

Independent Forest Monitoring Network

The Monitor

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JPIK Launched
Book on Four Year
Monitoring

08-09

Tracking Palm Oil
in Riau and
Central Kalimantan

**7 Years Monitoring
Timber Processing
Industries in East Java**



JPIK's Media Campaign Message, Deden Pramudiana

The Independent Forest Monitoring Network (JPIK) is back with the third edition of “The Monitor”. This is the ninth edition of JPIK’s newsletter as an information media that informs public of progress on forest management in Indonesia, as well as JPIK’s activities.


On January 2018 JPIK was invited by the Ministry of Environment and Forestry (MoEF) to share its experience in implementing Timber Legality Assurance System (SVLK) during an event for Verification Body for Timber Legality (LVLK) capacity building. On late February 2018 JPIK launched a report titled “SVLK: A Process toward Accountable Governance” containing results of JPIK’s assessments and monitoring during 2014 to 2017. This report is a follow-up to “SVLK in the Eyes of the Monitor” published in 2014.

In addition, JPIK East Java launched a report on seven years monitoring SVLK in East Java. This newsletter also discusses how the Presidential regulation revision on Indonesia Sustainable Palm Oil (ISPO) has taken a step backward. Recently JPIK and Kaoem Telapak identified and traced palm oil from upstream to downstream in Riau and Central Kalimantan Provinces.

In this opportunity we would like to thank all Newsletter contributors. We would also like to thank JPIK’s Focal Points and members, as well as the writers who have contributed to the report “SVLK: A Process toward Accountable Governance” writing and publication.



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JPIK Launched Book on Four Year Monitoring



On 28 February 2018, JPIK published its report titled “SVLK: A Process toward Accountable Governance”. This report contains results of JPIK’s assessments and monitoring during 2014 to 2017. This report is a follow-up to the report “SVLK in the Eyes of the Monitor” published in 2014.

The book launch was held together with a public discussion on “Deforestation and Sustainable Forest Management” with FWI who at the same time launched their report on deforestation. In attendance for the launch were representatives from the Directorate General of Sustainable Production Forest Management (PHPL) and Directorate General of Forestry Planning and Environmental Management from the Ministry of Environment and Forestry (MoEF) as resource persons.

This event, which was attended by representatives of government, Certification Bodies, universities, CSO and media, also included a press conference. In this opportunity, JPIK presented assessment/analysis results and field findings from field monitoring from the

reference for stakeholders to improve forest governance in Indonesia.

JPIK expressed its gratitude for all its members and Focal Points for contributing to the monitoring activities, JPIK National Secretariat,



past four years. Overall, the report aims to inform developments on SVLK and is expected to become a

JPIK Board of Trustees, and writers who have contributed to the report as well as others who have supported the compilation and dissemination of the report.

7 Years Monitoring Timber Processing Industries in East Java

By: Muhammad Ichwan



East Java Province has a strategic role in timber processing and distribution in Indonesia with its two timber loading ports for global export destinations. One port is located in Gresik and another in Tanjung Perak in Surabaya. In addition, East Java has timber companies by the thousands.

The Government of Indonesia through MoEF is clearly committed to combat illegal logging and illegal timber trade since the Timber Legality Assurance System (SVLK) was first issued. SVLK applies to the entire forestry industry chain from upstream to downstream and came into effect in 2009. However, there is always a loophole for certain persons to take advantage of these situations and conditions.

From their monitoring work in

2011-2017, East Java Independent Forest Monitoring Network (JPIK) observed frequent SVLK violations with repeat motives. These violations are classified into violations of raw material legality, business licenses, fulfillment of Occupational Health and Safety (OHS) standards, and environmental violations.

Violations against raw material legality include the following:

1. Nominee arrangement in V-Legal document used for export by PT DPS in 2013.
2. Export Declarations falsification and timber size/measurements that do not conform to sizes for Indian Rosewood (*Dalbergia latifolia*) export to China in 2014.
3. Illegal processed timber laun-

dering using Invoice of Processed Timber Transportation (FAKO) documents by Labora Sitorus' company in 2013.

4. Timber Legality Certificate (S-LK) falsification in Jombang in 2014 because there is lack of raw material validation from the receiving company.
5. Lack of barcode and V-legal logo use on logs shipped from Gresik Port.

Violations against business license include the following:

1. Many companies not reported their Raw Material Supply Plan for Industry (RPBBI) but have obtained S-LKs.
2. Some companies do not have environmental permits (Statement of Environmental Management/SPPL, Environment Management Effort/UKL, Environment Monitoring Effort/UPL, or Environmental Impact Analysis/AMDAL) from relevant agencies but have already obtained their S-LKs.

Violations against OHS standards include the following:

1. There is low compliance with OHS regulations, especially in small-medium scale industries.
2. Fulfillment of OHS standards is carried out only during auditor visits to assess S-LK certificate. Once auditors leave the indus-

try's premises, workers are reluctant to implement OHS regulations.

Environmental violations include the following:

1. Industries with poor environmental management performances and fail to implement company's environmental management programs as required can still get away and obtain S-LK certificates.
2. Cases of polluted rivers and wells caused by waste from processed timber in Jombang in 2012 and polluted air from wood dust in Jombang in 2015 are just some of JPIK East Java's findings.

These ongoing violations are caused by poor oversight and enforcement of the violations that occur, especially oversight by local government and related agencies. Raw material supply chain, business license and environmental license documents for timber processing are still difficult to trace. This is due to the few independent monitors who can access data and information, especially data and information under local government authority.

The way that Certification Bodies handle complaints is still unsatisfactory, especially those regarding environmental pollution. Certification bodies tend to use data from license holders without conducting their own independent lab testing on evidence of pollution from the ground.

Based on justification and experiences gathered from its monitor-



ing work, JPIK East Java presents the following recommendations for improvement to the relevant stakeholders:

1. The government must be firm in taking action against timber processing companies that have been noncompliant in implementing SVLK.
2. Central and local governments must carry out firm monitoring, evaluation and law enforcement of noncompliant S-LK certificate holders.
3. Coordination between central and local governments must be improved to ensure effective SVLK implementation in East Java.
4. The government must ensure data and information transparency for independent monitors, so that SVLK credibility and accountability can be guaranteed.
5. The government must strengthen and ensure a space for civil society's role in independent monitoring, including monitors' access and safety.
6. Certification bodies must provide official data on assessment/audit results directly to local governments, so they can follow-up on these audits through monitoring and evaluation.
7. Certification bodies must carry out routine monitoring and evaluation, not only limited to their duties for surveillance audits. This aims to minimize deviation or misuse of S-LK certifications.
8. Certification bodies must handle complaints in a transparent manner by conducting thorough checks and gathering physical evidence by cross checking independent sources.

Capacity Building for Verification Bodies for Timber Legality (LVLK)



In order to strengthen elements in SVLK, the Directorate of Forest Product Processing and Marketing of MoEF held an LVLK capacity building event. The Indonesia National Accreditation Body (KAN) and JPIK were invited as resource persons.

Representatives from 25 LVLK bodies were invited in this event held on 9-12 January 2018. The topics presented include SVLK policies, SVLK implementation procedures, industrial Timber Legality Assurance (VLK) criteria and indicators, SVLK monitoring, ISO 17065:2012 implementation within SVLK, and RPBBI.

JPIK had the opportunity to present its SVLK implementation

monitoring work since 2010. In this presentation, JPIK shared its methods in monitoring, including monitoring target selection and data analysis. JPIK also shared its non-monitoring activities, including capacity building by holding monitoring trainings for its members and indigenous and forest communities, and JPIK's work to improve this system by sharing inputs to stakeholders.

In this event, JPIK presented the distribution of its monitoring sites of the past 3 years. Most of the monitoring work on natural and industrial plantation forest license holders is concentrated in Kalimantan and Sumatra islands, while monitoring of primary and secondary timber processing li-

cence holders were mostly done in Central and East Java.

In addition to monitoring, JPIK actively submits complaints based on its monitoring reports to LVKL or KAN. Tenurial conflicts, peat management and forest fires, as well as raw material sourcing legality are the most frequent findings reported by JPIK in their complaints.

In this opportunity, an important note from JPIK on improving the system is the work of law enforcement and license review by the government. On the other hand, future challenges for JPIK is to make indigenous and village communities around forests spearhead monitoring work.

A Step Backward in Revising Presidential Regulation on ISPO



JPIK, a member of the Civil Society Coordination Forum (FMKS) for strengthening ISPO, views that the Presidential Regulation for ISPO Certification System drafted on January 2018 is a step backward in strengthening ISPO.

During the initial ISPO strengthening process from June 2016 to September 2017, there was open dialog between the Coordinating Ministry of Economic Affairs and stakeholders, including civil society, through a series of public consultation meetings in Sumatra, Kalimantan, Sulawesi and Papua regions. However, when the latest draft was released early January 2018, the process became increasingly closed and difficult for civil society, including previously engaged stakeholders, to gain access to this information.

On 28 January 2018, the forum held a media briefing and invit-

ed print and electronic media to share critical points on the weakening of the Presidential Regulation draft on ISPO Certification System and how civil society was not accommodated in the drafting process.

The fact that recommendations from public consultation regarding human rights principles were taken out of the draft and that natural/primary forest protection principles was merged with peat and environmental management show the government's lack of seriousness in protecting forest and peat lands as well as enforcing human rights.

The January 2018 draft of this Presidential Regulation does not include clarifications on certification requirements for plasma and independent growers. This will lead to the government relinquishing its duties to push for

capacity building and certification processes, especially for independent growers.

From the point of view of the ISPO organization, independent monitors' reduced standing and role and becoming part of the certification commission will reduce the essence of monitoring that can support the credibility of the system itself. In the earlier Presidential Regulation draft, independent monitors hold a position outside of the ISPO commission and its roles and functions are explained in one of the articles.

There are still many issues in the palm oil sector that should urge the government to strengthen ISPO system. The poorly implemented multi-stakeholder process shows that the government is not prepared for an inclusive multi-stakeholder improvement process.

Tracking Palm Oil in Riau and Central Kalimantan



To better understand palm oil distribution from upstream (plantations) to downstream (mills), ground survey is required to trace and identify gaps in palm oil production capacity. JPIK and Kaoem Telapak selected Riau and Central Kalimantan Provinces as target sites for palm oil tracing work.

Palm oil tracing is a configuration of the components, interrelations and procedures required to prove whether palm oil and its derivative products come from sustainable oil palm management. In this palm oil trace work, field teams in Riau and Central Kalimantan traced the movement of oil palm starting from independent, plasma and nucleus plantations to the palm

oil mills. The objective is to understand the information on fresh fruit bunches (FFB) transportation from plantations to mills.

The palm oil transportation from palm oil traders must be traced further. In addition to understanding whether FFBS come from legal plantations, palm oil processing into crude palm oil (CPO) and its



derivative products must be evaluated to ensure that CPO and its derivative products come from legal sources.

In its field study, the Riau team found price differences among FFBs from independent and plasma plantations. Price difference is affected by middlemen who purchase FFBs from independent smallholders. Meanwhile, plasma smallholders directly sell to mills through local Village Cooperatives and can obtain appropriate prices.

In addition, FFBs that come into mills are sorted. Unsuitable FFBs will be deducted from the total

FFB weight. This can reduce the prices that smallholders receive.

Similar situations were observed in Central Kalimantan. Multiple middlemen cause significant differences in the price that independent smallholders make. Smallholders hope that cooperatives can help them to sell and obtain the right price.

From the two companies traced, one has not provided plasma plantations for communities with the excuse of difficulties obtaining site for plasma smallholders. With the second company, the existing plasma creates pricing problems that

is burdensome to smallholders, resulting in minimum smallholder participation.

It is not easy to trace the transportation of palm oil. In addition to analyzing whether the FFBs come from legal sources, difficult access and distance to mills must be considered when collecting comprehensive information.



JPIK regularly publishes Newsletter once every 3 months, this newsletter as one of the media to share information about JPIK and partners, and other related parties about the current condition of forest management in Indonesia. JPIK invites you to participate as a contributor, you can send your writing to the address and contact below:

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