



**THE MINISTRY OF ENVIRONMENT AND FORESTRY
DIRECTORATE GENERAL OF FORESTRY ENTERPRISES**

REGULATION OF DIRECTOR GENERAL OF FORESTRY ENTERPRISES

NUMBER: P.15/VI-BPPHH/2014

CONCERNING

**STIPULATION MECHANISM OF TIMBER LEGALITY VERIFICATION INSTITUTION
(LVLK) AS THE ISSUER OF V-LEGAL DOCUMENT**

WITH THE BLESSING OF ONE ALMIGHTY GOD

DIRECTOR GENERAL OF FORESTRY ENTERPRISES,

- Considering : a. whereas pursuant to Article 16 of Regulation of Minister of Forestry Number P.43/Menhut-II/2014 on Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification to License holders or to Private forests as amended by Regulation of the Minister of Environment and Forestry Number P.95/Menhut-II/2014, the issuer of V-Legal Document issue V-Legal document for the holders of IUIPHHK, IUI, TDI and ETPIK Non-Producer.;
- b. whereas in order to implement the provision as referred in letter a, it is necessary to stipulate Regulation of the Director General of Forestry Enterprises on Stipulation Mechanism of Timber Legality Verification Institution as the issuer of V-Legal Document;
- Recalling : 1. Law Number 41 of 1999 on Forestry (State Gazette of the Republic of Indonesia Year 1999 Number 167, Supplement to State Gazette of the Republic of Indonesia Number 3888) as amended by Law Number 19 of 2004 on Stipulation of Regulation of the Government in lieu of Law Number 1 of 2004 on amendment of Law Number 41 of 1999 on Forestry to become laws (State Gazette of the Republic of Indonesia Year 2004 Number 86, Supplement of State Gazette of the Republic of Indonesia Number 4412);;
2. Law Number 20 of 2014 on Standardisation and Conformity Assessment (State Gazette of the Republic of Indonesia Year 2014 Number 167, Supplement of State Gazette of the Republic of Indonesia Number 3888);

/3. Regulation...

3. Regulation of the Government Number 6 of 2007 on Forest Administration and Arrangement of Forest Management Planning, and Forest Utilization (State Gazette of The Republic of Indonesia Year 2007 Number 22, Supplement to State Gazette of the Republic of Indonesia Number 4696) as amended by Regulation of Government Number 3 of 2008 (State Gazette of the Republic of Indonesia Year 2008 Number 16, Supplement to State Gazette of the Republic of Indonesia Number 4814);
4. Regulation of the President Number 47 of 2009 on Establishment and Organisation of State Ministry, as amended several time lastly by Regulation of the President Number 135 of 2014;
5. Regulation of the President Number 165 of 2014 on the administration of Task and Function of Working Cabinet;
6. Regulation of the Minister of Trade Number 97/M-DAG/PER/12/2014 on the Provision of Import of Forestry Industry Product;
7. Regulation of the Minister of Forestry Number P.18/Menhut-II/2013 on Information of Timber Legality Verification through Timber Legality Information System (SILK) and the Issuance of V-Legal Document (State Gazette of the Republic of Indonesia Year 2013 Number 454);
8. Regulation of the Minister of Forestry Number P.40/Menhut-II/2010 on the Organisation and Working Method of Ministry of Forestry (State Gazette of the Republic of Indonesia Year 2010 Number 405), as amended by Regulation of Minister of Forestry Number P.33/Menhut-II/2012 (State Gazette of the Republic of Indonesia Year 2012 Number 779);
Regulation of the Minister of Forestry Number P.43/Menhut-II/2014 on Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification to Licence Holders or Private Forests (Official Gazette of the Republic of Indonesia Year 2014 Number 883) as amended by Regulation of the Minister of Environment and Forestry Number P.95/Menhut-II/2014 (State Gazette of the Republic of Indonesia Year 2014 Number 1992);
- 9.

HAS DECIDED :

to Stipulate : REGULATION OF THE DIRECTOR GENERAL OF FORESTRY ENTERPRISES ON STIPULATION MECHANISM OF TIMBER LEGALITY VERIFICATION INSTITUTION (LVLK) AS THE ISSUER OF V-LEGAL DOCUMENT.

**CHAPTER I
GENERAL PROVISIONS**

First Section
Definition

Article 1

Definition of terms in this regulation:

1. Registered Exporter of Forestry Industry Product herein after called ETPIK is the Forestry Industry companies that have recognition to undertake export on forestry industry product..
2. Registered Exporter of Forestry Industry Product for Non-Producer herein after called ETPIK Non-Producer is the Forestry Industry companies that have recognition to undertake export on forestry product.
3. Timber Legality Verification Institution hereafter called LVLK is the LP&VI that undertake Timber Legality Verification (LK).
4. Accreditation Body is an Organisation to accredit Assessment Body and Independent Verification (LP&VI) such as National Accreditation Committee (KAN).
5. Auditor is personnel that meet requirements and have the ability to conduct Audit and is assigned by LVLK to undertake timber legality verification.
6. The Issuer of V-Legal Document (Licensing Authority) is a LVLK that meet requirements and has been stipulated as Issuer of V-Legal Document.
7. Timber Legality Assurance System (TLAS) herein after called SVLK is a system that ensures forest sustainability and/or timber legality as well as timber traceability through PHPL Assessment Certification, Timber Legality (LK) Certification and Supplier Conformity Declaration.
8. Standards and guidelines of timber legality verification are requirements to meet timber/product legality made based on agreements between forestry stakeholders that include standard, criteria, indicator, verifier, verification method and assessment norm.
9. Certificate of Timber Legality herein after called S-LK is a reference letter given to licence holders, concession holders or private forest owners stated that the licence holders, concession holders or private forest owners meet the timber legality standard.
10. V-Legal Document is a document stated that timber product for export designation meet timber legality verification standard in accordance with the provision of the Government of the Republic of Indonesia.
11. Notification of Goods Export herein after called PEB is a custom document that is used to notify the implementation of goods export.
12. The verification of V-Legal Document Issuance is the examination activity conducted continuously by Issuer of V-Legal Document in order to issue V-Legal document to ETPIK and ETPIK Non-Producer that had have S-LK from LVLK, the issuer of that S-LK.

/13. Unit...

13. Timber Legality Verification Information Unit / Licence Information Unit hereafter called LIU is the unit that manage information of timber legality verification that has tasks to undertake material preparation of Policy formulation, policy implementation, technical guidelines and evaluation of technical guidelines implementation in information sector and legality verification license.
14. The Portal of Timber Legality Information System herein after called SILK Portal is an online electronic system that performs Integration of V-Legal Document Issuance Service and other information related to timber legality verification that ensures the security of data and other information as well as to integrate the flow and process of information between systems automatically.
15. Independent Monitor herein after called PI is civil society either individual or institution which has Indonesia legal entity undertake monitoring function related to public services in forestry sector such as issuance of S-PHPL or S-KL.
16. The Minister is a minister that is assigned tasks and responsibilities in environmental and forestry sector.
17. The Director General is a Director General that is assigned tasks and responsibilities in forestry enterprises.
18. The Director is a Director that is assigned tasks and responsibilities in forestry enterprises.

Second Section Scope

Article 2

The Stipulation scope of Issuer of V-Legal Document includes procedures for application, implementation of tasks and responsibilities, monitoring and evaluation as well as sanction.

CHAPTER II PROCEDURE OF LVLK APPLICATION AS ISSUER OF V-LEGAL DOCUMENT

First Section Requirements and Stipulations

Article 3

- (1) To be an Issuer of V-legal Document, LVLK to submit an application to the Minister cq Director General to be completed with the following requirements:
 - a. Accredited by a valid accreditation institution;
 - b. Stipulation from the Ministry as SVLK is still valid;
 - c. Having a fixed procedure of V-legal Documents Issuance that is published at LVLK Portal in accordance to the guidelines of V-Legal Document Issuance;
 - d. Having permanent personnel that has authority and is responsible in decision making for issuing V-Legal document and has qualification as auditor, and
 - e. Having information technology equipment and qualified technical staff of minimum D3 graduation of information technology or having of minimum 3

years of experience in information technology that can ensure the ongoing of V-Legal Document issuance.

/(2) Upon...

- (2) Upon requirements as mention in paragraph (1), it will be conducted:
 - a. Checking the completeness of requirements; and
 - b. Field Assessment, conducted by the team assigned by Director.
- (3) In term of completeness check of requirements as referred in paragraph (2) letter a is incomplete, the opportunity is given to LVLK to complete the requirements within at least 10 (ten) calendar days after a notification by team.
- (4) The implementation of field assessment as referred in paragraph (2) letter b, at least 10 (ten) days after the application requirements is considered complete.
- (5) The field assessment result will be set forth in the minutes of inspection signed by team and LVLK representative with minimum capacity as Director.
- (6) the completeness of requirements and minutes as referred in paragraphs (4) and (5) will be a basis for Director General on behalf of Minister to accept or reject the LVLK application.

Article 4

- (1) In case the application is accepted, Director General on behalf of Minister issues a stipulation letter of LVLK as the Issuer of V-Legal Document within 7 (seven) days after the minutes is signed.
- (2) The validity period of stipulation as issuer of V-Legal Document is adjusted to be equal with the validity of accreditation and LVLK stipulation by the Minister.
- (3) In case the application is rejected, Director General issues a rejection letter within 7 (seven) days after the minutes is signed.
- (4) For the LVLK that its application is rejected as referred in paragraph (3), can resubmit the application as Issuer of V-Legal Document.

Article 5

- (1) In term of ETPIK or ETPIK Non-Producer that become client of LVLK that is yet to be stipulated as Issuer of V-Legal Document, they may propose to be switched to other LVLK which has been stipulated as Issuer of V-Legal Document and to be acknowledged by the Director.
- (2) In the event of transferring V-Legal Document issuance as referred in paragraph (1), V-Legal document for ETPIK and ETPIK Non-Producer that is issued by other Issuer of V-Legal Document will be monitored by LIU through inclusion of name of Issuer of V-Legal Document and numbering V-Legal Document.
- (3) In term of client, the LVLK as referred in paragraph (1) that has been stipulated as Issuer of V-Legal Document, the V-Legal Document Issuance for ETPIK and ETPIK Non-Producer will be returned to LVLK, the issuer of S-LK and acknowledged by the Director..

/Section...

Second Section
The Issuance of V-Legal Document

Article 6

- (1) The issuer of V-Legal Document may issue V-Legal Document based on guidelines of V-Legal Document Issuance as regulated in the standalone Regulation of the Director General..
- (2) The issuer of V-Legal Document is fully responsible for V-Legal Document issued.

CHAPTER III
THE RESPONSIBILITY OF ISSUER OF V-LEGAL DOCUMENT

Article 7

V-Legal Document issuer has the following responsibilities:

- a. To provide list of personnel signing the V-Legal Document, together with the specimen of personnel's signatures and LVLK stamp to Information Unit of Timber Legality Verification (LIU).
- b. To undertake V-Legal Document issuance that refer to prevailing guidelines of V-Legal Document Issuance as well as fixed procedure as referred in Article 3 paragraph (1) point c:.
- c. To submit 1st, 2nd, 3rd, 5th and 7th sheets of V-Legal Document to ETPIK or ETPIK Non-Producer and 6th sheet to LIU. For 6th sheet is submitting 1 (once) a week every Monday..
- d. To provide a list and profile of auditee that their V-Legal Document issued at SILK Portal.
- e. to submit Non-compliance report to the Director General cq. LIU within 24 (twenty-four) hours after the decision is stipulated.
- f. to submit report of V-Legal Document that is cancelled to LIU and Indonesian Custom Authority. Reporting to LIU is submitted 1 (once) a week every Monday. The cancellation of V-Legal Document is conducted due to:
 - 1) V-Legal Document was not used due to the exporting did not occurred and/or there are changes in PEB.
 - 2) V-Legal Document was used but the exporting was failure due to:
 - a) exported goods are lost or damage before reaching destination country; and/or
 - b) changes to export destination.
- g. To submit report of V-Legal Document that the validity period is extended to LIU and Indonesian Custom Authority. Reporting to LIU is submitted 1(once) a week every Monday.
- h. To submit report of V-Legal Document Replacement to LIU and Indonesia Custom Authority in case the V-Legal Document lost or damage. Reporting to LIU is submitted 1 (once) a week every Monday.
- i. To provide settlement information on complaints and appeals related to V-Legal Document Issuance at SILK Portal..

/j. To issue...

- j. To issue public summary of V-Legal Document issuance submitted to LIU at least every 10th (tenth) day of the following month and to be included at SILK Portal as well as at V-Legal Document Issuer Portal..
- k. To submit recapitulation of non-compliance report to the Director General every 3 months with copies to Ministry of Trade and Ministry of Industry.
- l. To postpone the issuance of V-Legal Document for ETPIK or ETPIK Non-Producer who fails to submit copy of PEB after 30 (thirty) days of V-Legal Document issued.
- m. To submit recapitulation of PEB report of previous month to LIU at least every 10th (tenth) day of the following month.
- n. To document and maintain all documents received for at least 4 (four) years. In the event of changes of LVLK, then the documents to be transferred to LVLK that continue the process and to be reported to the Ministry of environment and forestry..
- o. To publish public summary at LVLK portal concerning the issuance of V-Legal Document and Non-Compliance Report, and report to the Director General every 3 (three) months with copies to KAN, Director General of Foreign Trade of Ministry of Trade and Director General of Agriculture of Ministry of Industry.

CHAPTER IV
EVALUATION OF V-LEGAL DOCUMENT ISSUANCE

Article 8

- (1) Evaluation to Issuer of V-Legal Document is conducted by Director c.q. LIU.
- (2) Evaluation as referred in paragraph (1), is conducted by the team assigned by Director against obedience of obligation as referred in Article 7, include the witnessing of V-Legal Document issuance.
- (3) Evaluation as referred in paragraph (1), is conducted at least once in every 12 (twelve) months.
- (4) Evaluation result as referred in paragraph (2), is reported by the team to Director at least within 5 (five) working days since evaluation is completed.
- (5) Evaluation result as referred in paragraph (4) to become a consideration matter in assessing the performance of Issuer of V-Legal Document.

CHAPTER V
ADMINISTRATIVE SANCTION
First Section
Procedures for Imposing Sanction

Article 9

- (1) In term of one of more obligations as referred in paragraph 7 are not met, Director issues first warning letter to Issuer of V-Legal Document.

/(2) In...

- (2) in case within a period of 14 (fourteen) calendar days since the date of issuance of first warning letter, the Issuer of V-Legal Document does not fulfill its obligation, the Director issues a Second Warning Letter..
- (3) in case within a period of 14 (fourteen) calendar days since the date of issuance of second warning letter, the Issuer of V-Legal Document does not fulfill its obligation, the Director issues a Third Warning Letter.
- (4) Warning letter as referred in paragraphs (1), (2) and (3), is given by the Director with copy to the Director General.
- (5) in case within a period of 14 (Fourteen) calendar days since the date of issuance of third warning letter, the Issuer of V-legal Document does not fulfil its obligation, the Director suspend the access right of Issuer of V-Legal Document at SILK Portal related to V-Legal Document Issuance, including not to allow the issuance of V-Legal Document manually in a force majeure..
- (6) in term of access to SILK Portal is suspended as referred in paragraph (5), the issuance of V-Legal Document for ETPIK or ETPIK Non-Producer which become their client to be transferred to other Issuer of V-Legal Document suggested by ETPIK of ETPIK Non-Producer and it is acknowledged by Director.
- (7) In the event of transferring V-Legal Document issuance as referred in paragraph (6), V-Legal document for ETPIK and ETPIK Non-Producer that is issued by other V-Legal Document Issuer will be monitored by LIU through inclusion of name issuer of V-Legal Document and numbering the V-Legal Document.
- (8) in term of LVLK as referred in paragraph (5) has fulfilled its obligation, its access right will be reactivated and the issuance of V-Legal Document for ETPIK or ETPIK Non-Producer to be returned to LVLK, the issuer of S-LK upon acknowledgement of Director.

Second Section Special Monitoring

Article 10

- (1) Special monitoring is conducted in case there is an indication or reporting of suspect of any irregularities in issuance of V-Legal Document such as non-compliance/inaccuracy of the implementation of V-Legal Document issuance.
- (2) Special monitoring as referred in paragraph (1), is conducted by team assigned by Director, it is consist of Government representative and may involve Independent Monitor (PI) as well as other party.
- (3) Special monitoring result as referred in paragraph (1) is written in Minutes of Monitoring (BAP) and is submitted to Director.
- (4) In term of BAP as referred in paragraph (3), indicate that the issuer of V-Legal Document performed a violation, the Director may:
 - a. suspend the access right of Issuer of V-Legal Document at SILK Portal in term of V-Legal Document Issuance, including not to allow the issuance of V-Legal Document manually in force majeure; and
 - b. Submit a recommendation to Director General to undertake revocation of Stipulation as the Issuer of V-Legal Document.

/(5) In...

- (5) in term of access to SILK Portal is suspended as referred in paragraph (4), the issuance of V-Legal Document for ETPIK or ETPIK Non-Producer which become their client to be transferred to other Issuer of V-Legal Document suggested by ETPIK or ETPIK Non-Producer and it is acknowledged by Director.
- (6) in the event of transferring V-Legal Document issuance as referred in paragraph (5), V-Legal document for ETPIK and ETPIK Non-Producer that is issued by other V-Legal Document Issuer will be monitored by LIU through inclusion of name of issuer of V-Legal Document and numbering the V-Legal Document..
- (7) in case based on BAP, the Issuer of V-Legal Document is not proven undertaking violation, the Director shall provide an untruth clarification to the Director General on indication or suspect report as referred in paragraph (1)..

Third Section Suspension and Revocation

Article 11

- (1) In term of accreditation as LVLK is suspended by Accreditation Body, then the stipulation of Issuer of V-Legal Document is suspended by Director.
- (2) Suspension sanction is revoked by Director in case the Accreditation Body has revoked the suspension.
- (3) Revocation of Stipulation as Issuer of V-Legal Document is conducted by Director General on behalf of Minister in case:
 - a. it is proven that there is non-compliance/inaccuracy of implementation of V-Legal Document Issuance as per recommendation of Director as referred in Article 10 paragraph (4) letter b;
 - b. There is a revocation of LVLK stipulation by Minister; and/or
 - c. There is a revocation of LVLK accreditation by Accreditation Body.
- (4) The Director General submits a notification letter of revocation of stipulation as Issuer of V-Legal Document to LVLK with copies to Director General of Foreign Trade and Director General of Custom.
- (5) in term of the accreditation of Issuer of V-Legal Document is suspended as referred in paragraph (1), the issuance of V-Legal Document for ETPIK or ETPIK Non-Producer which become their client to be transferred to other Issuer of V-Legal Document suggested by ETPIK of ETPIK Non-Producer and it is acknowledged by Director.
- (6) Other Issuer of V-Legal Document will issue V-Legal Document until the period of suspension of issuer of V-Legal Document ends through letter of Director.
- (7) in case there is an Issuer of V-Legal Document is revoked its stipulation as referred in paragraph (3), Director General on behalf of Minister will transfer the issuance of V-Legal Document for ETPIK or ETPIK Non-Producer which become their client to other Issuer of V-Legal Document suggested by ETPIK or ETPIK Non-Producer and it is stipulated by Director General on behalf of Minister..

- (8) in the event of transferring V-Legal Document issuance as referred in paragraphs (5) and (7), V-Legal document for ETPIK and ETPIK Non-Producer that is issued by other V-Legal Document Issuer will be monitored by LIU through inclusion of name of issuer of V-Legal Document and numbering the V-Legal Document..

/Article 12...

Article 12

- (1) To Issuer of V-Legal Document that is revoked its stipulation by the Director General on behalf of Minister as referred in Article 11 paragraph (3), may resubmit its application as Issuer of V-Legal Document after 12 (twelve) months of revocation of its stipulation, as long as its accreditation still valid.
- (2) Revocation of stipulation as referred in Article 11 paragraph (3), Issuer of V-Legal Document may resubmit its application as Issuer of V-Legal Document after resuming its stipulation as LVLK by Minister.

Article 13

In case there is misuse and/or falsification in issuing or utilising of V-Legal Document will be imposed a sanction in accordance to the provision of legislation.

CHAPTER VI TRANSITIONAL PROVISION

Article 14

For LVLK that is stipulated as LP&VI by the Director General on behalf of the Minister may remain undertake the issuance of V-Legal Document until 30 June 2015.

CHAPTER VII CLOSING

Article 15

This regulation shall be applied on the date specified.

Stipulated in Jakarta
On the date of 29 December 2014

**DIRECTOR GENERAL OF
FORESTRY ENTERPRISES,**

Signature

BAMBANG HENDROYONO

Copies of this Regulation are submitted to:

1. Minister of Environment and Forestry;
2. Echelon I officer within Forestry Ministry;
3. Director General of Foreign Trade of Ministry of Trade;
4. Director of General of Agriculture of Ministry of Industry;
5. Director General of Custom of Minister of Finance;
6. Echelon II Officer within Directorate of General of Forestry Enterprises;
7. The Chairman of National Accreditation Committee