

1. Muhammad Anshor (Mr.)

Direktur Jenderal Amerika dan Eropa, Kementerian Luar Negeri RI / Director-General for American and European Affairs, Ministry of Foreign Affairs of the Republic of Indonesia

2. Ir. Musdhalifah Machmud, MT (Ms.)

Deputi Bidang Koordinasi Pangan dan Pertanian, Kementerian Perekonomian RI / Deputy Minister for Food and Agriculture, Coordinating Ministry of Economic Affairs of the Republic of Indonesia

3. Masni Eriza (Mr.)

Direktur Kerja Sama Intrakawasan dan Antarkawasan Amerika dan Eropa / Director for American and European Intraregional and Interregional Cooperation, Ministry of Foreign Affairs of the Republic of Indonesia

Thank you for the opportunity to share my lessons learned regarding certification and how these may impact the ISPO



I am Bart van Assen,

20+ years in Indonesia

Chair of the Indonesian Auditor Network, aiming to improve the competence of auditors

High Conservation Value Resource Network (HCV-RN) Quality Panel Member ,
Roundtable for Sustainable Palm Oil (RSPO) Trainer for RSPO Principles & Criteria for
Lead Auditor and RSPO Supply Chain Certification , The Borneo Initiative (TBI)
Certification Coach



SISTEM VERIFIKASI LEGALITAS KAYU: LESSONS LEARNED


- mandatory and voluntary standards are like water and oil
 - mixing requires chemistry
 - separate out due to “superiority”
 - possibilities for synergy
- **weakest link:**
 - auditors
 - certification bodies

Water & Oil
(8 x speed)

Indonesia has ample experience with attempts to create synergy between various standards, with a very simple conclusion: standards are like water and oil. Mixing standards requires ample effort, either by mechanical excitement or high-tech chemistry. Even then they tend to separate out due to false perceptions of superiority, i.e. one standard is “better” than the other. The futility of such wet dreams becomes clear once we see these standards “in action”. The very same auditor verifying the “superior” standard also verifies the “inferior” standard and both tend to get reduced to the lowest common denominator.


This brings us to the weakest link in certification: the auditor and CABs. Publications like *Who Watches the Watchmen* (EIA 2015; see also Lawson 2007, WWF & WB 2006) – and many informal discussions – point to a crucial issue concerning all standards using third party verification: the **competence of auditors**. Some stakeholders argue that auditors are hired by the company and therefore will falsify their findings in its favour. Auditors reject this conspiracy theory, but there is ample evidence that competence amongst auditors is declining, and they are currently the weakest link in certification/verification.

However, if we keep these characteristics in mind there is ample opportunity for synergy between various standards.



SISTEM VERIFIKASI LEGALITAS KAYU: LESSONS LEARNED

- SVLK is the gold standard for timber legality, in Indonesia as well as abroad
- SVLK comes as close to a multi-stakeholder initiative as is practically possible
- Building on existing requirements



The Timber Legality Verification System (SVLK; *Sistem Verifikasi Legalitas Kayu*) is a comprehensive response to international concerns over the trade of illegal timbers. Initially, these concerns resulted in a proliferation of timber legality schemes by consultants; including the *Legal Verified* mark by the Tropical Forest Foundation, *Timber Legality & Traceability Verification* by Société Générale de Surveillance, *Verification of Legal Origin* by Global Forestry Services, and *Verification of Legal Origin/Compliance* by the Rainforest Alliance.

During consecutive development stages, various stakeholders took lead in improving the theories and practices of SVLK: including The United Kingdom Department for International Development, the Indonesian Ministry of Forestry, The Nature Conservancy, and the Indonesian Ecolabelling Institute. And while imperfect, this may come as close to a multi-stakeholder initiative as is practically possible.

In layman's terms, SVLK can be described as version 5.0, where FSC's chain of custody barely passes version 2.0. SVLK is far more rigorous and tailored to suit the various producers. This indicates that mandatory standards can be seen as comprehensive standards covering the minimum requirements, while mandatory standards contribute as breeding ponds for testing the most recent best management practices. Such synergy negates any need for "superiority" of standards.

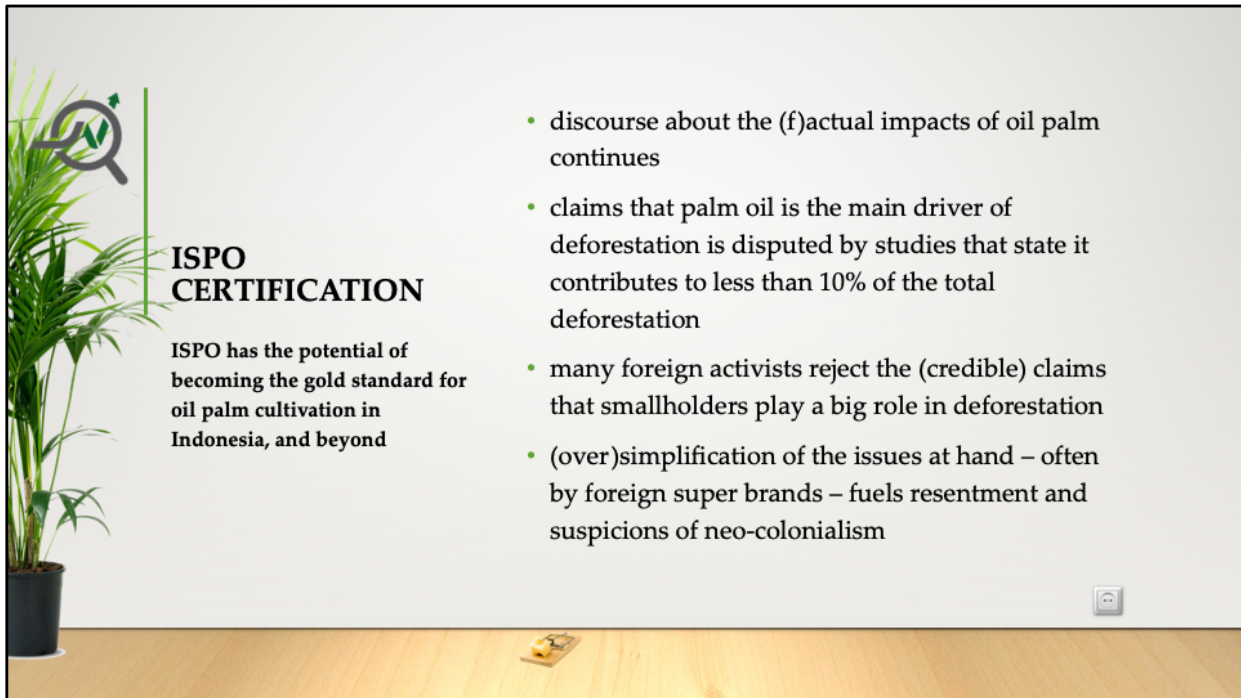
Links: <https://silk.dephut.go.id/index.php/info/svlk>



- Despite the complexity of timber legality and the emotive debate surrounding it, a common **understanding of timber (il)legality** and its issues was not considered a major task. Institutional knowledge of legality remained low, with little common terminology, few references to relevant publications or direct involvement of experts. For similar initiatives to succeed, they – at an early stage – must (a) define the scope of work, (b) cross-reference relevant requirements (in particular legislation) and (c) research related issues.
- A substantial hurdle to progress were the numerous **conflicts of interest** with parties involved, despite clear guidelines from various parties (see also Lawson 2007, Nussbaum & Simula 2005, WWF & WB 2006). While full separation between accreditation, standard-setting and verification is a basic to the credibility of SLVK few of the parties involved in SLVK were sufficiently aware of this.
- Stakeholder consultation is susceptible to “**Trojan Horses**”, consultants who pursue parallel agendas. Despite numerous attempts to address (a.o.) land tenure, free and prior informed consent, and state forest gazettal (Colchester 2004, ICSG 2006, SGS & URS 2004/2005a, WALHI 2006) these issues remained hotly contested. SLVK, possibly due to its mandatory nature, proved to be the wrong tool to address these issues. Equally, public legal reform (see ICSG 2006 and Lawson 2006) went far beyond the reach of SLVK.

- The above conflicts of interests and Trojan Horses may be mitigated through **increased transparency** and **detailed documentation** of all activities. Poor documentation during key stages of SLVK hampered a clear understanding of the justification for many of the changes in the final draft standard, and fueled speculation and gossip. A systematic review of expectations concerning the scope of work should regularly determine if and how an initiative can address them. Indonesia is very active on social media, a tool that may support these solutions.
- Identifying **stakeholder champions** significantly improved (local) support of SLVK. For example, the buy-in by government representatives significantly improved due to the activities by its Secretary General. (Government is a distinct stakeholder group that derives formal and informal funds from commercial forest management.) Local experts (often defined as called academics or eminent persons) play crucial roles in bridging deviating expectations/perceptions of the various stakeholders.
- Another key issue for credible standards is that they must be **accessible** to and **cost-effective** for all parties (Lawson 2007, WWF & WB 2006). Various other initiatives implement lighter requirements for community-based forest management, and thus create a perverse incentive by whitewashing timber through “community-based” setups. While initially following this “light” approach for community-based forest management, SLVK significantly strengthened this standard (and included an EIA and timber administration system). A key development is the centralized database now in use, which significantly reduced transaction costs – not in the least the informal transaction costs – in the timber trade.
- SLVK aims to improve accountability through **independent monitoring** by NGOs. It institutionalized this through the Independent Forestry Observers Network. However, a quick review of its reports suggest it cherry-picks individual cases where issues occurred without consideration for the context of the audits done so far. It remains debatable if this approach actually improves accountability.

Links: <http://jpik.or.id/> | <https://eia-international.org/report/who-watches-the-watchmen/>

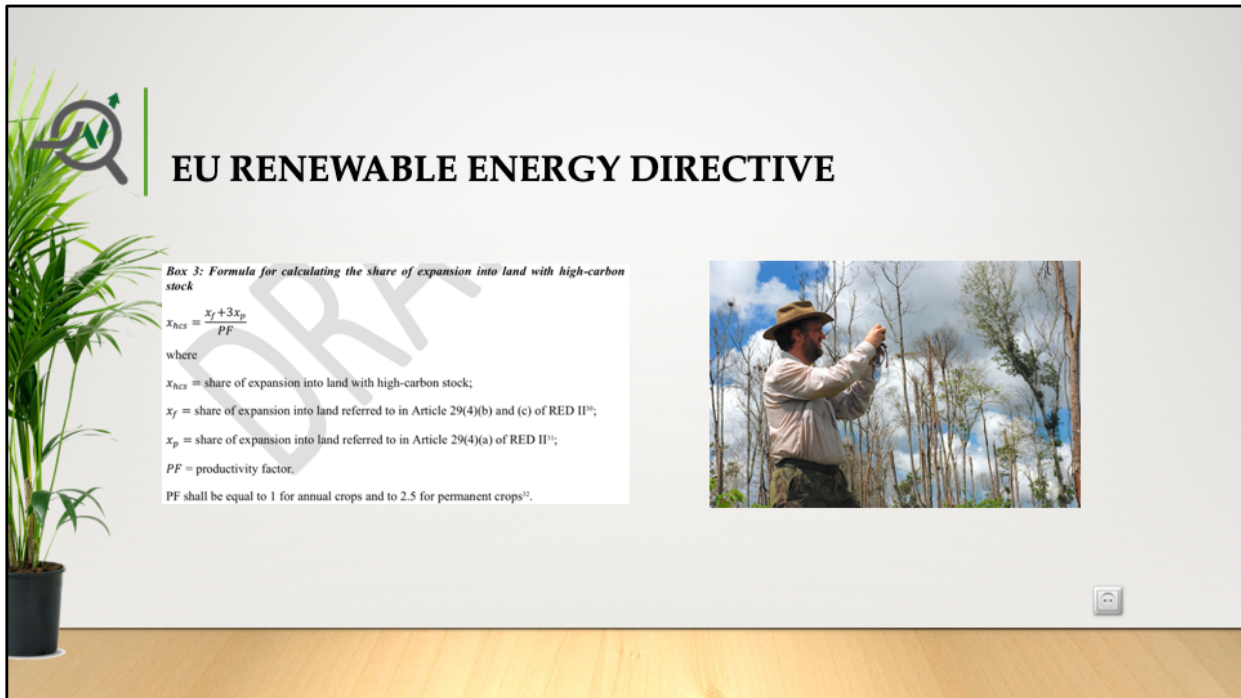


ISPO CERTIFICATION

ISPO has the potential of becoming the gold standard for oil palm cultivation in Indonesia, and beyond

- discourse about the (f)actual impacts of oil palm continues
- claims that palm oil is the main driver of deforestation is disputed by studies that state it contributes to less than 10% of the total deforestation
- many foreign activists reject the (credible) claims that smallholders play a big role in deforestation
- (over)simplification of the issues at hand – often by foreign super brands – fuels resentment and suspicions of neo-colonialism

Although ISPO is a local response to international criticism/concerns over negative aspects of palm oil production, the debate about the (f)actual impacts continues. For instance, claims that palm oil is the main driver of deforestation is disputed by studies that state it contributes to less than 10% of the total deforestation. Similarly, many foreign activists reject the (credible) claims that smallholders play a big role in deforestation. This (over)simplification of the issues at hand by foreign super brands fuels resentment and suspicions of neo-colonialism.



EU RENEWABLE ENERGY DIRECTIVE


Box 3: Formula for calculating the share of expansion into land with high-carbon stock

$$x_{hcs} = \frac{x_f + 3x_p}{PF}$$

where

- x_{hcs} = share of expansion into land with high-carbon stock;
- x_f = share of expansion into land referred to in Article 29(4)(b) and (c) of RED II¹⁰;
- x_p = share of expansion into land referred to in Article 29(4)(a) of RED II¹¹;
- PF = productivity factor.

PF shall be equal to 1 for annual crops and to 2.5 for permanent crops¹².



The ongoing issues with oil palm notwithstanding, the EU contributes to this “unrest” with its desk-top approach to a complex issue. Deforestation and the role of oil palm in it cannot be captured in a dysfunctional formula with arbitrary thresholds. Come to the field, and experience what a 10% tree cover actually looks like! Areas like shown in the image right would be included if they were large enough. Come to the field, and open your ears to the inputs from independent experts rather than your favorite quacktivists. Allow us to point out where you have been take for a ride on the merry-go-round.



In preparing the new ISPO, the initiative took onboard experiences from SLVK, and thus was able to capitalize on many of the lessons learned above. Rather than repeat these, the bullet points below focus on additional lessons learned:

Like other “sustainability” standards (including the FSC and the RSPO) stakeholders continue to struggle over **defining sustainability**. Often it is reduced to ensuring that a certain quality is kept at a sustainable level, either an amount (like metric tonnes of oil or GDP) or area (such as forest area). With the various stakeholders cherry-picking data that suit their causes, little progress is made on defining sustainability. While to some extent this also occurred at SLVK, legality was a more concrete concept than sustainability.

ISPO’s institutional settings are set to gear towards **separation of responsibilities**: standard-setting (ISPO Commission), accreditation (National Accreditation Committee) and certification (independent bodies). This approach will significantly increase the credibility of the initiative.

In order to be inclusive to – and cost-effective for – industrial estates as well (independent) smallholders, ISPO developed separate standards for the different types of growers. This approach – **tailored standards** – occurs in several local certification initiatives and can be traced back to early discussions at the Indonesian Ecolabelling Institute. It deserves more international exposure and research to

identify its strengths and weaknesses.

Similar to SLVK, independent monitoring is institutionalized through a lead NGO. This approach is now under review as it too often results **public shaming** rather than engagement – focusing too little on trial and too much on error.

Both the **online presence** of ISPO and its **complaints procedures** are still under development, and are considered crucial to the credibility of the initiative.

As with SLVK, **competence of auditors** (and credibility of certification bodies) is poor, and additional guidance and safeguards are required to address these flaws.

Links

<https://lei.or.id/>

