

MINISTER OF ENVIRONMENT AND FORESTRY INDONESIA

REGULATION OF MINISTER OF ENVIRONMENT AND FORESTRY
OF THE REPUBLIC OF INDONESIA

Number: P.30/MenLHK/Setjen/PHPL.3/3/2016

CONCERNING

PERFORMANCE ASSESSMENT OF SUSTAINABLE PRODUCTION FOREST
MANAGEMENT AND TIMBER LEGALITY VERIFICATION ON LICENSE HOLDERS,
RIGHTS MANAGEMENT, OR ON PRIVATE FORESTS

WITH THE BLESSING OF GOD ALMIGHTY

MINISTER OF ENVIRONMENT AND FORESTRY OF THE REPUBLIC OF
INDONESIA,

- Considering :
- a. that based on the Minister of Forestry Regulation Number P.43/Menhut-il/2014, as amended by the Regulation of the Minister of Environment and Forestry Number P.95/Menhut-II/2014, Guidelines on Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification of License Holders or in Private Forests have been stipulated;
 - b. that in the implementation of the Regulation of Minister as referred to in paragraph a, there are obstacles or difficulties for businesses actors related to the certification period, the obligations' fulfillment of the of certified raw materials, and the need to increase market acceptance;
 - c. that based on consideration as referred to in paragraph a and paragraph b, necessitate stipulation by Regulation of Minister of Environment and Forestry on Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification

on License Holders, Rights Management or on Private Forests

- In view of:
1. Law Number 5 of 1960 concerning Basic Agrarian Law (State Gazette of the Republic of Indonesia Number 104 of 1960, Supplement to State Gazette of the Republic of Indonesia Number 2043);
 2. Law Number 3 of 1982 concerning Mandatory Enterprise Registration (State Gazette of the Republic of Indonesia Number 7 of 1982, Supplement to State Gazette of the Republic of Indonesia Number 3214);
 3. Law Number 5 of 1990 concerning Conservation of Biological Natural Resources and the Ecosystems (State Gazette of the Republic of Indonesia Number 49 of 1990, Supplement to State Gazette of the Republic of Indonesia Number 3419);
 4. Law Number 41 of 1999 concerning Forestry (State Gazette of the Republic of Indonesia Number 167 of 1999, Supplement to State Gazette of the Republic of Indonesia Number 3888) as amended by Law Number 19 of 2004 concerning Stipulation of Government Regulation as substitute of Law Number 1 of 2004 on the Amendment of Law Number 41 of 1999 concerning Forestry into Law (State Gazette of the Republic of Indonesia Number 86 of 2004, Supplement of State Gazette Republic of Indonesia Number 4412);
 5. Law Number 21 of 2001 concerning Special Autonomy for the Papua Province (State Gazette of the Republic of Indonesia of 2001 Number 135, Supplement to State Gazette of the Republic of Indonesia Number 4151);
 6. Law Number 11 of 2006 concerning The Government of Aceh (State Gazette of the Republic of Indonesia of 2006 Number 62);
 7. Law Number 13 of 2006 concerning Protection of Witnesses and Victims (State Gazette of the Republic of Indonesia of 2006 Number 64,

Supplement to State Gazette of the Republic of Indonesia Number 4635) as amended by Law Number 31 of 2014 (State Gazette of the Republic of Indonesia Number 293 of 2014, Supplement of State Gazette Republic of Indonesia Number 5602);

8. Law Number 14 of 2008 concerning Transparency of Public Information (State Gazette of the Republic of Indonesia of 2008 Number 61);
9. Law Number 32 of 2009 concerning the Protection and Management of the Environment (State Gazette of the Republic of Indonesia of 2009 Number 140, Supplement to State Gazette of the Republic of Indonesia Number 5059);
10. Law Number 18 of 2013 concerning the Prevention and Eradication of Forest Destruction (State Gazette of the Republic of Indonesia of 2013 Number 130, Supplement to State Gazette of the Republic of Indonesia Number 5432);
11. Law Number 3 of 2014 concerning Industries (State Gazette of the Republic of Indonesia of 2014 Number 4, Supplement to State Gazette of the Republic of Indonesia Number 5492);
12. Law Number 6 of 2014 concerning Village (State Gazette of the Republic of Indonesia of 2014 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 5495);
13. Law Number 7 of 2014 concerning Trading (State Gazette of the Republic of Indonesia of 2014, Supplement to State Gazette of the Republic of Indonesia Number 5512);
14. Law Number 23 of 2014 concerning Local Government (State Gazette of the Republic of Indonesia of 2014 Number 244, Supplement to State Gazette of the Republic of Indonesia Number 5587), as last amended by Law Number 9 of 2015 (State Gazette of the Republic of Indonesia Number 58 of 2015, Supplement of State Gazette Republic of Indonesia Number 5679);
15. Government Regulation Number 102 of 2000 concerning National Standardization (State Gazette of the Republic of Indonesia of

2000 Number 1999, Supplement to State Gazette of the Republic of Indonesia Number 4020);

16. Government Regulation Number 6 of 2007 concerning Forest System and Establishment of Forest Management Planning and Forest Use (State Gazette of the Republic of Indonesia of 2007 Number 22, Supplement to State Gazette of the Republic of Indonesia Number 4696) as amended by Government Regulation of 2008 Number 3 (State Gazette of the Republic Indonesia of 2008 Number 16, Supplement to State Gazette of the Republic of Indonesia Number 4814);
17. Government Regulation Number 72 of 2010 concerning the State Forestry Public Corporation (State Gazette of the Republic of Indonesia of 2010 Number 124);
18. Government Regulation Number 43 of 2014 concerning the Regulation on Implementation of Village Law Number 6 of 2014 (State Gazette of the Republic of Indonesia of 2014 Number 123, Supplement to State Gazette of the Republic of Indonesia Number 5539);
19. Presidential Decree Number 121/P of 2014 concerning Establishment of Ministry and the Assignment of Ministers for the Working Cabinet Period of 2014–2019; as amended by Presidential Decree Number 80/P of 2015;
20. Presidential Decree Number 121/P of 2014 concerning Voluntary Partnership Agreement between the Republic of Indonesia and the European Union on Forest Law Enforcement, Governance and Trade in Timber to European Union (State Gazette of the Republic Indonesia of 2014 Number 51);
21. Presidential Decree Number 7 of 2015 concerning Organization of the State Ministries (State Gazette of the Republic Indonesia of 2015 Number 8);
22. Presidential Decree Number 16 of 2015 concerning the Ministry of Environmental and Forestry (State Gazette of the Republic Indonesia

- of 2015 Number 17);
23. Regulation of Minister of Forestry Number P.39/Menhut-II/2013 concerning Empowerment of Local Community through Forestry Partnership (Official Gazette of the Republic of Indonesia of 2013 Number 958);
 24. Regulation of Minister of Environment and Forestry Number P.13/Menhk-II/2015 concerning Business Licenses for Primer Forestry Product Industry (Official Gazette of the Republic of Indonesia of 2015 Number 473);
 25. Regulation of Minister of Environment and Forestry Number P.18/MenLHK-II/2015 concerning Organization and Administration of the Ministry of Environment and Forestry (Official Gazette of the Republic of Indonesia of 2015 Number 713);
 26. Regulation of Minister of Environment and Forestry Number P.21/MenLHK-II/2015 concerning Administration of Forest Product Originated from Private Forest (Official Gazette of the Republic of Indonesia of 2015 Number 830);
 27. Regulation of Minister of Environment and Forestry Number P.32/MenLHK-II/2015 concerning Private Forest (Official Gazette of the Republic of Indonesia of 2015 Number 1025);
 28. Regulation of Minister of Environment and Forestry Number P.42/MenLHK-II/2015 concerning Administration of Forest Product Originated from Plantation Estate in Production Forest (Official Gazette of the Republic of Indonesia of 2015 Number 1247);
 29. Regulation of Minister of Environment and Forestry Number P.43/MenLHK-II/2015 concerning Administration of Forest Product Originated from Natural Forest (Official Gazette of the Republic of Indonesia of 2015 Number 1248);
 30. Regulation of Minister of Environment and Forestry Number P.13/Menhk-II/2015 concerning Business Licenses for Primer Forestry Product Industry (Official Gazette of the Republic of Indonesia of 2015

Number 473);

31. Regulation of Minister of Industry Number P.41/MIND/PER/6/2008 concerning Provisions and Decisions on the Granting of Industrial Business Permit, Expansion Permit and Certificate of Industrial Registration (Official Gazette of the Republic of Indonesia of 2008 Number 13);

32. Regulation of Minister of Environment and Forestry Number P.18/MenLHK-II/2015 concerning Organization and Administration of the Ministry of Environment and Forestry (Official Gazette of the Republic of Indonesia of 2015 Number 713);

HAS DECIDED:

To Enact: REGULATION OF MINISTER OF ENVIRONMENT AND FORESTRY CONCERNING PERFORMANCE ASSESSMENT OF SUSTAINABLE PRODUCTION FOREST MANAGEMENT AND TIMBER LEGALITY VERIFICATION OF LICENSE HOLDERS, RIGHTS MANAGEMENT, OR IN PRIVATE FORESTS

CHAPTER I

GENERAL PROVISIONS

Article 1

In this Regulation referred to as:

1. License holder is a holder of:
 - a. Business License of Timber Forest Product Utilization in Natural Forest, hereinafter referred to as IUPHHK-HA
 - b. Business License of Timber Forest Product Utilization in Plantation Forest, hereinafter referred to as IUPHHK-HT
 - c. Business License of Timber Forest Product Utilization in Community

Based Estate, hereinafter referred to as IUPHHK-HTR

d. Business License of Timber Forest Product Utilization in Ecosystem Restoration Forest, hereinafter referred to as IUPHHK-RE

e. Business License of Timber Forest Product Utilization in Community Based Forest, hereinafter referred to as IUPHHK-HKm

f. Business License of Timber Forest Product Utilization in Village Forest, hereinafter referred to as IUPHHK-HD

g. Business License of Timber Forest Product Utilization in Reforested Forest, hereinafter referred to as IUPHHK-HTHR

h. Timber Utilization Permit, hereinafter referred to as IPK including the Borrow and Use of Forest Area Permit hereinafter referred to as IPPKH

i. Business Permit for Primary Industry of Forest Products hereinafter referred to as IUIPHHK including Community Timber Processing Industry hereinafter referred to as IPKR,

j. Industrial Business Permit hereinafter referred to as IUI or Industrial Registration hereinafter referred to as TDI.

k. Company Registration Certificates hereinafter referred to as TDP.

l. Registered Shelters hereinafter referred to as TPT.

2. TPT is a shelter of logs and/or processed wood collection originated from one or more sources, belongs to business entities or individuals appointed by the competent authority in accordance with the laws and legislation.
3. Industrial Business License Timber Forest Product Primary hereinafter abbreviated IUIPHHK is a license to process logs and/or chip wood raw material into one or more types of products at a particular location granted to one permit holder by the competent authority.
4. Community Timber Processing Industry hereinafter referred to as IPKR, Community Timber Processing Industry is an industry processing timber originated from community based estate/private forest owned by individuals or cooperatives or Village-Owned Enterprise (BUMDes).
5. IUI is an Industrial Business Permit of advanced timber processing that has the total investment of over Rp200,000,000, - (two hundred million rupiahs),

excluding land and buildings.

6. TDI is an Industrial Business Permit of advanced timber processing that has the total investment of up to Rp200,000,000, - (two hundred million rupiahs), excluding land and buildings.
7. Rights of management holders area state-owned business entities in the field of forestry who obtain the delegation of forest management implementation in accordance with the provisions of laws and regulations.
8. Private forest is a forest on land subject to land rights.
9. Household Industry/Craftsmen hereinafter referred to as IRT/Craftsmen is a small-scale household industries with an investment of up to Rp 5.000.000, - (five million rupiah) excluding land and building and/or has a workforce of 1 (one) up to four (4) people.
10. Small industry is an industry with a total investment of up to Rp 200,000,000 (two hundred million rupiah) excluding land and buildings.
11. TDP holder other than the holder of IUI, TDI, and IUIPHHK is a company that does the transport of forest products industries across countries.
12. Accreditation Institutions that in this case the National Accreditation Committee, hereinafter referred to as KAN is the agency that accredits Assessment Institutions and Independent Verification.
13. Independent Monitor hereinafter referred to as PI is either an individual or civil society institutions incorporated in Indonesia who carried out the monitoring functions related to public services in forestry such as the issuance of S-PHPL, S-LK, DKP, V-Legal document, due diligence result and/or affixing V-Legal signs.
14. Due diligence is a checking carried out by domestic businesses actors against legal compliance of an importing activity of forestry products into the country to ensure the legality of the country of origin and country of harvest, as well as to prevent entry activity of illegal forestry products abroad.
15. Standards and guidelines for sustainable forest management, hereinafter referred to as PHPL is a requirement for attaining sustainable forest management that includes standards, criteria, indicator of assessment tools, assessment methods, and assessment guidelines.

16. Standards and guidelines for timber legality verification hereinafter referred to as VLK is the requirement to meet the legality of timber/product made by agreement of forestry stakeholders that includes standards, criteria, indicators, verifiers, verification methods, and assessment norms.
17. Timber Legality Assurance System hereinafter referred to as SVLK is a system that ensures sustainability of forest management and/or timber legality and tracking through certification of PHPL assessment, certification of timber legality and DKP.
18. Certificate of Sustainable Forest Management hereinafter referred to as S-PHPL is a certificate given to license holders or rights of management holder explaining the success of sustainable forest management.
19. Certificate of Timber Legality, hereinafter referred to as S-LK is a certificate given to permit holders, rights of management holders, IRT/Craftsmen or private forest owner stating that license holders, rights of management holders, IRT/craftsmen or private forest owner have met the standards of timber legality.
20. Suppliers Declaration of Conformity hereinafter referred to as DKP is a statement of compliance undertaken by the supplier based on the evidence of the requirements fulfillment.
21. Verification of Raw Materials Legality hereinafter referred to as VLBB is the legality tracking of raw materials carried out by LVLK to timber/timber products' suppliers who do not have S-LK or DKP, to ensure that raw materials used by suppliers are actually originated from private forest that already have S-PHPL or S-LK or DKP.
22. Random inspections are inspection activities on timber and timber products legality carried out from time to time randomly by the Government or third parties appointed by the Government in maintaining DKP credibility.
23. Special inspections are inspection activities on timber and timber products legality in case of fearing of discrepancy and/or incorrectness on DKP.
24. Auction wood is timber forest products originated from the findings, confiscation, and/or spoils that have gone through auction process in which the transport is accompanied with documents of Auction Transport Certificate.

25. V-Legal Signs is a sign affixed to timber, timber products, packaging or transport document stating that the timber and timber products have already met PHPL or VLK standards or DKP provisions.
26. V-Legal Document is a legal document toward the Indonesian forestry industry products that are transported between countries that have met the requirements of timber legality verification in accordance with the provisions of the Government of the Republic of Indonesia.
27. Independent Assessment and Verification Agency, hereinafter abbreviated to as LP & VI is a company incorporated in Indonesia and accredited to implement PHPL and/or VLK assessment.
28. Sustainable Production Forest Management Assessment Agency hereinafter abbreviated to as LPPHPL is the LP&VI that carried out PHPL performance assessment.
29. Timber Legality Verification Agency hereinafter abbreviated to as LVLK is the LP&VI that carried out VLK.
30. Government is the central government, local government, or the Technical Implementation Unit of the Ministry.
31. Ministry is the ministry entrusted to hold government affairs in the field of environment and forestry.
32. Minister is the Minister entrusted with the duty and responsibility in the field of environment and forestry.
33. Director General is the Director General assigned with duties and responsibilities in the field of sustainable production forest management.

Article 2

- 1) Performance Assessment of PHPL and VLK are carried out by SVLK through assessment, verification, or DKP.
- 2) SVLK as referred to in paragraph (1) aims to support betterment of forest governance and improvement of legal timber trade.

CHAPTER II
ASSESSMENT AND VERIFICATION

Part One

General

Article 3

- 1) Performance assessment of PHPL and VLK are carried out by LP & VI.
- 2) Performance assessment of of IUPHHKHA/HT/RE holders, right of management holders is carried out by LPPHPL, based on the standards and guidelines for PHPL assessment.
- 3) Verification of the license holder, rights of management holders, IRT/craftsmen or private forest owner is carried out by LVLK, based on VLK standards and guidelines.
- 4) Standards and guidelines for PHPL assessments as referred to in paragraph (2) as well as VLK standards and guidelines as referred to in paragraph (3) shall be regulated in the Regulation of Director General.

Article 4

- 1) Assessment and/or verification as referred to in Article 3, for IUPHHK-HA/HT/RE and management rights in order to obtain the S-PHPL or S-LK can be carried out jointly and/or separately by LP & VI.
- 2) Assessment and/or verification as referred to in paragraph (1) is carried out on the Minister's orders, the request of license holder's, the request of rights of management holders.

Article 5

- 1) S-PHPL is mandatory to be owned by:

- a. Holders of IUPHHK-HA;
 - b. Holders of IUPHHK-HT;
 - c. Holders of IUPHHK-RE, and
 - d. Rights of management holders.
- 2) In the case of license holders and rights of management holders do not have S-PHPL as referred to in paragraph (1), it is mandatory for them to have S-LK.
 - 3) S-LK as referred to in paragraph (2) shall be valid for one (1) period and then the license holder and the right of management holders as referred to in paragraph (1) are mandatory to obtain S-PHPL.
 - 4) The license holders and the right of management holders as referred to in paragraph (1) who have had S-PHPL do not need to obtain S-LK.

Article 6

- 1) S-LK is mandatory to be owned by the holders of:
 - a. IUPHHK-HKm;
 - b. IUPHHK-HTR;
 - c. IUPHHK-HD;
 - d. IUPHHK-HTHR;
 - e. IPK including IPPKH;
 - f. IUIPHHK including IPKR;
 - g. IUI;
 - h. TDI;
 - i. TPT,
 - j. Companies marketing forestry industry products that have a TDP;
 - k. IRT/Craftsmen; and
 - l. Private forest owners.
- 2) IPK holders including IPPKH or IUPHHK- HTHR are obliged to have S-LK after the issuance of the Work Chart approval.

Article 7

- 1) Shall S-LK is not owned yet, DKP can be issued by:
 - a. Private forest owners;
 - b. IRT/Craftsmen;
 - c. TPT whose wood comes from:
 1. private forest owners who have acquired S-LK/DKP; and/or
 2. rights of management holders, who have acquired S-PHPL/S-LK;
 - d. IUPHHK, IUI, and TDI that have the whole raw materials originated from private forest that has acquired S-LK or DKP.
- 2) Holders of IUIPHHK, IUI, TDI, TPT, IRT/Craftsmen, and companies marketing forestry products who have TDP that use timber/timber product equipped with DKP are obliged to ensure the legality of timber/timber products being used by performing inspection toward their suppliers as referred to in paragraph (1).
- 3) Holders of IUIPHHK, IUI, TDI, TPT, IRT/Craftsmen, and companies marketing forestry products who have TDP as referred to in paragraph (2) are obliged to facilitate their suppliers to obtain S-LK or to publish DKP.
- 4) DKP as referred to in paragraph (1) letter a, applies for timber of private forest which administration of the forest products uses Memorandum of Transport or SKAU.
- 5) The procedure of issuing DKP is regulated in Regulation of Director General.

Article 8

- 1) Forestry products imported from outside of Indonesia by business actors have to comply to the principle of legality through the results of due diligence.
- 2) The results of due diligence as referred to in paragraph (1) become the basis for the issuance of declaration by business actors.
- 3) Further provisions concerning the procedures of due diligence implementation and the issuance of the declaration is regulated by the Regulation of Director General.

Article 9

- 1) Holders of IUIPHHK, IUI, TDI, TPT, IRT/Craftsmen, and companies marketing forestry industry products who have TDP are obliged to use raw materials that have S-PHPL atau S-LK or DKP.
- 2) In the event that holders of IUIPHHK, IUI, TDI, TPT, IRT/Craftsmen, and companies marketing forestry industry products with TDP use raw materials partly from industry suppliers or TPT that don't have S-LK, then VLBB is obliged to be carried out by LVLK upon verification, surveillance, and re-certification.
- 3) Industry suppliers as referred to in paragraph (2) are IUIPHHK holders with capacities of up to 6,000 m³/year and IKM (Small and Medium-Sized Industries).
- 4) Holders of IUIPHHK, IUI, TDI, TPT, IRT/Craftsmen, and companies marketing forestry industry products with TDP as referred to in paragraph (2), are obliged to facilitate the industry suppliers or TPT to have S-LK.
- 5) Further provisions on the time frame, types of products, and procedures of VLBB implementation are regulated by the Regulation of Director General.

Article 10

- 1) License and/or TDP holders transporting forestry industry products between countries must use V-Legal Documents.
- 2) V-Legal Documents cannot be issued to auction timber and timber products that use raw materials from auction timber.
- 3) Further provisions on the Guidelines of V-Legal Documents Issuance as referred to in paragraph (1) and paragraph (2) are regulated by the Regulation of Director General.

Part Two

LP&VI Accreditation and Designation

Article 11

- 1) LP&VI as referred to in Article 1 paragraph 27 is accredited by KAN.
- 2) To obtain accreditation as referred to in paragraph (1), LP&VI must apply for the

accreditation to KAN in accordance with the accreditation provisions.

- 3) Based on the KAN accreditation as referred to in paragraph (2), the Directorate General on behalf of Minister appoints LP&VI.
- 4) Based on the appointment of LP&VI as referred to in paragraph (3), the Director-General on behalf of Minister appoint a qualified LVLK as the issuer of V-Legal Documents.
- 5) Further provisions on the setting procedures of V-Legal Documents issuance as referred to in paragraph (4) are regulated by the Regulation of Director General.
- 6) In the event of indications that an LP&VI carried out inappropriate action that violate the provisions and legislations, the Director-General on behalf of the Minister revoke the LP&VI status after validating the evidence of those actions.
- 7) If the action violating the laws and regulations as referred to in paragraph (6) constitute an offense outside the administrative violations, it is sanctioned in accordance with the provisions of laws and regulations.
- 8) Further provisions on validation of evidence as referred to in paragraph (6) are regulated by the Regulation Director General.

Part Three

Assessment

Article 12

- 1) Performance assessment of PHPL or VLK by LP&VI on license holders, rights of management holders, IRT/Craftsmen or private forest owners is financed by the Ministry according to the standard cost.
- 2) Performance assessment of PHPL or VLK by LP&VI on holders of IUIPHHK-HA/HT/RE, IPHHK, or rights of management being financed by the Ministry, is carried out based on the assignment by the Director General or Director General with an authority to act on behalf of the Minister.
- 3) The financing of PHPL or VLK performance assessment for the next period is

charged to the right/license holder or private forest owner.

- 4) Holders of IUPHHK-HTR/HKm/HD, IUIPHHK with a capacity of up to 6,000 m³/year, TPT, IUI, TDI, IRT/Craftsmen, and private forest owners can apply for VLK in groups.
- 5) The financing of timber legality certification in the first period and the first LVLK surveillance can be borne by the Government or other legitimate sources and is not binding to the group of private forest owners, TPT, IRT/Craftsmen, Holders of IUPHHKHTR/HKM/HD, IUIPHHK with a capacity of up to 6,000 m³/year, IUI, and TDI.
- 6) The financing of S-LK surveillance by LVLK on the group of private forest owners, holders of IUPHHK-HTR/HKM/HD can be borne by the Ministry or other legitimate sources and is not binding as long as they are not yet in production.
- 7) Further provisions on timber legality certification in groups as referred to in paragraph (5) and (6) are regulated by the Regulation of Director General.

Article 13

In the event of Ministry finance constraints on assessment and/or verification, license holders can take the initiative to apply independently to LP&V as referred to in Article 12 paragraph (1) for assessment in order to obtain S-SFM and/or S-K certifications.

Part Four

Objection

Article 14

- 1) The decision in each stage of the process and/or the result of the assessment or decision in each stage of the process and/or the result of verification are presented to the license holders, rights of management holders, IRT/craftsmen or private forest owner.

- 2) In the the event that the license holder, rights of management holders, or private forest owner object to the decision in any stage of the process and/or the performance assessment or verification as referred to in paragraph (1), they may appeal to LP&VI for a resolution.
- 3) The Government, PI, license holders, rights of management holders, or private forest owners may file a complaint to KAN on the performance of LP&VI for a resolution.
- 4) The National Accreditation Committee (KAN) conveys the complaint as referred to in paragraph (3) according to the complaint resolution procedures in KAN.
- 5) PI may file a complaint to the LP&VI on the results of assessment or the results of verification for a resolution.
- 6) Further provisions on the procedures for filing and settlement of appeals as referred to in paragraph (2) and the procedures for filing and resolution of complaints as referred to in paragraph (3), are regulated by the Regulation of Director General.

Part Five

Issuance of Certificates

Article 15

- 1) Based on the results of the assessment or verification in Article 3 paragraph (2), Article 3 paragraph (3), and Article 4, LP&VI issues the S-PHPL and/or S-LK certificates to the right/license holders, IRT/Craftsmen or private forest owners and reports to the Director General.
- 2) The certificates as referred to in paragraph (1) are used to guide and/or extend IUPHHK by the Director General.
- 3) The validity periods of S-PHPL, S-LK and surveillance are as follows:
 - a. S-PHPL for holders of IUPHHK-HA/HT/RE and rights of management holders is valid for 5 (five) years from issuance, and surveillance is carried out at least once in every 12 (twelve) months;

- b. S-LK for holders of IUPHHK-HA/HT/RE and rights of management holders is valid for 3 (three) years from issuance, and surveillance is carried out at least once in every 12 (twelve) months;
 - c. S-LK for holders of IUPHHK-HTR/HKm/HD/HTHR is valid for 6 (six) years from issuance, and surveillance is carried out at least once every 24 (twenty four) months;
 - d. S-LK for IPK including IPPKH is valid for 1 (one) year from issuance, and surveillance is carried out not later than 6 (six) months before the certificate expires;
 - e. S-LK for IUPHHK whose entire raw material use timber from private forest that uses the Memorandum of Transport or SKAU for its forest product administration is valid for 6 (six) years from issuance, and surveillance is done at least once in every 24 (twenty four) months;
 - f. S-LK for IUIPHHK with a capacity of more than 6,000 m³/year is valid for 3 (three) years from issuance, and surveillance is carried out at least once in every 12 (twelve) months;
 - g. S-LK for IUIPHHK with a capacity of up to 6,000 m³/year is valid for 6 (six) years from issuance, and surveillance is carried out at least once in every (twelve) months;
 - h. S-LK for IUI with an investment of more than Rp 500,000,000 (five hundred million rupiah) is valid for 6 (six) years from issuance, and surveillance is carried out at least once in every 12 (twelve) months;
 - i. S-LK for IUI with an investment of up to Rp 500,000,000 (five hundred million rupiah), TPT, TDI, and companies marketing forestry product that have TDP is valid for 6 (six) years from issuance, and surveillance is carried out at least once in every 24 (twenty-four) months;
 - j. S-LK for private forest owners and IRT/Craftsmen is valid for 10 (ten) years from issuance and surveillance is carried out at least once in every 24 (twenty-four) months.
- 4) Surveillance as referred to in paragraph (3) can be carried out simultaneously or separately at the cost of the license holder.

- 5) S-PHPL as referred to in paragraph (3), at least contains the company's name or the name of the license holder, rights of management holders, location, rights/license/ownership decree number, name of LP&VI company, date of issuance, validity, scope of certification, and certification identification number.
- 6) S-LK as referred to in paragraph (3), at least contains the company's name or the name of the rights/license holder or private forest owners, area, location, rights or license decree number, name of LP&VI company, date of issuance, validity, and certification identification number, scope of certification, and reference of legality standard.
- 7) License holders, rights of management holders, private forest owners who have obtained S-PHPL or S-LK, are obliged to affix V-Legal Signs.
- 8) Guidelines for the use of V-Legal Signs are regulated by the Regulation of DirectorGeneral.

Article 16

- 1) DKP for TPT, IRT/Craftsmen and private forest owners has the same validity period as the validity period of the transport document being used.
- 2) To maintain DKP credibility, the Government or LVLK appointed by the government at the expense of the Government from time to time can perform random inspections.
- 3) In the event of suspected discrepancies and/or the incorrectness are discovered in one of the declarations as referred to in paragraph (1) and (2) in DKP issuance, a Special Inspection is carried out by the Government or LVLK appointed by the Government at the expense of the Government.

Article 17

- 1) LPPHPL issues S-PHPL to holders of IUPHHKHA/HT/RE, or Rights of Management Holders who have met the requirements to pass the performance assessment.

- 2) If the result of the assessment is categorized as "Poor", the license holder is given the opportunity to improve its PHPL performance.
- 3) The issuance of S-PHPL as referred to in paragraph (1) can be carried out when LPPHPL has been accredited and appointed as LVLK.
- 4) The criteria for the assessment results of "Poor" category which is still given the opportunity to improve its PHPL performance as referred to in paragraph (2) are further regulated in the Regulation of Director General.

Article 18

- 1) S-LK as referred to in Article 15 paragraph (1) is issued with a category of "Compliant" with timber legality verification standards.
- 2) In the event that the verification result is "Not Compliant", the license holders, rights of management holders, IRT/Craftsmen, and private forest owners are required to resolve the non-compliance findings.
- 3) In the event that the non-compliance as referred to in paragraph (2) has been resolved, the license holder, rights of management holders, IRT/Craftsmen, and private forest owners can reapply for timber legality certification.

Article 19

- 1) LP&VI submit the assessment or verification report to the Ministry and license holders, rights of management holders, IRT/Craftsmen, or private forest owners.
- 2) LP&VI publish resumes of PHPL assessment results or LK verifications in LP&VI's own website and the Ministry's website (<http://silk.dephut.go.id>).
- 3) The management of timber legality verification information is carried out by Timber Legality Verification Information Unit/Licensing Information Unit through Timber Legality Information System (SILK) which is based in the Directorate General.

Article 20

Issuer of V-Legal Documents issues V-Legal Documents for holders of IUIPHHK, IUI, TDI, and/or companies marketing forestry industry products with TDP.

CHAPTER III MONITORING

Part One

General

Article 21

Monitoring is a series of activities carried out to ensure the oversight of public services in the field of forestry for LP&VI accreditation, assessment and issuance of S-PHPL, S-LK, DKP, due diligence, V-Legal Documents, and/or affixing V-Legal Signs in accordance with the provisions of laws and regulations

Article 22

- 1) SVLK monitoring is carried out to maintain accountability and credibility of the SVLK.
- 2) SVLK Monitoring is carried out throughout the whole process of S-PHPL accreditation, assessment and issuance, S-LK verification and issuance, DKP issuance, V-Legal Document issuance, affixing V-Legal Signs, and/or complaints resolution.
- 3) SVLK monitoring is carried out objectively, with integrity and accountability.
- 4) SVLK monitoring is carried out by Independent Monitors.

Part Two

Independent Monitors

Article 23

Eligibilities to become Independent Monitors are as follow:

- a. People who live/are in or around the area where the license holders, right of management holders or where private forest owners are located or operating;
- b. Indonesian citizens concerned in the field of forestry; and/or
- c. Non-Governmental Organizations (NGO) working in forestry and are incorporated in Indonesia.

Part Three

Rights and Obligations of Independent Monitors

Article 24

Independent Monitors are entitled to:

- a. Obtain data and information throughout the process as referred to in Article 22 paragraph (2) from the parties that are directly involved in the SVLK process and related agencies in conducting monitoring;
- b. Obtain security assurance in conducting monitoring; and
- c. Gain access to enter certain locations in relation to their monitoring task.

Article 25

Independent Monitors are obliged to:

- a. Show proof of identity or affiliation with a monitoring network agency in the case when an Independent Monitor is entering a specific location in relation to monitoring task;
- b. Maintain, protect, and keep all records, documents, as well as monitoring information confidential by signing a non disclosure agreement;
- c. Abide by the terms of use and reporting of state finance with regard to getting

access to financing from the state.

Part Four

Safety

Article 26

- 1) The Ministry set up a protection mechanism for the Independent Monitors from physical and verbal threats before, during, and after monitoring.
- 2) Independent Monitors who conduct monitoring activities in accordance with the provisions of the legislation can not be criminally or civilly sued.
- 3) The mechanism of protection for the Independent Monitors as referred to in paragraph (1) is regulated in the Regulation of Director General.

Part Five

Financing

Article 27

- 1) The funding of independent monitoring tasks can be sourced from the State Budget (APBN), Regional Government Budget (APBD), or other legitimate sources and is not binding.
- 2) The government can facilitate funding efforts to support SVLK monitoring activities.

CHAPTER IV

CAPACITY BUILDING

Article 28

- 1) The technical skill or financial assistance in order to build the capacity and institution of private forest owners, IUIPHHK with a capacity of up to 6,000 m³/year, IUI, TDI, TPT, IRT/Craftsmen, LP&VI, as well as the Independent Monitors, can be provided by the Government.
- 2) In the event that financial assistance from Government as referred to in paragraph (1) is not available, financial assistance can be obtained from other legitimate sources and is not binding.

CHAPTER V

TRANSITIONAL PROVISIONS

Article 29

- 1) S-PHPL and S-LK issued prior to the enforcement of this Regulation of Minister shall remain valid.
- 2) The validity period of the certificate as referred to in paragraph (1) shall be adjusted to the provisions of this Regulation of Minister after surveillance.
- 3) Timber utilization and/or the administration in Customary Forest in relation to Constitutional Court Decree No. 35/PUU-X/2012 will be regulated after the implementation regulations are created.
- 4) License holders, right of management holders and private forest owners who are in the S-PHPL and S-LK application process must subsequently abide by the provisions of this Regulation of Minister.

CHAPTER VI

FINAL PROVISIONS

Article 30

At the time this regulation comes into force:

- a. The Regulation of Forestry Minister Number P.43/Menhut-II/2014 on the Performance Assessment of Sustainable Production Forest Management and Verification of Timber Legality on License Holders or on Private Forests (Official Gazette of the Republic of Indonesia Year 2014 Number 883), as amended by Regulation of the Minister of the Environment and Forestry No. P.95/MenhutII/2014 (Official Gazette of the Republic of Indonesia Year 2014 Number 1992) is revoked and declared invalid.
- b. Implementation provisions of the Regulation of Forestry Minister Number P.43/Menhut-II/2014 on the Performance Assessment of Sustainable Production Forest Management and Verification of Timber Legality on License Holders or on Private Forests (Official Gazette of the Republic of Indonesia Year 2014 Number 883), as amended by Regulation of the Minister of the Environment and Forestry Number P.95/MenhutII/2014 (Official Gazette of the Republic of Indonesia Year 2014 Number 1992), is declared to remain valid as long as they are not in conflict with the provisions in this Regulation of Minister.

Article 31

This Regulation of Minister shall come into force 30 (thirty days) of calendar days starting from the date of promulgation.

For public cognizance, this Regulation of Minister shall be published in the Official Gazette of the Republic of Indonesia.

Stipulated in: Jakarta
on 1 March 2016

MINISTER OF ENVIRONMENT AND
FORESTRY OF REPUBLIC OF INDONESIA,

sgd.

SITI NURBAYA

Promulgated in Jakarta

On 7 March 2016

DIRECTOR GENERAL

OF LAWS AND REGULATIONS

MINISTRIES OF LAW AND HUMAN RIGHTS

OF THE REPUBLIC OF INDONESIA

signed

WIDODO EKATUAHJANA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2016 NUMBER 368

Made as true copy

THE HEAD OF LEGAL BUREAU,

signed

KRISNA RYA