

# Summary of Indonesia-European Union Action Plan on the Advancement of VPA Implementation July 2015

## Background

In 2007, Indonesia embarked with the European Union (EU) on the negotiation of a Voluntary Partnership Agreement (VPA) under the Forest Law Enforcement, Governance and Trade (FLEGT). Central to the VPA is a Timber Legality Assurance System (TLAS), known in Indonesia as Sistem Verifikasi Legalitas Kayu (SVLK) which is laid down in Forestry Minister's Regulation P.38/Menhut-II/2009 and its latest revisions, P.43/Menhut-II/2014, P.95/Menhut-II/2014, P.14/VI-BPPHH/2014 and P.1/VI-BPPHH/2015.

The parties concluded negotiations in 2011 and signed the Agreement on 30 September 2013. It entered into force on 1 May 2014. The Agreement stipulates that once the FLEGT licensing scheme has gone live, any timber products covered by the Agreement arriving in the EU need to be accompanied by a valid FLEGT licence demonstrating the legality of the timber.

Before FLEGT licensing can commence, the VPA requires that a joint independent assessment of the TLAS is carried out. The first stage of this assessment was concluded on 24 September 2013, and the second stage of the assessment took place from 23 September to 31 October 2014. The assessment was conducted jointly by experts from Indonesia and the EU as agreed by the Joint Implementation Committee overseeing the implementation of the Agreement. The main objective of the assessment was to inform both Parties on technical preparedness and performance of the TLAS, both system and implementation wise, to ensure the issuance of credible FLEGT licenses. For a summary of the experts' report, see the Public Summary Stage II Joint Assessment.

Since its first regulation in 2009, Indonesia has gained experience in implementing the SVLK and has revised it, through a multi-stakeholder process, several times to strengthen and adapt the SVLK to the evolving context of the forest sector. These changes were recently accommodated in the VPA through the revision of three of its annexes.

## Indonesia-EU Action Plan on the Advancement of VPA Implementation

The two stages of the joint TLAS assessment reported significant improvements of the SVLK since the VPA negotiations ended in 2011. By the end of 2014, the joint expert team concluded that the SVLK was a robust system and that only a few system issues like the handling of imports still needed to be developed.

The EU and Indonesia agreed to develop a joint action plan, called the Indonesia-EU Action Plan on the Advancement of VPA Implementation after the first joint assessment. Its purpose was to address the remaining issues raised by the expert team with the ultimate aim of starting FLEGT-licensing as soon as possible.

During the Indonesia-EU Joint Expert Meeting held in Solo on 17-18 November 2014, the parties drafted a second action plan with related timeframes of

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implementation. In this context, the Parties agreed to establish a Joint Working Group to monitor progress against this action plan.

In late March 2015, Indonesia and the EU agreed on the way to measure achievements in the joint action plan and to set-up a field team to assess implementation progress on the ground. In May 2015, the field team, including resource persons from Indonesia and the EU, visited SVLK certified industries, forests and local stakeholders in Central and East Java, Central Kalimantan, and West Papua. Globally, the field team recognized significant progress in the roll out of the SVLK nationwide but raised the need for better data and further efforts to get all the segments of private sector included under the SVLK.

Building on the field team findings and recommendations, Indonesia and the EU endorsed an updated version of the second joint action plan at the 3<sup>rd</sup> JIC meeting on 8 July in Jakarta. This latest version of the plan will be the main reference for the JIC decision regarding the start of FLEGT licensing.

Here is below a summary of the updated joint action plan (July 2015):

#### ***SVLK Roll-out nation-wide***

- Continue to raise awareness of SVLK requirements and procedures in all main forest provinces;
- Demonstrate that timber and timber products are declared correctly (SVLK certified or SDoC), only SVLK timber is entering into SVLK supply chains and data reconciliation takes place;
- Ensure that all temporary exemptions measures are fully in line with the VPA provisions, do not allow unverified timber to obtain V-legal documents/FLEGT licences and exclusively aim at facilitating and improving SMEs compliance with SVLK requirements;
- Instruct Conformity Assessment Bodies (CABs) to systematically inform their clients about any regulatory changes and their obligation to comply immediately after they are in force;
- Continue to compile and analyse data at national scale on SVLK certification, use of Supplier's Declaration of Conformity (SDoC) and Self Export Declaration (SED);
- Provide a comprehensive description of the main SVLK requirements and procedures on the LIU website.

#### ***Control of imported timber***

- Issue Ministry of Trade (MoT) revised regulation and Ministry of Environment and Forestry (MoEF) import regulation and assess their implementation.

#### ***Control of FLEGT licensing***

- Document that MoEF has successfully assessed all Licensing Authorities;
- Ensure that licensing procedures from all licensing authorities are published.

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### ***Information sharing between SVLK actors***

- Document enforcement actions related to non-compliances detected by CABs, identify producing companies not yet SVLK certified nor using SDoC, and take action to advance SVLK implementation in these companies;
- Develop specific procedures and systematically communicate with CABs and provincial forest services about audit outcomes and possible breaches of law by operators.

### ***Independent Monitoring***

- Agree and take actions to secure funding and safety conditions for independent monitors;
- Report an increasing number of monitoring activities on the ground;
- Document that the average response time by CABs and MOEF to filed complaints has decreased.

### ***Supply chain control***

- Include provisions for the declaration of the timber status (certified, SDoC or impounded) in the new timber administration regulation;
- Update CABs auditing procedures accordingly and use this information for reconciliation when issuing FLEGT licenses.

### ***Public disclosure***

- Ensure improved access to information for Independent Monitors.

### ***VPA monitoring***

- Recruit the Periodic Evaluator and assess its internal auditing procedures;
- Develop and assess the methodology for the VPA impact monitoring.

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