



Indonesia Forestry Transparency Forum – 2019 Report

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1. Introduction

The 2019 Indonesia Forestry Transparency Forum was held on 21 March 2019 in Jakarta. This Forum was organised by the Zoological Society of London's (ZSL) [SPOTT initiative](#) in partnership with the [Indonesia Business Council for Sustainable Development \(IBCSD\)](#). This report provides an overview of the presentations and discussions that took place as participants debated the benefits and challenges of increasing transparency in Indonesia's forestry sector, including the support needed to drive greater transparency, and the role of SPOTT.



1.1 The SPOTT initiative

ZSL launched [SPOTT](#) in 2014 for the palm oil sector and expanded to cover the tropical timber and pulp sectors in 2017. SPOTT – Sustainability Policy Transparency Toolkit – is a free, online platform supporting sustainable commodity production and trade. By tracking transparency, SPOTT incentivises the implementation of corporate best practice. SPOTT assesses commodity producers and traders on the public disclosure of their policies, operations and commitments related to environmental, social and governance issues. SPOTT scores tropical forestry and palm oil companies annually against over 100 sector-specific indicators to benchmark their progress over time. It will also begin assessments of the natural rubber sector in 2019.

Through a recent grant from DFID's¹ [Forest Governance, Markets and Climate](#) (FGMC) programme, SPOTT is expanding to assess and engage a greater number of timber and pulp companies. This expansion will primarily target [FLEGT](#)²-partner countries at various stages of Voluntary Partnership Agreement (VPA) development – specifically, Indonesia, Cameroon, Republic of Congo and Gabon. At the same time, SPOTT has started to assess timber traders in China that source from Africa. Key activities in 2019 include the development of SPOTT indicators on legality and gender issues, SPOTT assessments of 100 timber and pulp companies (up from 50 in 2018), the development of a SPOTT Supporter Network for investors and other users, and direct support to companies looking to increase their transparency.

1.2 Objectives of the Forestry Transparency Forums

The 2019 Forestry Transparency Forums were developed to help SPOTT engage with forestry sector stakeholders in each of its target geographies (Gabon, Cameroon, Republic of Congo, Indonesia and China). The Forums enabled participants to meet the SPOTT team and increase their understanding of SPOTT's approach, processes and users. The SPOTT team also had the opportunity to hear stakeholders' feedback and concerns, helping to improve the SPOTT initiative.

Key forestry sector stakeholders were also provided with opportunities to discuss issues associated with varying levels of transparency in the forestry sector. The participants considered the opportunities and benefits associated with greater transparency in the forestry sector, identified the obstacles to increasing transparency and discussed potential actions to overcome them.

A further series of Forestry Transparency Forums will be organised in the same countries in 2020 to support continued debate and knowledge sharing.

¹ United Kingdom's Department for International Development.

² Forest Law Enforcement, Governance and Trade – FLEGT is a European Union Action Plan established in 2003.

1.3 Agenda and participants

In Indonesia, the 2019 Forum focused on sharing the lessons learnt from the implementation of timber trade transparency in Indonesia from the perspectives of different stakeholders: government, business and civil society (see [Presentations by local stakeholders](#)). ZSL provided a detailed presentation on SPOTT to the companies, who could then ask questions and provide feedback and suggestions (see [SPOTT questions and answers](#) below). A series of breakout discussions were also held. During these sessions, participants were asked to identify the opportunities, challenges, and actions associated with increasing transparency in Indonesia’s forestry sector (see [Discussion sessions](#)).



Participants in the Indonesia Forum (Jakarta, 21 March). Image credit: IBCSD

Representatives from the following organisations attended the Forum:

Forestry companies:

- APP Sinarmas
- APRIL
- Marubeni Indonesia
- Sumitomo Forestry

Private sector associations:

- Indonesia Business Council for Sustainable Development (IBCSD)

Civil society:

- Accountability Framework Initiative (AFi)
- European Forest Institute (EFI)
- Forester Act
- Jaringan Pemantau Independen Kehutanan (JPIK)
- Kaoem Telapak
- KEHATI
- Kemitraan
- Multi-stakeholder Forestry Programme phase 4 (MFP4)
- Rainforest Alliance
- Yayasan Belantara
- Zoological Society of London (ZSL)

National and local government:

- Lingkar Temu Kabupaten Lestari
- Ministry of Environment and Forestry (KLHK)

Other:

- Lestari Capital
- Proforest
- InFIT
- TFA 2020
- Vermont Law School

2. Speaker presentations

2.1 Presentation of SPOTT

During the Forum, ZSL presented the objectives, audience, and methodology underpinning [SPOTT](#). ZSL explained how SPOTT helps to respond to demands for greater transparency, why SPOTT is relevant and can be useful to companies, how the SPOTT team can help companies increase their transparency and score on SPOTT, who uses SPOTT and how. Key findings from the [2018 SPOTT Timber and Pulp assessments](#) were also provided and discussed. A question and answer (Q&A) session was then held to address any questions stakeholders might have about the SPOTT initiative.

The questions and answers covered during all of the Forestry Transparency Forums held by ZSL in 2019 have been collated below. The SPOTT team also took note of the feedback and suggestions participants made during the Forums to inform the future development of the initiative.

2.1.1 SPOTT questions and answers

How does SPOTT select companies? We want to be assessed on SPOTT, what should we do?

SPOTT selects companies according to their size in the sector and potential impact on tropical forests, biodiversity and communities. Criteria considered include, amongst others, size of market capitalisation (if a listed company), extent of concession areas or volume traded, proximity of concessions to high value ecosystems (e.g. national parks), and evidence of poor social or environmental practices (e.g. in industry or media reports). Companies can be nominated by a third party or volunteer for inclusion on SPOTT by filling the dedicated [form on the SPOTT website](#). SPOTT then selects companies on the basis of the above criteria. Companies can request that they are not assessed on SPOTT, but this is only allowed in exceptional circumstances – for example, if a company sells all of its forestry operations.

How does SPOTT conduct assessments? Do assessments involve field work or verification? Should companies provide information to SPOTT in order to be assessed?

SPOTT assesses companies on the public disclosure of their policies, operations and commitments. During each annual assessment, the SPOTT team examines each company's websites, public reports, and other publications against the SPOTT indicator framework.

The SPOTT team is unable to go into the field to verify if companies respect their commitments and the companies do not send information directly to ZSL. However, companies are given the opportunity to provide feedback on their assessment and improve their disclosures before the results are finalised and published on the SPOTT website.

SPOTT also provides a 'media monitor' that collates any news stories and reports on company activities, helping users to understand whether companies are implementing their commitments in practice. These news stories and reports are not scored in the assessments but provide important contextual information to users.

How are the SPOTT indicators developed?

SPOTT's indicators focus on the key environmental, social and governance issues associated with timber and pulp production. They reflect and complement the expectations set out in other frameworks, guidelines, principles and criteria for sustainable production, such as the Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), Global Reporting Initiative (GRI) and the United Nations Global Compact (UNGC).

ZSL has developed the SPOTT Timber and Pulp indicators following extensive consultation with various stakeholders including timber and pulp producers, finance and manufacturing sector representatives, non-governmental organisations, and other industry experts. Each year, companies selected to be assessed on SPOTT and wider stakeholders are also given an opportunity to feedback on a draft version of the SPOTT Timber and Pulp indicator framework before it is finalised. SPOTT also benefits from the inputs of a [Technical Advisory Group](#), which provides guidance on indicator framework development and company selection.

Do all indicators have the same weight in the assessments? Does SPOTT use the same indicators for all companies whatever the country in which they operate?

All SPOTT Timber and Pulp indicators are worth one or two points. These indicators are the same for all companies wherever they operate. However, some indicators can be disabled according to the companies' scope of operations. For example, a company which only extracts wood from natural forests will not be assessed against indicators dedicated to plantation-based production. In the 2019 assessments, 107 out of 131 SPOTT Timber and Pulp indicators can be disabled to fit each company's characteristics and scope of operations. For example, SPOTT's legality indicators are linked to [Open Timber Portal](#), which is only currently available in certain Congo Basin countries.

How does SPOTT support companies to improve their score?

Companies are contacted at various stages of the assessment process and the SPOTT team invites them to send feedback and ask questions. The SPOTT team often meets companies to discuss their assessments and provide advice on how they can improve. The indicator framework, research protocols and assessments published on SPOTT also serve as guidelines for companies to identify gaps in the information they publish and to learn about environmental, social and governance best practice.

Does SPOTT publish sensitive or confidential data?

SPOTT assesses companies based on information that the companies themselves have published or using third-party websites which are listed in SPOTT's research protocol, such as initiatives or programs of which companies are members. The data itself is not verified but sources of information are considered by SPOTT and its stakeholders as trustworthy. In addition, ZSL offers companies and other stakeholders the opportunity to review and feedback on the SPOTT indicators before they are used for assessments. This helps to ensure that no indicator requires the publication of sensitive data or data that is prohibited from publication.

Who are SPOTT users? How does SPOTT work with its users? Does SPOTT reach out to the local banks of the countries where the Forums were organised?

SPOTT was designed at the request of financial sector stakeholders, to support constructive engagement between the financial sector and palm oil and forestry companies. SPOTT allows its users to identify areas in which a company excels or progresses, and where it should be more transparent or adopt best practice. SPOTT's primary target audiences are financial institutions (investors, asset managers, banks, research institutes) and buyers who are interested in the companies' environmental, social and governance practices. In 2018, over 18,000 users visited the SPOTT website and viewed pages more than 134,000 times. The SPOTT Dashboard, a free portal on the website (registration required) where users can download SPOTT assessment data and additional analyses, has seen over 500 registrations since its launch in January 2018.

The SPOTT team currently has no or very limited links with local banking institutions in the Congo Basin, Indonesia and China but invites these stakeholders to use the data published by SPOTT in their decision-making processes and in their engagements with clients where relevant. Local banking institutions are also encouraged to contact the SPOTT team if they would like additional information.

How is legality considered in SPOTT assessments? Which certification standards are considered in SPOTT assessments and how?

Several SPOTT indicators assess certification and/or legality. Points can be obtained by companies if the legality of their operations has been verified by a third party (e.g. Rainforest Alliance’s Forest Legality Verification). In 2019, SPOTT added new indicators dedicated to legality, including eight indicators based on the legal documents companies have uploaded to the [Open Timber Portal](#) (for companies operating in the Republic of Congo, Cameroon, and the Democratic Republic of the Congo (DRC)). Points can also be obtained for companies that are FSC or PEFC certified.

What is the added value of SPOTT compared to certification?

Certification is an extremely valuable tool for defining the nature of environmental and social best practice and ensuring its delivery on-the-ground. SPOTT is complementary and supportive of efforts to maintain and increase levels of certification in tropical forests.

SPOTT covers environmental, social and governance (ESG) issues that are both within and beyond the remit of certification. Certified companies assessed on SPOTT can therefore highlight the benefits of certification to its ESG practices, along with the companies’ work to address ESG issues that sit beyond the scope of certification, such as efforts to include women across forestry operations (SPOTT Timber and Pulp indicator 94). For non-certified companies, SPOTT can highlight commitments and evidence of good practice outside of certification. In both cases, companies can use SPOTT to help structure their communication and to demonstrate their efforts to stakeholders.

How does SPOTT fit in with the European Union FLEGT Action Plan?

The link between SPOTT and FLEGT is indirect. SPOTT is funded by DFID through the [Forest Governance, Markets and Climate](#) (FGMC) programme. This programme and its funding aim to improve forestry governance and reduce deforestation and illegal logging, in line with the objectives of the FLEGT Action Plan. SPOTT contributes to reaching these objectives by promoting greater transparency in the forestry sector. Among the 50 new companies selected by SPOTT in 2019, the majority operate in countries at various stages of Voluntary Partnership Agreement (VPA) development. SPOTT has also included more indicators dedicated to legality in the assessments, including eight linked to company disclosures on the [Open Timber Portal](#). Assessed companies can therefore use SPOTT to better communicate their performance on issues linked to legality.

2.2 Presentations by local stakeholders

Laksmi Prasvita, Member of IBCSD Executive Committee provided introductory remarks that highlighted IBCSD’s efforts to promote sustainable development by promoting best practices across businesses. She then covered the key objectives of the Forum, including looking at lessons learnt in Indonesia, discussing the benefits and challenges of increasing transparency in the sector, and considering how participants could collaborate.

These introductory remarks were followed by a **Morning Plenary Session and Panel Discussion**. This considered the lessons to be learned from existing efforts to increase timber trade transparency in Indonesia, as well as the challenges, benefits, good practices and opportunities. The session featured presentations and discussion from:

- **Sigit Pramono**, Sub-Director for Processing and Marketing of Forest Products, Ministry of Environment and Forestry
- **Sera Novianty**, Head of Footprint & Social Compliance, Sustainability & Stakeholder Engagement, PT APP Sinarmas
- **Chris Eves**, Forestry Officer, ZSL SPOTT



Panel discussion during the Indonesia Forum. Image credit: ZSL

The **afternoon breakout session** featured contributions from two speakers:

Muhamad Kosar, National Coordinator, JPIK provided an overview of JPIK’s work on capacity building and monitoring. He noted that access to information is important with JPIK publishing reports on the implementation of Indonesia’s national timber legality assurance system SVLK (Sistem Verifikasi Legalitas Kayu) to help improve it. However, the public cannot access the data in detail – including JPIK, which reduces the impact of monitoring. He stressed the importance of the public having access to data to support the monitoring process.

Teguh Triono, Technical Advisor at ZSL Indonesia discussed ZSL’s work on the DFID funded [KELOLA Sendang](#) landscape project in South Sumatra. He noted that there are several competing interests involved in developing a landscape project, plus conflicting policies and multiple land uses. To help address this, multi-stakeholder forums have been developed within Partnership Areas. This governance model includes a steering group and village leadership and stakeholder consultation on the landscape masterplan. He noted the importance of partnerships at the grassroots level and the need to demonstrate measurable change at the field level. In this respect, KELOLA Sendang is a field laboratory and bridge for connecting science and policy.

IBCSD have produced a **short video** covering the Forum which can be found [here](#).



Presentations during the Indonesia Forum. Image credit: IBCSD

3. Discussion sessions

During each Forum, participants held discussions in breakout groups to answer the following questions:

- What are the advantages and opportunities associated with greater transparency in the tropical forestry sector?
- What are the obstacles to greater transparency in the tropical forestry sector and what actions could be taken to overcome them?

The outcomes of the exchanges and discussions that followed are set out below.

3.1 Opportunities

Improvements in Indonesia's international reputation

- There has been an improvement in the reputation of Indonesian forest products in international markets following the development of SVLK – greater transparency can build on this success.

Increased demand for sustainably produced products

- There is a movement towards green consumption, with the potential for forest products to be a renewable material of the future if industry can effectively communicate on sustainability.

Technological advances

- Technical advances are making it possible for documents and content to be hosted and accessed online, and so present an opportunity for greater transparency and public engagement.

3.2 Challenges

Costs of compliance to businesses

- Companies must pick and choose what to disclose as there is a cost associated with doing so and the financial incentives of disclosure (e.g. market access/premium) aren't always clear.
- Not all companies can afford to disclose the same amounts of information – some have more resources at their disposal to monitor and report on their operations and activities.

Need for common agreement on what is to be disclosed

- Transparency must be negotiated between multiple stakeholders (e.g. civil society, governments, companies) and relies on a common understanding of what should be disclosed.
- A lack of common agreement means that availability and accessibility is low – often a document exists but can't be accessed, or it can be accessed and it's an empty document.

Governance challenges

- There is a wide distribution of responsibilities across different levels of government in Indonesia and across different ministries, which can make it hard to generate a broad culture of transparency.
- It can be difficult to compile and manage information given the range of institutions and forms of data that might be disclosed.
- Some parties are working in their own interest (e.g. land grabbing after elections) and as such some stakeholders won't want greater transparency and will work against it.

3.3 Actions

Develop incentives and collaborations

- Incentives for transparency need to come from many sources, including regulatory and market incentives and demand from civil society.
- There is a need to develop common forums and collaborations – these can help to build trust across sectors and across interests, so supporting access to data.
- Facilitators can be important in helping to bridge gaps in understanding between stakeholders.

Benchmarking to promote industry leaders

- Benchmarking of companies on their levels of transparency allows champions to emerge and lessons to be learnt.
- Through benchmarking businesses can promote their achievements to gain/maintain their reputation in the market place, or improve on this if it doesn't apply.

Step-by-step approach to improvement

- It can be hard to fulfil all requests for disclosure so it's important to have a step-by-step approach, through which companies can improve their transparency over time.



Discussion session during the Indonesia Forum. Image credit: IBCSD



Discussion session during the Indonesia Forum. Image credit: IBCSD

4. Conclusions

SPOTT seeks to promote constructive dialogue between the forestry industry, government, financial institutions, companies and civil society organisations. In line with this approach, the 2019 Indonesia Forestry Transparency Forum gathered a wide range of stakeholders linked to Indonesia’s forestry sector to discuss the role of transparency in promoting greater sustainability and improved forest governance. The Forum included presentations and breakout group discussions on the current status of transparency in Indonesia and how it might be improved over time.

The Forum’s participants saw a clear opportunity to build on the improvements to Indonesia’s reputation brought about by the development of SVLK by further increasing and promoting transparency. In particular, better communication could help the forestry sector to tap into growing markets focused on green consumption. Technical advances are also helping to make access to information easier than ever. However, for such opportunities to be realised there is a need for companies to see the economic case for greater disclosure and for them to be supported in their efforts to become more transparent. Such efforts to increase disclosure will need to balance the demands of multiple stakeholder groups and overcome Indonesia’s complex governance challenges.

To drive forward transparency there is a need for incentives to be developed and communicated to the forestry sector. This could include regulatory and market incentives, strengthened by engagement by financial institutions and demand from consumers. Benchmarking can help in this respect, by allowing leading companies to be recognised for their efforts and helping others to recognise where improvements are required. Civil society can play an important role by interpreting demands for information and supporting industry in delivering greater transparency. Such support may include the development of common forums and collaborations that help to build trust across sectors and interest groups. Throughout all of this, it will be important to recognise that for many organisations, transparency will need to be delivered in a step-wise manner.

ZSL will organise another Transparency Forum in Indonesia in 2020. This event will build on the 2019 Forum and will take stock of the actions taken by stakeholders to increase transparency and responsible sourcing, the obstacles they have faced in trying to do so, and the support they need to further increase transparency. Until then, SPOTT and its partners will continue to support forestry companies in their efforts towards greater transparency and sustainable best practice.



Discussion session during the Indonesia Forum. Image credit: ZSL

Annex. Participants and feedback

Number of participants

a. By category of stakeholders

Forestry companies	6
Industry associations and trade bodies	6
Total number of participants from the forestry private sector	12
International and local NGOs	16
Multilateral organisations and initiatives and international administrations	1
Local governments and administrations	2
Others (e.g. consultancy, academia)	3
Total number of other participants	22
Total number of participants	34

b. By gender

Total number of participants	34
Number of female participants	11
Number of male participants	23
Percentage of female participants	32%

Number of organisations

Forestry companies	4
Industry associations and trade bodies	1
Total number of participants from the forestry private sector	5
International and local NGOs	11
Multilateral organisations and initiatives and international administrations	1
Local governments and administrations	2
Others (e.g. consultancy, academia)	2
Total number of other participants	16
Total number of participants	21

Summary of feedback

Percentage of respondents	41.2%
Q1 - Transparency issues were adequately captured during the forum	4.1 / 5
Q2 - I found the presentations useful	4.0 / 5
Q3 - I found the breakout sessions useful	4.2 / 5
Average "Presentations and breakout sessions"	4.1 / 5
Q4 - SPOTT's objectives are clear	4.1 / 5
Q5 - SPOTT's methodology is clear	3.8 / 5
Q6 - SPOTT (findings, data) could be useful to my work/activities	4.0 / 5
Average "About SPOTT"	4.0 / 5
Q7 - I found the event efficiently organised (logistics, transport, venue, information...)	4.0 / 5
Q8 - I found the facilitation efficient (welcome, moderation of sessions)	4.0 / 5
Average "Organisation and facilitation"	4.0 / 5
Average all questions	4.0 / 5

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About SPOTT

Developed by the Zoological Society of London (ZSL), SPOTT is an online platform supporting sustainable commodity production and trade. By tracking transparency, SPOTT incentivises the implementation of corporate best practice.

SPOTT assesses commodity producers and traders on the public disclosure of their policies, operations and commitments related to environmental, social and governance (ESG) issues. SPOTT scores companies annually against sector-specific indicators, allowing them to benchmark their progress over time. Investors, buyers and other key influencers can use SPOTT assessments to inform stakeholder engagement, manage risk, and increase industry transparency.

For more information, visit [SPOTT.org](https://www.spott.org).



The SPOTT initiative is funded by UK aid from the UK government; however, the views expressed do not necessarily reflect the UK government's official policies.

About ZSL

ZSL (Zoological Society of London) is an international conservation charity working to create a world where wildlife thrives. From investigating the health threats facing animals to helping people and wildlife live alongside each other, ZSL is committed to bringing wildlife back from the brink of extinction. Our work is realised through our ground-breaking science, our field conservation around the world and engaging millions of people through our two zoos, ZSL London Zoo and ZSL Whipsnade Zoo. For more information, visit www.zsl.org