

Policy on Timber Legality Verification System for Sustainable Public Procurement and Green Products

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Abstract. Forest natural resources in Indonesia are one of the contributors to the fulfilment of human life and development capital. However, the use of forest resources without regard to aspects of sustainability will cause damage and even extinction of the forest. Therefore, green products today have become stronger demands from various groups. The procurement of goods/services within the government has been implementing a Sustainable Public Procurement that fulfils 3 (three) aspects, namely, economic, social and environmental interests. This paper observes Timber Legality Verification System policies in supporting the provision of green products for the forestry sector and Sustainable Public Procurement that will support the achievement of sustainable development. Timber Legality Verification System policy guarantees the provision of wood products by wood processing industry that contributes to realizing good forest governance to combat illegal logging and illegal trade, as well as support improvement in environmental quality. One strategy in fulfilling green products and implementing a Sustainable Public Procurement is to use timber products that have been certified with timber legality. The policy for the use of certified wood products needs to be supported by the implementation rules and information on the list of green products and technical guidelines for the procurement.

Keywords: **Green Product; SVLK; Sustainable Public Procurement.**

1 Introduction

To meet the needs of human life as their consumption in the form of goods originating from nature will have an impact on the environment. Nature is continuously used as a tool to meet the needs of everyday life, causing greater exploitation by humans. Forest as one of the natural resources is one of the contributors to the fulfilment of human life and the basic capital of development. The continuous utilization of forest natural resources without regard to its sustainability aspects will cause damage and even extinction of the forest resources and even the forest itself.

Indonesia is an archipelago that has a forest area of 120.6 million ha or 63 percent of its land area [1]. Forest has a crucial aspect in maintaining the water system, absorbing and receiving carbon dioxide, preventing erosion, preventing floods and landslides, regulating the policy of maintaining air temperature and humidity, maintaining soil fertility and material resources for human needs. However, forest exploitation activities that have been carried out by humans have caused deforestation and forest degradation in Indonesia. Based on data from natural forest cover from 2000 to 2012, Indonesia is the country with the highest deforestation rate in the world, with an average deforestation rate of 0.8 million hectares per year [2]. Deforestation has also contributed to the increase in greenhouse gas emissions,

one of the main causes of climate change which has resulted in increasing temperatures of the earth getting hotter, triggering various extreme natural phenomena.

Based on data from the Food and Agriculture Organization (FAO) the world's forest area is estimated to reach 4 billion hectares or 31 percent of the total land area. At the country level, Indonesia ranks eighth out of ten countries with the largest forest area [3]. Five countries that have the largest forest area include the Russian Federation, Brazil, Canada, the United States, and China. Indonesia's tropical forests are the third largest forest in the world after Brazil and the Democratic Republic of the Congo [4]. Indonesia is a tropical country and because of its geographical location, it has high biodiversity potential. Indonesia's biodiversity is the third-largest in the world after Brazil and Colombia [5]. Thus, that is the importance of maintaining the existence of tropical forests. Even so, the existence of forests is threatened by several things, including illegal logging

One of the main causes in supporting the rate of deforestation in tropical countries is the existence of illegal logging practices [6] which then encourage illegal trade in forestry products because the source and transportation of raw materials are not following the regulations in the forestry sector [7]. Total illegal logging is estimated to reach 10%-30% of the world's total timber trade [8]. Losses from illegal logging and

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illegal timber trade are estimated at Rp 25.13 trillion or the US \$ 2.1 billion per year [9]. Therefore, timber felled and traded illegally is a big problem for the environment, economy and social [10].

In accordance with the Explanation in Government Regulation Number 27 of 2012, the use of natural resources, including those from the forest, should be based on three pillars of sustainable development, namely economically viable, socially acceptable, and environmentally sound [11]. Comprehensive efforts are needed to realize sustainable management of forest natural resources through improved management of forest natural resources. One of the improvements to the management of natural resources of the Forest made in 2009 by the Ministry of Forestry (currently the Ministry of Environment and Forestry/LHK). The ministry commits to improve the management of forest natural resources in terms of forest conservation and environmental management and illegal logging through the establishment of a timber legality verification system, Timber Legality Verification System (SVLK) policy.

Fulfilling the needs of goods and services within the government is carried out with a public procurement mechanism. Public procurement in developing countries can reach 30 percent of gross domestic products (GDP), which will increase enormous purchasing power [12]. This increase in purchasing power will drive the market in a sustainable direction, producing positive benefits for the environment and society if using sustainable goods and services. The use of sustainable goods can be done with the selection of environmentally friendly products or green products, which require the existence of legal, certified, and following the standards that have been prepared. Support for the provision of environmentally friendly products originating from the forestry sector is carried out with the SVLK policy. This SVLK policy is closely related to green products.

2 Method

This paper is the result of library research conducted through reviews of journals, books, regulations and other literature. This paper is based on secondary data that focuses on timber legality verification system policies and their relationship with green products and sustainable public procurement as the main strategic components of efforts to achieve sustainable development goals. The related secondary data is then analyzed to determine the correlation between SVLK policies, the provision of green products and the procurement of sustainable goods which will ultimately support the achievement of sustainable development.

3 Green Products

Humans now realize more that each product has an impact on the environment during the stages of its life cycle, starting from the acquisition of raw materials, production processes, distribution to final disposal [13]. Awareness of environmental protection is also increasing

among consumers in which environmentally friendly products or green products are increasingly in demand [14].

Green products during the production process are designed by reducing natural resource use and minimizing adverse environmental impacts [15, 16]. People assume that by using a green product can directly participate in such reducing the amount of environmental pollution. Green products can also save energy use and reduce or eliminate pollution and waste [17] in the production process.

The potential for environmental impacts arising from a product can be reduced by considering greenhouse aspects, reducing waste and utilizing recycled raw materials into the production standards of a product or environmental issues such as the application of principles such as eco-labeling, gas reduction. The application of the ecolabel principle can help buyers to identify and select products with lower environmental impacts and be able to encourage them to create a market for green products.

4 SVLK and Green Products

As of in the forest issue, as part of green products, the Timber Legality Verification System is implemented. The Timber Legality Verification System (SVLK) is a system that guarantees the sustainability of forest management and/or timber legality and timber traceability through certification of sustainable production forest management (S-PHPL), timber legality certification (S-LK) and supplier compliance declaration (DKP). To ensure the legality of wood and wood products harvested, transported, processed and traded, it is monitored by various parties. The legality assessment is carried out independently by auditors from the Independent Assessment and Verification Agency who are accredited by the National Accreditation Committee, using assessment/verification standards developed by Indonesian forestry stakeholders both academics, associations, relevant ministries and NGOs established by the Ministry of Environment and Forestry.

The SVLK came into force in June 2009 when the Minister of Forestry (currently the Ministry of Environment and Forestry/LHK) issued Regulation No.P.38/Menhut-II/2009 concerning standards and guidelines for performance assessment of sustainable forest management and timber-legality assurance. SVLK is applied mandatory for all types of forest management units both state and private forests, and all types of wood processing and collection industries. SVLK implementation guarantees that timber and timber products originating from Indonesia are legally guaranteed and given a certificate as a product that is sustainably managed [18]. As one of the systems used in the efforts of sustainable forest management, SVLK is used in applying the principle of an ecolabel. This is very necessary to be implemented properly because the eco-label is part of efforts to preserve the environment to guarantee sustainable use to the next generations. In line with this, Indonesia applies the SVLK in addition to

eradicating illegal logging and the circulation of illegal timber, while at the same time increasing economic growth through trade in legal timber products abroad. The success of the SVLK is expected to be also the success in forest preservation and environmental management by overcoming illegal logging.

These all are maintaining the preservation of the environment and preventing the occurrence of pollution and/or damage to the environment include planning, utilization, control, maintenance, supervision, and enforcement of the law in a systematic and integrated manner. This is in accordance with Law No. 32 of 2009 concerning Environmental Protection and Management.

The use of products that have been SVLK as the application of the principle of ecolabel can be used in guidelines in the fulfilment of wood-based green products. The procurement of goods within the government has considered the sustainability concept called the public procurement sustainable. Sustainability in the procurement of goods and services has considered economic, social and environmental aspects.

5 Sustainable Public Procurement

Sustainable public procurement is a process by which public organizations fulfil their needs for goods, services, construction, and utilities to achieve value for money throughout the cycle of use that is beneficial not only to the organization but also to society and the economy, while on the other hand significantly reducing negative impacts to the environment [12]. Sustainable public procurement in several countries is known as environmentally friendly copy procurement (green public procurement), socially responsible procurement or environmentally preferable purchasing. Sustainable public procurement is based on the concept of value for money, which at the end fulfills 3 (three) interests, namely, economic, social and environmental interests.

Parallel with current developments, public procurement sustainability can play a strategic role and can contribute to achieving sustainable development goals. The goal of sustainable development has reaffirmed the strong relationship between environmental protection, sustainable development, and public procurement. Sustainable public procurement is related to sustainable development, namely the 12th goal of sustainable consumption and production patterns [12]. Thus the progress of sustainable public procurement practices is recognized as a key strategic component of global efforts to achieve more sustainable consumption and production patterns.

The procurement of goods and services within the Government is regulated in Presidential Regulation Number 16 of 2018 carried out by taking into account the sustainability aspects. Sustainable Public Procurement in the presidential regulation is the procurement of goods/services that aim to achieve benefits not only for the Ministries/Institutions/Local Government as users but also for the community, and significantly reduce negative impacts on the environment. Sustainability aspects in the procurement

of government goods and services are regulated in article 68 paragraph (2) covering:

- a) Economic aspects include the cost of producing goods/services throughout the age of the goods/services;
- b) Social aspects include empowering small businesses, guaranteeing fair working conditions, empowering local communities/businesses, equality and diversity;
- c) Environmental aspects include the reduction of negative impacts on health, air quality, soil quality, water quality, and using natural resources in accordance with statutory provisions.

Basically, the implementation of sustainable public procurement is not only in the process of procuring products purchased by the government or the process of implementing services to the government, but also when the goods are produced. Some of the benefits obtained from the implementation of sustainable public procurement include [19]:

- a) Financial Efficiency
- b) Achieving Social Goals
- c) Reducing Greenhouse Gas Emissions
- d) Moving Innovation
- e) Shows Political Commitment
- f) Increasing Supply Chain Competitiveness
- g) Meeting Other Environmental Objectives

The policy of procuring goods using timber legality certified wood products can use article 68 as a legal basis. This is due to the fact that timber products certified by timber legality are not only from business and legal timber production based on Indonesian law but also have fulfilled the principle of sustainable forest management that minimizes the impact of environmental damage in the utilization of natural resources. Wood is considered legal when the origin and production process and processing activities, transportation and trade can be verified in accordance with applicable regulations [20].

The need for wood-based products in the government environment for building construction materials, paper and furniture will continue to increase with economic growth in Indonesia. So that the SVLK can be used as one of the requirements in the procurement of wood-based goods within the government.

6 Procurement of S-LK (Certificate for timber legality) Wood Products

Sustainable products and green products today have become demands from various groups all over the world to be produced. This is closely related to environmental issues and climate change that occur, which demands products that are legal, certified and meet internationally established standards. Support and commitment from business actors/forestry industries and private forest owners to the implementation of SVLK from year to year is increasing.

Based on data from the Ministry of Environment and Forestry, until December 2017 there were 217 companies that already had S-PHPL and 3,300 exporters/companies/industries/forest rights/permits to utilize timber that had S-LK [18]. The fulfilment of the

SVLK continues and is carried out by related business actors and gets support from the Ministry, regional government, donor agencies, and related stakeholders.

The Ministry of Environment and Forestry has pioneered the policy on the procurement of S-LK wood products through the Circular Letter S-553 / Um / 4/2015 dated June 8, 2015, which confirms that the procurement of wood products within the Ministry of Environment and Forestry must be S-LK [21]. This policy has been carried out by several Regional Governments such as by Klaten and Jepara Regencies, in Central Java Province. In Klaten is through Regulations of the Regent of Klaten No. 16 of 2014. In Jepara Regency is with Decree of the Regent of Jepara Number 500/139 in 2013. In East Java Province, there is Jombang Regent Regulation Number 14/2015 [22]. This step was also followed by Buleleng Regency (Bali Province) and Trenggalek Regency, and Yogyakarta City, which was preparing similar regulations/policies.

The use of wood legality certified wood products produced from the wood processing industry that has implemented SVLK can contribute to realizing good forest governance [23], combating illegal logging and illegal trade, as well as supporting the improvement of environmental quality, and realizing sustainable forest management [24]. Stakeholders prioritize choosing wood products that already have a timber legality certificate [25].

7 Implementation Challenge

The implementation of sustainable public procurement still faces many challenges, including the absence of implementing regulatory policies in the field. To support the government in the procurement of sustainable goods through the use of products that are certified by timber legality, it is necessary to study regulations and policies in their implementation. To prepare for sustainable procurement, it is necessary to have good coordination between industry/private parties and ministries/institutions as well as among ministries/institutions.

The government, in this case, The National Public Procurement Agency (*Kebijakan Pengadaan Barang/Jasa Pemerintah/LKPP*) with the Ministry of Environment and Forestry is developing a sustainable procurement road map[26]. The Ministry of Environment and Forestry has formed a working team tasked with preparing public information in the form of a list of environmentally friendly products and technical guidelines for the implementation of sustainable procurement[27]. The work team also coordinates various standard/certification schemes that encourage the procurement of goods/services/ technology that is efficient and environmentally friendly.

The policy on the use of certified wood products needs to be supported by the rules of the National Public Procurement Agency. This policy can be in the form of a The National Public Procurement Agency Head Regulation (*Peraturan Kepala/Perka*) as an implementing regulation for article 68 of Presidential

Regulation No. 16 of 2018. The Head Regulation is used as a reference and guideline for the Government, Regional Government, BUMN and procurement using APBN / APBD funds. The Head Regulation of The National Public Procurement Agency also needs to be completed with the format of documents, specifications, procurement contracts, and evaluations in the implementation of procurement of timber legality certified wood products.

8 Conclusion

Green products are increasingly being asked by the community as they become increasingly aware of the importance of protecting the environment. The procurement of goods and services within the government has also implemented the principle of the Sustainable Public Procurement that focuses on economic, social and environmental aspects. The timber legality verification system is a system that guarantees the sustainability of forest management and/or timber legality and traceability of wood. The implementation of SVLK has contributed to realizing good forest governance, eradicating illegal logging and illegal trade and supporting improvements in environmental quality, and realizing sustainable forest management. The use of wood products that already have a timber legality certificate can be the answer to fulfilment green products and in the implementation of Sustainable Public Procurement. To support the procurement of sustainable goods, the government has compiled a road map and prepared a list of environmentally friendly product information and technical guidelines for the procurement.

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