficult to be traced back the origin of the timber source. If the case that the period of evaluation requires old data and records sometimes raw materials being purchased through intermediary trade should be equipped with legal documents as technical evidence for proving that the raw materials come from the legal entity.

g. The conception of processing industry development and user of privately-owned community forest over supplier, and the farmer (the owner) of privately-owned community forest/ community land.

4. Evaluation

Training of understanding on TLAS requirements for timber processing industry which use the raw materials from privately-owned community forest/ community land was an effective one. This one was the second with supports and a good cooperation among organizing committee, instructor, facilitator and resources person.

Materials presentation was given during hours after lunch. A combination of theoretical and information service, some exercises were also in place to promote refreshing mind and body. Energizing to awaken and positive intake of motivation was through this exercise approach. Participants were reactivated and given a special nuance fully of friendship to get familiar among participants themselves.

The training curriculum applied 20 hours of theoretical basis and another 16 hours for practical experience to get understanding point in TLAS conception. It is not sufficient enough to cover the overall message from the materials being served, but at least could be a back up for business actors and practitioners to know and heading to TLAS implementation in industries.

Chapter 7. Conclusion and Recommendation

7.1. Conclusion

Training of Understanding on TLAS requirements for timber/wood processing industries which the source raw materials come from privately-owned community forest/forest rights went well. The three series of training also could match with the designated agenda as expected that was opened on 19 September 2011, 28 November 2011 and ended up at 01 December 2011 with the check out was concluded on 2 December 2011.

Supports of organizing committees and facilitators were very much beneficial to transfer knowledge with high dedication and responsibility of participants that in final the training could be run properly, manageable and smoothly.

In general all participants had understood the procedures and requirements in TLAS, in between the theoretical basis activity and practicalities could be run as expected with the expected outputs such as: could understand the policy of sustainable production forest management, and timber legality verification which derive from privately-owned community forest/community land, and able to depict a situation of timber legality verification system application at the privately-owned community forest/land owner, able to understand the procedures and requirements of TLAS evaluation at the privately-owned community forest/community land, could also understand institutional arrangement for TLAS at the privately-owned community forest/community land, and also be able understand on documentation system application in this regard.

From the practice result that evaluation of TLAS requirements being applied to PT Kayu Lapis Indonesia and PT Surya Sari Tama that participants could understand directly technicalities aspects and mechanism within the TLV administration, instead of several companies had also received VLO. Some participants had also experienced that made them easier to understand the process and procedures of TLAS. The practice was expected to be applied in preparing themselves facing evaluation that to be carried out by evaluation institution.

7.2. Recommendation

Training on understanding TLAS requirements is very much helpful at timber processing industries if they have export orientation. Especially in this case the training also did not limit for industries those process the timber raw materials originated from forest rights (privately-owned community forest) but also applicable for those industries that process the timber raw materials sourced from state forest. This is very important regarding timber legality issue from natural forest including plantations still have big potential value in contributing to meet industrial raw material demand in domestic market.

The Increasing privately-owned community forest, from the area and distribution will not only be concentrated on Java area and Madura, but will also be followed with other areas in Sumatera such as

Lampung, South Sumatera, Jambi, Riau and North Sumatera however in Borneo (Kalimantan) the development of privately-owned community forest seem to have been developed in South Kalimantan and East Kalimantan and in Sulawesi would cover South Sulawesi, Central Sulawesi and West Sulawesi. It was advised to also cover those mentioned area to balance information and knowledge sharing among practitioners both in Java and outside Java.



REKAPITULASI BIODATA PESERTA DIKLAT

NAMA DIKLAT : Pelatihan Pemahaman SVLK Pada Hutan Rakyat untuk Kelompok Industri Pengolahan Kayu
WILAYAH : Jawa Timur
TH. ANGGARAN : 2012
SUMBER DANA : ITTO dan Kemenhut
TGL. PELAKSANAAN : 12-16 Maret 2012

No.	N a m a	Tempat/Tgl. Lahir	J a b a t a n	Perusahaan	Alamat Kantor	Email	No. Tlp Ktr	No. H P
1	Agus Sapto Nugroho	Kediri 22-Nop-62	Staf Pembahanan	UD. Serbaguna, Kediri	Jl. Letjend. Sutoyo No. 86, Pare, Kediri		0354 - 391 822	0813 353 18622
2	Fatkurohman, SE	Banyuwangi 24-Agust-68	Accounting	CV. Jati Makmur, Pasuruan	Jl. Raya Bukur No. 55, Pasuruan	fatkur_18@yahoo.com	0343 - 421 881	0853 344 02391
3	Amin	Semarang 10-Nop-66	Pemilik	UD. Amin, Karangjati	RT 05/11 Congol, Karangjati, Kec. Bergas, Semarang	vlo_udamin@yahoo.co.id	0298 - 525 112	0812 293 2170
4	Arini Wulandari, SS, M. Si	Bondowoso 09-Jan-78	Kepala Unit PPIC	PT. Mustika Buana Sejahtera, Lumajang	Jl. Raya Lumajang Tempeh Km. 07, Lumajang	arini_wulandari@yahoo.com	0334 - 887 888	0817 262 599
5	Hamzah, SH	Sul Sel 12-Des-64	Penguji & Penerbit Kayu Gergajian Indonesia	PT. Kali Jaya Putra, Sidoarjo	Jl. Raya Panjunan No. 2, Sidoarjo		031 - 788 3025	0812 308 31057
6	Hanny Yonatan	Mataram 17-Okt-56	Kepala Gudang	PT. Dwijaya Selamat Mandiri, Sidoarjo	Jl. Industri 12 A Buburan, Sidoarjo		031 - 896 9387/88	0813 303 99654
7	Ir. Heru Purwanto	Sleman 05-Nop-69	Direktur	PT. Sunjaya Coating Perdana, Sidoarjo	Jl. Mayjen Sungkono No. 45, Sidoarjo	heru-general@tensan.com	031 - 805 2816	0811 311 307
8	Hery Suranto, ST	Surabaya 16-Jan-75	Pemilik	UD. Tiga Saudara, Sidoarjo	Griya Candramas GE-49, Sedati, Sidoarjo	ownertgsaudara@hotmail.com	031 - 801 4852	0817 079 6223
9	Ir. Kusminingsih	Malang 25-Sep-68	Administrasi	PT. Bangun Sarana Wreksa, Malang	Jl. Karangjati No. 135, Desa Ardumulyo, Singosari, Malang		0341 - 458 602	0811 363 965

No.	N a m a	Tempat/Tgl. Lahir		J a b a t a n	Perusahaan	Alamat Kantor	Email	No. Tlp Ktr	No. H P
10	Mei Rinawati	Surabaya	03-Mei-84	Administrasi Ekspor	CV. Wana Indo Raya, Lumajang	Jl. Rungkut Asri Blok RL SH No. 36, Surabaya	mei.wana@yahoo.co.id	031 - 879 3399	031 - 727 17714
11	Rujilah	Lamongan	13-Mar-69	Staf TUK	CV. Kharisma Duta Utama, Gresik	Jl. Mayjen Sungkono No. 53, Gresik		031 - 397 2903	031 - 602 21509
12	Sunari, S. Sos	Nganjuk	02-Jul-66	Komisaris	CV. Galih Jati Perkasa, Blitar	Jl. Raya Garum No. 40, Blitar	cv_gjp_blt@yahoo.com	0342 - 561 819	0812 523 1050
13	Suryaning Diyah Chasan	Lumajang	18-Jun-80	Staf TUK-GA	PT. Mustika Bahana Jaya, Lumajang	Jl. Raya Lumajang Tempeh Km. 07, Lumajang	ning_diyah@yahoo.co.id	0334 - 887 888	0811 353 0618
14	Ir. Vysca Arryani	Yogyakarta	03-Des-69	Manager Mutu	PT. Mutu Hijau Indonesia, Jakarta	Gd. Manggala Wanabhakti Blok IV Lantai 9, Room 930 AC, Jl. Gatot Subroto, Jakarta	manajermutu@mutuhijau.com	021 - 578 53706/7	0811 160 924
15	Y. Denny Christian	Probolinggo	13-Apr-77	Kabag Tata Usaha Kayu	PT. Wana Cahaya Nugraha, Lumajang	Jl. Raya Klekeh Km. 316, Klakah, Lumajang	ydc_77@yahoo.co.id	0334 - 442 002	0813 361 30822
16	Siti J. Nooryasyini, S. Hut	Bogor	12-Jan-79	Consultant for Research	RECOFTC	RECOFTC Indonesia : Pusdiklathut, Gunung Batu, Bogor	yusyi@yahoo.com		0815 949 3640
17	Wahyu Widiyanto, ST	Sidoarjo	25-Nop-75	Kepala Export Import	PT. Nankai Indonesia	Jl. Mayjen Sungkono No. 21-23, Gresik	wahyu_nakid@yahoo.co.id	031 - 398 4567	0817 939 3972



REKAPITULASI BIODATA PESERTA DIKLAT

NAMA DIKLAT : Pemahaman SVLK Pada Hutan Rakyat Untuk Kelompok Industri Pengolahan Kayu
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No.	N a m a	N. I. P.	Tempat/Tgl. Lahir	Email	J a b a t a n	Asal Instansi/Unit Kerja	No. Telp. Rumah	No. H P
1	Agus		CIAMIS 26-Des-73	agoes.gm@gmail.com	GANIS PH-PL	PD. GANDA MEKAR PUTRA	0265 743365	0813 238 69762
2	Budi Nur Utomo		MADIUN 20-Mei-74	budinu16@yahoo.co.id	GANIS PH-PL	PT. CIPTA KREASI WOOD INDUSTRY		0813 169 36394
3	Dani, A. Ma		CIAMIS 06-Jun-81	danim46@ymail.com	GANIS PH-PL	PK. MANANDA		0812 228 78199
4	Elvi Zein		PADANG 11-Jun-65	elvi_zein@yahoo.com	KABAG PRODUKSI & PERSONALIA	PT. TANAMAS INDUSTRY KOMUNITAS		0812 239 7425
5	Harjanti H.		SEMARANG 02-Des-67	yanti@masari-board.com	ASST. MANAGER R & D	PT. MASARI DWISEPAKAR FIBER	0267 431471	0812 809 1776
6	Harsianty Harijadi		PEMANGKAT 03-Agust-62	yovitahon@gmail.com	DIREKTUR	PT. JARING JANGKAR JAYA	021 68056962	0811 177 6918
7	Melda		BEKASI 21-Mar-87	mel_dhita@yahoo.co.id	ADMINISTRASI	PT. MASARI DWISEPAKAT FIBER, UNIT 2 LAMPUNG	021 89140905	0856 8900 488
8	Iwan Setyanto, ST		BOYOLALI 08-Jan-72	iwan@permatadoor.com	MANAGEMENT REPRESENTATIVE	PT. KAYU PERMATA		0813 8772 1963
9	Julia Tjitro		JAKARTA 16-Okt-60	julia@rimbakencana.com	KEUANGAN	PT. RIMBAKENCANA BUMINUSA		0818 168 899
10	Adi Apriatama		LAMPUNG 16-Apr-92	adi_jhambond@yahoo.com	ADMINISTRASI	CV. SUMBER BUMI		0896 311 70797
11	Mulia Sembiring		MEDAN 30-Apr-74	muliasukat@yahoo.com	GANIS PH-PL TUK	PT. VICTORY CEMERLANG INDONESIA WOOD INDUSTRY		0813 185 57349
12	Mustofa	0 16	KARAWANG 10-Jan-63		KEPALA PABRIK	PT. GEMILANG JAYA MAKMUR PRATAMA		0812 823 6365
13	Prayitno		CILACAP 14-Mei-82		GANIS PH-PL	PT. INKA MUTIARA MAS		0813 232 28336
14	Rusyanto		SEMARANG 04-Mei-71	ichan.ichan@ymail.com	KABAG PRODUKSI	CV. CIPTA PERDANA MEBELINDO	0231 8330328	0821 159 88848
15	Sapto Rini Siti Fatimah		JAKARTA 08-Jun-74		ASST. MANAGER PRODUKSI	PT. WHITE ROSE PAPAN INDAH		0813 961 48980/0878 792 01760
16	Sarno	000 19	CILACAP 06-Nop-71	sarnolathino@gmail.com	KEPALA PRODUKSI	PT. ASIATEC FUJISAWA MFG. INDONESIA		0811 850 344
17	Fegie Afrian		LAMPUNG SELATAN 17-Apr-91	bluebelly_417@rocketmail.com	ADMINISTRASI	CV. SUMBER BUMI		0852 693 33349
18	Nuryani		LAMPUNG SELATAN 13-Feb-82		PENGAWAS LAPANGAN	CV. SUMBER AGUNG		0813 790 54561
19	Farina		PONTIANAK 24-Nop-67	gemilang@cbn.net.id	MARKETING MANAGER	PT. GEMILANG JAYA MAKMUR PRATAMA		0816 181 5779

**REKAPITULASI BIODATA PESERTA DIKLAT**

NAMA DIKLAT : Pelatihan Pemahaman SVLK Pada Hutan Rakyat untuk Kelompok Industri Pengolahan Kayu
WILAYAH : Jawa Tengah dan D.I. Yogyakarta
TH. ANGGARAN : 2011
SUMBER DANA : ITTO dan Kemenhut
TGL. PELAKSANAAN : 28 November - 2 Desember 2011

No.	N a m a	Tempat/Tgl. Lahir	J a b a t a n	Asal Instansi/Unit Kerja	Email	No. Tlp Ktr	No. Tlp Rmh	No. H P
1	Are Sampono Sati, S.E.	Pekalongan 28-Nop-79	Kepala Bagian Gudang	PT. Bogowonto Primalaras, Semarang	gudang@bogowonto.com	024 - 866 4455	0286 - 424 958	0812 299 6499
2	Arifin	Semarang 22-Feb-74	Dept. Head Lumberyard	PT. Harrison Gil Java, Semarang				0812 251 72520
3	Didik Sumaryadi	Kulonprogo 11-Agust-78	Staff Puchasing	PT. Perwita Karya, Sleman	logistic@perwita-karya.com	0274 - 699 2350		0274 - 304 0400
4	Eko Pamuji Budiraharjo	Banyuwangi 10-Jul-66	Manager Produksi	CV. Jati Mulyo, Bantul	ekopamujibudiraharjo@yahoo.co.id	0274 - 415 986		0813 920 73011
5	Ir. Emanuel H. Prasetyawan	Rembang 09-Agust-69	Division Head PPC	PT. Harrison Gil Java, Semarang	emanuel@harrison-gill.com			0811 270 6287
6	Fransiskus Naibaho	Medan 19-Feb-87	Staff Data Central	PT. Makmur Alam Sentosa, Salatiga	frans.ppic@gmail.com	0298 - 340 5534		0813 939 70397
7	Gunawan	Wonosobo 15-Sep-84	Staff	CV. Mekar Abadi, Wonosobo	c4h_sobo@yahoo.co.id	0286 - 611 038		0856 433 71117
8	Yulianti Amd. Kom	Semarang 09-Jul-74	TUK	PT. Hutan Agung Raya, Semarang	nabilaardisa@yahoo.co.id	024 - 658 1215	024 - 760 6279	0813 256 91666
9	Immanuel Andy Sulisty, S.H.	Jember 29-Mei-78	Leader Gudang Papan	Rapi Furniture, Yogyakarta	andy_agape@yahoo.com	0274 - 372 479	0274 - 740 4335	0856 426 04686
10	Irma Susiana	Wonosobo 18-Agust-72	Karyawan	UD. Kartika Sari, Banjarnegara		0286 - 592 017		0813 272 24172
11	Muhammad Rizza Aulia, S. Hut	Madiun 13-Des-81	Kepala Seksi	PT. Makmur Alam Sentosa, Salatiga	mas1_patemon@yahoo.com	0298 - 710 3058		0813 215 13825
12	Monika Martoyo	Semarang 23-Apr-82	General Manager	PT. Hutan Agung Raya, Semarang	martoyom@gmail.com	024 - 658 1270	024 - 760 3872	0813 262 37959
13	Rizka Yulia Sri Damayanti, S. Si	Banjarnegara 28-Jul-87	Staff Purchasing	PT. Falcata Jaya Makmur Industry, Banjarnegara	rizka_yulia28@yahoo.com	0286 - 595 144	0286 - 592 792	0856 478 71861
14	Setiyono	Cilacap 08-Mar-63	Staff	MIK Consult SVLK Service, Semarang	wira_pantika@yahoo.com	024 - 766 38161		0815 750 21549
15	Sugiyanto	Sragen 22-Des-61	Staff Rawmat	PT. Dharma Satya Nusantara, Temanggung	gieks61@yahoo.co.id	0293 - 490 1277	0293 - 490 1186	0813 288 26950
16	Suharno	Boyolali 10-Jan-66	Penerbit FAKO	UD. Abioso, Boyolali	suharno@abioso-boyolali.com	0276 - 334 6681		
17	Yana Maya Harini, S.E.	Rembang 14-Sep-77	Sekretaris Eksekutif	ASMINDO Jateng	yanaharini@yahoo.com	024 - 746 3974		0812 282 3744
18	Yuindarto	Gunung Kidul 20-Mei-75	Management Representative	CV. Kayu Manis, Bantul	myuindarto@yahoo.com	0274 - 747 1285	0274 - 786 0011	0821 337 57767
19	Erki Aryandhi, S.T.	Boyolali 15-Sep-77	Trainer	Center of Furniture and Development	erki_aryandhi@yahoo.com	024 - 845 4000		
20	Taufan Adjie, S.T.	Jakarta 23-Sep-73	Trainer	Center of Furniture and Development	taufan.adjie@yahoo.com	024 - 845 4000		

ATTACHMENT 2:

ORGANIZER

EXECUTING AGENCY

SEKRETARIAT DIREKTORAT JENDERAL BINA USAHA KEHUTANAN



Ir. LASMINI



DITHA ASTRIANI D.K.



MUHARAM ANGGA PRATAMA

SEKRETARIAT :

ITTO Project TFL-PD 010/09 Rev. 1 (M)

Sekretariat

Gedung Manggala Wanabhakti, Blok IV, 7 Floor, Room 715

Itto_tflpd010@yahoo.com

www.projectittotflpd010.wordpress.com



PROCEDURE AND PROTOCOL OF WOOD LEGALITY VERIFICATION (VLK) AT LICENCE HOLDER

**Directorate General of Forest Utilization
Development**

Semarang, November-December 2011

Success Indicators

- Participants be able understanding and knowing on procedures and protocols in working with wood legality verification in licence holder

SVLK Scheme

Ministry of Forestry (regulator)

KAN

INDEPENDENT
MONITORING

Accrediting
certification

Accreditation

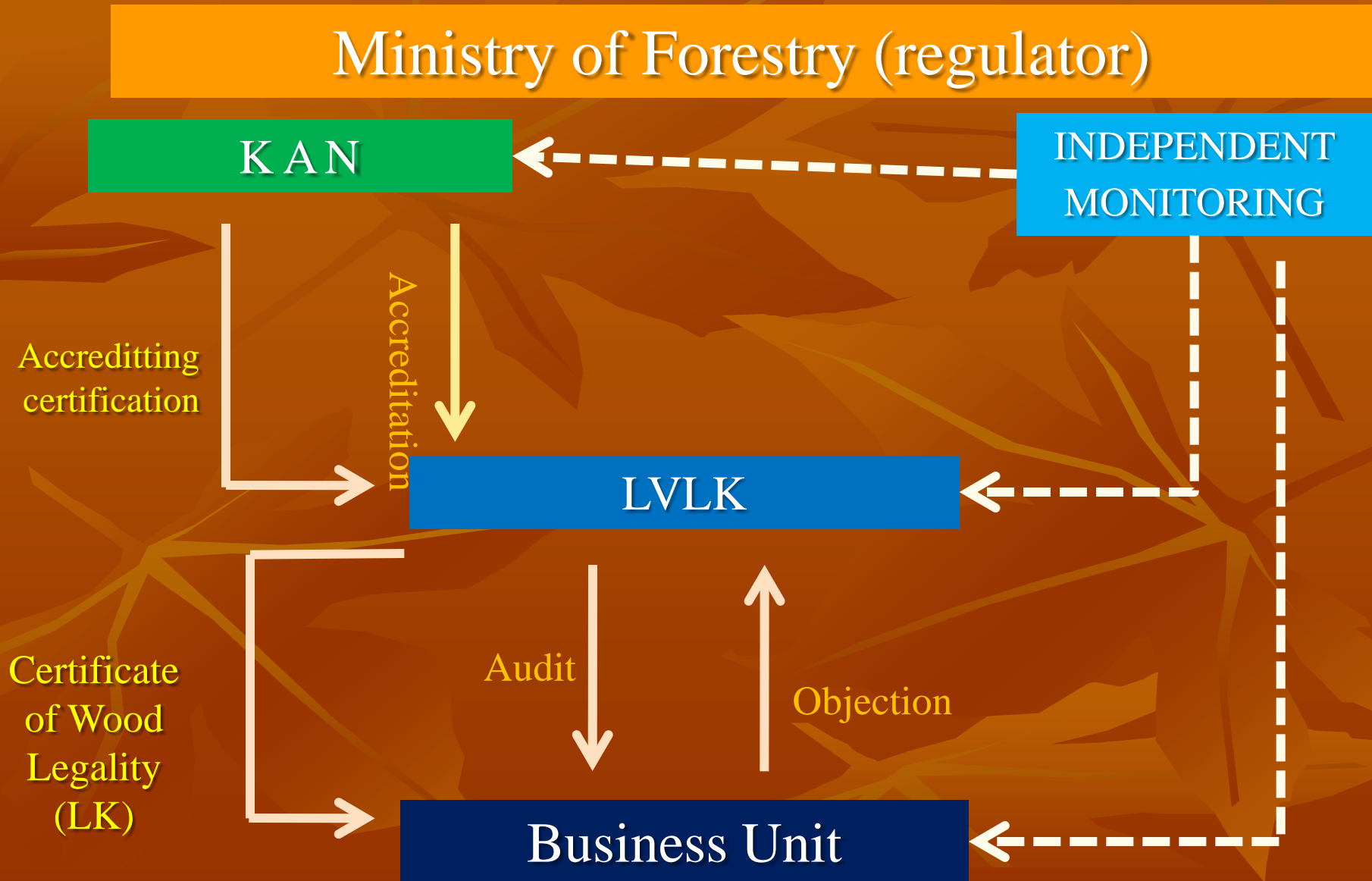
LVLK

Certificate
of Wood
Legality
(LK)

Audit

Objection

Business Unit



LVLK

No.	Name	Accreditation No.
1.	BRIK	LVLK-001-IDN
2.	PT. Sucofindo	LVLK-002-IDN
3.	PT. Mutuagung Lestari	LVLK-003-IDN
4.	PT. Mutu Hijau Indonesia	LVLK-004-IDN
5.	PT. TUV International Indonesia	LVLK-005-IDN
6.	PT. Equality Indonesia	LVLK-006-IDN
7.	PT. Sarbi Moerhani Lestari	LVLK-007-IDN
8.	PT. SGS Indonesia	LVLK-008-IDN

In the process of Accreditation:

1. PT. Almasentra Konsulindo
2. PT. Smartwood Rainforest Alliance

Verification Application Process

1. Application submitted to LVLK
2. LVLK review the applicant to guarantee that:
 - Requirements of verification be able understood clearly and well documented
 - There is no difference of understanding between LVLK and licence holder
 - LVLK be able to conduct VLK as requested, and reach Licence's holder operating location.
3. Working contractual agreement finalized.

Verification Plan

- Appointment of auditor team that comprise of Lead Auditor and Auditor.
- Working on public consultation, in terms of written request from related audited object, should be accompanied by justification the reason why public consultation need to take place.
- Schedule and time arrangement of verification activity need to take place.
- Working document of auditor.
- Written announcement about the plan of LK verification activity.
- Information for auditee about required documents to be fulfilled in the process of verification and ask auditee to appoint representative of management

Verification activity

1. Opening, welcome meeting
2. Document verification and field observation
3. Closing meeting

Verification of Wood Legality

- Auditor meeting with the auditee
- Explanation of goals, scope, schedule, methodology, and procedures.
- Data should be available, complete and transparent
- Written records+ List of participants

Welcome,
opening meeting

Document verification & Field Observation

- Observation, documentation, due diligence and tracing to examine that the data being presented is appropriate and right
- VLK standard

- Auditor team explain result of verification and confirmation
- If the document available and not yet been showed, the auditee to be given 10 days tolerance from the date of closing meeting
- Documentation (note taking)+ List of participants

Closing Meeting

Decision Making

- Decision Maker will hold this mechanism
- The rest norm of evaluation for every verifier should be “fulfilled, meeting requirements”
- Auditee would be given opportunity to improve verifier being “insufficient to meet minimum criteria” with limit process of improving minimum 10 days calendar at latest

CERTIFICATE ISSUANCE

- The certificate of Wood Legality at minimum contain of the name of licence holder and location, licence number, name of LVLK with logo provided, KAN logo, date of issue, length of valid period, and certification identification number, and Legality Wood standard reference
- Every issuance, change, cancellation and withdrawal of S-LK (accompanied by resume of verification result) to be published in mass media and website of Ministry of Forestry

Re-Certification

- This would be carried out prior to the expiration date of S-LK
- Application should be submitted in written application to LVLK, 6 months prior to the expiration date of S-LK
- Verification would be conducted 2 months prior to the expiration date of S-LK

SURVEILLANCE

- Would be conducted at least once a year since the closing meeting
- If result of surveillance recommending to deactivate S-LK certification, hence the discourse of S-LK de-activation to be carried out through a decision making mechanism

Special Audit

- To investigate objections related to:
 - Information that the object of audit has not been able to meet requirements as mandated in VLK standard
 - There is no a significant change/as a follow up to freeze S-LK certification
- LVLK confirm that the audit service should take place at latest 7 days calender time before the special audit be taken place

Independent Monitoring

- NGOs those are concern with forest, if they are legalized in Indonesia/ community living nearby the licence holder operating location/ Indonesia citizen and have concern in forestry sector
- No direct linkage or even indirect one with LVLK/licence holder.

Objection procedure

- Submission should be written by applying to LVLK completed with supporting data
- Should refer to verification stage or the result of standard in meeting document requirements
- Supported by data/new information which have not yet been used in the process of verification
- According to time arrangement to apply objection (10 days calendar time from licence holder and 20 days calendar from PI)

Objection Resolution

- Ad Hoc team would review documents, consultation with related parties and working on field verification to check elements being objected/complained.
- Ineligible to become Ad Hoc team member: auditor, PK, objection applicant and licence holder.
- Finalization by LVLK at least 10 days calendar time and be submitted in written explanation to the party that apply objection.

Auditor Requirements

- Diploma 3 Forestry/Industrial Technique/
Machine technique (experience at least 5
years) or S-1 with minimum experience of 3
years
- Hold VLK auditor training certificate
- Auditor is a candidate auditor who at least
having experience in internship 2 times
- Lead Auditor is an auditor with experience in
working with VLK 6 times



Thank you



SYSTEM INTRODUCTION AND WOOD LEGALITY VERIFICATION (VLK) STANDARD IN PROCESSING INDUSTRY AND THE USER PRIVATELY OWNED COMMUNITY FOREST

By:

Teguh Widodo

Directorate General Forest Utilization Development

Surabaya,

27-28 February 2012



What SVLK is?

- A guarantee system for the licence holder's obedience in meeting obligation in activity of cutting/harvesting, courier, processing and marketing of wood forest products, as a foundation of successful sustainable forest management (Indonesia TLAS)
- Based on certification approach.

Why Certification?

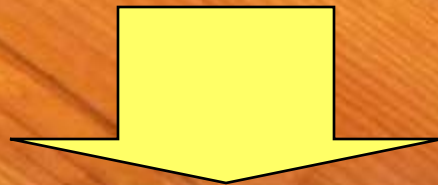
- Certification has been considered as a tool to regulate transaction in trade system in the world.
- A growing concern among international community about the importance of saving forest resources, by applying a system of sustainable forest management
- Market demand, donor institution or investor over forest certification or forest products.

CERTIFICATION Vs STANDARD

Certification is a process of verifying system that demonstrates a product/process has met the criteria of requirements according to the acknowledged product standard/the said process.

CERTIFICATION ELEMENTS

1. **STANDARD**, A number of requirements that need to be accomplished
2. **VERIFICATION PROSES** Standard meeting
3. **ACCREDITATION**, the process that guarantees an agency working on certification with capability and reliable and applying trusted procedures and process



RECOGNITION LABEL
Over the Products/PROCESS

Certification in Forestry Sector

Majority Requested by International Market

1. Wood product quality
2. Sustainable Forest Management
3. Timber Legality

Voluntary	Mandatory
Voluntary	Mandatory, based on government's regulation
A market instrument/trading requirement	Aimed at development
Criteria and Indicators are based on a joint stakeholders agreement (NGOs, academicians, producers, buyer)	Criteria and Indicators are set by government
Certification Body is accredited by the system developer (LEI, FSC)	Certification Body is accredited by KAN
Market sanction to be applied by those are putting certification requirements as a must	Sanction to be applied based on government's regulations and acts.
Costs to be applied by the licence holder	First stage the cost would be shouldered by government and to be continued by the licence holder

Verification
of Timber
Legality



Have the process of
timber production
from the forest
Met the criteria and indicators
being
developed and acknowledged?

LVLK/Timber
Legality
Verification
body



Every business practitioner
(UIP/PHK/UI/TDI) when running the operation
has to comply with the existing regulation as
mandated in Forestry, Industrial sector,
trading, environmental, manpower etc.

Criteria and
Indicators of VLK

Reference of
attempt → The
existing Technical
Regulation



Timber Legality Verification Body (VLK)

1.	PT. BRIK	LVLK-001-IDN
2.	PT. Sucofindo	LVLK-002-IDN
3.	PT. Mutuagung Lestari	LVLK-003-IDN

In the process of accreditation:

1. PT. Almasentra Konsulindo
2. PT. Smartwood Rainforest Alliance

The background of the image is a close-up, high-angle view of a wooden structure, likely a roof or floor, composed of numerous wooden planks. The planks are arranged in a grid-like pattern, with some showing a prominent grain and others showing a more uniform texture. The color of the wood is a warm, golden-brown. In the lower portion of the image, there are several logs stacked horizontally, showing their natural bark and circular ends. The text is centered over the upper two-thirds of the image.

Timber Legality Verification Standard

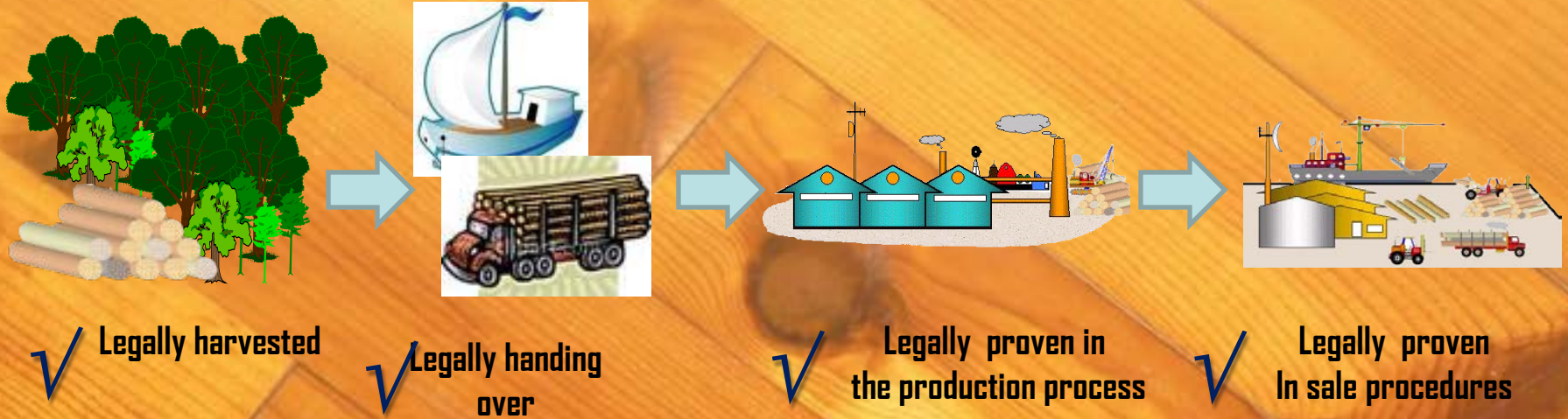
Legality Definition

- Arranged based on Indonesia regulations covering Forestry sector, trading, environmental, agriculture and international treaties, that they are agreed upon and signed hereunder Indonesia.

Legality Definition

- Timber is called when it is verifiable the origin of wood, cutting licence, system and procedures of cutting, administration and carrying documentation (delivery), processing and trading or handing over be able proven meeting all requirements according with the existing regulations as supported by State (Legal Entity)

LEGALITY DEFINITION



LEGAL Wood is:

1. Wood legally harvested
2. Wood delivered legally
3. Wood produced from a legal process
4. Wood sale is through a legal marketing procedures

} Legal Business

Structure and Standard of VLK

- Principles: basic/foundation of law or regulation as a justification of thoughts and action
- Criteria: standard as a foundation to do verification.
- Indicator : a quantitative attribution and/or qualitative and/or descriptive in a verification standard.
- Verifier : a set of tool which has function to determine indicator status in a verification standard.

VLK Standard in Right Forest (HUTAN HAK)

(Attachment 2.3 Perdirjen BUK No.P.8/VI-BPPHH/2011)

Principles	Criteria	Indicator	Verifier
P.1. Timber Ownership to be proven its legality (Verified)	K.1. Legality of ownership right in relation with area, timber and trade	1.1.1. Right Forest owner be able to demonstrate his/her legality of rights	a. Document of ownership/legal land title ownership (Land title/ doc. Recognized by the authority)
			b. Legality document of HGU (<i>Hak Guna Usaha</i>) holder should cover company profile notariat act, SIUP, TDP, NPWP, Environmental Impact Assessment, K3 document and relevant KKB/PP
			c. Map/Right Forest sketch area and borderlines in the field

VLK Standard in Right Forest

(Attachment 2.3 Perdirjen BUK No.P.8/VI-BPPHH/2011)

Principles	Criteria	Indicator	Verifier
		1.1.2. Community management unit be able to prove timber delivery documentation legally issued	a. SKAU document or SKSKB stamped "KR"/kayu rakyat b. Faktur/sale receipt
		1.1.3. Management unit shows the forest retribution receipt over forest products from standing stock which grow before handing over rights/authority	Receipt of payment of state's right written on a PSDH/DR payment and replacing the standing value

STANDAR VLK PADA IUIPHHK

(Attachment 2.5 Perdirjen BUK No.P.8/VI-BPPHH/2011)

Principle	Criteria	Indicator	Verifier
P.1. IPHHK supports legal timber trade practice	K.1. 1. Business Unit: (a) Processing industry and (b) Processing product exporter, holds legal licence	1.1.1. Processing industry holds legal licence	Akte Pendirian
			SIUP/IUT/TDI
			Izin HO
			TDP
			NPWP
			AMDAL/SPPL/DPLH/SIL/DELH
			IUI / IUT / TDI
		RPBBI	
		1.1.2. Processing timber product exporter is an exporter whose a legal licence, such as exporting producer licence	Holds a Registered Exporter of Forestry Industry Product <i>Eksportir Terdaftar Produk Industri Kehutanan (ETPIK)</i>



STANDAR VLK PADA IUIPHHK

(Attachment 2.5 Perdirjen BUK No.P.8/VI-BPPHH/2011)

Principle	Criteria	Indicator	Verifier
	K.1. 2. Business Unit in a form of craftsmen group/household industry	1.2.1. The act of group establishment (cooperative/ CV/ other business group)	Notariat act document of group establishment
			NPWP
		1.2.2. Exporting traders or non producer exporters with members from non-ETPIK craftsmen or non-ETPIK household industry	Registered Exporting Status of Forestry Industry Product (ETPIK) non producer
			Holds an agreement or cooperation contract with industries that have been already verified with Timber Legality System (S-LK)



VLK Standard in IUIPHHK

(Attachment 2.5 Perdirjen BUK No.P.8/VI-BPPHH/2011)

Principle	Criteria	Indicator	Verifier
<p>P.2. Business unit has and apply the system of wood tracing that guarantees wood traceability from the origin (standing stock)</p>	<p>K.2.1. The existing and application of raw material tracing system and products of processing</p>	<p>2.1.1. IPHH and industry of other wood processing Be able to demonstrate that the raw materials being received come from legal sources</p>	<p>Purchasing and Sales documents/supply contract of raw material/Purchasing receipt should be completed with forest products legality</p>
			<p>Handing over report of timber</p>
			<p>Imported timber should be completed with PIB with notice of timber origin.</p>
			<p>SKSKB/FAKB/SKAU/FAKO/ Nota</p>
			<p>Delivery doc. Is reviewed from SKAU/ Nota for the timber remained from auction, burried wood from the soil ground, digged woods.</p>
			<p>Delivery doc. Written on FAKO/ Nota for timber waste from industry</p>

VLK Standard in IUIPHHK

(Attachment 2.5 Perdirjen BUK No.P.8/VI-BPPHH/2011)

Principles	Criteria	Indicator	Verifier
		2.1.2. Business unit applies a timber tracing system	Tally sheet usage of raw materials and products
			Report of processing products.
			Production not exceed than allowable capacity of production.
		2.1.3. Processing product through service or cooperation with the third party/other parties (other industry or craftsmen/home industry)	Document of cooperation contract or service contract of product processing with other parties
			Licence document/Legality of service company/processing cooperation if having a partnership with other industries
			Segregation/joined separation of products/being serviced
Raw materials documentation, process and production and export if the export be carried out through service industry/cooperationed.			

VLK Standard in IUIPHHK

(Attachment 2.5 Perdirjen BUK No.P.8/VI-BPPHH/2011)

Principle	Criteria	Indicator	Verifier
<p>P.3. Trade legal entity or handing over processed wood/timber proven legal</p>	<p>K.3.1. Delivery and trading cross island</p>	<p>3.1.1. Business actor who deliver the timber/wood cross island should hold an authorized PKAPT licence</p>	<p>PKAPT document</p>
		<p>PKAPT report document</p>	
		<p>3.1.2. Timber/wood delivery/processed timber should be shipped by Indonesia flag vessel and legally licenced.</p>	<p>Document shows ship identity</p>
		<p>Identity of ship conform with the notice as written on the SKSKB and/or FAKB and/or SKAU or FAKO/Nota.</p>	
		<p>3.1.3. PKAPT be able to demonstrate that the timber being handed over come from legally source.</p>	<p>SKSKB / FAKB / SKAU / FAKO/Nota</p>
		<p>Identity of log permanent (if seen a log appearance)</p>	

VLK Standard in IUIPHHK

(Attachment 2.5 Perdirjen BUK No.P.8/VI-BPPHH/2011)

Principle	Criteria	Indicator	Verifier
	K.3.2. Shipping of processed wood for export.	3.2.1 Shipping of processed wood for export should meet documentation conformity	PEB
			<i>Packing list</i>
			<i>Invoice</i>
			B/L
			V-Legal document
			Technical verification report (Surveyor report) for products that are mandated for technical verification
			Receipt of exit cost for export if charged the exit cost
			Other relevant documents (among CITES) for wood species being limited in trade.



VLK Standard at IUIPHHK

(Attachment 2.5 Perdirjen BUK No.P.8/VI-BPPHH/2011)

Prinsip	Kriteria	Indikator	Verifier
P.4. Meeting with workers regulation for processing industry	K.4.1. Meeting with provisions of work safety and health (K3)	4.1.1 Procedures and implementation of K3	Implementation of K3 procedures
			The existing of K3 tools such as APAR, protection tool (APD) and evacuating pathway
			Work accident documentation
	K.4.2. Meeting with rights of man power	4.2.1. Freedom of union for workers	There is a worker union/company policy allowing for creating or involved in workers union activities
		4.2.2. The existing KKB or Company regulation (PP)	The existing KKB documentation or PP
		4.2.3. No children work under the allowed age	No under age workers be allowed



Thank you



TLAS Policy in Forest Products Trade

Direktorate General of Forest Utilization
Development
Ministry of Forestry



Successful Indicator

Participants be able to understand the background why Government of Indonesia creates TLAS policy in the context of forest products trade.



Background

- **Economic and Trade:** Indonesia Forests produce income for millions of community who are depending on the forest resources; Timber exportation contributes to the state's income.
- **Political:** illegal logging issues, forest carbon, climate change as Indonesia focus and global agenda.
- **Environment:** Indonesia Forests own uniqueness and rich biodiversity potentiality, threatened by illegal logging and smuggling of illegal woods.



- **Governance/Tata Pemerintahan**

- Weakness of government's capacity to prepare a proper policy package with the just and fair law enforcement.
- Lacking of public consultation that may cause intransparency of regulation arrangement.
- Lacking of financial support for political-related activities.
- Lacking of financial support for the just law enforcement.
- Corrupted justice institution
- Authority's competency is unclear and on the average standard.
- Lacking of appreciation to community's rights

SOMEWHERE IN THE WILD FRONTIER...

©1989 SEATTLE
POST-INTELLIGENCER
NORTH AMERICA SYNDICATE
HORNEY



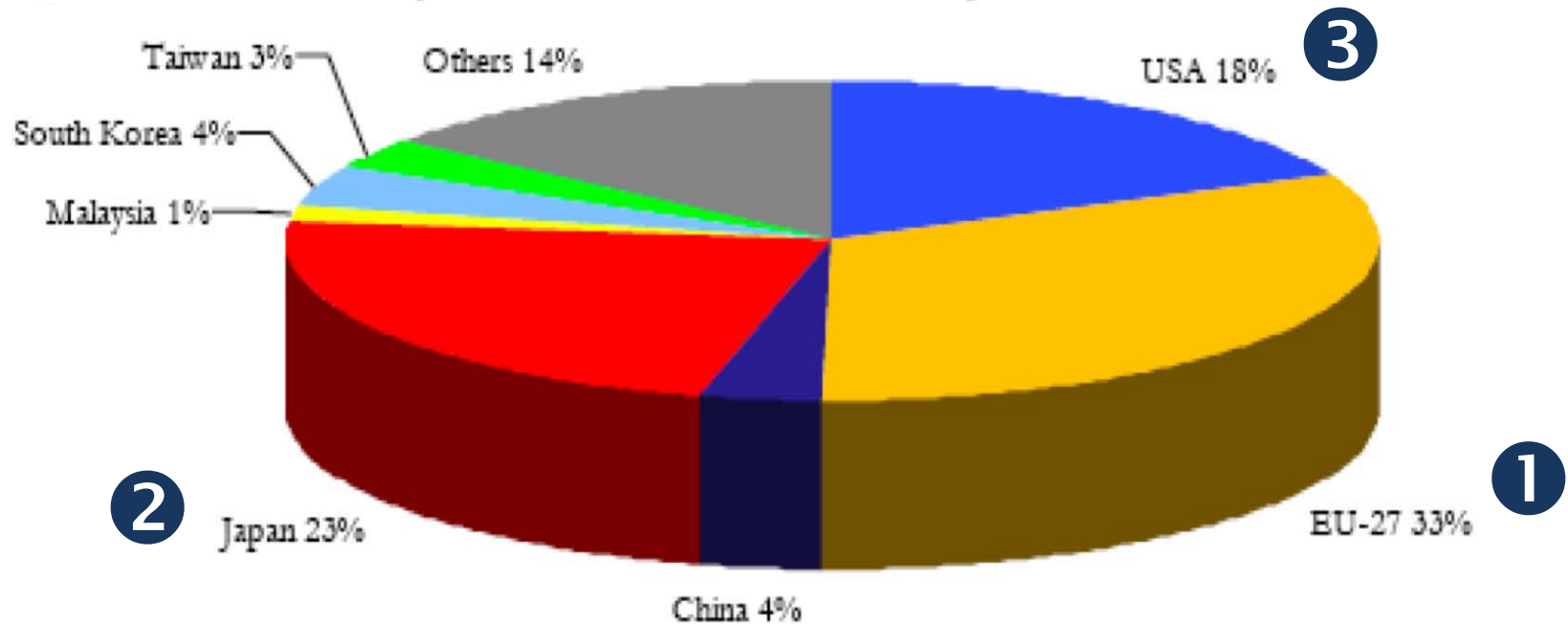
“ILLEGAL LOGGING” Impact

- Damage of ecological function, water catchment areas, protected areas and national park.
- Biodiversity loss
- Government's income loss
- Ignorance of the supreme of law
- Worsening forestry governance
- Increasing poverty and social conflict
- Damage of international community trust over Indonesia and the other impacts followed.



Indonesia Wood Product Export

Indonesia's Export of Forest Products, 2007, by Value



Source: US ITC Trade data, Eurostat, Trade Statistics of Japan, Korea Customs Service, Taiwan Directorate General of Customs, Chinese customs data and UN Comtrade, as compiled by James Hewitt



Market of World Timber Product

As part of consumer country's responsibility, the destination country for marketing timber product will have related-regulation:

- Goho Wood/Green Konjuho 2006 (Japan)
- Amendemen of Lacey Act 2008 (AS)
- EU Timber Regulation 2010 (UE)
- New Zealand, Australia, dll (Illegal Logging Prohibition Bill)



Japan's Guideline for Verification of Legality and Sustainability of Wood and Wood Products

(i) Legality

Wood should be legally harvested according to provision of law and regulation and applicable in the wood producer countries.

(ii) Sustainability

Wood should be harvested from the forest managed by applying sustainability principle.

(iii) Verification methodology (sample)

Verification under the formal association of Industries



USA

- Lacey Act (22 Mei 2008) :
 - Prohibition of trading plants and products derived from plants originated from illegal sources.
 - Requirements to exporters to provide statement document/information declaration that to be attached on every plant's delivery or products derived from plants.
 - Statement document/declaration should mention:
 - Scientific name from every species being used,
 - Country origin/place of harvesting,
 - Quantity/number and size, and
 - value.



EU-FLEGT VPA

- A joint bilateral work to regulate the timber trade to the European Union.
- Timber Legality Assurance System (TLAS) :
 - ✓ Identification and giving licence of legal wood and to ascertain ONLY legal wood be able exported to the European Union.
 - ✓ Should cover evaluation from the harvesting area until export point, including the processing in industry.



What VPA is ?

- **Voluntary Partnership Agreement**

A voluntary partnership agreement between timber producers and European Union in handling illegal logging problems and trade of illegal forest products.

- **Aims of VPA**

- To prevent illegal woods entering to the European Union market.
- Sharing roles and responsibility between exporting country (Indonesia) with importing country (EU).

- **Principles of VPA**

- Non discriminative
- Follow the law and regulation in Indonesia
- Reciprocal obligation
- Zero laundering



Why Indonesia does VPA agreement with EU?

INDONESIA wants to get value added and recognition that TLAS is a feasible system to be entrusted for demonstration of wood product legality.

INDONESIA works jointly with EU to:

- Prevent illegal wood trade
- Sustain world forests resources
- Implement regulations and acts
- Strengthen forest governance practice.



VPA Benefits for Indonesia?

1. Securing national income.
2. Recognition over system credibility (TLAS) that has been developed by Indonesia (±7 years)
3. Increasing the competitive advantage of wood/wood products from Indonesia in international market
4. Gaining international supports in curbing illegal logging problems and timber trade /illegal wood products
5. Green lane pathway



Why need TLAS (Indo-TLAS)?

- Promoting legal wood through applying legality standard at consumer, supplier and producer country.
- Law enforcement and forest governance
- Stimulating the private sector to also apply legal wood procurement policy
- A trend in international wood trade which needs a legality proving.
- Commitment to alleviate illegal logging and trade through Sustainable Forest Management and people's welfare.



Relation between TLAS and VPA

- With the foundation of spirit and a similar joint commitment of Bali FLEG Declaration, September 2001
- TLAS is an Indonesia policy property, which also promotes credibility of Indonesia on guaranteeing legal wood product in international market
- VPA as an instrument of EU trade, where Indonesia receives incentive from TLAS recognition.



Relation between TLAS and VPA

- October 2010, EU adopted Timber Regulation to refrain illegal wood circulation in European market, which will be taking effect from 3 March 2013.
- Woods entering the EU market which are originated from allegedly having illegal logging practice countries would be examined with *due diligence* (DD).
- *DD* and *Timber Regulation* will not be valid anymore when a timber producer and exporting country (Indonesia) signs VPA with European Union



Benefits of Signing VPA

1. The market is opened wider and stay away from the issue of illegal logging.
2. For the European market, Indonesia wood with V-Legal certification will go through a “*green-lane*” that will not make difficult to get legality recognition.

A photograph of a dense, lush green forest covering a hillside. The trees are thick and vibrant, with some taller trees visible in the distance. The sky is a clear, pale blue. The text 'Thank you' is centered in the middle of the image in a white, sans-serif font with a slight shadow effect.

Thank you

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Phone / Fax : +62 21 574 70 56

Email : itto_tflpd010@yahoo.com