



# **Deregulation and How to Tighten Checks in the Time of Crisis**

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- As the urgency of tackling the pandemic took centre stage, policy issues such as the implementation of the Forest Law Enforcement Governance and Trade (FLEGT) Action Plan and the Voluntary Partnership Agreements (VPAs) moved into the background.
- Indonesia has also to cope with a tough choice to balance the health and welfare of its citizen with keeping its commitments to maintain and improve forest governance and trade.
- This presentation will show how Indonesia has addressed these challenges.

# Background



# Deregulation of Forestry Sector in Indonesia

- Following up Government Regulation No. 24 of 2018 on Electronically Integrated Business Licensing as well as Presidential Instruction No. 7 of 2019 on the Accelerating the Easiness of Doing Business, Ministry of Environment and Forestry has taken the following measures:
  - Identifying and reviewing regulations that impede the easiness of doing business and investing.
  - Reducing number of stages, simplifying procedures and conditions as well as accelerating the issuance of business licenses
  - Delegate authority for business license to Indonesia Investment Coordinating Board (BKPM).
  - Creating a task force to accelerate business license in forestry sector and to liaise with the BKPM.
- The Government and the House of Representatives are finalised the Job Creation Omnibus Law.



# Indonesia's Forest Policies in the Era of Pandemic



- Indonesia keeps the forestry sector as stable as possible by ensuring the operation of forestry businesses through, among others: relaxing some procedures, delaying loan repayments, extending grace period, optimising state budget and prioritising labour-intensive activities through forest rehabilitation and social forestry programs.
- The forest rehabilitation program has absorbed labour from the surrounding community in the amount of 20 million working days.
- In social forestry program:
  - Issued more than 6,600 units of social forestry licenses covering more than 850,000 households.
  - Apply e-learning to our forest farmers.
  - Provide incentives which would be given to farmer groups if they implement the e-learning outcomes in their Business Work Plan (RKU) by selecting clusters of forest and food commodities that can be used to provide production inputs such as seeds, fertilizers, and pesticides.
- In ensuring the sustainability of timber trade → focusing on maintaining Timber Legality Verification System (SVLK) and assisting SMEs to comply with the system, especially in this difficult time.

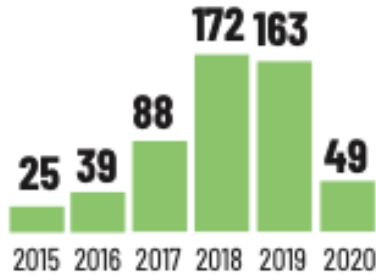
# Forest Law Enforcement

- Although in the time of crisis, law enforcement to protect forest from crimes is still consistently conducted
- These figures show how Indonesia deals with the law enforcement



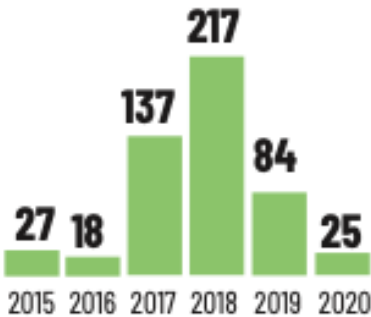
## ILLEGAL LOGGING

**536** Illegal Logging Operation



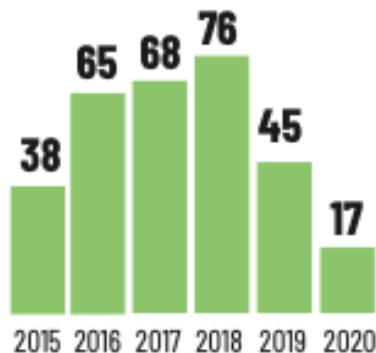
## FOREST AREA ENCROACHMENT

**525** Forest Area Encroachment Operation



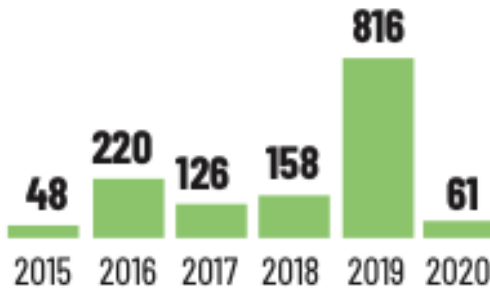
## ILLEGAL WILDLIFE TRADE

**309** Illegal Wildlife Trade Operation



## ADMINISTRATIVE SANCTION

**1,429**  
Administrative Sanction



## CIVIL LAW

**26**  
Lawsuits



## CRIMINAL LAW

**851** P-21  
**194** Police and prosecutor facilitation





# Forest Governance

- There are at least 3 (three) benefits from the application of the Omnibus Law:
  - eliminating overlaps between laws and regulations,
  - the efficiency of the change/revocation of legislation,
  - eliminating sectoral egos contained in various laws and regulations.
- The substance of the Law includes:
  - simplification of licensing,
  - investment requirements, employment,
  - ease, empowerment, and protection of small and medium businesses,
  - ease of doing business,
  - research and innovation support,
  - government administration,
  - imposition of sanctions, land acquisition,
  - government investment and projects, and
  - economic area.



# Forest Product's Trade (Timber)

- The implementation of SVLK has implications for improving forest governance in Indonesia, including in terms of improving the level of transparency and availability of public information, the deregulation of licensing in the regions, applying enhanced management practices and achieving improved compliance.
- Micro, Small and Medium Enterprises (MSMEs) have also been required to participate in the SVLK since 2013.
- Local governments play an important role in promoting the acceleration of the implementation of the SVLK.
- The effectiveness of the system has also been recognized by the international community, as evidenced by interest of a number of countries in studying or conducting comparative studies of the system, including China, Laos, Myanmar, Malaysia, Thailand, Cambodia, Vietnam, Ghana and Japan.





# Monitoring and Maintaining the Implementation of SVLK



- In this time of crisis, Indonesia's commitment to the implementation of SVLK and FLEGT-VPA remains strong.
- Indonesia is in the process for improving policies and regulations to support the continuation of SVLK, in particular to assist micro, small, and medium enterprises in timber/wood sector, especially the furniture industries, to stay in the business and to increase their exports.
- The improvement of regulations will ease micro, small and medium enterprises to obtain SVLK certification, including support for capacity building and assessment process to get proof of legality.





# Concluding Remarks

- President Jokowi urgently calls the cabinet to formulate the strategy and operating plan to address COVID-19 Pandemic, to control the spread of the pandemic, to manage the socio-economic recovery, for the community in particular, and to prevent stagnant production.

- Under the Presidential Decree supported by the parliament through the Law Number 2/2020, Indonesia sets priority to control the COVID-19 pandemic and to cope with its implication in the economic downturn covering the domains of:
  - Health (to support the infrastructure, facilities, system and support to medical officers);
  - Social Safety Agenda (for food, subsidy for households on electricity, labour intensive works);
  - Production support for smallholders and small-scale enterprises (on financial capital, tax reduction); and
  - Government incentives for private sectors, particularly on taxes

- Forestry sector also has an important role in supporting efforts to address the COVID-19 pandemic, such as:
  - maintain the gross national product
  - relieve distress in the community through forest healing within the COVID-19 protocol on ecotourism for limited access to National Parks; and
  - maintain the welfare of wildlife by supplying feed.
  - enhance forest protection by intensive patrol involving local community to prevent forest encroachment.





**Thank You**